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INDEX TO
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VOLUME XXII

July to December, inclusive

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DECISIONS OF INTERSTATE COMMERCE COMMISSION.

(Decisions under the above caption are indexed by title where there is a complainant. Where there is none they are indexed by the commodity or subject affected.)

- Advance Bag Co. vs. C. C. C. & St. L. et al.; case 9666; paper bags (51 I. C. C., 467-468). Dec. 21, p. 1182.
- Advance Lumber Co. vs. S. A. L. et al.; case 9539; pine lumber (51 I. C. C., 149-150). Sept. 28, p. 623.
- Aetna Explosives Co. vs. A. G. S. et al.; case 9951 (51 I. C. C., 11-14). Charges assessed on certain shipments of sulphuric acid, in tank cars, from points of production in the southeast to Emporium, Sinnemahoning, Mount Union and Oakdale, Pa., found to have been unreasonable. Reparation awarded. Sept. 14, p. 521.
- Alliance Coal & Coke Co. et al. vs. C. & S. et al.; case 8289; coal (51 I. C. C., 392-394). Dec. 21, p. 1175.
- American Cyanamid Co. vs. Mich. Cent. et al.; case 8841; also 3 sub. numbers; cyanamid (51 I. C. C., 236-240). Nov. 2, p. 847.
- American Bridge Co. vs. N. Y. N. H. & H. et al.; case 9362; rubber glass (51 I. C. C., 181-182). Oct. 26, p. 790.
- American Refining Co. vs. St. L.-S. F. et al.; case 9300; parts of 4th sect. apps. 461, 627, 796, 799; fuel oil (51 I. C. C., 179-180). Oct. 26, p. 791.

- American Sheet and Tin Plate Co. vs. N. Y. C. et al.; case 9576; dolomite (51 I. C. C., 187-188). Oct. 26, p. 791.
- Anderson-Tully Co. vs. A. & V. et al.; case 5537; box shooks (50 I. C. C., 553-554). Aug. 3, p. 217.
- Anderson-Theobald Co. vs. Vandalia et al.; case 8743; sand and gravel (50 I. C. C., 596-597). Aug. 3, p. 217.
- Ansted & Burk Co. vs. C. C. C. & St. L. et al.; case 9601; wheat (50 I. C. C., 371-374). July 13, p. 65.
- Armour & Co. vs. D. & R. G. et al.; case 9936; sulphate of potash (51 I. C. C., 235-235). Nov. 2, p. 848.
- Armour & Co. vs. Boston & Albany et al.; case 9729 (51 I. C. C., 244-247). Charges collected on dressed beef, in carloads, from certain points in Illinois, Kansas, Texas, Missouri, Nebraska, Iowa and Canada to Boston, Mass., there stored, and subsequently exported to France, not shown to have been illegal or unreasonable, but found to have been unduly prejudicial. Reparation denied and complaint dismissed. Nov. 16, p. 945.
- Atlanta Freight Bureau et al. vs. L. & N. et al.; case 8748 (50 I. C. C., 397-403). Rate of 56 cents per 100 pounds applicable on green coffee, in carloads, from New Orleans, La., to Atlanta, Ga., found unreasonable to the extent that it exceeded 48 cents per 100 pounds. Reparation awarded. July 6, p. 12.
- Aurora, Elgin & Chicago vs. Ind. Harbor Belt; case 9488 (51 I. C. C., 331-334). Defendant's charges for switching cars to and from the point of connection between its line and complainant's, at Bellewood, Ill., not found to be unreasonable, unjustly discriminatory, or unduly prejudicial. Complaint dismissed. Dec. 7, p. 1038.
- Automobile bodies; classification of; see classification; p. 121.
- Bainbridge Oil Co. vs. M. & B. et al.; case 8772 (51 I. C. C., 9-10). Rates legally applicable on cottonseed, in carloads, from certain points in Florida to Bainbridge, Ga., found unreasonable on rehearing and reparation found due. Sept. 7, p. 491.
- Ball Bros. Glass Manufacturing Co. vs. C. C. C. & St. L. et al.; case 8895; also sub. No. 1. Muncie & Western vs. C. C. C. & St. L. et al. (51 I. C. C., 418-422). Finding in re Muncie & Western R. R. Co., 33 I. C. C., 510, that the Muncie & Western R. R. is a common carrier and that the refusal of the trunk lines serving Muncie to absorb the switching charges of the Muncie & Western to and from Ball Brothers' glass works and Gill Brothers' clay pot works, while contemporaneously absorbing equal or higher switching charges of the Muncie Belt and the Lake Erie Belt to and from the same industries is unduly prejudicial adhered to. Reparation denied. Dec. 21, p. 1177.
- Barber & Co., Inc. vs. C. C. C. & St. L. et al.; case 9639 (51 I. C. C., 194-196). Demurrage and track-storage charges at New York, N. Y., on a part carload of machinery from Springfield, Ohio, found legally applicable and not shown to have been unreasonable or otherwise in violation of the act. Complaint dismissed. Nov. 2, p. 841.
- Barteldes Seed Co. et al. vs. A. T. & S. F. et al.; cases 9864 and 9867; grass seed (51 I. C. C., 111-113). Sept. 28, p. 627.
- Bath, F. P. & Co. vs. Ft. Worth & Rio Grande et al.; case 8812; cotton (51 I. C. C., 129-130). Sept. 28, p. 628.
- Bissell Carpet Sweeper Co. vs. B. & O. et al.; case 9937; carpet sweepers and vacuum cleaners (51 I. C. C., 479-481). Dec. 21, p. 1182.
- Block, W. G. Co. vs. A. T. & S. F. et al.; case 9457 (50 I. C. C., 469-473). Rates on coal, in carloads, from mines in Illinois to Muscatine, Iowa, not shown to be unreasonable, unjustly discriminatory or unduly prejudicial. Complaint dismissed. July 13, p. 73.
- Boldt, Charles, Co. vs. C. B. & Q. et al.; case 9903; glass bottles (51 I. C. C., 491-492). Dec. 28, p. 1239.
- Bonnors Ferry Lumber Co. et al. vs. G. N. et al.; case 9419; lumber (51 I. C. C., 221-224). Nov. 2, p. 846.
- Boyman & Co. vs. C. R. I. & P. et al.; case 8933; eggs (51 I. C. C., 177-178). Oct. 26, p. 783.
- Bruer, W. T. & Son vs. N. C. & St. L. et al.; case 8572; cedar posts and poles (51 I. C. C., 25-27). Sept. 21, p. 577.
- Butterworth-Judson Corporation et al. vs. Adams Express; case 10005; collection and delivery service (51 I. C. C., 386-389). Dec. 14, p. 1135.
- Byrd Matthews Lumber Co. et al. vs. G. & N. W. et al.; case 7295; lumber (51 I. C. C., 456-458). Dec. 21, p. 1175.
- Callaway Fuel Co. vs. C. M. & St. P. et al.; case 9654; coal (51 I. C. C., 227-229). Nov. 2, p. 847.
- California Canneries Co. vs. S. P. et al.; case 9728 (51 I. C. C., 500-504). 1. Refusal of the Southern Pacific Co., having the line haul, to absorb switching charges on interstate noncompetitive traffic destined to the complainant's plant on the terminals of another trunk line in San Francisco, while at the same time absorbing the switching charges on similar traffic to the plant of a competitor on a belt line owned and operated at that point by the state of California, found to subject the complainant to undue and unreasonable prejudice and disadvantage. 2. The trunk lines serving San Francisco being unified and coordinated under Federal control, there is no basis for any distinction between competitive and noncompetitive traffic. 3. Reparation denied. Dec. 28, p. 1241.
- California Walnut Growers' Assn. et al. vs. A. & R. et al.; case 9572; walnuts and almonds (50 I. C. C., 558-571). Aug. 3, p. 217.
- Cameron, W. & Co., Inc. vs. A. T. & S. F. et al.; case 9421 (51 I. C. C., 18-20). Rate on common window glass, carload, from Okmulgee, Okla., to Waco, Tex., found reasonable. Reparation awarded. Oct. 26, p. 785.
- Cape Girardeau Commercial Club et al. vs. Ill. Cent. et al.; case 9869; Same vs. C. & E. I. et al.; case 9869, sub. 1; coal (51 I. C. C., 105-107). Oct. 19, p. 752.
- Cardwell, M. W., vs. C. R. I. & P. et al.; case 8597 (51 I. C. C., 390-392). Former finding that the movement of certain carloads of apples from Kansas City, Mo., to Kansas City, Kan., and return in the course of transportation from Eugene to Kansas City, Mo., was an unwarranted, uncalled for and unnecessary service reversed on rehearing. The shipments involved found to have consisted of cull or windfall apples, and the rate charged thereon found to have been unreasonable. Reparation awarded. Dec. 21, p. 1175.
- Carnegie Steel Co. vs. Lake Terminal et al.; see National Tube Co. vs. B. & O. et al.; July 13, p. 65.
- Carr, Chas. F., et al. vs. C. M. & St. P. et al.; case 9862; emigrant movables (51 I. C. C., 205-208). Oct. 26, p. 783.
- Carroll, J. E., & Co. et al. vs. A. T. & S. F. et al.; case 9581; cattle (51 I. C. C., 395-396). Dec. 21, p. 1175.
- Central Foundry Co. vs. L. & N. et al.; case 9872; iron pipe (51 I. C. C., 101-102). Sept. 28, p. 627.
- Central Pennsylvania Lumber Co. vs. Tionesta Valley et al.; case 9994; lumber (51 I. C. C., 465-466). Dec. 21, p. 1175.
- Chapin Sacks Mfg. Co. vs. Pere Marquette et al.; case 9595; condensed milk (51 I. C. C., 443-446). Dec. 28, p. 1239.
- Chattanooga Sewer Pipe and Fire Brick Co. vs. Belt Ry. Co. of Chattanooga et al.; case 9609; demurrage and switching (51 I. C. C., 447-448). Dec. 28, p. 1239.
- Chicago Lumber & Coal Co. vs. A. G. S. et al.; case 9369; lumber (50 I. C. C., 481-482). July 20, p. 122.
- Cincinnati Grain and Hay Co. vs. P. C. C. & St. L. et al.; case 9746 (51 I. C. C., 248-249). Rate on bulk shelled corn, in carloads, from Rushville, Ind., to Pochontas, Va., and reconsigned to Baltimore, Md., for export, found to have been unreasonable. Reparation awarded. Nov. 9, p. 886.
- Classification of automobile bodies; I. & S. 1145 (50 I. C. C., 309-313). (1) Proposed increased rating in Official Classification, in so far as it would exceed three times first class, and proposed individual minimum weight, on passenger automobile bodies 36 inches or less in height, in less than carloads, found not justified. (2) Proposed increased rating of four times first class, subject to individual minimum weight of 1,000 pounds, on passenger automobile bodies exceeding 36 inches in height, in less than carloads, found justified. July 20, p. 121.
- Cleveland Provision Co. vs. B. & O. et al.; case 9136 (50 I. C. C., 612-619). Charges for the movement of peddler cars from Cleveland, Ohio, to points in Central Freight Association and Trunk Line territories found unreasonable and unduly prejudicial. Aug. 17, p. 322.
- Colonial Navigation Co. vs. N. Y. N. H. & H.; case 5733; through route with boat line (50 I. C. C., 625-633). Sept. 7, p. 489.
- Concrete Engineering Co. vs. P. Co. et al.; case 9725; forms for concrete construction (51 I. C. C., 423-424). Dec. 14, p. 1135.
- Condle-Bray Glass and Paint Co. vs. C. R. I. & P. et al.; case 9448 (50 I. C. C., 607-609). Charges on a less-than-carload shipment of finished metal molding transported from St. Louis, Mo., to El Paso, Tex., on which charges were assessed on basis of the first-class rate and minimum weight of 4,000 pounds because it was too long to be loaded through the side door of an ordinary 36-foot box car, not found unreasonable. Complaint dismissed. Aug. 17, p. 321.
- Crossett Lumber Co., Inc., vs. Ark. & La. Midland et al.; case 9555; lumber (51 I. C. C., 438-440). Dec. 28, p. 1239.
- Darby Coal Sales Co. vs. C. & O.; case 9961; fifteenth sect. ap. 3402; coal (51 I. C. C., 370-372). Dec. 14, p. 1135.
- Davis Sewing Machine Co. et al. vs. P. C. C. & St. L. et al.; case 8568; also Sub. No. 1, same vs. same; sewing machines (51 I. C. C., 441-442). Dec. 28, p. 1239.
- Davis Sewing Machine Co. vs. P. C. C. & St. L.; case 9615 (51 I. C. C., 191-193). Demurrage charges collected at Dayton, Ohio, for the detention of interstate carload shipments found to have been legally applicable and not shown to have been unreasonable or unjustly discriminatory. Complaint dismissed. Nov. 2, p. 843.
- Delaware Punch Co. of Texas vs. I. & G. N. et al.; case 9176; Delaware punch syrup (51 I. C. C., 143-144). Sept. 28, p. 628.
- Dewey Bros. Co. vs. Southern et al.; case 9676; distillers' dried grain (51 I. C. C., 160-162). Nov. 2, p. 845.
- Diamond Lumber Co. vs. C. M. & St. P.; case 9569 (51 I. C. C., 78-89). (1) The complainant's allegations of unreasonableness and undue preference in the distribution of defendant's logging cars on its Superior division during times of car shortage held not to be sustained. (2) The situation as to coal cars differentiated and conclusion reached that the distribution of these logging cars by fixed rules would be impracticable, and that the discretion of the chief train dispatcher or other employee of the defendant must finally govern upon the facts of this case. (3) The record affords no lawful basis for requiring defendant to equip flat cars engaged in the logging traffic on its Superior division with bunks and chains, or with patented stakes for securing the load. (4) Complaint dismissed. Sept. 21, p. 577.
- Dimmitt-Caudle-Smith Live Stock Commission Co. et al. vs. C. B. & Q. et al.; case 9131 (51 I. C. C., 71-77). In its original report the Commission found among other things that the maintenance of rules for the free return transportation of caretakers accompanying one-car shipments of cattle, calves, hogs and sheep from points in Missouri to East St. Louis and National Stock Yards, Ill., on the one hand, different from those applicable to St. Louis, Mo., on the other, was unduly prejudicial to East St. Louis and National Stock Yards and shippers therein, and ordered the discrimination removed. Upon rehearing, Held: That the reasonable rule for the transportation of caretakers accompanying one-car shipments of cattle, calves, hogs and sheep from Missouri points to East St. Louis and National Stock Yards is to provide for their free transportation to market only. Sept. 28, p. 625.
- Dow Chemical Co. vs. Pere Marquette et al.; case 9424; storage charges on

effect. (2) Third class rates contemporaneously in effect from Milwaukee to points in Illinois Classification territory found to have been in excess on iron dampers, in crates in less than carloads, from and to those points. (3) The establishment of commodity rates lower than the rates then in effect on dampers, in less than carloads, from Milwaukee to certain Pacific Coast points not justified. (4) Rates legally applicable on iron damper dampers, in less than carloads, from Milwaukee to points in Western, Missouri, Canadian and Official Classification territories, not shown to have been unreasonable or unduly prejudicial. (5) Rates on thermostats, in less than carloads, from Milwaukee to points in Western and Canadian Classification territories not shown to have been unreasonable or unduly prejudicial. First class rating found to have been reasonable on this article in less than carloads, from Milwaukee to points in Illinois Classification territory. (6) Reparation awarded. July 6, p. 13.

Johnston, J. R., vs. A. T. & S. F. et al.; case 9229 (51 I. C. C., 356-363). 1. Rates on hides, wool and tallow, in less than carloads, from certain points in Oklahoma and Texas to Wichita, Kan., not shown unjustly discriminatory, unduly prejudicial or unreasonable, except in cases where the through rates exceeded the aggregates of the intermediate rates contemporaneously in effect over the routes of movement. In such cases reparation awarded. 2. Rates on hides, wool and tallow, in less than carloads, from certain points on St. Louis-San Francisco Railway in Oklahoma to Wichita found unreasonable to the extent that they exceeded the rates formerly in effect. Reparation awarded. 3. Authority granted the Chicago, Rock Island & Pacific Railway Company under the fourth section of the act to maintain rates on the commodities mentioned from Ardmore, Okla., to Wichita the same as those contemporaneously in effect over the direct line of the Atchison, Topeka & Santa Fe Railway, and to maintain higher rates from intermediate points east and south of Stuart, Okla., subject to certain conditions. Other fourth section relief denied. Dec. 7, p. 1079.

Jones & Dunn vs. St. L. I. M. & S. et al.; case 9480; lumber (51 I. C. C., 339-344). Dec. 7, p. 1079.

Kaw River Sand & Material Co. vs. A. T. & S. F. et al.; case 9718 (51 I. C. C., 350-355). Upon complaint that charges of defendants for transportation of sand in carloads from complainant's plant at Turner on the line of the Atchison, Topeka & Santa Fe, 1 1/2 miles west of the Kansas City, Mo.-Kan., switching limits, to points within 150 miles of Kansas City, on lines of defendants other than the Santa Fe, are unreasonable and unduly prejudicial. Held: 1. Defendants, by maintaining a basis of charges from producing points at which complainant's competitors are located, within or adjacent to the Kansas City switching district, to points on defendants' lines within 150 miles from Kansas City, lower than they contemporaneously maintain from Turner, unduly and unreasonably prejudice the complainant and unduly and unreasonably prefer its sand competitors. 2. Defendants, by maintaining a basis of charges from complainant's plant on shipments to points on lines other than the Santa Fe, higher than they contemporaneously maintain on shipments from their plant to points on the Santa Fe, unduly and unreasonably prejudice complainant. 3. The undue prejudice ordered removed. Dec. 7, p. 1083.

Kentucky Lumber Co., Inc., vs. St. L. I. M. & S. et al.; case 9805; lumber (51 I. C. C., 388-404). Oct. 26, p. 790.

Kentucky Potable Distilling Co., vs. L. H. & St. L. et al.; case 9888; alcohol (51 I. C. C., 209-210). Nov. 3, p. 845.

Knappe Bros. vs. C. & A. et al.; case 9710 (51 I. C. C., 465-468). Rate on Spanish cedar crate box lumber, in carloads, from Brooklyn, N. Y., to Denver, Colo., found to have been unreasonable. Reparation awarded. July 20, p. 124.

Lamb-Fish Lumber Co. vs. Y. & M. V. et al.; case 8384 (51 I. C. C., 6-8). Certain carload shipments of gum and oak lumber from Charleston, Miss., to Chicago, Ill., found to have been misrouted. Reparation awarded. Sept. 7, p. 491.

Lay, Charles, et al. vs. American Express et al.; case 9929; sub. No. 1, same vs. same; fish (51 I. C. C., 373-375). Dec. 14, p. 1135.

Lehigh Coal & Navigation Co. vs. P. R. R. Co. et al.; case 9706 (50 I. C. C., 543-545). Refund of the actual expense incurred by complainant, under an agreement with the Pennsylvania Railroad Company, in furnishing barges and other equipment for the delivery of anthracite coal at destinations on or reached via the Delaware & Hudson Canal, authorized. Aug. 3, p. 223.

Little Rock Freight Bureau vs. Mo. Pac. et al.; case 9815; oak heading (51 I. C. C., 23-24). Sept. 21, p. 577.

Locust Mountain Coal Co. vs. L. V.; case 8982; coal (51 I. C. C., 137-138). Nov. 2, p. 845.

Loretz, Pegram & Co. vs. S. P. et al.; case 9741; peaches (51 I. C. C., 158-160). Nov. 2, p. 845.

Louisville Cement Co. vs. L. & N. et al.; case 5356 (50 I. C. C., 538-539). Findings in the original report modified in accordance with decision of Supreme Court of the United States in Louisville Cement Co. vs. Interstate Commerce Commission, decided April 29, 1918, and reparation awarded in that portion of claim previously held barred. July 27, p. 175.

Loveland & Hinyan Co. vs. D. & H. et al.; case 9801 (51 I. C. C., 15-17). Rates for the transportation of carload shipments of potatoes from certain points in Ia to Pittsburgh, Scranton and Wilkes-Barre, Pa., in October, 1915, found to have been unreasonable and reparation awarded. Sept. 14, p. 522.

Lowe, Geo. A., Co. vs. C. M. & St. P. et al.; case 5689; minimum charge on bulky articles (50 I. C. C., 403-404). July 13, p. 65.

Loyd, F. W., vs. A. & C. et al.; case 9816; lumber (51 I. C. C., 121-123). Oct. 26, p. 791.

Lumbermen's Assn. of Chicago et al. vs. Ann Arbor et al.; case 9924 (51 I. C. C., 431-435). By complaint filed Oct. 24, 1917, rates on lumber, in carloads, from Chicago, Ill., to points in Central Freight Association and Eastern Trunk Line territories are attacked as being unreasonable and unduly prejudicial. Held: 1. Effective June 25, 1918, the Director General of Railroads, in exercise of powers conferred upon the President by the Federal control act, initiated rates higher than those complained of. Rates so initiated can only be reviewed by us upon complaint as prescribed in the Federal control act. 2. Complainant, although given an opportunity to bring in the Director General as an additional defendant, has not taken such action. 3. Complaint dismissed. Dec. 28, p. 1240.

Macey Co. et al. vs. Pere Marquette et al.; case 8480 (50 I. C. C., 555-557). Charges for trap-car service from complainants' plants to the Pere Marquette R. R. freight station at Grand Rapids, Mich., found to have been and to be unreasonable to the extent that they exceeded or may exceed \$3 per car. Reparation awarded. Aug. 3, p. 222.

Martin Brokerage Co. et al. vs. S. P. et al.; case 8614; celery (51 I. C. C., 91-94). Oct. 26, p. 790.

Mayfield & Graves County Commercial Club vs. A. & V. et al.; case 9661; parts of 4th sect. ap. 2045 (51 I. C. C., 326-330). 1. Rates on cotton factory products from points in Carolina, southeastern and Interior Mississippi Valley territories to Mayfield, Ky., not shown to have been unreasonable, but found to have been unduly prejudicial to Mayfield. 2. Fourth section matters not determined upon the record in this case. Nov. 30, p. 1031.

McGowan-Foshee Lumber Co. vs. F. A. & G. et al.; case 9146 (51 I. C. C., 317-323). Reasonable division to the Florida, Alabama & Gulf Railroad Company out of joint rates prescribed on yellow pine lumber, in carloads, from Falco, Ala., to destinations on and

north of the Ohio River and to points on the Louisville & Nashville Railroad in Tennessee and Kentucky, found to be 3 cents per 100 pounds. Dec. 7, p. 1086.

Merchants' Exchange of St. Louis et al. vs. Terminal R. R. Assn. of St. Louis et al.; case 9078 (50 I. C. C., 474-478). Hay in carloads received at St. Louis, Mo., is frequently sold for reshipment to points beyond. The practice of the terminal carriers of requiring shippers to transfer to other cars, at their own expense, shipments of hay received at St. Louis in defective equipment as a condition precedent to rebilling to interstate destinations found unjust and unreasonable and unduly prejudicial. Reparation awarded. July 13, p. 74.

Meridian Fertilizer Factory vs. Brimstone R. R. & Canal Co. et al.; case 9851; also same vs. H. & B. V. et al.; case 9852 (50 I. C. C., 379-384). Rates on sulphur, in carloads, from Sulphur Mines, La., and from Bryan Mound, Tex., to Hattiesburg and Meridian, Miss., not found to be unreasonable or unduly prejudicial. Complaints dismissed. July 6, p. 10.

Mesilla Valley Produce Exchange vs. A. T. & S. F. et al.; case 9721; parts of 4th sect. ap. 5322 and 671 (50 I. C. C., 483-486). (1) Rates on wheat, in carloads, from certain points in Colorado, Kansas, Oklahoma, Nebraska, Illinois, Missouri and northern Texas to Las Cruces, N. M., not shown to have been or to be unreasonable or unduly prejudicial. Complaint dismissed. (2) Fourth section relief denied. July 27, p. 172.

Metropolis Commercial Club et al. vs. Ill. Cent. et al.; case 9597 (51 I. C. C., 376-385). Upon complaint attacking the rates on logs, lumber and various lumber commodities specified in the complaint taking the same rates from producing points in the states of Louisiana, Arkansas, Texas and Oklahoma to Metropolis, Ill.; Held: 1. That the rates in effect prior to June 25, 1918, were unreasonable and unduly prejudicial to the extent that they exceeded by more than 1 cent per 100 pounds the rates contemporaneously maintained on the same commodities to Cairo, Ill. 2. That the rates made effective June 25, 1918, and now maintained, are and for the future will be unduly prejudicial to the extent that they exceed or may exceed by more than 1 cent per 100 pounds the rates contemporaneously maintained to Cairo, Ill. 3. Reparation awarded to the Metropolis Bending Company on shipments made prior to June 25, 1918. Dec. 7, p. 1089.

Michel, C. and J., Brewing Co. et al. vs. C. M. & St. P. et al.; case 9881; cereal beverages (51 I. C. C., 103-105). Nov. 2, p. 845.

Midland Coal Co. vs. St. L. & S. F. et al.; case 9381; coal (51 I. C. C., 313-316). Nov. 30, p. 1031.

Miller & Lux, Inc., vs. S. P. et al.; case 9585; sheep (50 I. C. C., 425-426). July 6, p. 9.

Montgomery Ward & Co. vs. P. C. C. & St. L. et al.; case 9736; furniture (50 I. C. C., 526-527). July 27, p. 169.

Moore, Lucas E., Stave Co. vs. C. of G.; case 9930; staves (51 I. C. C., 170-171). Oct. 26, p. 790.

Moreno-Burkham Construction Co. vs. Ill. Cent. et al.; case 9891; contractor's outfit (51 I. C. C., 138-139). Nov. 2, p. 846.

Morgan County Sand Producers' Assn. vs. B. & O.; case 10025; doors for sand (51 I. C. C., 475-476). Dec. 28, p. 1239.

Muncie & Western R. R. Co. vs. C. C. & St. L. et al.; case 8885, sub. No. 1; see Ball Bros. Glass Mfg. Co. vs. C. C. & St. L. et al.; p. 1177.

Murphy, C. F., Co. vs. C. M. & St. P. et al.; case 9521; potatoes (50 I. C. C., 427-428). July 13, p. 65.

Murphy Chair Co. vs. Wabash; case 8724; chairs and rockers (50 I. C. C., 728-730). Aug. 31, p. 437.

National Live Stock Exchange vs. A. & S. et al.; case 9239 (50 I. C. C., 578-590). Charges of \$2.50 for cleaning and disinfecting single-deck and \$4 for double-deck live stock cars, moving interstate, when required by federal, state, county or municipal authority, or upon the request of ship-

pers. found not to be unlawful and the amount of the charges are shown by defendants to be no more than reasonable. Complaint dismissed. Aug. 2, p. 217.

National Poultry, Butter and Egg Assn. vs. B. & O. S. W. et al.; case 7993 (51 I. C. C. 341-349). Upon rehearing class rates for the transportation in Official Classification territory of dressed poultry, butter, eggs and cheese in any quantity found not to have been sufficiently high to include refrigeration during the period from March 29, 1915, to June 1, 1917, when an extra charge for service was made. Finding in original report, 51 I. C. C. 392, that the class rates plus the separate refrigeration charge for the combined services of line haul and refrigeration during the period mentioned had not been justified accordingly reversed, and claims for reparation in the amount of the being charge on shipments that moved during that period denied. Oct. 12, p. 711.

National Supply Co. vs. C. B. & Q.; case 10435, crushed stone (51 I. C. C. 429-430). Dec. 14, p. 1135.

National Tube Co. vs. B. & O. et al.; case 8105, sub. No. 11; also Same vs. Lake Terminal and Carnegie Steel Co. vs. Same (50 I. C. C. 339-344). (1) Principles announced in General Bluebook Co. vs. N. Y. C. & H. R. R. Co., 44 I. C. C. 257, affirmed and applied, and complaints of the National Tube Company, for reparation on the traffic of its plant at Lorain, in the state of Ohio, during a period of twelve and one-half months when allowances out of the line-haul rate to the industrial railway were discontinued, dismissed. The demands of the Carnegie Steel Company for reparation during the same period, dismissed on similar grounds. (2) The proposed bar of the trunk line service and that plant also required to be re-evaluated in conformity with the findings and conclusions herein. July 13, p. 65.

National Wholesale Lumber Dealers' Assn. vs. Southern et al.; case 9222, lumber (50 I. C. C. 105-106). July 6, p. 7.

New Jersey Fruit Jobbers' Assn. vs. C. B. & Q. et al.; case 9600; see Western Trunk Line, Potatoes, p. 15.

New Jersey Zinc Co. vs. B. & O. et al.; case 9372, parts of 4th cent. app. (51 I. C. C. 1157-1172). 1918, crushed barite (51 I. C. C. 430-431). July 26, p. 123.

New York & New Jersey Produce Co. vs. N. Y. N. H. & H. case 9515, also sub. No. 1 and sub. No. 2, potatoes (51 I. C. C. 399-400). Dec. 14, p. 1136.

Nichols & Cox Lumber Co. vs. N. Y. C. et al.; case 9114 (51 I. C. C. 174-176). Treating potatoes at a discount rate charges only based on a carload of gum lumber from Helena, Ark., to Medina, N. Y., found to have been unjust. Reparation awarded. Oct. 26, p. 785.

Northwestern Potato Traffic Assn. vs. A. T. & S. F. et al.; case 9511 (51 I. C. C. 340-342). (1) Classification rate of 75 cents per 100 pounds on potatoes in carloads from Minnesota and Wisconsin to the points in the Delta and West Coast of Texas found to have been excessive to the extent that a refund of 10 cents. Reparation awarded. The extra rate from the rate in question hereafter to the rest of Texas potatoes found to have not shown to have been unreasonable, and justly discrimination or unduly prejudicial. July 27, p. 175.

Northwestern Terra Cotta Co. et al. vs. A. T. & S. F. et al.; case 9711 (51 I. C. C. 322-324). (1) Official Classification rating of fifth class on shipments of terra cotta for building purposes in carloads, found not to be unreasonable. (2) Rate based on Official Classification rating of second class for shipments of terra cotta for building purposes, lower, of 20 cents per 100 pounds, found to be excessive to the extent of 10 cents. Reparation awarded. (3) The rate based on Official Classification rating of fourth class for shipments of terra cotta for building purposes from points in the state of New York, Pennsylvania, New Jersey, Indiana and Maryland to destinations in Central Freight As-

sociation and Trunk Line territories. (3) Reparation denied. July 30, p. 125.

Northwestern Trading Co., Inc., vs. Adams Express, case 8502; horses (51 I. C. C. 211-213). Nov. 2, p. 846.

Northwestern Traffic and Service Bureau vs. M. St. P. & S. Ste. Marie; case 9292 (50 I. C. C. 375-377). (1) Rates on coal, in carloads, from Manitowoc, Wis., to St. Paul and Minneapolis, Minn., found justified. Complaint dismissed. (2) Fourth section report denied. Aug. 3, p. 221.

Oden-Elliott Lumber Co. vs. Ala. Cent.; case 9683 (51 I. C. C. 403-410). Upon complaint that defendant failed to supply sufficient cars to transport lumber from Autaugaville, Ala., to interstate destinations, and that it unduly preferred complainant's competitors in distribution of available cars to the injury of complainant; Held: (1) That, without passing upon the question of jurisdiction to award damages for the alleged failure to furnish cars upon reasonable request as required by section 1, under the circumstances disclosed of record it could not with propriety be found that defendant should respond in damages for its inability to furnish a full car supply. (2) Defendant's practice with respect to the distribution of available cars, while meriting criticism, not shown to have unduly preferred complainant's competitors with resulting damage to complainant. Complaint dismissed. Dec. 21, p. 1178.

Oregon Fruit Co. vs. S. P. et al.; case 9777 (50 I. C. C. 719-721). (1) Carload rates for the transportation of watermelons from Monson and Sultana, Cal., to Salem, Corvallis, Portland and Medford, Ore., not shown to have been unreasonable or unjustly discriminatory. (2) Carload rates for the transportation of watermelons from Sultana and Monson to Salem and Medford, Ore., found to have been in violation of long-and-short-haul rule of Section 4 of the act. Reparation denied. Aug. 31, p. 124.

Paducah Board of Trade et al. vs. Ill. Cent. et al.; case 9511, cotton mop heads (51 I. C. C. 402-403). Dec. 28, p. 1212.

Pace & Hill Co. vs. C. St. P. M. & O. et al.; case 9311, parts (51 I. C. C. 487-488). Dec. 21, p. 1162.

Parkersburg Rig and Reel Co. et al. vs. A. T. & S. F. et al.; case 9371 (50 I. C. C. 416-418). Rates on nails, when shipped in packed cartons with oil well cartons and supplies, from Parkersburg, W. Va., and St. Louis, Mo., to various points in Kansas, Wisconsin, Oklahoma, Texas and Louisiana, found to be unreasonable. Reparation denied. July 26, p. 123.

Pace, Green and Seed Co. vs. C. R. I. & P. et al.; case 9584; millet seed (51 I. C. C. 180-181). Dec. 26, p. 790.

Peddler cars; see Cleveland Provision Co. vs. B. & O. et al.; p. 22.

Pelham Lumber Co., Inc., vs. V. S. & P. et al.; case 9111 (50 I. C. C. 340-342). (1) Second class, not found unduly to the same rates as Vicksburg, Miss., on long-and-short-haul to points in Official Classification territories. Complaint denied. July 27, p. 175.

Peterson, Frank B. et al. vs. A. T. & S. F. et al.; case 9674, salmon (51 I. C. C. 404-405). Dec. 14, p. 1136.

Philadelphia Hay and Straw Deliveries; I. & S. 1159 (51 I. C. C. 324-325). Dec. 2, p. 1079.

Pineapple Co. vs. T. A. & G.; case 9511, pineapples (51 I. C. C. 405-406). Dec. 21, p. 1175.

Phoenix Chlor Co. vs. C. & N. W. et al.; case 9241 (51 I. C. C. 218-220). Charges on a shipment of chlor. a. u. and l. d. from Stoughton, Wis., to Los Angeles, Cal., found to have been excessive. Reparation awarded. Oct. 26, p. 784.

Portage Silica Co. vs. Eds. et al.; case 9320; also sub. No. 1; sand and gravel (51 I. C. C. 241-243). Nov. 2, p. 846.

Portland Traffic and Trans. Assn. vs. C. & N. W. case 8909; see M. Seller & Co. vs. Spokane, Portland & Seattle, p. 9.

Potatoes; see Western Trunk Line Potatoes, p. 15.

Potlatch Lumber Co. vs. C. M. & St. P. et al.; case 9712, lumber (51 I. C. C. 31-33). Sept. 21, p. 577.

Private cars, in the matter of; case 4906

(50 I. C. C. 652-718). (1) An important part of interstate commerce of the country is transported in privately owned cars. It is to the interest of the owners, carriers and public that their operation should be continued, under such rules and regulations as will insure their efficient handling without discrimination against any shipper or particular description of traffic. (2) Under the situation as it exists, and under the facts and circumstances shown of record, shippers should be permitted to lease cars to transport shipments in interstate commerce from sources independent of carriers by railroad. (3) A charge in addition to freight rates should not be made for furnishing to shippers refrigerator, tank or other special type of car, or for transporting their shipments therein, unless the freight rates are predicated on the transportation of another type of car, less expensive and not so difficult to operate. (4) Payments by carriers for the use of private cars should be upon the basis of the loaded and empty mileage, and the mileage should be computed on the basis of distance tables without the elimination of mileage through switching districts. (5) The allowance of three-fourths of a cent on the loaded and empty movements for the use of tank cars of all kinds by carriers should be increased to 1 cent a mile for the loaded and empty movements; the increased allowance should be paid for the use of live poultry, palace stock and heater cars; and the increase should not apply to stock, coke, coal, rails, flat, box or pocket cars, although they may be privately owned. (6) Carriers should publish in their tariffs a rule that privately owned or leased cars when unloaded at destination, unless otherwise ordered by the owner or lessee, must be promptly transported, loaded or empty, in the direction of the plant of the owner or lessee. (7) Where carriers own tank cars which are furnished to shippers on request, they shall publish in their tariffs rules for the distribution thereof whereby each shipper who makes reasonable request must receive his proportionate share of available cars. (8) Reasonable charges on shipments of fresh meat, packing house products and dairy products should be based on the cost of the ice and salt used, the labor, investment in icing plants, etc., together with a reasonable profit; carriers should perform the service of icing and make the charges therefor, and shippers of these products should not be permitted to perform the service of icing their own and competitors' shipments en route, either directly or through corporations controlled by them. (9) Carriers should provide in their tariffs that private cars standing on tracks of owners shall not be subjected to discriminatory charges. (10) The Master Car Builders' Association rules with respect to repairs on private and other cars should not be filed in tariffs of carriers. Suggestions made at the hearings as to modifications in rules and practices should be adopted by the association. Aug. 31, p. 417.

Private wire contracts; case 5421 (50 I. C. C. 731-766). Sept. 7, p. 490.

Providence Fruit & Produce Exchange et al. vs. American Express Co. et al.; case 10081, also case 9712, A. M. Tourtelot vs. Same (51 I. C. C. 167-170). Express rates on strawberries, in carloads, from Independence, La., Jackson, Miss., and Ripley, Tenn., to Providence, R. I., found to have been unreasonable. Reparation awarded. Nov. 2, p. 842.

Reed Tobacco Co. vs. C. & O. et al.; case 9742; cigarettes (51 I. C. C. 201-202). Nov. 2, p. 847.

Rice Potato Co. vs. B. & O. et al.; case 10081; parts of 4th cent. app. 1885 and 1877 (51 I. C. C. 364-369). 1. Through rates on potatoes, in carloads, from Rice, Minn., to certain destinations, which exceeded and exceed the aggregate of intermediate rates contemporaneously maintained, found unreasonable and illegal. 2. Carload potato rates from Rice to certain destinations found unduly prejudicial to complainant and reparation awarded.

1. Dec. 1, 1918, on relief denied. 1. Dec. 1, 1918.

R. & L. P. Co. vs. Coke Co. et al.; case 9444 (51 I. C. C., 115-116). Nov. 2, p. 847.

Syracuse Chamber of Commerce et al. vs. N. Y. C. et al.; case 9678; red oil (51 I. C. C., 197-198). Nov. 2, p. 846.

Toledo Produce Exchange vs. N. Y. C. et al.; case 9081 (50 I. C. C., 515-521). Complaint alleging the establishment of lower ex lake rates and ex rail re-shipping rates on grain and grain products from Toledo, O., to points in western trunk line territory, on the basis of 78 per cent of the ex lake and ex rail rates from Chicago to New York, and the establishment of joint rates on grain from Missouri River cities to Toledo, found not sustained. July 27, p. 169.

Torrington (Wyo.), town of, vs. C. B. & Q.; case 7803 (51 I. C. C., 414-418). Upon rehearing, rates on cattle, sheep and hogs, in carloads, from Torrington, Wyo., to Omaha, Neb., found not to be unreasonable, but unduly to prefer Henry, Neb. Dec. 21, p. 1177.

United Lumber Co. vs. U. & N. F. et al.; case 9738; lumber and forest products (51 I. C. C., 199-200). Nov. 2, p. 847.

United Shoe Machinery Co. vs. Boston & Maine; case 9425 ferry car service (51 I. C. C., 28-30). Sept. 21, p. 577.

U. S. Gypsum Co. vs. Ft. Dodge, Des Moines & Southern et al.; case 9993; gypsum rock (51 I. C. C., 135-136). Sept. 28, p. 628.

Varley-Wolter Co. vs. B. & O. et al.; case 9630; potatoes (51 I. C. C., 493-495). Dec. 21, p. 1182.

Virginia-Carolina Chemical Co. vs. Mich. Cent. et al.; case 9376; cyanamid (51 I. C. C., 172-174). Oct. 26, p. 791.

Water carriers; in re control of by rail carriers; see Grand Trunk Ry. Co. of Can.—ownership and operation of Detroit River car ferries; p. 1182.

Wausau Southern Lumber Co. vs. C. & N. W. et al.; case 9767; lumber (50 I. C. C., 453-454). July 20, p. 123.

Weil, Jonas and Sim, vs. C. M. & St. P. et al.; case 9764; also case 9764, sub. 1; stock cattle (51 I. C. C., 95-96). Sept. 28, p. 628.

Western Trunk Line Potatoes; I. & S. 1151; also case 9809, Nebraska-Iowa Fruit Jobbers' Assn. vs. C. B. & Q. et al.; 4th sect. ap. 1853; 15th sect. ap. 782 (50 I. C. C., 407-415). (1) The proposed increased potato rates from producing sections in Minnesota, Michigan, Wisconsin, North Dakota and South Dakota to jobbing and consuming centers in the middle West, the south and the east, and also from the Chicago, Peoria & St. Louis rate groups to Sioux Falls, S. D., and points in northwestern Iowa taking Sioux Falls rates not justified. (2) Commodity rates on potatoes, carloads, from producing sections in Minnesota and North Dakota to Creston, Ia., not shown to be unreasonable or unduly prejudicial. (3) Fourth section relief, also the fifteenth section application, denied. The tariffs under suspension required to be canceled, and the complaint dismissed. July 6, p. 15.

Willamette Valley Lumbermen's Assn. vs. S. P. et al.; case 9536 (51 I. C. C., 250-263). (1) Rates charged for the transportation of lumber and forest products from certain points in the Willamette Valley in Oregon to various points in the states of Montana, Wyoming, North Dakota, South Dakota, Nebraska, Minnesota, Wisconsin and Michigan, and in the provinces of Manitoba and Saskatchewan, Canada, found to be relatively unreasonable and unjust and unduly prejudicial to the extent they exceed the rates contemporaneously maintained from the coast group, including Portland, Ore., to the same destinations, and defendants required to establish joint rates on the basis specified. Oct. 26, p. 786.

Williams, N. A. Co. vs. P. Co. et al.; case 8893; 4th sect. ap. 2060 (50 I. C. C., 531-537). (1) Rates charged on sewer pipe, in carloads, from Ohio points to certain destinations in Wisconsin and Michigan found not to have been in violation of section 4 of the act, but unjust and unreasonable in so far as they exceeded the aggregate of proportional rates to the Lake Michigan west bank crossings, so limited as not to apply on traffic to the destinations involved, plus the local

or proportional rates beyond. (2) Reparation awarded. July 27, p. 173.

Wilson, J. P., vs. P. R. R. Co. et al.; case 9776 (50 I. C. C., 571-572). Complaint alleging that by demanding the payment of undercharges from complainant on a carload of peaches from Ridge Springs, S. C., to Philadelphia, Pa., after the net proceeds from the sale thereof had been remitted to the consignor, while rendering correct bills to other commission merchants prior to the remitting of such proceeds, defendants discriminated against complainant, dismissed. Aug. 3, p. 222.

Wilson & Co., Inc., vs. C. C. C. & St. L.; case 9673; meat (51 I. C. C., 153-154). Sept. 28, p. 628.

Yeakel Fuel Co. vs. Oregon-Washington R. R. & Nav. Co. et al.; case 9642; coal and wood (51 I. C. C., 449-451). Dec. 21, p. 1182.

Zelnicker Supply Co. vs. T. & O. S. et al.; case 9915; old rails (51 I. C. C., 133-134). Sept. 28, p. 628.

Zelnicker, W. A., Supply Co. vs. C. & N. W. et al.; case 9988; old rails (51 I. C. C., 90-91). Nov. 2, p. 846.

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ANOTHER SIX MONTHS.

With next week's issue we shall mail to subscribers the semi-annual index for volume twenty-one of The Traffic World, covering the period from January to June, inclusive, 1918. Though there have been other volumes slightly larger than this one, no other has contained so much reading matter, the slight decrease in size as compared with the few larger volumes being more than accounted for by the dropping off in advertising due to war conditions. Considerable space has been saved also by the failure of the three classification committees lately to issue their long dockets, which we always printed.

Usually, at the beginning of a new six months' period, we have had some new feature to announce as adding to the value and interest of the magazine. We have been saved the labor of originating such a feature this time, it having been provided for us by the fact of government operation of the railroads, now just six months old. It has entirely revolutionized the railroad business in the traffic as well as other departments and furnished, perhaps, much interest that our readers would have been glad to dispense with. There has been scarcely a number in that period that has not recorded some radical change or some new method of doing business. The old landmarks have been torn down and new guide posts erected. The man who knew it all six months ago has been groping more or less in the dark since then. There has been no period in the history of railroad regulation so interesting as the one through which we are now passing and none with which it has been more necessary for the traffic man, as well as the mere student of trans-

portation history and evolution, to keep closely in touch.

REPRESENTATION FOR SHIPPERS.

Until the new system of hearing complaints arising out of General Order No. 28 by traffic committees composed of a majority of railroad men and a minority of shippers' representatives has been tried out, too much is not to be expected of it, of course, and yet it seems to be not merely a sop to shippers who have complained of lack of representation and of disregard of their interests, but a genuine attempt to bring somewhat the right point of view to bear on the present transportation problem. The proper point of view, of course, is that of getting business moved, seeing to it that rates for moving that business are properly compensatory, but at the same time safeguarding the interest of the shipper or business man so that he shall not be unnecessarily discommoded or unfairly dealt with. That the Railroad Administration seems to be coming to that point of view is a matter for congratulation.

Up to this time the traffic committees that have been appointed to hear the complaints of shippers have amounted to little except as a means of permitting the disgruntled shipper to let off steam. The committees had no power but that of recommendation and, except in cases where injustice was obvious and the cure easy, they could hardly be expected to be sympathetic with the complaining shipper. They were employees of the railroads in sympathy with the purposes of their employers in proposing the rate or charge complained of. A call on them was of little more avail than a call at a railroad office under former conditions. This was natural and not to be wondered at.

The railroad men on these committees will still, unless the plan is changed, be employees of the railroads, but the committees, with the addition of shippers as members, become something more than they were. Both the shippers and the railroad men on them must forget their own interests or the interests of their immediate employers. They are representatives of the public and must seek the public good. Where a railroad member once had no thought above the interest of his road or the railroads his ideal now must be somewhat higher. If this is not to be the idea the scheme might almost as well be abandoned, though it will, of course, be of some advantage to shippers to have their representatives present, even if in the minority, and informed of all that goes on. At the worst the plan will be about what it was before, with this slight advantage. At the best it will result in frequent compromises or settlements of disputed points, to the satisfaction of both shipper and car-

rier before the contest reaches the stage of a formal complaint. The fairer and broader minded the members of a committee the more good of this sort will be done.

There has been some talk to the effect that shippers appointed to these committees must sever their private business relations so as to be without bias. If they do this they must, of course, be compensated by the government. We can find no fault with the theory on which this is suggested. But if the shippers must be unbiased why not the representatives of the railways? If the shippers are serving the public and not themselves, why should not the railroad men do likewise? We can see little business efficiency anyhow in a system which permits an individual line to pay the salary of one of its employes whose entire time is taken up with service on committees connected with the work of the Railroad Administration, the benefit of which is shared by all the lines. This is the situation in many instances. But, aside from such considerations, it is incontrovertible that a railroad man serving on such a committee should be without bias—at least as much so as the shipper or business man who serves with him.

And yet if we are to have these numerous traffic committees made up of shippers and railroad men paid by the government, what sort of regulatory system shall we be building up? Are we not in danger of stepping on our own feet, so to speak, and thwarting our efforts at efficiency and fairness by the multiplicity of the agencies we employ? Why not get back to solid ground and regulate the railroads as they should be regulated—through the Interstate Commerce Commission, which knows the job and which is trusted by both shipper and carrier in all matters, except, perhaps, that the carriers believe it has been too parsimonious on the broad question of revenue. But that has been taken care of now. Suppose we untangle the meshes in which we find ourselves involved and return to established order.

DENATURING THE RAILROADS.

There is food for thought in the fact that government operation of the railroads has resulted in the removal from the railroad business of such men as President Ripley, President Willard, President Rea, and others of the same caliber, except as the stockholders may see fit to retain them and pay them out of their own pockets as heads of the corporations with duties which array them, in some respects, against the Railroad Administration, or at least place them in the position of acting as checks on plans of the Administration. Whether this is a good thing or a bad thing may be a matter for argument. Perhaps in a war-time emergency, when

the railroads are to be run as a unit by one head and for one chief purpose without thought of themselves or of anything else but winning the war, a scheme is justified that removes the big brains from the business and provides for its operation by men of minor ability under a government official who has comparatively little knowledge of the railroad business as a business. The only other justification would be that the men referred to have been overestimated and are not really the able men they are supposed to be. But after the war is that the way we wish the railroads to be conducted? Now is the time to think about such things. The fact that government operation is taking the ability, the initiative, the "pep," out of the railroads and railroad men is one of the greatest of the objections to government operation at this time when efficiency is needed, and if a showing of efficiency is made it must be in spite of the thing we mention. Unification of operation and effort may more than offset the losses from lack of interest, but why not initiate the one at the same time that we sustain the other?

CONTROL OVER STATE RATES.

One of our contemporaries—a magazine devoted to the interests of the railroads—under the caption, "Perpetuating Bone-Head Regulation," bemoans several things in the present railroad policy of the government, among them that what it calls the unfair discriminations in rates resulting from dual state and federal regulation are to be continued under government control, the Director-General having weakened in his first determination to bring state rates up to the level of interstate rates.

No one realizes more than we the injustices and clumsy situations arising out of our system of dual control and no one, we believe, has said more in favor of their removal. But they should be removed in orderly fashion, by direction of Congress, clearly expressed, and not by the arbitrary act of a Director-General under assumed or fancied authority. However much to be desired might be the end sought, it would be dearly bought if at the expense of such unwarranted action. It may be that the reasons hinted at by our contemporary influenced the Director-General in withdrawing his first order and not a realization that he was exceeding his power, but, however that may be, he did well in withdrawing it, for, as we see it, he has no more power in this matter than existed in the federal regulatory authorities before he took the reins. Congress, perhaps, has the power to say that the federal authorities shall regulate both state and interstate rates. We wish it would say so. But it never has said so and until it does not even war gives the Director-General authority. If we advo-

(Continued on page 33)

Current Topics in Washington



Machinery Working Better.—The Railroad Administration is beginning to operate more smoothly and efficiently. The public is becoming accustomed to its ways and is learning the names of the men and their offices with which it must do business. The credit, it may be suggested, lies in the fact that, notwithstanding that the McAdoo organization got off on the wrong foot, it seems trying to

catch step with the public and is falling into the cadence of the parts of the transportation world it at first thought could be ignored. For relief from the crudities and injustices of General Order No. 28 the public is learning that Director Proctor is the man and that Luther Walter, as Proctor's assistant, and Paul Hastings, as Director Chambers's assistant, have a fairly good idea as to how much the applicant is entitled to receive; that Mr. Buxton is the man to see if it is a question as to what change, if any, has been made in No. 28, and that E. H. Dedroft, A. G. Gathorn, or W. C. Kendall can tell about cars and car service. Private Secretary Chaggett is working on a scheme for concentrating information concerning the work of the Railroad Administration so that it will be easier to find out what it has done. One fact with which he will probably have to struggle is that the regional directors receive general orders or general circulars, so that variations creep in and the different versions written by newspaper reporters lead to confusion.

Accounting Questions in the Commission.—When thieves fall out honest men get their dues and when Interstate Commerce Commissioners begin asking an expert accountant questions irreverent reporters and others who watch the work of the Commission obtain a pretty fair idea as to the kind of discussion that sometimes take place in the Commission when the members are in conference. In the hearing on the question as to whether any of the war taxes laid by the act of Congress of October, 1917, shall be allocated to the first six months of 1917, Commissioners Meyer, Clark and Anderson asked A. D. McDonald, formerly vice-president and comptroller of the Southern Pacific, now treasurer of the Railroad Administration, questions which gave to the observers a possible line of cleavage between Anderson and a number of his colleagues and especially between him and Commissioner Meyer on accounting questions. Meyer is in charge of statistics and accounting. McDonald was subjected to a series of questions that must have been embarrassing to him because he probably hopes to be restored as comptroller of the Southern Pacific when the government lets go of the railroads. But he is now working for the government. Anderson seems to want a restatement of accounts on Adamson wage and war tax law expenses, so as, presumably, to have the amount of operating income for the railroads under federal control cut down by the amounts of money allocated to the first half of 1917. Commissioner Meyer seemed to take the position that if one item in the expense account were restated, then, in a degree of fairness to the railroads, all items should be restated, or if the desire was to be absolutely fair,

then that all accounts should be restated. That would take 3,000 accountants months, if not years, Commissioner Meyer thinks. His idea seems to be that the sworn accounts of the railroads, after being checked and scrutinized by the Commission, should be used for ascertaining the maximum just compensation.

Power Over State Rates.—A case raising the question as to whether the Director-General has the power to prescribe rates for state application should be coming along shortly. The attorneys-general of Illinois and Mississippi and the chief counsel for the commission of the second district of New York have written opinions that he has no such power, because the fixing of rates for state application is among the police powers of states, specifically exempted from the terms of the federal control law. The authorities of the states themselves may not be shippers, but under the ordinary practice, the shipper who resists the enforcement of what a state official, in the exercise of his duty holds is not a law, has the support of state authorities in conflicts with those claiming the exercise of federal authority. Litigation of that kind could hardly be called impeding the federal officials who are trying to win the war. The lawyers for the Railroad Administration are numerous and efficient. The courts are open and, no matter which way they decide, the decision will not hamper the moving of troops or government supplies. A suit of that kind would be no more of an obstacle to the winning of the war than would any other litigation raising the question as to whether one set of men had not overstepped the jurisdiction given them by acts which are themselves within the bounds of the constitution. If Congress intended to give the President the power to prescribe rates for application within states, it took great pains to hide its intention, because everybody who has had anything whatever to do with rate work knows that when one talks about a federal authority prescribing rates, interstate rates are implied. If Congress intended to abolish state commissions as rate-makers, it forgot to say anything indicating that the Commission should have authority over them in making orders pertaining to President-made rates. If the President has the power to make state rates, then he has rate powers that are not reviewable anywhere, because the Commission's authority to issue orders is specifically limited to the issuance of such as are authorized by the act to regulate commerce, suspension of tariffs excepted.

Private Cars Now "Official" Cars.—Ben L. Winchell has a sense of the fitness of things. Now that the government is operating the railroads it is his idea there can be no such thing as a private car. Therefore, a short time ago, he issued an instruction to those carriers subject to his orders to the effect that if there were any more cars under their keeping marked "private" they must change the marking to "official" so as to show the public that in the forward strides of democracy, the envy and cupidity exciting private car has been relegated. Perhaps, however, a private car under any other name will ride just as smoothly if the passenger coach repair section does its work efficiently and on time. Railroad Administration officials have read so much lately about the money that was squandered on private cars that they are believed to have become just a bit sensitive on the subject. Official cars, therefore, will relieve the equipment reserved for officials from the curse that has been put upon private cars by Arthur Brisbane and other repre-

representatives of the American advocates of government ownership.

Interurban Passenger Fares.—Denial by the Commission of the fifteenth section application of the Washington, Baltimore & Annapolis for permission to bring its passenger fares up to the three-cent basis is what was expected. The attorney for that company, at the hearing, practically withdrew the application by saying the company did not need the money and that grant of the application would probably result in injury to the electric road because, on equal rates, it is believed the public would use the steam railroads, except possibly when the more frequent train service on the trolley line would result in the saving of an hour or so. The Commission could hardly do otherwise than deny the application. The company could and probably would decline to use the permit, if granted, within the time limit set on it by the rules of the Commission, thereby rendering nugatory an act by the Commission plainly in contravention of the thought underlying the act to regulate commerce—that rates should not be higher than necessary to give the carrier a reasonable return on its investment. It is true that some steam roads have earned enough to pay a higher rate of dividend than the W. B. & A. might have paid, but, so far as known, none has ever made such an increase in earnings as this electric line. They have achieved their earnings on a vast volume of business, while the W. B. & A. did it on a comparatively small one.

A. E. H.

CONTROL OF WIRE COMPANIES

The Traffic World Washington Bureau.

Consultation among Senate leaders July 4 made it fairly certain that no wire legislation would take place in the near future unless the President insisted. They decided to take a recess Saturday, the day agreed on, paying no attention to the fact that the evening before the House committee on interstate commerce had unanimously recommended the passage of a resolution authorizing the President to take and hold the wire companies until he proclaimed the ratification of peace treaty, but not a minute longer. That committee, by vote of nine to seven, voted down proposals to authorize him to keep them three, twelve, fifteen and twenty-one months after the war. The committee ditched, as well, a resolution authorizing control and compensation as fixed in the railroad control law, each side, however, receiving the right to bring in amendments on the floor. The determination of leaders of the Senate and this committee is based on the belief that the President does not really want to take over the wire companies, but indorsed the Aswell resolution to oblige advocates of government ownership.

The Order of Railway Telegraphers will hold a special meeting in Washington July 8 to decide what course they will take respecting messages offered them on account of the inability of the wire companies to handle business during the strike called by commercial telegraphers. They also want to find out where they stand with the Railroad Administration. It has cut off their emoluments in part by forbidding the new express company to pay them commissions on express business handled by them. They fear that if the wire companies are taken over the commissions paid by the Western Union will also disappear long before the government makes arrangements to increase their pay.

Passage of legislation authorizing the President to take over the telephone and telegraph lines of the country

would be expected to cause confusion as the immediate result because the wire situation, as to leases, private lines, and so forth, is much more complicated than the railroad situation was.

Railroads had been under regulation for a generation before the government took them over. They were in comparatively clear definition as to their rights and duties. That cannot be said about the wire lines. They are superficially under regulation, but Congress has never passed the legislation that has been asked by the Commission to enable it really to regulate rates. There is no requirement that the telephone or telegraph companies file tariffs. The sixth section requiring tariffs to be filed and posted does not apply to them.

The telegraph companies lease wires from the telephone companies and wires are used for both conversing and telegraphing. The long-distance and local telephones are connected, but they are owned by separate companies. There are two kinds of local and long-distance telephone companies—Bell and anti-Bell.

Still another complication is the fact that various big corporations have telegraph and telephone lines which may be incorporated, but which are used merely as plant facilities, although they may occupy public streets and highways or cross them. The Standard has such a system. The short-line railroad problem is simplicity in comparison, it is believed, with the plant facility and short line wire situation.

At present users of wires have an idea that their secrets are guarded because intrusted to private companies. Of course, they are not, because the government has never seriously taken the statutes that are supposed to guard the secrecy of the messages intrusted to the wire companies.

Long before the war it was known that bank examiners and the Department of Justice paid no more attention to that part of the bank examination law that forbids the revelation of private business that may have come under the scrutiny of the examiners, than if it had never been written. Many big criminals have owed their downfall to the disregard of that part of the law, which, it may be suggested, would be a fact commanding popular approval if the question were submitted for approval or disapproval.

When the wires have been taken over the governmental scrutiny of all private business will be closer than ever. Some of the business interests that have recently been put in the pillory may think that impossible, but it is suggested that there are many more officials of the wire companies who respect the rule of secrecy than there are of the kind who do not.

EXPRESS RATE FRACTIONS

The Traffic World Washington Bureau.

The Commission's rule for disposing of fractions in making advances in express rates, supplemental order No. 9972, is as follows:

It is ordered, That in establishing the increased rates approved for filing in our order of June 17, 1918, on shipments weighing not more than 99 pounds, fractions one-half cent or less shall be discarded and fractions more than one-half cent shall be treated as one cent. Rates on shipments weighing 100 pounds or more, being stated in multiples of five, fractions $2\frac{1}{2}$ cents or less shall be discarded and fractions more than $2\frac{1}{2}$ cents shall be increased to the next higher multiple of five.

it is entitled to reparation in the sum of \$6.93, with interest.

The complaint in No. 8909, which was filed May 31, 1916, by a voluntary association of shippers at Portland, alleges, in substance, that the Western Classification double first class rating applicable to less-than-carload shipments of electric lamps from Chicago, Ill., and points east thereof to Portland and other points on defendants' lines in the Western Classification territory, is unreasonable, unjustly discriminatory and unduly prejudicial to the extent that it exceeds first class.

Prior to Oct. 15, 1915, the Western Classification did not specifically rate electric lamps, the rating applicable being the first class rating on lamps and lamp fixtures N. O. I. B. N. On that date a less-than-carload rating of double first class was provided on electric lamps N. O. I. B. N. and a first class rating on electric lamp standards, not including shades. For some time thereafter the double first class rate was assessed on electric lamp standards, when shipped without shades, and this appears to be the primary cause of the complaint. Subsequently the first class rate was properly assessed, and at the hearing complainant's principal grievance appeared to be against the double first class rating on art glass lamp shades, in support of which evidence was introduced without objection by defendants.

It appears that electric portable lamps of various types are shipped throughout Western Classification territory, but that the greater volume of the movement to Portland consists of the cheaper lamps, which range in value from \$1.50 to about \$15 apiece. Most of these lamps have metal frame shades with removable art glass panels, while the lamps of higher value have stationary glass panels. It is contended for complainant that the shades for the cheaper lamps should be rated no higher than first class, for the reason that the detachable panel shade is less valuable and that the risk is not so great, since in case of breakage these panels can be replaced without injury to the shade. It appears from exhibits that the value of the lamp does not always depend on whether the glass panels are removable; that some of the lamps having shades with removable panels are as expensive as many of those having shades with fixed panels; and that some lamps with decorated shades are of a very high value, but complainant's witness states that the demand for the latter is negligible.

It is also contended that the rating on electric portable lamps with detachable panel shades should not exceed the first class rating on oil lamps packed in barrels or boxes. It is alleged that many of the oil lamps are made of glass or other fragile material, and are therefore subject to a greater risk of damage in transit than the electric portable lamp. Ordinary glass oil lamps are sold by complainant's members at an average price of \$2.25 per dozen. No substantial evidence was adduced in support of the allegations of unjust discrimination and undue prejudice.

The portable lamps, which are made of metal, wood and wicker, range in size from the small desk lamps to the floor lamps with large bases. Many electric portable lamp shades are too large to be shipped in barrels and there is no uniformity in packing. Up to the time of hearing defendants and manufacturers had been unable to ascertain the average weights and values of the shipments.

It was shown for defendants that some of the electric portable lamp shades are made of bent glass, and that the shades are rated as high as three times first class. Bent glass packed in boxes not exceeding 15 feet in length nor 7½ feet in breadth is rated double first class. The current classification publishes a double first class rating on lamp globes or shades, coppered, leaded, or framed glass, in place of the item glass lamp shades, art glass.

Upon the present record we are of the opinion and find that defendants have justified the rating of double first class on less-than-carload shipments of electric lamps N. O. I. B. N., and that the double first class rating on art glass lamp shades was reasonable. The complaint will be dismissed.

Appropriate orders will be entered.

RATES ON SULPHUR

CASE NO. 9851* (50 I. C. C., 379-384)
MERIDIAN FERTILIZER FACTORY VS. BRIMSTONE
RAILROAD & CANAL COMPANY ET AL.

Submitted May 25, 1918. Opinion No. 5294.

Rates on sulphur, in carloads, from Sulphur Mines, La., and from Bryan Mound, Tex., to Hattiesburg and Meridian, Miss., not found to be unreasonable or unduly prejudicial. Complaints dismissed.

Division 2, Commissioners Clark, Daniels and Woolley. Complainant corporation manufactures fertilizers at Meridian and at Hattiesburg, Miss. One step in its process of manufacture is to make sulphuric acid; prior to the European war it burned pyrites imported from Spain to make this acid; now it burns brimstone or crude sulphur for the same purpose, obtaining the sulphur from Louisiana and Texas. These complaints bring in issue the carload rates on sulphur from Sulphur Mines, La., and from Bryan Mound and Freeport, Tex., to Hattiesburg and Meridian; rates from Sulphur Mines are attacked in No. 9851, the allegation being that they are unreasonable and subject Hattiesburg and Meridian to undue prejudice as compared with rates to more distant points; and in No. 9852 rates from Bryan Mound and Freeport are alleged to be unreasonable and reparation is asked. Freeport does not produce sulphur and will not be noticed further. The New Orleans Joint Traffic Bureau intervened in behalf of the commercial interests of New Orleans, La.; the position taken by the intervener being that the present relationship of rates to New Orleans and to Hattiesburg and Meridian should be maintained. Rates are stated herein in cents per 100 pounds.

In this country sulphur in commercial quantities is produced mainly at Sulphur Mines and at Bryan Mound. Sulphur mining in Louisiana antedates the production in Texas and rates from Bryan Mound are made with relation to the rates from Sulphur Mines; rates from the latter point having been made to enable the producers there to compete with imported sulphur at interior points of consumption.

Imported sulphur comes principally from Sicily and Japan, and when sulphur began to move from Louisiana the competition it had to meet was from Sicily. Sulphur from Sicily moved on low ocean rates to the Atlantic Coast and thence on low rail rates to the interior. These rates from the ports were used later for the transportation of sulphur from Louisiana and Texas, the producers having established coastwise water lines from points near the mines to eastern ports. Union Sulphur Co. vs. B. & O. R. R. Co., 39 I. C. C., 349. Rates all rail from Sulphur Mines to Chicago, Ill., St. Louis, and Kansas City, Mo., were made 26 cents to meet the rates from Sicily, and rates to other points were made with relation to these basal rates. Rates to points in Wisconsin were approved in Pulp & Paper Mfrs. Traffic Assn. vs. Belt Ry. Co., 39 I. C. C., 360.

In the Western Classification sulphur takes Class C rates; in the Southern it was rated sixth class prior to April, 1916; it has been included under fertilizers as taking fertilizer rates, or sixth-class rates, in the absence of commodity rates, since that time. The commodity rates here considered are in all instances much lower than the normal classification basis. When sulphur began to move in commercial quantities from Bryan Mound competition of carriers and producers resulted in the establishment of rates from that point with relation to the rates from Sulphur Mines. In part this relation is as follows: To points west of the Indiana-Illinois state line rates from Bryan Mound and from Sulphur Mines are the same; to points east thereof rates from Bryan Mound are 3 cents higher than from Sulphur Mines.

Sulphur finds many uses in the arts. So far as we are here concerned its main use is in the production of sulphuric acid. For this purpose it competes with iron pyrites, a crude mineral containing approximately 50 per cent of sulphur. Sulphuric acid is made and used in large quantities by paper mills, by fertilizer manufacturers, and by the makers of high explosives; it is obtained by burning pyrites, or crude sulphur, absorbing the fumes so produced in water, and by further treatment which we need

*The report also embraces No. 9852, Meridian Fertilizer Factory vs. Houston & Brazos Valley Ry. Co. et al.

not describe. Prior to the European war sulphuric acid producers, not too remote from the Atlantic or Gulf coasts, obtained their sulphuric acid by burning pyrites. Some manufacturers used pyrites mined in this country and others imported their supplies mostly from Spain. Pyrites was worth approximately \$4 per gross ton at Spanish ports. Recently these factories have turned to domestic brimstone as a source of sulphuric acid either in place of pyrites or in aid of lean varieties of that mineral. Many fertilizer factories, including the complainant, now make acid not only for their own use but for shipment to munition plants; and the demand for sulphur has become so great that the price which obtained in 1915 and 1916, \$20 per gross ton, has risen until it is approximately \$45.

Neither sulphur nor sulphuric acid is a fertilizer; sulphuric acid, however, is used to make available the phosphoric content of phosphate rock; and for this reason carriers in the southeast have extended the description of fertilizer materials to include sulphur. West of the Mississippi River this has not been done.

The rate situation out of which these complaints arose is shown in the following table:

From Sulphur Mines, La., to—	Distance, miles	Rate, cents	Revenue per ton-mile, mills
Hattiesburg, Miss.	544	16.85	9.54
Meridian, Miss.	404	20.15	9.28
New Orleans, La.	232	11	9.48
New Orleans, La. (via Gulf)	192	6.00	5.19
Mobile, Ala.	71	11	7.54
Montgomery, Ala.	50	22.25	8.00
Chattanooga, Tenn.	730	21.00	6.71
From Bryan Mound, Tex., to—			
Hattiesburg, Miss.	544	16.65	7.22
Meridian, Miss.	624	21.45	6.88
New Orleans, La.	426	16.00	6.41
Birmingham, Ala.	742	20.25	6.19

* Fertilizer rates New Orleans to Hattiesburg 7 cents to Meridian 5 cents. Import rates on pyrites New Orleans to Hattiesburg 10 cents to Meridian 12 cents.

† Freight rate 1915, 1916 and 1917, for export of crude sulphur from Hattiesburg to New Orleans \$1.41 per ton, net.

Source: Eastern C. & N. H. & B. V. R. Co. 151 C. C. 221

These rates are improperly aligned and the carriers do not attempt to defend the present alignment. They assert, however, that all these rates are *too low* and say that within a short time they expect to apply for leave to increase all rates on sulphur from Sulphur Mines and from Bryan Mound. The adjustment formerly in effect resulted in rates from Bryan Mound 4 cents higher than from Sulphur Mines, and the difference in the rates is alleged to have been too small in that it was the differential which properly applied to more distant points east of the Indian Territory state line. The present difference of 4 cents in the rates to Meridian is explained as resulting from a recent reduction of 1 cent in the rates from Sulphur Mines, without change in the rates from Bryan Mound. The carriers object that the rates to Meridian from both Sulphur Mines and Bryan Mound are improper in that they exceed the combination rate of rates on New Orleans, but they deny that these rates are unreasonable. They say that based upon the rates to and from New Orleans, the rates to Meridian should now be 20 cents from Sulphur Mines and 24 cents from Bryan Mound, and that on the same basis rates to Hattiesburg should be 18 cents from Sulphur Mines and 22 cents from Bryan Mound.

The complainant asks for rates to Hattiesburg and to Meridian based upon the proportional rates from Sulphur Mines to New Orleans, for export or for coastwise movement, plus the proportional rates from New Orleans to those destinations applicable to imported pyrites. It is unnecessary to consider this demand further than to say that in view of the rates established to Hattiesburg, it is not aligned. The carriers have established from Sulphur Mines to Hattiesburg a rate composed of the former rate of 11.15 cents to New Orleans plus the import rate of 5.5 cents on pyrites from New Orleans to destination. This line, they now assert, was adopted in error, however that may be, both the rate and the method of construction give cover to complainant's demand for his application of proportional export and import rates in the construction of joint rates to both Hattiesburg and Meridian. Nevertheless it does not follow that the rates to Hattiesburg or the

method of their construction are proper, or reasonable, or that they should be approved or prescribed by this Commission.

So far as this record discloses, no traffic has ever moved from Sulphur Mines to either Hattiesburg or Meridian; there is no showing that the rate from Sulphur Mines to Hattiesburg is unreasonable or unduly prejudicial; but the carriers should cure the impropriety in the rates from Sulphur Mines to Meridian. The combination of rates concurrently maintained to and from New Orleans is, they allege, the proper basis. In constructing through rates they should observe the authority contained in Fourth Section Order No. 340, General No. 6, issued October 10, 1911, and still in effect.

From Bryan Mound the complainant has received at Meridian 33 carloads, and at Hattiesburg 2 carloads. The route of movement to Hattiesburg is not indicated in the record; all the shipments to Meridian moved over the Houston & Brazos Valley, from Bryan Mound to Anchor, Tex., a distance of 24 miles, thence over the International & Great Northern to Houston, Tex., thence by the Southern Pacific Lines to Shreveport, La., thence by the Vicksburg, Shreveport & Pacific to Vicksburg, Miss., and thence by the Alabama & Vicksburg to destination. By this route the distance is about 626 miles. Out of the joint rate the Houston & Brazos Valley Railway receives for its part of the haul from Bryan Mound to Anchor, an arbitrary of 4.5 cents, and this arbitrary is substantially the same as it receives on its traffic to all destinations. The balance of the rates, 19.65 cents, the carriers contend, is entirely too low, as it yields a ton-mile revenue of less than 6.6 mills. Putting that contention aside we may examine the arbitrary accorded to the Houston & Brazos Valley from the standpoint of the financial returns received by it.

The Houston & Brazos Valley Railway has about 30 miles of trackage, and extends from Bryan Mound through Freeport and Velasco to Angleton, all in Texas, where it connects with the St. Louis, Brownsville & Mexico Railway, and to Anchor, where it connects with the International & Great Northern Railway. This little road was built to move sulphur from Bryan Mound; it has no connections; and pays per diem on all cars furnished by its connections; 90 per cent of its traffic is crude sulphur, and cars to carry sulphur are hauled empty southbound from Anchor and Angleton. Its roadbed lies in a flat country, close to the Brazos River, and is subject to frequent inundations; its bridges and tracks have been repeatedly destroyed by storms; and the result of its operations up to June 30, 1916, showed serious losses. Since that time, probably owing to the increased demand for sulphur, its operations have resulted in earnings of something over \$3,000 per mile per year. These earnings have not been sufficient to balance the accumulated deficit of former years, and probably will not continue much longer than the present war.

Sulphur at the mine, normally and under the abnormal conditions due to the war, is worth approximately twenty times the value of bituminous coal at the mine. The carriers compare the revenues received by them beyond the Angleton and Anchor with the revenues which they receive for the haulage of bituminous coal and coke from Alabama mines to Texas points. From the standpoint of ton-mile earnings there is little difference between these rates, although coal moves in enormous volume, generally in open cars, and sulphur moves in smaller volume and must be provided with closed cars which are placarded "inflammable." It is not necessary further to prolong this report in the consideration of all of the contentions of the parties.

The Commission should find that the rates from Bryan Mound are not shown to be unreasonable, and the complainant's should be dismissed. As before stated, the rates to Meridian are improper in that they exceed by 0.15 cent the combination on New Orleans. The carriers will be expected to and must correct these rates.

CLARK, Commissioner:

The foregoing is the report proposed by the examiner and served upon the parties to the proceeding. No exceptions thereto were filed. The report and conclusions proposed by the examiner are approved and adopted as the report and conclusions of the Commission, and an order will be entered accordingly.

RATE ON GREEN COFFEE

CASE NO. 8748 (50 I. C. C., 397-403)
ATLANTA FREIGHT BUREAU ET AL. VS. LOUISVILLE
& NASHVILLE RAILROAD COMPANY ET AL.

Submitted Jan. 6, 1917. Opinion No. 5296.

Rate of 56 cents per 100 pounds applicable on green coffee, in carloads, from New Orleans, La., to Atlanta, Ga., found unreasonable to the extent that it exceeded 48 cents per 100 pounds. Reparation awarded.

HALL, Commissioner:

In this proceeding the Atlanta Freight Bureau of Atlanta, Ga., and the McCord-Stewart Company, a corporation doing a wholesale grocery business, principally at Atlanta, by their joint complaint filed March 23, 1916, allege that the rate of 56 cents on coffee, any quantity, from New Orleans, La., to Atlanta, is unjust and unreasonable, and subjects Atlanta to undue prejudice as compared with Birmingham, Ala., and Nashville, Tenn. Reparation is asked. The issues thus raised were restricted by their counsel at the hearing to the rate as applied to green coffee in carloads and will be dealt with accordingly. Rates are stated in cents per 100 pounds.

Prior to June 1, 1900, coffee, including green coffee, in any quantity, was rated sixth class in Southern Classification and the sixth class rate from New Orleans to Atlanta was 46 cents. On June 1, 1900, the rating was raised to fifth class and the rate to 52 cents. Effective Feb. 1, 1905, the fifth class rate was reduced to 48 cents and there remained until Jan. 1, 1916, when it was increased to 56 cents, the present rate. No commodity or carload rate to Atlanta has been provided.

The fifth class rate from New Orleans to Nashville is 40 cents, the same as to St. Louis, Mo., Evansville, Ind., and Louisville, Ky. To Birmingham it is 49 cents, 7 cents less than to Atlanta. Birmingham is intermediate to Nashville. Coffee moves to both on commodity rates of 23 cents in carloads, minimum weight 30,000 pounds, and 30 cents in less than carloads. These commodity rates also apply to the river points named. Complainants seek the establishment of a carload commodity rate to Atlanta, and suggest as its measure the existing spread in fifth class of 7 cents over Birmingham, which, added to the Birmingham commodity rate of 23 cents, would afford them substantial relief.

Approximately 800,000 pounds of green coffee are shipped annually from New Orleans to Atlanta. No special equipment or expedited movement is necessary, and although the present rate applies to any quantity the bulk moves in carloads averaging between 30,000 and 33,000 pounds per car. The record indicates that coffee is not very susceptible to damage. The McCord-Stewart Company receives about five-sixths of all the green coffee coming from New Orleans to Atlanta, or more than 650,000 pounds per annum. This it roasts and distributes, with other groceries, in Atlanta and Atlanta territory. Coffee is also roasted in considerable quantities at Nashville and Birmingham.

The burden is upon complainants to prove that the rate of 48 cents applied to carload shipments of green coffee which moved between March 23, 1914, and Dec. 31, 1915, was unlawful, and upon defendants to justify the rate of 56 cents so applied thereafter.

Reasonableness of Present Rates.

Defendants submitted exhibits comparing this 56-cent rate with (1) rates on coffee from New Orleans to other southeastern points; (2) rates on coffee from other points of origin, particularly New York and Ohio River crossings, to Atlanta and other points in the southeast; and (3) rates on other commodities from New Orleans to Atlanta and other points. Under all the circumstances these are not convincing. Many of the rates to points in the southeast which defendants compare with the rates in issue were increased as a part of a general readjustment effective Jan. 1, 1916, following our decision in Fourth Section Violations in the Southeast, 30 I. C. C., 152. As a result of numerous complaints against this readjustment we have instituted a general investigation into the character, scope and effect of said readjustment. Southeastern Rate Adjustment, No. 3516, now pending.

The following table shows the fifth class and commodity rates and ton-mile earnings under the latter:

GREEN COFFEE, CARLOADS.

From	Miles.	Fifth class rate.	Commodity rate.	Ton-mile earnings, mills.
New Orleans to—				
Birmingham, Ala.	415	49	23	11.08
Atlanta, Ga.	493	56	23	*22.7
Nashville, Tenn.	562	40	23	8.18
Cairo, Ill.	569	33	23	8.08
St. Louis, Mo.	700	40	23	6.59
Evansville, Ind.	721	40	23	6.45
Louisville, Ky.	749	40	23	6.14
Peoria, Ill.	848	47	25	5.9
Cincinnati, Ohio	863	44	25	5.79
Indianapolis, Ind.	881	47	25	5.88
Chicago, Ill.	930	47	25	5.38
Kansas City, Mo.	880	38	25	7.95
Omaha, Neb.	1,074	41	35	6.52
Sioux City, Ia.	1,175	43	35	5.95
Lincoln, Neb.	1,086	44	35	6.99
St. Paul, Minn.	1,360	43	34	5.00
Milwaukee, Wis.	1,015	49	27	5.32
Dubuque, Ia.	1,023	50	28	5.47
Pine Bluff, Ark.	443	37	25	11.2
Clarendon, Ark.	456	37	25	10.9
Little Rock, Ark.	486	37	25	10.28
Argenta, Ark.	487	37	25	10.27
Jonesboro, Ark.	504	43	25	13.1
Rethel, Ark.	520	43	25	12.7
Fort Smith, Ark.	651	44	32	9.83

*Fifth class.

Comparisons with rates on other commodities appear in the following table:

From	Classification	Class rate.	Commodity rate.
New Orleans to Atlanta.	rating.		
Sugar, carloads	Fifth class	56	28
Rice, carloads	Sixth class	46	27
Salt, carloads	Class A	32	19

And to show that the rates in this table are not exceptional complainants submit the following comparison of rates on the same commodities from New Orleans to other points:

From New Orleans to—	Miles.	Fifth class.	Sugar.	Sixth class.
Atlanta, Ga.	493	56	*28	46
Nashville, Tenn.	562	40	+17	35
Cairo, Ill.	569	33	+17	29
St. Louis, Mo.	700	40	+17	35
Evansville, Ind.	721	40	+17	35
Louisville, Ky.	749	40	+17	35
Indianapolis, Ind.	881	47	23	41
Peoria, Ill.	849	47	23	41
Chicago, Ill.	930	47	+23	41

From New Orleans to—	Miles.	Rice.	Class A.	Salt.
Atlanta, Ga.	493	27	32	19
Nashville, Tenn.	562	29	25	15
Cairo, Ill.	569	27	21	15
St. Louis, Mo.	700	29	25	16
Evansville, Ind.	721	29	25	16
Louisville, Ky.	749	29	25	16
Indianapolis, Ind.	881	35	31	19
Peoria, Ill.	849	35	31	19
Chicago, Ill.	930	35	31	19

*Increased from 23 cents, effective June 1, 1915, and found justified in The Southeastern Sugar Cases, 48 I. C. C., 739.

†Since increased to 18.3.

‡Since increased to 24.3.

Defendants contend that the rates on salt, rice and sugar from New Orleans to Atlanta cannot fairly be compared with the rate on coffee. Salt, they say, is in the same category as pig iron, sand, stone, and other heavy low-grade commodities requiring low rates to induce long-distance movements, and the rice rate is subnormal, due to competition in past years from Savannah. There is no contention that this competition exists at present.

Defendants also say that the rate on sugar from New Orleans to Atlanta is subnormal because of strong competition between New Orleans sugar and New York sugar moving to Atlanta ocean-and-rail via Savannah. The present rate of 28 cents on sugar from New Orleans to Atlanta was established by the carriers as part of a rate adjustment which they characterized as "consistent, harmonious and proper." Sugar Rates from New Orleans, 32 I. C. C., 606.

In Rice from Texas and Louisiana, 40 I. C. C., 285, a suspension proceeding in which proposed rates on clean rice were under investigation, including rates from New Orleans, we said, at p. 283:

Comparisons are made with rates on sugar and green coffee, two other food products of about the same value as rice. * * * Comparisons of rates on these three commodities are proper and were relied on by protestants as well as by respondents. Protestants insist, however, that in making such comparisons the same points of origin and destination should be used and direct attention to the sugar rates from New Orleans

to points like St. Louis. * * * It is well known that the rates on sugar from New Orleans to points in competition with the water route from New York and Chicago are not as high as the rates on sugar from New York and Chicago to points in competition with the water route from New Orleans. * * * The carriers have, if they choose, kept their competition without the resulting rates becoming the subject of action to noncompetitive points out of favor on a basis of an unfair transportation monopoly. The same fair competition of equal rates to noncompetitive points is therefore warranted.

For defendants it was testified that the circumstances and conditions surrounding the transportation of coffee from New Orleans to points shown in the first table, and to Atlanta are not similar; that therefore the rates cited do not furnish a fair measure of the reasonableness of the New Orleans-Atlanta rates; and that the rates on coffee from New Orleans to points in Central Freight Association territory are depressed by the necessity of meeting railroad and lake competition from New York to Chicago, and by potential water competition on the Mississippi and Ohio rivers.

New Orleans and New York are the leading ports of entry for coffee. Chicago is the largest coffee market in the middle west. The railroad and lake route from New York to Chicago was at the time of the hearing 25 cents. The rate from New Orleans to Chicago is also 25 cents and this is said to be the very rate to points in Central Freight Association territory. There has been no effort to equalize rates from New Orleans and New York to points other than Chicago in Central Freight Association territory. Generally speaking the New York rates to points east of Chicago are lower, and to points south of Chicago higher than the New Orleans rates which are not affected by New York competition except in so far as they may be indirectly influenced by the New York-Chicago rate.

Defendants admit that no coffee now moves on the Mississippi or Ohio rivers, but insist that the rail rates are held down by potential water competition. In *Indianapolis Freight Bureau vs. P. R. R. 151 C. C. 56* we found that the rates on coffee from New Orleans to St. Louis and Ohio River crossings were not controlled by water competition, and in *Traffic Ass'n of St. Louis Coffee Importers vs. I. C. R. R. Co. 28 F. C. C. 181* decided in 1907, we found that there had been no transportation of coffee via water from New Orleans to St. Louis in 16 years except for a short period during 1911.

Undue Prejudice.

In meeting complainant's contention that Atlanta is unduly penalized in favor of Birmingham and Nashville by the application of the lowest rate on green coffee in carloads, defendants again take the position that all rates, including the rate on green coffee from New Orleans to Louisville and other Ohio River points, are depressed by water competition, and that in such a market Nashville is considered an Ohio River point rather than a southeastern point in accordance with our views expressed in *Phillips, Bacon & Co. vs. L. & N. R. R. Co. 81 F. C. C. 91* where we found that the rate on sugar from New Orleans should be no higher to Nashville than to Louisville. The present carload rate to Birmingham was established on Jan. 1, 1916, as a result of our order in *Freight Bureau, Merchants & Mfrs. Ass'n of Birmingham vs. L. & N. R. R. Co.*, unreported, where we found that the rate on coffee from New Orleans should be no higher to Birmingham than to Nashville.

This defense is based upon the assumption that the circumstances and conditions surrounding the transportation to Atlanta and to Nashville are substantially dissimilar, because Nashville has the natural advantage of location on the Cumberland River, and the further assumption that those surrounding the transportation to Atlanta and to Birmingham are substantially dissimilar because Birmingham is intermediate to New Orleans on traffic from New Orleans and under the fourth section can take no higher rate. The record contains no evidence which would support the view that river competition controls the Nashville rate on coffee and in *Freight Bureau, Merchants & Mfrs. Ass'n of Birmingham vs. L. & N. R. R. Co.*, supra, we found that the river competition to Nashville was not such as to warrant fourth section relief covering lower rates to that point than to Birmingham.

The present commodity rate from New Orleans to Birmingham in combination with the fifth class rate of 25 cents applicable on green or roasted coffee, any quantity, in double bags or boxes, toward would enable Birming-

ham distributors to market their product in Atlanta at a transportation cost of 8 cents less than the through rate to that point. The rates paid by Atlanta on green coffee inbound from New Orleans and roasted coffee outbound to consuming points in the surrounding territory in many instances exceed the corresponding rates to and from Nashville, the excess ranging from 1 to 18 cents, and this excess the complainant McCord-Stewart Company must absorb in order to meet the competition of Nashville roasters.

Further or detailed discussion of the evidence introduced by the parties is unnecessary. Upon the facts of record we find that the rate of 48 cents per 100 pounds applied on green coffee moving in carloads from New Orleans to Atlanta between March 23, 1914, and Dec. 31, 1915, has not been shown unreasonable by the complainants, and that the rate of 56 cents per 100 pounds applied on green coffee, in carloads, since Dec. 31, 1915, has not been justified by the defendants and was unreasonable to the extent that it exceeded 48 cents per 100 pounds.

We further find that complainant McCord-Stewart Company made shipments of green coffee in carloads from New Orleans to Atlanta and paid and bore freight charges thereon at the rate of 56 cents per 100 pounds herein found unreasonable; that it has been damaged to the extent that the freight charges paid exceeded the freight charges which would have accrued on the basis of 48 cents per 100 pounds, and that it is entitled to reparation with interest. The exact amount of reparation due cannot be determined on this record, and complainant should prepare a statement showing the dates on which payment of the charges were made and other details of the shipments, in accordance with rule V of the Rules of Practice, which statement should be submitted to the defendants for verification. Upon receipt of a statement so prepared and verified we will consider the entry of an order awarding reparation.

The rates on coffee from New Orleans seem out of line and in need of a prompt readjustment, in which rates to Atlanta on green coffee, in carloads, minimum weight 20,000 pounds, should not in our opinion exceed the corresponding rates to Birmingham and Nashville by more than 7 cents per 100 pounds. But as to this we make no finding and enter no order for the reason that the Director-General of Railroads in exercise of powers conferred upon the President by the federal control act approved March 21, 1918, has by General Order No. 28, bearing date May 25, 1918, initiated and directed the establishment on June 25, 1918, of rates which exceed the present rates, thereby fixing the relation as well as the amount of the rates to be applied for the future on the traffic here under consideration. In the present state of the pleadings the rates so increased are not subject to review by this Commission.

By the Commission

RATES ON IRON DAMPERS, ETC.

CASE NO. 7964. (50 F. C. C. 361-366)
JOHNSON SERVICE COMPANY VS. ANN ARBOR RAILROAD COMPANY ET AL.

Submitted Jan. 17, 1916. Opinion No. 5287.

1. First-class rates applicable on iron dampers, in carloads in less than carloads, from Milwaukee, Wis., to various points in Western classification territory found unreasonable to the extent that they exceeded the third-class rates contemporaneously in effect.
2. Third-class rates contemporaneously in effect from Milwaukee to points in Illinois classification territory found to have been reasonable on iron dampers in carloads in less than carloads, from and to those points.
3. The excess amount of commodity rates lower than the class rates on dampers in less than carloads from Milwaukee to certain Pacific coast points had justified.
4. Excess fourth-class rates applicable on iron damper carloads, in carloads, from Milwaukee to points in Western, Illinois, classification, and Ontario classification territories, not shown to have been unreasonable or unduly prejudicial.
5. Excess on the most direct route from Milwaukee to points in Western and Canadian classification territories not shown to have been unreasonable or unduly prejudicial. First-class rating found to have been reasonable on this article in less than carloads from Milwaukee to points in Illinois classification territory.
6. Reparation awarded.

BY DIVISION 3:

Complainant is a corporation engaged at Milwaukee.

W. S. in the manufacture, sale and installation of temperature and humidity controlling systems. By complaint filed April 30, 1915 as amended, it alleges that defendants' rates on numerous less-than-carload shipments of iron damper, damper closers and thermostats from Milwaukee to various points in western, Illinois and Canadian classification territories, and on numerous less-than-carload shipments of damper closers from Milwaukee to various points in official classification territory, between April 19, 1913, and March 20, 1915, were unreasonable and unduly prejudicial. Reparation is asked. The claims on the shipments upon which charges were paid prior to May 1, 1913, are barred by the statute of limitations.

The articles are used in connection with systems for regulating the temperature in buildings. The iron dampers are used to regulate the flow of warm air and sometimes of cold air through pipes or flues. They are shipped in crates. They consist of square and round wrought-iron frames, ranging from 1 foot square to 14 feet square or 1 foot to 6 feet in diameter, in which are contained sheet-iron damper blades that rotate on roller bearings or brass axles, called trunnions. These dampers are used either separately or in a series of two or more in such manner as to open or close simultaneously. Under another arrangement two dampers are operated at right angles, the one admitting warm air and the other cold. Apparently complainant desires to ship the right-angled dampers knocked down flat, rendering them the same in bulk for shipping purposes as the single dampers, although it is stated that in many of the shipments dampers were forwarded in the right-angled position. Ordinarily the right-angled dampers are packed from 8 to 20 to the crate, a crate of 12 measuring 24 inches by 48 inches by 60 inches, and weighing 490 pounds, or 12.25 pounds per cubic foot. They range in value from about \$2.50 to \$4.50 each. Two single square dampers, valued at about \$26, packed in a crate 8 inches by 32 inches by 86 inches, weigh 340 pounds, or 26.6 pounds per cubic foot.

The routes of movement are not shown. Charges were collected on the shipments of dampers to points in western classification and Illinois classification territories at rates ranging from third class to one and one-half times first class, and on shipments to points in Canada at rates ranging from second class to third class under the western classification for the factor to Minnesota Transfer, Minn., and from third class to first class beyond under the Canadian classification. Two crates of dampers shipped to Vancouver, Canada, were apparently charged a commodity rate of \$1.75 per 100 pounds. This rate is not assailed.

The statements hereinafter made as to the application of ratings in any classification refer only to such shipments as moved under rates governed by that classification, or, in the case of shipments under rates governed by two classifications, to that portion of the movement which was under rates governed by the classification named.

It is contended by complainant that reasonable ratings on the shipments of dampers, in crates, to points in all three of the classification territories mentioned should not have exceeded third class. The western classification provided a rating on flue dampers in less than carloads of third class in barrels or boxes, and second class in crates. It was testified that these ratings were intended to cover only small cast-iron stovepipe dampers and were not properly applicable to the larger and more valuable dampers here under consideration. They contend that as these dampers contain moving parts, which rotate on roller bearings or brass trunnions, they are simple machines, and that the rating legally applicable thereto was the first-class rating on machines, s. u., n. o. i. b. n. We find that the item flue dampers was broad enough to cover these dampers, and the second-class rating provided on shipments in crates was legally applicable. The official and southern classifications provided ratings of third class on iron or steel dampers in less than carloads in boxes, barrels or crates. Effective August 1, 1917, the western classification was amended to provide a third-class rating on dampers, iron or steel, in barrels, boxes or crates in less than carloads. This item is in accordance with the recommendations of the Committee on Uniform Classification. The character of these dampers does not justify a higher

rating on the shipments, governed by the western classification, in crates than in boxes or barrels, and we accordingly find that the second-class rates legally applicable to these shipments were unreasonable to the extent that they exceeded the third-class rates and are and for the future will be unduly prejudicial to the extent that they exceed or may exceed the third-class rates contemporaneously in effect.

The Canadian classification carried no specific rating on dampers but rated heat controllers or regulators, n. o. s., in less than carloads, third class. We find that this rating was legally applicable on these shipments of dampers and, as it is the rating sought by complainant, any finding as to its reasonableness is unnecessary. The Illinois classification does not provide a specific rating on dampers. It rates furnace parts, iron, in less than carloads, first class, and machinery, n. o. s., securely carted or boxed, in less than carloads, second class. In our opinion neither these nor any of the other ratings provided in the Illinois classification were or are legally applicable on these dampers. In view of the ratings applicable on dampers in the other classifications, and the second-class rating on machinery, n. o. s., above referred to, we find that reasonable rates on these shipments would have been the third-class rates contemporaneously in effect.

Complainant also asks for commodity rates somewhat lower than the class basis on dampers to certain Pacific coast points, but the evidence is insufficient to justify their establishment.

The article manufactured by complainant, which in this report will be referred to as a damper closer, is known by various other names, such as damper motor, draft regulator and diaphragm attachment. It consists of four principal cast-iron parts: a circular base used to fasten the device to a wall or other support; a ring holding a rubber diaphragm; a saucer which presses against the diaphragm; and a beam to which the saucer is attached by a spring. The beam is also attached to a damper. The device is operated by compressed air, the flow of which is regulated by a thermostat hereinafter described. The compressed air, acting on the diaphragm, causes movement of the saucer, and this movement is imparted, through the beam, to the damper, causing it to open or close, as the case may be. The size of the damper closers varies with the size of the dampers which they operate. They are shipped, knocked down, usually in boxes, from 10 to 50 to the box. Generally these damper closers range in value from \$1.55 to \$4.50 each. A box containing 16 of these articles, valued at about \$32, weighed about 235 pounds, or 40 pounds per cubic foot. Rates were charged on complainant's shipments of damper closers ranging from third class to double first class to points in western classification territory; from second class to double first class to points in Illinois classification territory; from third class to one and one-half times first class to points in Canadian classification territory; and first and second class to points in official classification territory. None of these classifications contains specific ratings on damper closers. Complainant's damper closer is the medium through which power is applied to the damper and is essentially a machine constituting an integral part of an automatic system of temperature regulation. Machinery, n. o. i. b. n., k. d., in boxes or crates, in less than carloads, was and is rated second class in the western and official classifications, and machinery, n. o. s., crated or boxed, in less than carloads, was and is rated second class in the Illinois classification and first class in the Canadian classification. For defendants it is urged that these ratings were legally applicable on the shipments of damper closers here under consideration, and we so find. On complainant's behalf it is contended that damper closers should be rated not higher than third class in all the classifications. There was cited the western classification second-class rating on less-than-carload shipments of automatic door checks in boxes, which are said to be analogous to damper closers; also numerous items which take various ratings in western and official classifications, but which were, generally speaking, in no way similar to these articles. We find that the rates legally applicable on these shipments of damper closers are not shown to have been unreasonable or unduly prejudicial.

Complainant's thermostats are small instruments which are attached to the wall of a room. They are sensitive to temperature changes and when adjusted to maintain a certain temperature in a room their mechanism automatically regulates the flow of compressed air through pipes to the damper closer in such a manner that the damper is opened or closed, as may be necessary to maintain the temperature desired. They usually have thermometers attached and are shipped in boxes. When large shipments are made the thermometers are removed and forwarded separately.

It was testified that at one time complainant's thermostats sold for prices ranging from \$25 to \$40, although manufactured at a relatively small cost. It is stated that some thermostats sell for considerably more than these prices. The present price is not shown. Charges were collected on the shipments of thermostats to points in Western Classification and in Illinois classification territories at double first-class rates; and in Canadian classification territory at one and one-half times first class. Thermostats, in less than carloads, were and are rated double first class in Western Classification which is also the rating on thermometers and barometers. No specific rating was or is provided for them in the Illinois or Canadian classification. The one and one-half times first-class rate charged to points in Canadian classification territory were those applicable on scientific instruments, including thermometers and barometers.

Aside from the statement that thermostats, in less than carloads, are rated first class in Official and Southern classifications, complainant adduced substantially no probative evidence of any unlawfulness in the rates applied on its shipments of thermostats, governed by the western and Canadian classifications, and we find that they are not shown to have been unreasonable or unduly prejudicial. We are unable to find any item in the Illinois classification that may be construed as including thermostats. That classification provides a rating of first class on thermometers and barometers, boxed, in less than carloads, and we find that it would have been a reasonable rating upon the thermostats shipped.

The ratings found reasonable were legally applicable to thermostats. In the case of the Illinois and Canadian classifications the rule of analogy had to be resorted to, resulting in ratings in each instance lower than the specific rating in the Western Classification. While this rule is a necessary business expedient ratings applied under it are not always to be taken as criteria. The ratings supporting the rates found on this record not to have been unreasonable reflect a relationship to the ratings applicable in these neighboring territories on kindred articles not here involved and these ratings were developed under varying transportation and commercial practices which may or may not longer exist. Apparent inequalities in ratings similar to those found in these contiguous territories doubtless exist respecting many other commodities where one defined territory borders upon or overlaps another. This is simply another case forcibly presenting the desirability of a single classification uniform not only as to general rates and commodity descriptions common to all territories but likewise as to ratings.

We find that complainant made the shipments as described and paid and bore the charges thereon; that it has been damaged to the extent of the difference between the charges paid and those that would have accrued at the rates herein found reasonable; and that it is entitled to reparation with interest. The exact amount of reparation due cannot be determined on this record and complainant should prepare a statement showing the details of the shipments in accordance with rule V of the Rules of Practice, also specifying the date on which the charges were paid, which statement should be submitted to defendants for verification. This statement should include all outstanding overcharges. Upon receipt of a statement so prepared and verified we will consider the entry of an order awarding reparation. Outstanding undercharges on shipments upon which charges were collected at rates in excess of those herein found reasonable may be waived.

Defendants will be expected to establish rates or ratings on these commodities in conformity with our findings herein. If this is not done within 90 days from the service of this report, the matter may be brought to our attention for such action as may seem appropriate.

By the Commission, Division 3.

WESTERN TRUNK LINE POTATOES

I. & S. No. 1151.*

(50 I. C. C., 407-415)

Submitted May 8, 1918. Opinion No. 5299.

1. The proposed increased potato rates from producing sections in Minnesota, Michigan, Wisconsin, North Dakota and South Dakota to jobbing and consuming centers in the middle west, the south and the east, and also from the Chicago, Peoria & St. Louis rate groups to Sioux Falls, S. D., and points in northwestern Iowa taking Sioux Falls rates not justified.
2. Commodity rates on potatoes, carloads, from producing sections in Minnesota and North Dakota to Creston, Ia., not shown to be unreasonable or unduly prejudicial.
3. Fourth section relief, also the fifteenth section application, denied. The tariffs under suspension required to be canceled and the complaint dismissed.

Division 2, Commissioners Clark, Daniels and Woolley.

In March, 1917, urging a necessity for additional revenues, the western carriers sought a general percentage increase in their rates on all classes and commodities, including potatoes. No increased potato rates were found justified, nor was it found that these carriers then needed additional revenues. The Fifteen Per Cent Case, 45 I. C. C. 303. Following the report in that case, announced June 27, 1917, the potato rates there under suspension were canceled. Less than one month later the carriers operating in western trunk line territory filed the tariff schedules here under suspension, in which they propose to increase the carload rates on potatoes from producing sections in North Dakota, South Dakota, Minnesota, Wisconsin and the northern peninsula of Michigan to many jobbing and consuming centers in the south, the southeast and the east; also from Chicago, Peoria and St. Louis rate groups to Sioux Falls, S. D., and points in northwestern Iowa taking Sioux Falls rates. Unless otherwise noted rates will be stated in cents per 100 pounds.

Observing class B rates as maxima, it seems that the basic plan was to add 2 cents to the present rates, but this plan was not uniformly followed, nor did it contemplate a change in all the potato rates in the western trunk line territory. Many of them remain undisturbed, and some reductions are proposed. The increases, in the final outcome, range from a fraction of a cent to 13 cents, but for the most part they do not exceed 2 cents, which is equivalent to 1.2 cents a bushel. Five reasons are assigned in justification of the proposed adjustment, namely, (a) to secure an increase in revenue of about 2 cents a hundred pounds; (b) to establish a more equitable rate relation than now exists between the groups of origin; (c) to iron out inequalities; (d) to eliminate certain fourth section violations; (e) and to republish association tariffs which are not in desirable form by reason of fourth section deviations and inadequate grouping west of the Princeton-Cambridge group.

The gist of the contentions of the respondents is that the potato rates are too low, and that this traffic is not bearing an equitable share of the transportation charges.

General protests were entered by the state railroad commissions of Iowa, Minnesota, Nebraska and South Dakota, and by commercial and jobbing interests at many points of destination. Dealers at the twin cities, who ship largely from Minnesota and to some extent from Wisconsin, also entered protests. Most of these interests oppose rates higher than class C, which they urge should be maintained as maxima under an alternative application that will permit the use of the present commodity rates where they are lower.

The originating territory is outlined on the map at the end of the report. More potatoes than are required for local consumption are grown in that section of the country, and markets for them must be found in other states. The potato-raising industry in this region has grown rapidly. In Minnesota the production increased from slightly less than 10,000,000 bushels in 1900 to a little more than 28,000,000 in 1916, and during the same period the average farm prices in cents per bushel increased from 25.3 to 56.2. The showing for Wisconsin and Michigan is similar. There the average farm prices in 1916 were, respectively, 62 and 68 cents.

*This report embraces No. 9800, Nebraska-Iowa Fruit Jobbers Ass'n vs. Chicago, Burlington & Quincy R. R. Co. et al., Fourth Section Application No. 1853, and Fifteenth Section Application No. 782.

In volume of production and in shipping the Waupaca group in Wisconsin, and the Princeton-Cambridge group in Minnesota, are the most important. As between these two groups, around which the present rate adjustment seems to have grown, there are no fixed differentials, and none are proposed, yet there appears to be a recognized relation that has kept the rates at a level where shippers in both groups can compete with each other in most of the important markets. This is generally true also of the other groups. Those lying north and west of the St. Cloud-Wilmor line of the Great Northern Railroad, designated on the sketch by numbers, are under the proposed rates to bear a fixed differential relation to the Princeton-Cambridge group except on traffic to the Missouri River and west. The numbers on the map represent the differentials in cents per 100 pounds. This marks the only change proposed in the group adjustments, and there is no direct opposition to this change in grouping.

Over the available rail routes, and also in point of distance as the crow flies, the Waupaca group is nearer to the principal jobbing and consuming centers lying along and east of the Mississippi River, and to some extent it also is nearer to points lying immediately west of that river in the states of Iowa and Missouri. The greater extent in area of the states of Iowa and Missouri, including the Missouri River cities, are nearer to the Princeton-Cambridge group. The shippers in the latter group contend, and justly so, that if distance is to be the basis of rate advantages to the Waupaca group, the Princeton-Cambridge group should have corresponding advantages where distance is in its favor.

Most of the potatoes shipped from North Dakota and Minnesota move through the twin cities, where a large part of them are reconsigned, some being sent to the south, some to the east, and not an inconsiderable quantity to the Missouri River cities and west. This route to the Missouri River, compared with the more direct routes not so extensively used, involves something of a backhaul. With the exception of information bearing upon particular situations, such as the potato movement via the Great Northern Railway, no data were presented to show the volume of the traffic or the operating routes customarily used. Nor is the average loading, except for the Chicago, St. Paul, Minneapolis & Omaha, shown.

The present adjustment, and the proposed readjustment, are, according to the testimony, based largely upon commercial needs, although it does not appear that the changes here under consideration were discussed with the commercial interests, or that they are altogether satisfied with them. In instances there are objections on the part of the shippers where the changes would have the effect of increasing and decreasing the present spread between the Waupaca and the Princeton-Cambridge groups in reaching certain destinations. Some of the jobbing centers, too, particularly Sioux City, complain of the advantages that the proposed changes would give to their near-by competitors. In part these differences spring from the proposal to leave certain of the rates undisturbed, while others are increased.

Tracing the rate history it is shown that Class C rating was established on potatoes more than 20 years ago, when the production was comparatively light, the hauls short, and the movement almost entirely in box cars. In the earlier years potatoes were shipped in the summer months, and the carriers assumed liability for adequate protection against the weather elements. Now the movement is principally in the winter months, and where full risk is assumed by the carriers a charge of from 5 to 7 cents a hundred is added to the rates. When shippers assume the risk they must, if such protection is desired, supply false flooring and temporary linings for cars, also stoves and fuel. These articles and a caretaker are transported free in both directions. When a refrigerator car is used, irrespective of where the risk falls, a car rental charge of \$5 is added to the rate. To a large extent reconsigning is permitted without charge; but in instances a charge of \$2 per car is imposed.

In 1912 the Western Classification Committee had under consideration a change in the rating of potatoes from class C to class B, but this was not carried out; nor was any change made in the reissue of the classification in April of the present year. Nevertheless, in a fifteenth section ap-

plication now pending, the respondents seek, by an exception to the classification, to establish class B rating on potatoes in the Western Trunk Line territory. Why there should be an exception in that territory alone, the record does not make clear. In Official Classification territory the rating is fifth class, but under this rating the carriers assume full risk, and except in certain cases make no charge in addition to the rates for the use of refrigerator cars. Fifth-class rates are for the most part lower in Official Classification territory than in Western Classification territory. Originally the carload minimum was 24,000 pounds. This was later changed to 30,000 pounds, which is the minimum that now prevails during the summer months. From October to June, inclusive, when the heavier movement occurs, the minimum weight is 36,000 pounds for the ordinary 36-foot car. The same minima obtain in Official Classification territory.

In the Western Trunk Line territory neither the class rates nor the potato rates rest upon a definite standard. The class rates bear no uniform relation to each other. Class C is related to first class by about as many different percentages as there are class scales, and this is largely true of the other classes. Not infrequently fifth class and Class B are the same. In such instances, a number of which are specifically stated of record, the maximum potato rates proposed by the respondents would be fifth class. The numbered and lettered ratings of the classification, under these circumstances, mean little more than symbols for a defined group of articles, and they do not, as between classes, represent a uniform spread in the quantum of the rates. Reference to them, as bearing upon the situation here, is not a reliable index to the level of the rates. The commodity rates at present maintained on potatoes are the outgrowth of the individual ideas of different traffic men, applied to particular conditions, over varying periods of time. Some are the same as class C, others are higher, and still others are lower. Following is a summary of illustrations taken from the exhibits:

RANGE OF RELATIONSHIP—PERCENTAGE.			
To first class of—		Proposed potato rates to—	
Fifth class.....	30 to 43	Fifth class	61 to 107
Class B	30 to 38	Class B	63 to 107
Class C	26 to 35	Class C	74 to 126

This is the kind of an adjustment that is said to be based largely upon commercial needs, and the same general idea seems to have been carried forward into the proposed readjustment. Whatever these needs are, they have not been definitely explained upon the record, nor is it shown that the shippers have acquiesced in them; yet the respondents emphatically state that in giving form to the contemplated changes this element was largely controlling. It is said that some consideration also was given to the present adjustment, the existing class rates, and distances. Whatever that consideration was, no intelligible explanation of it is given upon the record, and certainly it is not apparent in the rates themselves.

It is patent, however, that no group adjustment of commodity rates can bear a uniform relation to the class rates, from each shipping point in a group, unless, as seldom is the case, precisely the same grouping controls the class scale. Ordinarily group adjustments are based largely upon commercial needs, and in such instances the rates are usually made with reference to the average distances from all points in the group to each destination. In that way each of the groups is given substantially the same level of rates in proportion to distance, transportation conditions, and other special elements that may be present. Each destination also has a rate that bears some relation to its geographical location. There is no showing here that such a course was followed in building up either the present adjustment or the proposed readjustment; nor do the data of record afford a basis for testing the situation from that angle.

In addition to the rate history, and asserting in general terms the need of additional revenues, the respondents introduced in evidence a comparative statement of some of the proposed rates with the rates maintained in Central Freight Association territory for similar distances under what are called the zone C and zone D scales. These scales, as a whole, are not stated of record. The comparisons upon their face indicate that the Central Freight Association scales, generally speaking, are the same as or higher than the level of the proposed potato rates. But this is

not an accurate test, since the Central Freight Association rates include the use of refrigerator cars, and the carriers assume full risk. Thus, as before explained, is not true of the proposed potato rates. Moreover, the Central Freight Association scales, zone C and D rates applying in the northern half of Michigan north of a line running through Marquette, are on a distance basis, while the proposed potato rates are grouped. No showing in the evidence was made of transportation conditions in zones C and D as compared with Western Trunk Line territory.

There is little other evidence of record from which to determine the reasonableness of the rates. Burr's Exhibit 1, pages 1 and 5, is an abstract of the present and proposed rates, and the short line distances, between the points of origin and some of the more important destinations. Using these data and the earload maximum of 36,000 pounds, as a basis, the average ear-mile earnings under the present rates appear to be:

• *Experimental procedure*
 Subjects were assigned to 10 groups, each representing one of the above mentioned conditions. For each experimental condition, 10 subjects (5 to 7 years old) of a particular language were recruited.

The foregoing figures are open to criticism, since they do not take into consideration the actual investment over established operating routes, and are based upon the average shortline distances between given points instead of the average distances from all points in each group. However, the respondents upon whom the burden of proof rests, did not present data from which more accurate tests could be made.

It may be that the respondents at present are in need of additional revenues, but they must not understand to what it is that they must. Instead they are freed from presenting any evidence bearing upon the status of their revenues, and that an examination of their monthly reports filed with the Government will demonstrate their needs. On their face these monthly reports do not justify increases in some portions and not in others, or a disturbance of existing conditions.

Without these measures, the regulating statute requires the carriers to justify the increased rates. Clearly they are failed in that particular. It follows that an order would enter requiring cancellation of the tariff schedules and a new assessment, and also denying the fifteenth section application.

In the event of this finding it is unnecessary to discuss in detail the individual interests of the many protestants. There is, however, one situation that requires special mention. Aside from entering a general protest against the proposed increase, the Lincoln Commercial Club of Lincoln, Neb., contends upon the records and argues on brief that the present potato rates to Lincoln from points in Minnesota, North Dakota and South Dakota, west and north of the St. Charles-Willmar line of the Great Northern Railroad, are unreasonable to the extent that they exceed the rates actually currently maintained to Omaha, Neb. The ground for this content is that the distances to Lincoln from these same operating routes are the same as or less than the distances to Omaha. If this has not been shown that the existing relationship as between Lincoln and Omaha is unreasonable or unduly prejudicial.

The formal complaint of the Nebraska-Iowa Fruit Growers' Association was consolidated at the hearing with the investigation and suspension case. It alleged that the rates on potatoes purchased from Minnesota and North Dakota to Missouri at East Dodge, Des Moines and Creston, all in the state of Iowa, are and have been unreasonable, unjust,

discriminatory, and in violation of the fourth section. The real contention is that the rates to these Iowa cities, which, over the routes through St. Paul and Minneapolis, are directly intermediate to the Missouri River, should not exceed the rates contemporaneously maintained over the same routes to the Missouri River cities. With this issue there also was heard those portions of Fourth Section Application No. 1853, filed by W. H. Hosmer, agent, by which the carriers named parties thereto ask authority to continue to charge for the transportation of potatoes, in carloads, from points in Minnesota and North Dakota, to Council Bluffs, Iowa, St. Joseph and Kansas City, Mo., and Nebraska City, Neb., over their respective routes through St. Paul and Minneapolis, rates lower than those contemporaneously maintained on like traffic over the same routes to Mason City, Des Moines, Fort Dodge, Creston and other intermediate points.

Excepting the Chicago, Milwaukee & St. Paul, and the Chicago, Burlington & Quincy, the defendants did not undertake to justify existing fourth section violations via their lanes, and agreed upon the record to eliminate them. To that extent the complaint of the Nebraska-Iowa Fruit Jobbers' Association will be satisfied, since the result will be to establish the Missouri River rates at Fort Dodge, Des Moines, and Mason City, at least over the shorter of the several routes through the twin cities.

Creston is reached only over the line of the Chicago, Burlington & Quincy. The short-line routes to that point, from the territory north and west of the St. Cloud-Willmar line, are generally through Willmar, Sioux City and Pacific Junction, but the present joint rates are applicable only through the twin cities. Through Pacific Junction higher combination rates apply. From 23 representative points of origin, over the routes through the twin cities, the average distance to Creston is shown to be 790 miles, the average rate 29.8 cents, and the average car-mile earnings 13.5 cents. The rates range from 27 cents for a distance of 711 miles to 32 cents for a distance of 859 miles, and are not unreasonable for the service that is given over the longer routes through St. Paul and Minneapolis. There are no data of record from which to determine the reasonableness of the present rates over the shorter routes through Pacific Junction. No discrimination within the meaning of sections 2 and 3 of the act was proved.

On traffic from points north and west of the St. Cloud-William line both the Chicago, Burlington & Quincy and the Chicago, Milwaukee & St. Paul desire relief from the long and short haul provisions of the fourth section at points on their lines intermediate to the Missouri River over the routes through the twin cities. These lines are circuitous by more than 15 per cent of the distances over other shorter routes through the same gateway to the Missouri River. Neither of them, however, presented information from which the merits of their applications may be determined. The Chicago, Milwaukee & St. Paul shows only that it is a circuitous route. The particular points at which relief is desired, the present rates to those points, and the distances, were not stated of record. The Chicago, Burlington & Quincy dealt only with the rate adjustment at Creston and Des Moines, from two points of origin. Des Moines is not intermediate to St. Paul and the Missouri River cities on the line of the Chicago, Burlington & Quincy. It is on a branch line, therefore, the fourth section is not violated in maintaining higher rates to that point than are common, or lawfully maintained to the Missouri River cities. Creston is intermediate, and from the evidence of record fourth section relief at that point alone, over the route through the twin cities, appears to be warranted. But in a situation of this kind relief cannot be granted at a single point without some knowledge of how other intermediate points similarly situated will be affected. In Fourth Section Order No. 383 as amended, the Commission announced the character of information required in order to determine questions of the nature here presented.

Upon the ground that the respondents have not justified it (fourth) section relief should be denied. On the showing that the rates to Creston are neither intrinsically unreasonable nor unduly prejudicial, and that the Missouri River rates are to be established via certain routes at Des Moines, Fort Dodge and Mason City, the complaint should be dismissed.

DANIELS, Chairman:

The preceding report, essentially the same as proposed

by the examiner, was served on the parties. The respondents and defendants filed exceptions and oral argument was had before Division 2. The findings and conclusions are approved and adopted. The rates proposed are to numerous destinations admittedly not consistent or harmonious. The proof adduced in justification is lacking in certain essential elements. The comparisons cited with rates in Central Freight Association territory are not as detailed and particularized as they might properly be. The propriety of the proposed increased rate is therefore not established, and the suspended schedules must be canceled.

Appropriate orders will be issued.

(The fourth section order is No. 7331.)

RATE ON COAL

The Traffic World Washington Bureau

On the ground that the complainant had not shown damage, Examiner Disque, in a tentative report on No. 9961, Darby Coal Sales Co. vs. Chesapeake & Ohio, and fifteenth section application No. 3402, of that road, has recommended its dismissal and denial of reparation. The recommended holding is that the maintenance of a lower rate on coal for transshipment outside the Virginia Capes, from the Elkhorn and Beaver Valley branch of the Big Sandy division of the Chesapeake & Ohio to Newport News, than was maintained from Harold and Pikeville, Ky., was not unduly prejudicial against the last mentioned points of origin. The examiner says the lower rate from the Elkhorn and Beaver Valley branch were put in as an experiment; that the movement to the east from any part of the Big Sandy field is against the current of traffic and there was no evidence that the complainant submitted any bids based on its assumption that the \$1.78 gross ton rate applied from all parts of the Big Sandy field. The complainant paid \$1.80 per net ton, equivalent to \$2.01 per gross. The testimony was that the coal was sold on the thought that the \$1.78 rate applied from all parts of the district. The examiner says, however, that the coal appeared to have been sold f. o. b. point of origin with the \$1.78 rate guaranteed.

QUESTION OF ELECTRIC LINES

The Traffic World Washington Bureau.

A state of affairs has arisen, by reason of General Order No. 28, that will be embarrassing, probably, to the national government, no matter how it is handled. It exists by reason of the fact that there are 21,000 miles of interurban electric railroads in the country on which the cars of the steam railroads can be operated and that, as a rule, the rates and fares applicable thereto are almost exclusively under state control.

Unless the rates and fares on them are brought up to the level of those ordained for the steam roads, the interurbans will be swamped. Many interurbans are gold mines. Although their operating and maintenance expenses have increased, their net revenue and income have increased in greater percentage. Shippers and travelers will give them patronage, not because they love the interurbans, but because they desire to save money. Under existing conditions that would not hurt the steam roads because they have all they can carry. In fact, diversion of business from many of them would be a blessing, because it would then enable them to operate more efficiently and, necessarily, more economically and thereby bring about an improvement in their financial condition.

If state commissions advance the rates of these prosperous roads, the state officials will have angry citizens astride their necks.

The Washington, Baltimore & Annapolis, whose counsel told the fifteenth section board that the company does not need the money, notwithstanding the sworn statement of the agent of the road to the contrary, is the best illustration possible showing the situation as it exists in many places. If, in view of that declaration by the attorney, which, of course, is not half so pointed as the returns the company has been making to the Interstate Commerce Commission and the Maryland public service commission, the federal regulating body and the Maryland body had granted the increase in fares, there would likely be political trouble in the parts of Maryland served by the Washington, Baltimore & Annapolis and the Maryland Electric Railways. Voters who were asked to pay fares to a company that had gone on record as not needing the money would be expected to turn against their elected officials who ordered such increases.

But the Railroad Administration and the war board of the American Electric Railway Association are asking both the state and federal authorities to give those companies money they say they do not need; to give them a basis of fares that the attorney told the fifteenth section board would probably hurt the Washington, Baltimore & Annapolis, presumably by turning business away from it to the rails of the Pennsylvania and Baltimore & Ohio, the two steam roads with which it competes for business between Washington and Baltimore.

Grant of the application, as to passenger fares, certainly would hurt the company, because, under the rules of the Commission, a fifteenth section permission must be followed literally. The application asks for the privilege of establishing fares on the basis of three cents a mile. Inasmuch as the Washington, Baltimore & Annapolis is longer than the short line steam railroad, and the time consumed between cities is generally a little longer, the application of such a basis would result in a higher fare for a slower service. That certainly would tend, it is believed, to send passengers to the steam railroads. The latter are now overcrowded.

The Commission July 2 denied the application of the Washington, Baltimore & Annapolis. The denial means that in the east competition by electric roads with government controlled ones will be intensified, which is what Director Chambers desired to prevent. Nearly every interurban in the congested east, it is believed, will be closely scrutinized by the Commission, and the Chambers plan to prevent such competition will be spoiled to that extent.

The interurban roads should know, by this time, what effect the higher fares on the steam roads will have on their business, because the higher steam road fares have been in effect since June 10.

Nearly all professional travelers know how much, if anything, they can save between given points by using interurban cars. That part of the interurban business, therefore, has probably gone to the maximum. The general public, as a rule, does not know the amount of money that can be saved by patronizing the slower and cheaper trolleys.

The policy justification that might be urged on the state commissions, in respect of freight rates on the interurbans, is that they must not take advantage of the war to bring currents of traffic to their rails and away from the steam rails. That, however, it is suggested, could not be urged by those who never expect the steam roads to go back to their owners. Theoretically, they should not care if the steam railroads do lose some business, be-

cause their ultimate end is the government ownership of all means of transportation.

The easiest way out of the dilemma might be for the President to take over the interurbans that compete with steam roads and disregard the decisions of the state commissions. He has claimed the power to make rates of all kinds and to disregard state commissions, state laws and regulations and if that contention is sound, then, of course, he could get rid of the fact that the W. B. & A. has declared it does not need the money. He could raise the rates and if the return was greater than that needed to pay the just compensation promised the road, the surplus would go into the treasury.

Such a solution, however, it is suggested might not be politically good. The people asked to pay higher rates and fares might not like that way of laying taxes on them.

The Commission has received scores of applications for permission to advance rates that show a striking similarity in form and phraseology, so that the men who have been handling them receive the Chambers letter and the affidavit used in making an application for the increase in rates must have been sent out to the application roads by the American Electric Railway Association, the war board of which thinks the policy of equal rates for steam and trolley purposes is the one to be pursued, even by interurbans that have become puffed up by reason of the war business they have been doing.

Some of these applications have been granted. Others are still in the hands of the commission. That body could not, without violating the law of its creation, allow the increase for which the Washington, Baltimore & Annapolis applied, starting under oath that it needed the money to cover the increased cost of maintenance and operation. That affidavit has all the appearances of what would be known in a newspaper office as a "patent inside" or at least better part. That is to say, it looks as if the man who signed it and then had the notary public attach his seal, thought never gave the affidavit a minute's thought, but acted solely on the advice from the association and Director Chambers.

The Maryland commission has denied the applications of the Washington, Baltimore & Annapolis Electric and the Maryland Electric Railway Company to be allowed to increase their passenger fares to the steam railroad basis of three cents a mile, on less than thirty days notice, thirty days. In disposing of that application the Maryland body denied the facts about the carriers' earnings of the first mentioned and the net earnings of the other company. It also incorporated in its report, in form, letter sent out by Director Chambers to state railroad bodies suggesting that they allow the electric railroads to bring their rates and fares up to the level of those ordered in General Order No. 28. That part of its report concerning the letter and its contents, on the request of the Railroad Administration, beginning with the Chambers letter is as follows:

"It can only be stated that the Maryland commission, in the conditions before you, stating electric roads to increase their fares in the measure therein stated, it will greatly expedite the business of petitioned and adjacent administration roads and enable them to obtain the full benefit of the increased fares contemplated by the Director-General's order."

The petitions of the two companies are almost identical in form and phraseology, and this and the above letter indicate that their filing was suggested by the United States Railroad Administration for the purpose of bringing about increases in rates charged by interurban electric railroads throughout the country where they are in competi-

tion with steam railroads which have been taken over by the Railroad Administration.

Reference is made to the attached copies of petitions filed with your Commission to-day by the Washington, Baltimore & Annapolis Electric Railroad Company and the Maryland Electric Railway Company for permission to advance their local fares between Washington and Baltimore, Baltimore and Annapolis and intermediate stations.

The purpose of this petition is to bring the local fares of the company as named up to the minimum basic rate per mile authorized by the Director-General in his order No. 28 of May 25, 1918, for roads under federal control paralleling the electric lines named or having close interchange arrangements with such lines.

Thus finding these applications endorsed by the federal government pursuant to its general financial policy adopted in connection with its operation of the steam railroads of the country, this Commission, under ordinary circumstances, would be strongly inclined to acquiesce in this suggestion of the federal government, just as it has heretofore acquiesced in other suggestions coming from the government in connection with other matters subject to our jurisdiction.

But even where a question of national administrative policy is involved there is still need for an intelligent balancing of the relative convenience and inconvenience, respectively, which may be brought about by any order which this Commission is required to pass pursuant to the authority conferred upon it by the state legislature.

The Washington, Baltimore & Annapolis is an electric line that connects the three points used in its name. Last year its income was more than enough to pay ten per cent on its entire capital issue of \$4,155,750. It paid six per cent on its issue of \$1,155,750 of preferred stock.

The first four months of this year were much better than the corresponding months of the previous year. Establishment of Camp Meade on its rails and Congress making the capital dry account for a large measure of its prosperity. Washington went dry in November, 1917. The camp was established about a year ago, so that the whole of its prosperity is not due to the events mentioned, which are calamities or blessings, as the man who thinks about them is pleased to label them.

Its application was for permission to bring its rates to three cents per mile and E. A. Gannon, its agent, certified that the additional revenue was needed to cover the increased cost of maintenance and operation. He made oath to that declaration.

On June 27 William L. Marburg, its attorney, appearing before the Commission's fifteenth section board, said the carrier did not initiate the rates shown in its application, but acted solely on a letter from Edward Chambers expressing the hope that it would bring its fares to the three-cent basis. Mr. Marburg said the road is not in need of additional revenue and a denial would not adversely affect the petitioner—in fact, the increase might result in injury to the carrier. However, he said, the railroad would stand on Mr. Chambers' letter and ask for authority to increase its passenger fares to the three cents a mile basis.

Marburg's declaration has created a stir in the Commission. The effect is likely to be a much closer scrutiny of applications by carriers not under federal control than might otherwise be the fact, for Mr. Chambers is understood to have asked the carriers not under federal control to bring their rates up to the level ordered in No. 28.

The suburbanites who came to protest against the increases were surprised by the declaration of Marburg. They had not based their protests on the ground that the increased fares would give the carrier an unconscionable return on their investment.

Reports by the carrier to the Commission were brought into the hearing. They show that for 1916 the W. B. & A.

had an operating revenue of \$916,292, an increase of \$100,000; that its operating expense was \$511,615, an increase of \$42,943; that its income was \$447,994, an increase of \$14,932. In 1917 its revenue rose to \$1,560,125, an increase of \$613,922, its expenses increased to \$738,596, an increase of \$226,979, and that its income was \$462,650, an increase of \$115,566. In that year it paid out as dividends on its preferred stock \$87,360, leaving more than \$300,000 in its surplus.

Railroads not under federal control, as a rule, have asked for the increases granted the federal-controlled roads. Some applications have been granted. It is obvious that if the Commission exercises its judgment and forbids increases to such as may be like the W. B. & A., the federal-controlled roads will be at a disadvantage. The one way fare between Washington and Baltimore now is about \$1.25. The round trip fare on the electric line is \$1.50. Washington is thirsty and the cars of the electric road are crowded with oasis-seekers. Washington business men have been complaining that the company gives preferential service from Camp Meade to Baltimore. The company has retorted that the soldiers prefer going to Baltimore to spend their spare time and that the business demands what the Washingtonians call preferential treatment.

REPRESENTATION FOR SHIPPERS

The Traffic World Washington Bureau.

The committees appointed by the Railroad Administration to consider complaints arising under General Order No. 28 are to be enlarged by the addition of minority representatives of shippers. Where the committee consists of three members, one will be a shipper; where it consists of five, two will be shippers.

G. M. Freer and others of the National Industrial Traffic League were called to Washington July 1 to help Messrs. Prouty and Walter make the selections. This gives recognition to shippers, particularly the League, by the Railroad Administration. If the railroad members of the committee are inclined to be fair, it is felt the committees will save work before the Commission and facilitate the return of a better feeling in regard to the higher rate level. This announcement was made June 29.

Director Prouty and Assistant Director Walter argued for such representation before the committees were originally announced, composed wholly of railroad traffic men. Naturally they feel that the Railroad Administration has made an improvement in its organization, especially in view of the fact that Director-General McAdoo has a desire to have everything possible disposed of without formal proceedings before the Commission.

Between 2,000 and 3,000 complaints, protests, telegrams and letters had been received June 28 in regard to rates, rules or regulations resulting from or incident to the observance of General Order No. 28. They and others will be distributed among the committees, so that a man in Chicago, for instance, will appear before the Chicago committee and state his troubles. The committees will make recommendations to the Director-General, who will probably have representatives of Director Chambers and Director Prouty sit on the recommendations as a reviewing authority. It is possible, too, that some of the questions will be disposed of by regional committees, so as to make the burden on the central authority in Washington as light as possible.

Appointment of these committees means the inaugura-

tion, in a way, of the system of regional bodies often proposed by those who thought there was too much centralization of regulatory work under the Interstate Commerce Commission. To be sure, that proposal was to have regional commissions with power to make final disposition of cases that were not appealed. The Railroad Administration regional committees will be purely advisory referendum bodies. They will not be able to dispose of anything except by agreement. They will have only the power to recommend to the Director-General. If their recommendation meets the views of the shippers and the Director-General accepts the recommendation and issues the necessary order, then the matter is disposed of.

However, nothing that is done by either a local committee or the Director-General binds the shipper. He has his right of formal complaint to the Commission. That body, in turn, under the law, has the power to issue any order authorized by the act to regulate commerce.

When shippers appear before the local committees, therefore, they are doing just what they did, when, before the railroads were taken over, they called on the local or general freight or traffic agents of the carrier or carriers to discuss matters they did not like, with a view to having the railroad men change to a more satisfactory rate, method, rule, or practice. Appearing before the local committees does not prejudice the right to appear before the Commission. The committees have no power to require the production of books or papers or to administer oaths. Whatever is said or done before a Railroad Administration committee is merely an informal method of composing difficulties, which will be successful, it is believed, only to the extent that the representatives of the Railroad Administration realize their duties toward the shipping public and act on such realization.

The work of choosing representatives of the shipping interests to serve as members of the committees was begun July 1 by Guy M. Freer, president of the National Industrial Traffic League, and members of the executive committee or representatives of members of that committee of the League, in consultation with Luther M. Walter, representing the Division of Public Service and Accounting. They made up a list of men to represent the shippers, but until it has been approved by Director Prouty it will not be made public.

Whether these men were to be put on the pay roll or whether they were to act merely as advisers, without pay, was one of the many questions in connection with the matter that had not been discussed to any extent when the conference was begun. Necessarily the men to be put on the committee represent, in many instances, individual shippers. In some they are men like Freer and W. H. Chandler, transportation advisers of commercial bodies. If the committees were to have any real power to change rates it would be obviously improper for the traffic manager of a particular shipper to serve on the committee, especially at a time when the question under consideration was one in which his employer had a direct interest. The chances are that it will be made clear that the committees have only advisory powers and that therefore the traffic managers for particular shippers may serve without impropriety. The executive committeemen who helped in the selection of the committees were W. H. Chandler, Boston Chamber of Commerce; H. C. Barlow, Chicago Association of Commerce; H. A. French, National League of Commission Merchants, New York; J. M. Belleville, Pittsburgh Plate Glass Company; P. M. Hanson, National Enameling and Stamping Company, St. Louis; O. F. Bell,

secretary, National Industrial Traffic League and traffic manager, Crane Company, Chicago; Seth Mann, San Francisco Chamber of Commerce; F. B. Montgomery, International Harvester Company, Chicago; W. P. Trickett, Minneapolis Civic and Commerce Association; J. S. Brown, Chicago Board of Trade; A. G. Young, American Sheet and Tin Plate Company; C. E. Chalde, Omaha Commercial Club; R. D. Sangster, Kansas City Chamber of Commerce; J. C. Lincoln, New York Merchants' Association; Frank Barry, Milwaukee Association of Commerce.

Assurance of an increase, if not of a duplication of work in the matter of procuring changes in the rate situation created by the Director General's orders is contained in the complaint in the discussion of the system being built up by the Railroad Administration. When Director Prouty returns next week the names of shippers' representatives or district and regional committees to consider complaints caused by G. O. No. 28 will be announced. Immediately thereafter they are to take up between two and three thousand complaints that have been filed, some of which have been heard before Walter & Hastings and some considered on a mail and telegraphic showing without hearing.

Mr. Prouty has decided that representatives of shippers shall not be paid out of public funds. They will receive expenses and possibly transportation. The latter is not extreme because the law forbids free transportation for other than employees and the indigent. If shippers will not give their services they will not be represented.

George H. Atkins of St. Louisport has been appointed rate expert for C. A. Prouty's division and July 5 sat with Messrs. Walter and Hastings in what may be called the first rate appellate committee.

These hearings before committees may take the place of the consultations the Commission ordered the railroads to hold with shippers in advance of filing tariffs or applications for increases. If they are to be taken as such, they amount to a reversal of the procedure ordered by the Commission as a result of its experience with last winter's surpluses devised by railroads for increasing revenues. However, hearings before Walter and Hastings are more nearly like the proceedings before the old suspension and recently created boards, except that the rates dealt with are in effect instead of only proposed. They are being reported stenographically, presumably so there will be record of and when a case reaches the Commission.

CHANGES IN NO. 28

The Traffic World Washington Bureau.

One of the ridiculous things that would have resulted from the application of General Order No. 28 literally was prevented after tariffs were in *proof* form, by appeals to Director Prouty. That was the application of minimum class rates to proportionals which had been published to apply in connection with hauls over other rail lines.

Application of the minimum class rates, beginning with 25 cents, would have utterly dismantled the butter, egg and poultry business near the Mississippi River. In the Pittsburg Iowa cases Nos. 3464 and 3465, the Commission prescribed proportionals as low as 8 cents, to be applied from Iowa points of origin to traffic east of the Illinois-Indiana line. Under the literal application of No. 28, the minimum proportional class rate scale would have begun at 25 cents first class, and the increased would have ranged from 50 to 250 per cent.

Butter, egg and poultry interests took up the subject

with the Railroad Administration. Director Chambers and the other railroad men said the increases would have to be made to conform to the minimum class scale. Appeal was then taken to Director Prouty and, through his efforts, the butter and egg people believe, Director Chambers was persuaded to change his view and issue instructions for the issuance of special supplements carrying this clause: "Minimum class rates will not be applied to proportional rates, which are published to apply in connection with haul over other rail lines, the total rail haul to be subject to the minimums."

Other changes are being ordered almost daily, the latest being the order to cut out the application of the fifty-cent per shipment minimum on shipments of milk and cream and the restoration of five-cent passenger fares as the minimum. The general rule is that no shipment will be made for less than fifty cents. That would have the effect of largely increasing the cost of milk shipments by farmers whose total weight would be less than the minimum. That would tend to eliminate the small milk producer, thereby decreasing the total shipped to market.

The reason for the restoration of the five-cent minimum fare is believed to be obvious. A small thing like that causes more trouble for the member of Congress whose constituents are made to pay the 100 per cent increase than the billions he may vote for things of doubtful worth or value.

These things were done on urgent representation from C. A. Prouty's office.

Petroleum rates will in a day or two be ordered put on a specific instead of percentage basis, either 4.5 or 5 cents over rates in effect June 24. There is a disagreement in the recommendation between Messrs. Walter and Hastings which Director Chambers will have to settle. The chances, therefore, favor 5 cents, with fifth class as the maximum to protect short haul traffic.

Lumber interests July 5 had a hearing before Walter and Hastings. They ask a change from the percentage to 3 cents specific with sixth class as the maximum and transit at rate breaking points for protection of lumbermen at such points.

MASS OF NEW TARIFFS

The Traffic World Washington Bureau.

It will probably be July 10 before the official files of the Interstate Commerce Commission will be completed by the filing of the twenty-five per cent increase supplements, the clerical force of the Commission having been overwhelmed by the mass of re-issues and supplements dumped on it June 24.

The probability is that, so far as the eye is concerned, the most insignificant junction in the country has been better informed as to the looks of the re-issues and supplements than the men in charge of the official file and its duplicates in the public file room of the Commission.

Under the law, carriers are required to post tariffs in designated places for the information of the public. Coincidentally they are required to send copies of the tariff or supplement to the Commission for filing. The agent at each station on a given line is required to post the publications of the company for which he is working. That is all he has to do to comply with the law.

The Commission's clerks, however, must file the publications of every railroad in the country. It is a physical impossibility for the clerical force to distribute the supplements and re-issues to the folders in which the sup

documented tariffs are kept for reference and have the postage done as expeditiously as has been done in the freight stations by the local agents.

The carriers have complied with their duty to the Commission when they send the supplements to its office. They are not charged with any other duty. The Commission cannot afford to maintain a force large enough instantly to dispose of every supplement or re-issue when there has been a general advance in rates.

The Commission assumes that each carrier has complied with the permission granted it by the sixth and fifteenth section orders issued by it so as to facilitate the compliance of the carriers with the order of the Director-General. In time, the clerks will have checked up on every tariff on its files and be able to say what carriers failed to file supplements or re-issues in compliance with the order of the Director-General. If they failed to send along the supplement or re-issue, it will be developed, it is believed, that it was an oversight on the part of some clerk.

COMPENSATION FOR CARRIERS

The Traffic World Washington Bureau.

Abundance of litigation on account of attempts to arrive at an understanding about the compensation the railroads are to receive from the government while they are under federal control, it is believed, is forecast by the fact that the railroad companies are not able promptly to pay their bills or to declare their customary dividends. Even if the committee of railroad lawyers that has been working with representatives of the Railroad Administration and the Interstate Commerce Commission agree on the terms of contracts which they think the companies should sign, court proceedings are expected from the National Association of Railroad Securities Owners, of which S. Davies Warfield is president and Samuel Untermeyer counsel.

The first public hearings in connection with the efforts to make a contract were had July 1 and 2 by the Commission. As to the negotiations between the Railroad Administration and the railroads, the effort has been to preserve absolute secrecy. The effort has not been successful, as may be inferred from the fact that the essential parts of several tentative contracts under discussion have been published.

The question under consideration by the Commission and on which the hearings were held was whether the accounts of the carriers, as reported now to the Commission, shall be used by the Commission in performing its duty, imposed by the federal control law, to certify to the President (which, of course, means the Railroad Administration) the "average annual operating income" which is to be the maximum the President may contract to pay the railroad that enters into a contract concerning compensation.

Such a question has arisen because, while the idea of everybody having anything to do with the framing of the control law was that the accounts as rendered to the Commission should be the ones used by the Commission in making up its certificate to the President, the act now which defines "annual railway operating income." Nor does the statute say the Commission shall use the figures it has required the railroads to file with it, under oath and checked by its statisticians, in ascertaining the "annual railway income."

The fact that the accounts of the carriers filed with the Commission were to be used in making the certificate, it is suggested, was indicated by the fact that during the consideration of the federal control bill, figures compiled

by the Commission to show the maximum of the just compensation that could be paid were used by both the advocates and opponents of the measure. Everybody understood that the accounts as rendered to the Commission were the ones to be used. Besides the act to regulate commerce forbids the keeping of books other than those prescribed by the Commission. The only way a different account could be used would be by manufacturing a new one by using material in the original account. Accountants would probably call the operation a "re-stating" of the account, but to a layman the account would be a new one.

Alfred P. Thom was the only speaker at the hearing on the first day. It was intended by the Commission that Clifford Thorne should present his views on the subject, but he was not able to be present on July 1, so arrangements were made to hear him the next day. Mr. Thom said that, of course, the accounts as filed with the Commission should be used, after errors of computation and violations of the accounting rules were corrected or eliminated; and after the accrued war taxes were deducted from operating expenses, because, under the war tax law, such taxes are not to be counted as expenses of doing business, which is what operating expenses are.

In saying that accrued war taxes should be deducted from operating expenses, Mr. Thom was skirting some of the ground that promises to produce the litigation. The men who are negotiating with a view to making a contract are in a dispute as to whether the excess profits tax levied by the act of October, 1917, for the first part of 1917 shall be deducted from the just compensation to be paid, because it is not an item to be charged to the operating expense. The Railroad Administration representatives insist that it must be deducted from the amount to be paid annually to the railroads. The security owners take the position that an excess profits tax cannot be ascertained until the account for the whole year is stated, which, of course, cannot be done until the end of the tax year.

The National Association of Railroad Security Owners insists that it will ask for an injunction in the event that the attorneys for the railroads agree with the Railroad Administration to such deduction, forbidding the directors to ratify any such agreement, the effect of which would be to reduce the amount of the just compensation by the amount of the tax, and keep the just compensation down by just that amount for every year of federal control.

Mr. Thom, in discussing the subject of taxation deductions, confined himself to the agreement that accrued taxes should be deducted. The query, therefore, is as to whether the excess profit taxes accrued during the last part of the year.

The security owners took no part in the discussion. Primarily the stockholders are the only ones supposed to be interested. The bondholders, by having accepted a lien on the income of the property in the form of a definite rate of interest, are not supposed to have any say in the management of the property by the representatives of the stockholders, the directors. The bondholders, however, think they have an interest in the property, which is their pledge or security. That is why they expected to intervene with applications for injunctions if the agreement the railroad lawyers and the Railroad Administration are trying to make does not meet their views.

There is no prospect of agreement. The hearing on July 1 and 2 might be taken as indicating that the negotiators had got to the point where the question as to how much

had become vital. Such, however, is not the inference drawn from the guarded declarations of the men who are participating in the almost daily conferences on the subject. The inferences those who have received bits of information draw is that the discussion is still going on on features of the contract that are far from the question as to the amount of the compensation.

CONSOLIDATED CLASSIFICATION

The Traffic World Washington Bureau

In handling the consolidated classification, the Interstate Commerce Commission is proceeding under its power to prescribe a uniform classification. That is shown by the fact that the proceeding has been made formal docket No. 10294. Under the federal control act the President also has power to prescribe rates, rules and regulations and make them effective on whatever notice to the public and to the Commission he deemed necessary or desirable.

If the consolidated book had been made the subject of a fifteenth section application it would have been robbed of its special character and would have descended to the level of an ordinary routine tariff publication. Handled in the manner that has been decided upon the President is left free to put it into effect whenever he desires to shut off discussion. If he does not exercise such power then the Commission can take all the time it desires and order such modifications in it as it thinks should be made.

That is the character of the proceedings in so far as they relate to federal controlled roads. As to roads not under federal control, the act to regulate commerce, in all its parts, applies to them without change or variation. The Commission can prescribe the consolidated book for use by them regardless of the views they hold on the subject, limited only by the constitutional provision against confiscation of private property.

The book is supposed to be circulated among shippers in plenty of time to enable them to say what they think about it at the various times and places set by the Commission, for hearings. The Commission is to serve the book on the non-federal roads. So far as they are concerned the book is the proposal of the Commission.

Copies of the order of the Interstate Commerce Commission in docket No. 10294 are being mailed to shippers and carriers with the new book. It reads as follows:

It appearing, That there has been prepared under the direction of the Director General of Railroads Proposed Consolidated Freight Classification No. 1, which contains proposed changes in classification descriptions, rules, regulations, ratings and minimum weights in the Official Western and Southern classifications now in force, and the Director General having requested that the Commission investigate and make recommendations relative to the advisability of adopting said consolidated classification for application by carriers under federal control.

It is ordered, That a proceeding of inquiry and investigation be, and the same is hereby, instituted by this Commission on its own motion into and concerning the reasonableness and propriety of said descriptions, rules, regulations, ratings and minimum weights provided in said Proposed Consolidated Freight Classification No. 1, excepting the rules and regulations governing the transportation of explosives and other dangerous articles.

It is further ordered, That this proceeding be, and it is hereby, assigned for hearing at 10 o'clock a. m., before Examiner Duggan at the places and on the dates following:

Boston, Mass., August 1, Federal Building;
New York, N. Y., August 5, 244 Madison Avenue;
Chicago, Ill., August 12, Federal Building;
Omaha, Neb., August 19, Federal Building;
Portland, Ore., August 26, Federal Building;
San Francisco, Cal., August 30, Hotel St. Francis;
Denver, Colo., September 3, Federal Building;

Fort Worth, Tex., September 9, Federal Building;
New Orleans, La., September 13, Hotel St. Charles;
Atlanta, Ga., September 19, Federal Building.

It is further ordered, That all carriers subject to the act to regulate commerce and which are not under federal control be, and they are hereby, made respondents herein with a view to prescribing for their use reasonable and proper classification descriptions, rules, regulations, ratings and minimum weights, in consolidated form, and that said respondents be served with a copy of this order.

The formal press notice respecting the consolidated classification, issued June 28 by the Railroad Administration, is as follows:

The work of combining the Official, Western and Southern Classifications into one volume, uniform as to rules, descriptions, carload minima, etc., and with three columns of ratings—one for each of the three classification territories—has been completed and the proposed Consolidated Classification No. 1 has been compiled and submitted to the Interstate Commerce Commission for their consideration and for public hearing.

Under the three separate classifications it was often the case that a shipment moving through two territories was subjected to different rules on the different parts of its journey and a shipper, say, from an eastern point to a point west of the Mississippi River was required not only to be familiar with the rules and descriptions applying east of the river but the possible different ones west of the river and was compelled, moreover, to refer to two distinct classifications in order to ascertain his through rating.

These difficulties will disappear when the new consolidated classification becomes effective and it will only be necessary for a shipper to consult one volume, while the only territorial variation will be in the rate, which can be easily located.

The work of accomplishing this very important reform of tariff publication has been going on for some years, but its completion was undertaken early by the Railroad Administration and the book is now ready for publication subject to any changes that may be determined necessary or advisable after public hearing.

SETTLING FREIGHT CLAIMS

The Traffic World Washington Bureau

Shippers are giving, it is believed, undue weight to circulars issued by freight claim agents, either directly or in the form of circulars signed by John Barton Payne, chief lawyer for the Railroad Administration. They are sometimes regarding such circulars as orders which can change or affect their rights to damages for loss or injury to property.

The circulars are in the nature of instructions to the claim agents telling them on what grounds they should decline to pay claims. They cannot affect the legal proposition that the carrier must transport freight safely and with reasonable dispatch. The fact that the government has become the lessee of the property of the carriers does not change the rule of law that that is the duty of the carriers, whether they operate their own facilities or whether they lease them to the government.

All Mr. Payne can do is to advise claim agents in such way as to make them act differently, in dealing with claimants, than they would think of acting if the circulars had not been sent.

The National Coal Association, among other shippers, has taken notice of Regional Director Ashton's circular to the claim agents of western roads (The Traffic World, June 8) in which the chief counsel of the Railroad Administration practically instructed the claim agents to decline to pay claims for coal and low-grade ores shipped in open top equipment. In that circular the declaration was made that carriers transport these commodities in such equipment more for the convenience of the loading

and unloading public than for their own and that they would be better satisfied to carry these commodities in box cars, because transporting them in open top equipment requires much empty mileage.

Whether a carrier is liable in damages for loss or injury is always a question of proof. A court would not entertain the suggestion that, even if it were true that the carrier had transported the coal in an open top car more for the convenience of the public than for its own, that would be a defense against paying a claim where loss had been proved. A carrier is not entitled to "soak" the public by insisting on a wasteful service. The Supreme Court decided that question in the pre-cooling case, sustaining the Commission's ruling that the transcontinental railroads must allow pre-cooling by shippers of oranges. They insisted upon refrigeration, a much more expensive but less satisfactory service.

If the railroads, under government control, decline to pay damages where loss of coal has been shown, because they carried the coal in open top cars, the coal mine operators would be justified in declining to load coal into such cars. Just one day of that kind of thing, it is believed, would show the freight claim agents its foolishness. The coal mine operators, of course, would not take such a position because they could easily show Fuel Administrator Garfield that, if they are to stand the loss caused by thievery the railroads are under obligation to prevent unless they are prepared to pay loss claims, they must have higher prices for their product.

The traffic manager of the National Coal Association, in a protest to the Railroad Administration, points out that it is the duty of the railroad company, as bailee for hire, to prevent thieving or stand the consequences. The railroads, when it accepts the property, makes itself responsible for its safe delivery to the consignee.

In the claim agent circular it is remarked that it costs less to load coal or ore in an open top car "and on account of the exposure to the liability of theft in transit by public thieves or the falling off of some of the commodity where the load is considerably above the sides of the car, the shipper or receiver should assume any loss due to these conditions, instead of expecting the carrier to pay for it."

If the Railroad Administration adopted that as a matured policy, no coal man could afford to ship in an open car because the policy of the Railroad Administration would invite the public to steal the property of the shipper. For self-protection, the coal man would have to ask for box cars, load them by hand, and then make his price to the buyer accordingly.

Those who have read the circular have been surprised that any claim agent should think of saying to a consignor or consignee that he would not pay a claim of that kind where there was any proof of shortage greater than the tolerance set forth in the classification or tariffs.

There is no doubt that Mr. Payne's claim agent circulars can make it harder for shippers to do business. If he insists on claim agents following the ideas that have been put out in his name business can be slowed up to the extent it is necessary by shippers to protect themselves. Shippers have been more harassed during the last five or six months than ever before. They have been put to greater expenses in doing business with the carriers. Their rates have been put up and the amount of service rendered has been decreased. The instructions to claim agents can increase the difficulties. The shippers can "break even" by increasing their prices or by going

into the courts with claims they can prove, and have the courts settle the disputes by the principles laid down in a long line of cases. The change in the ownership or control of the railroads has not changed the law governing the duties and liabilities of either carrier or shipper.

MEANING OF ORDER NO. 25

The Traffic World Washington Bureau.

An authoritative statement as to the meaning of General Order No. 25 has been issued by Director Prouty in the form of Public Service and Accounting Circular No. 9, under date of June 29. It, however, was not issued until several days after that day. It is as follows:

Numerous objections have been filed to Order No. 25 and in consequence I have held several conferences with shippers and railroad accounting officers with a view to determining the practical questions involved in the enforcement of that order. As a result of these conferences I am not satisfied that any change should be made in the order, but it is apparent that further explanation of the application of the same is necessary.

1. A railroad has a lien upon the property for its freight charges; that is, it may demand payment of the freight money as a condition precedent to the delivery of the property. This right should never be waived if there is a reasonable possibility that the carrier will thereby lose its freight money. This must be read into and considered as a part of whatever is said in this circular. To what extent payment before delivery will be insisted upon is usually a local question and must be left largely to the discretion of the individual carrier.

2. While the carrier must protect itself in cases where such protection is necessary, it should also treat shippers or consignees in a business way. The majority of shippers or consignees in the past have paid their freight when they received their goods and that practice should be continued for the future. In many instances with regular customers there is no necessary connection between the delivery of the freight and the presentation and payment of the freight bill; that is, the freight will be delivered to one person at one time and the bill presented to and collected from some other person at some other time. It is not the intent of this order to interrupt reasonable arrangements of that sort which do not involve the granting of a period of credit, but simply to put the transaction upon a cash basis.

Assume, for example, that freight is delivered to such regular customer on Monday and that the freight bill is mailed or delivered on the same day to the shipper or consignee, being received by him in due course upon the morning of the next day. If, now, the shipper or consignee remits his check for the amount during Tuesday so that it may be received by the carrier the morning of Wednesday, that is to be treated as a cash transaction. The bill is presented and paid in due course of business and no period of credit in the ordinary acceptance of that term is given.

This might, in fact, allow one day for the examination and correction of the freight bill, but that would not be the purpose of the transaction. In such case no bond will be required.

3. If in a particular case it is in the opinion of the carrier necessary, or in the interest of economy that a period of two days in addition to that above prescribed should be allowed, this may be done upon the filing of the necessary bond. The check in this case should be mailed or payment made on Thursday.

4. Any plan may be adopted for the payment of these freight charges which is equivalent to a cash transaction. Take, for example, the movement of ore from the mine to the dock at the head of the lakes. The ore is weighed at the dock and the consignee has no representative there who can conveniently pay the freight. At the present time, in some instances at least, the railroad agent draws a sight draft upon the consignee, attaching the freight bills. Subsequently these freight bills are checked by the consignee, a statement of alleged errors transmitted to the carrier, which, if found correct, is taken account of in the drawing of subsequent drafts. The draft is always

honored. This and similar practices are treated as cash payments. No bond is required in this case, but failure to honor a draft would automatically cancel the arrangement.

5. In many cases at the present time the shipper or consignee corrects his freight bill before paying the same, and pays not the bill as rendered, but the bill as corrected. There is no objection to a correction of this practice provided that the shipper or consignee does not abuse it, but proceeds in good faith with a revision of the bill both for undercharges and overcharges. The change should be made in red ink and the tariff authority for the change indicated upon the bill. The carrier should at once check the correctness of the change. If found correct, the transaction is ended. If not correct, the bill should be at once returned to the shipper or consignee with a statement of the amount the collection of which will be insisted upon, in which case this amount must be paid.

It will be understood that all this refers to questions of rates arising out of the interpretation of the tariff. Any question of loss and damage, shortage in shipment, etc., is an entirely different matter which must be settled through the regular channel.

The above will serve as illustrations of the many questions which may arise. In disposing of these questions railroad officials must remember that we are, in fact, the servants of the public and that it should be our earnest and honest effort to administer our duty in the public interest. They should attempt in all cases to get at the viewpoint of the shipper or consignee and to work out some cooperative arrangement under which the best results for all parties can be attained. I am satisfied that if shippers or consignees and carriers approach the application of this order in that spirit, it will be found possible to comply with it without undue hardship. All parties must remember that there are abnormal times and allow something on that account.

In order that working arrangements may be fully consummated before the order goes into force, the effective date has been postponed until August 1, 1918. In all doubtful cases the matter should be at once taken up between the carrier and the shipper or consignee. Each party has contact with the office who is a doubtful principle is a voided but it is my desire that these questions be worked out locally in all cases. Both carrier and shipper or consignee will understand that the mass of detail can not be disposed of here.

EXPORT BILL OF LADING

The Freight Board Washington Bureau

The ~~freight board~~ September 30, will quit issuing through export bills of lading covering shipments via Pacific ports. On that day the export business of that part of the country will go on the basis that has existed at Atlantic ports ever since the "port to ship" system of transportation came into vogue.

After that day exports will be handled on domestic bills endorsed "for export" because, owing to war regulations, the carriers will not be able to figure on the time for the arrival and departure of ships. When a carrier issued a through export bill of lading it assumed full responsibility for the shipment. It stored the goods at the port until it could be taken away by a ship, even if that were not until six months after the arrival of the goods. It knew that some time it would be able to find a ship for forwarding the goods. Now, however, the government controls all the ships and until the government grants a permit to export the shipment cannot move from the interior. A through export bill would be a hollow mockery and a method for clogging the carrier's warehouses.

The export bill, however, under which the carrier will accord the export rate, where there is one, and the ship-side services offered in the tariffs will continue at the Pacific ports as at the Atlantic and Gulf. Unless the shipment is covered by what has been variously known as the "export domestic" or "port" or just plain "export"

bill the freight goes to the general delivery of the carrier at the place mentioned and extra expense is incurred when such a shipment is changed from domestic to export.

During the worst of the congestion caused by the submarine war, shippers who thought they could make arrangements for ship space sent their goods forward on domestic bills so as to avoid the embargo placed against export stuff and then, when the export embargo was lifted for a few days, rushed their domestic billed stuff forward. The carriers tried to stop that, but inasmuch as the shippers had paid the domestic rate and then bore the cost of conversion from domestic to export, made necessary by the failure to take out an export bill (which was deliberate) the railroads would have to give the shippers who thought of that way to beat the export embargo the benefit of their thinking on that point.

Now, that all exports are under license, the cost of undertaking to do a foreign business, via Atlantic or Gulf ports, is too great.

The transfer of considerable shipping from the Pacific to the Atlantic during the last few weeks has made it necessary for the carriers to shut off the flow of business on through export bills of lading, hence the withdrawal of that form of bill from the only seaboard where it is still in effect.

The Transcontinental Freight Bureau in Chicago, in notifying members and shippers that after September 30 the through export bill of lading on traffic via Pacific coast ports will be discontinued, says:

"With reference to the issuance of through bills of lading on export traffic via Pacific coast ports:

"As there appears to be no necessity for the continuation of the issuance of through export bills of lading beyond such time as is reasonable to give shippers a chance to readjust their business to the new conditions, it has been decided to discontinue issuing such bills of lading after Sept. 30, 1918.

"Please so advise interested shippers."

Instructions, it is understood, were sent by J. G. Woodworth, assistant to Regional Director Ashton, to E. B. Boyd, R. H. Countess and F. A. Leland, agents, respectively, for the Western Trunk Line Committee, Transcontinental Freight Bureau, and Southwestern Tariff Committee, to issue to both shippers and carriers advice that a communication from Director Chambers had been received to the effect that there was no need of the continuation of these bills of lading. The language of the Chambers letter was about the same as that of the notice sent out by the Transcontinental Freight Bureau.

SHORT LINE SITUATION

The Traffic World Washington Bureau

It developed July 5 that senators who made the fight for the short line railroads and then put through the resolution extending the time wherein the President may take over or relinquish them have received what they consider almost conclusive information that the President will veto the extension resolution and will support the interpretation placed on the existing law by John Barton Payne. That construction is that he has discretion to release roads without regard to what senators wrote into the bill to force him, as they thought, to keep all lines that have competed with or are connected with trunk lines.

Indirectly, by means of a supplement to General Order No. 28, relating to wages to be paid on roads under government control, Director General McAdoo July 4 added to the

list of roads definitely retained some that have been involved in the so-called short line situation. The total number covered by this order is 552, mostly subsidiaries of trunk lines such as bridge, transfer, connecting, and depot companies. Among the roads thus indirectly notified of being in government possession are stock yard roads at East St. Louis, Kansas City and St. Paul. Some of the roads in this list are also shown on other lists as having been relinquished, as, for instance, the Farmers' Grain & Shipping Company's railroad; also some electric freight railroads, as, for instance, the Oregon Electric and the St. Louis & Belleville Electric.

The list of roads thus indirectly retained, not subsidiaries of trunk lines, is as follows: Abilene & Southern; Ahmapee & Western; Akron & Hubertson Belt Depot; Alton & Southern; Arkansas Central; Arkansas Western; Arminius Branch; Asheville & Craggy Mountain; Asheville & Southern; Ashland Coal & Iron; Atlantic & Yadkin; Baltimore & Sparrows Point; Barre & Chelsea; Bath & Hammondsport; Battle Creek & Western; Beaumont & Great Northern; Beaumont, Sour Lake & Western; Belknap & Northern; Belch Granite, Big Fork & International Falls; Blue Ridge, Boonville, St. Louis & Southern; Brooklyn Green R. R.; Brandon, Devils Lake & Southern; Brooklyn Eastern District Terminal; Brownwood North & South Ry.; Bulto, Amaroka & Pacific; Cairo & Thobes; Calumet Western; Canada Prairie; Canada Southern; Carolina & Northwestern; Carolina & Tennessee Southern; Centralia Eastern; Central Indiana; Cherry Tree & Dixonville; Chesapeake & Ohio Northern; Chesapeake & Ohio of Indiana; Chicago, Milwaukee & City; Chicago River & Indiana; Chicago & Western Indiana; Cincinnati, Burnside & Cumberland; Cincinnati & Dayton; Cincinnati, Lebanon & Northern; Cincinnati, Saginaw & Mackinaw; Coal River, Coeur d'Alene & Pond Oreille; Colorado Springs & Cascade Creek; Columbus, Findlay & Northern; Copper Range; Danville & Western; Davenport, Rock Island & Northwestern; Dayton & Union; Dayton Union; Deep Creek; Delta Southern; Denison & Pacific Suburban; Des Moines Western; Detroit, Bay City & Western; Detroit & Huron; Detroit Manufacturers' R. R.; Detroit, Toledo & Milwaukee; Direct Navigation Co.; Dover & Rockaway; Easton & Western; East St. Louis National Stock Yards Co.; East St. Louis & Suburban; Ensley Southern; Esconaba & Lake Superior; Evansville & Indianapolis; Farmers' Grain & Shipping Co.'s R. R.; Fort Dodge, Des Moines & Southern; Fort Smith Suburban; Fort Smith & Van Buren; Galatin Valley; Galveston, Houston & Henderson; Gauley & Meadow River; Gilmore & Pittsburgh; Grand Canyon Ry.; Great Falls & Teton County; Granite City & Madison Belt Line; Green Bay & Western; Greenwich & Johnsonville R. R.; Harriman & Northwestern V.; Hartwell Ry.; Hawkinsville & Florida Southern; Hibernia Mine R. R.; High Pt., Randleman, Asheboro & Southern; Houston & Brazos Valley; Houston & Shreveport; Huntington & Broad Top Mountain; Iberia & Vermillion; Indiana Harbor Belt; Indianapolis & Frankfort; Interstate R. R.; Iowa & St. Louis; Island Creek R. R.; Jay Street Terminal; Joliet & Northern Indiana; Kanawha & West Virginia; Kankakee & Seneca; Kansas City, Clinton & Springfield Ry.; Kansas City Connecting (Stock Yards Road); Kansas City, Shreveport & Gulf Terminal; Kansas City Stock Yards; Kansas Southwestern; Keeney's Creek, Keokuk & Des Moines; Kewaunee, Green Bay & Western; Kiowa, Hardtner & Pacific; Lackawanna & Montrose; Lake Charles & Northern; Lake Erie & Eastern; Lake Erie & Pittsburgh; Lake Superior & Ishpeming; Lansing Manufacturers' R. R.; Lansing Transit; Lawrenceville Branch; Lehigh & Susquehanna; Lewiston & Auburn; Litchfield & Madison; Little Kanawha, Logan & Southern; Lorain, Ashland & Southern; Lorain & West Virginia; Louisiana Southern; Mackinac Transportation; Macon, Dublin & Savannah; Manistique & Lake Superior; Marquette & Bessemer Dock & Navigation Co.; Maywood & Sugar Creek; Michigan Air Line; Minneapolis & Eastern; Minneapolis Belt Line; Minneapolis Western; Minnesota & International; Minnesota Northwestern Electric; Mississippi Central; Missouri Pacific Corporation in Illinois and Nebraska; Missouri Valley & Blair Ry. & Bridge Co.; Montana Eastern; Montpelier & Wells River; Morenci Southern; Narragansett Pier; Natchez & Southern; New Iberia & Northern; New Jersey & New York; New Orleans Great Northern; New River, Holston & Western; New York Dock Co. R. R.; New York & Long Branch; New Westminster Southern; Northern Maine Seaport; Northern Ohio, Norway Branch; Ogden Mine R. R.; Ontonagon R. R.; Orange Branch (Southern Ry.); Orange & Northwestern; Oregon Electric; Oregon Trunk; Pacific Coast; Paris & Great Northern; Peoria & Bureau Valley; Peoria & Pekin Union; Pierre, Rapid City & Northwestern; Pine Bluff & Arkansas River; Piney River & Point Creek; Piqua & Troy Branch; Pittsburgh, Chartiers & Youngbushery; Pittsburgh, Ohio Valley & Cincinnati; Pond Fork Ry.; Pontiac, Oxford & Northern; Port Huron Southern; Port Townsend & Puget Sound Ry.; Poteau Valley, Puget Sound & Willapa Harbor; Quakam, Acme & Pacific; Quincy, Omaha & Kansas City; Rio Grande Southern; Rio Grande Southwestern; Riverside, Railto & Pacific; Rock Island, Arkansas & Louisiana; Rock Island & Dardanelles; Rock Island, Stuttgart & Southern; Rockwell R. R.; St. Charles Air Line; St. Clair & Western; St. Johnsbury & Lake Champlain; St. Joseph & Central Branch; St. Joseph South Bend & Southern; St. Louis-Bellefonte Electric; St. Louis National Stock Yards; St. Louis & O'Fallon; St. Louis, Troy & Eastern; St. Paul & Kansas City Short Line; San Antonio, Lytle & Gulf Ry.; Sandy Valley & Elkhorn & Long Fork Ry.; Sandy Valley & Elkhorn Ry.; Sapulpa & Onawa; Seattle, Port Angeles & Western; Sharpville R. R.; Severn & Knoxville; South Chicago & Southern; South Dayton R. R.; Southern Pacific Electric; State University R. R.; Sullivan County R. R.; Sulphur Mine R. R.; Sunday Creek R. R.; Sunset Ry.; Sylvania Central; Tacoma Eastern R. R.; Tallulah Falls;

Tennessee & Carolina Southern; Texas Mexican; Texas Midland; Tidewater Southern; Toledo, Saginaw & Muskegon; Troy Union; Tug River & Kentucky; Tyndale Connecting; Union Freight R. R.; Union Ry.; Union Ry. Transit Co. of Illinois; Union R. R. of Pennsylvania; Vermont Valley; Virginia Air Line; Virginia-Carolina; Waterloo, Cedar Rapids & Northern; Waupaca & Green Bay; Weatherford, Mineral Wells & Northwestern; Wellington & Jackson Belt; White & Black River Valley; White Oak Ry.; Wilkes-Barre & Scranton; Williamson & Pond Creek; Winona Bridge; Winston-Salem South Bound; Wood River Branch; Wyoming & Northwestern; Yadkin R. R.; York Harbor.

Congress, June 29, without opposition, passed joint resolution No. 159, under which the time for the President to relinquish railroads "not needful" for the winning of the war, is extended to January 1, amended by the addition of the Cummins proviso, relating to short lines. The only discussion was of an explanatory character, senators in particular being anxious to know the effect of the extension, because they have received so many communications from the short lines in their states.

This extension leaves the question as to whether the President has any discretion about relinquishing a line that connects or competes with a trunk line much clearer. According to the senators interested in the subject, the President has no such discretion. The part of the Railroad Administration that is compiling the list of short lines to be relinquished worked late on June 30 compiling a list on which action was to be taken before July 1.

The proviso is as follows:

Provided, however, that the right conferred upon the President to relinquish prior to July 1, 1918, control of all or any part of any railroad or system of transportation without the consent of the carrier as provided in Section 14 of an act approved March 21, 1918, and entitled: "An act to provide for the operation of transportation systems while under federal control and the just compensation of their owners and for other purposes," which right is herein extended to, and inclusive of January 1, 1919, shall not be construed to include any railroad engaged as a common carrier in general transportation such as mentioned in Section 1 of said act, not owned, controlled or operated by another carrier company, and which has heretofore competed for traffic with any railroad or railroads of which the President has taken and retains possession, use and control; it being the intent of Congress that every railroad not owned, controlled or operated by another carrier and which has heretofore competed for traffic with a railroad or railroads of which the President has taken and retains the possession, use or control, or which connects with such railroad and is engaged as a common carrier in general transportation, shall be held and considered as within federal control as defined in said act, and to be entitled to the benefits of the provisions of said act as long as the railroad or railroads with which it has heretofore competed for traffic or with which it connects shall be retained under federal control.

The Railroad Administration staff made its first relinquishments June 22. At that time the list compiled from manuals and other unofficial sources of information was estimated to contain 1,710 names. To make these relinquishments formal the President has added a line to the press announcement by the Railroad Administration saying: "I approve the above policy and announcement."

The policy will be to give the relinquished roads fair divisions, reasonable car supply and see that they are protected against any undue disturbance in the routing of traffic. To carry out this policy a short-line-railroad section is to be created in Director Prouty's division of the Railroad Administration.

The blanket relinquishment of shore lines complicates an already complex affair. While the Railroad Administration began sending out notices to a list believed to contain the names of about 1,700 short lines as long ago as June 22, the list of roads on which final relinquishment notices were to be served had not been completed on July 1.

Although they knew as early as June 22 that a blanket

release was to be issued, the members of the executive committee of the American Short Railroad Association were thrown into confusion by the action taken by President Wilson June 29, when he added a line to a press notice issued by the Railroad Administration saying that he approved the policy of blanket release and the announcement thereof because it raised the question as to what good, if any, had been achieved by the work done to have Congress pass a joint resolution extending from July 1 to January 1 the time for considering relinquishment.

One of the first questions that came to their minds was a query as to whether the President would sign the resolution. Without his signature it is less than a scrap of paper. Even if he signs it, the question remains whether the roads on which a notice of relinquishment had been served before July 1 or which might receive such notice after that day, dated, however, to show that action was taken some time prior thereto, can be considered as coming within the terms of the extension resolution.

That is a question wholly distinct from the original one as to whether, under the federal control law, the President had the power to relinquish any short line that connected or competed with any road taken under federal control. The short lines always argued that he had no such power. John Barton Payne proceeded on the assumption that he had such power and the blanket notice of June 29 is based on that assumption. It is the only one on which the Railroad Administration could act. If it admitted the construction insisted on by the short lines, it probably could not release a single short line against its will.

There is no doubt about the desire of Congress. It thinks the short lines should be retained, but if the President disagrees, it is believed the lawmakers can do nothing. He has relinquished them and decided on a policy to be pursued in relation to them; that is, they are to have fair divisions out of the joint rates, a reasonable supply of cars, and are to be "protected against undue disturbance in the routing of traffic." To the end that that policy may be carried out a section is to be created in Director Prouty's division to have special charge of the interests of the short lines.

This creation of a special section means, it is believed, that Luther M. Walter the special champion of short lines that were also tap lines, because they were built with the money of men who were also in the lumber business, will have to take up a line of work with which he is thoroughly familiar.

The Railroad Administration announcement of the policy which began being enforced on June 22 is as follows:

Under the Act of March First, 1918, it becomes necessary for the United States Railroad Administration, prior to June 1, 1918, to examine the responsibility created by Section 14 of that Act of determining what railroads or parts of railroads it is not prudent or desirable shall continue under Federal control.

So far as it has been practicable in such a complicated matter to develop the facts up to the present time, it has become apparent that there are large numbers of the shorter railroads whose Federal control is not needful or desirable.

The Railroad Administration has, therefore, provided that all such railroads be relinquished, except in cases where it has already been ascertained that it is needful and desirable that such railroads shall be under Federal control.

In taking this action the Railroad Administration is mindful of the **paramount importance of preserving unimpaired the local public service performed by the railroads** which may thus be relinquished and is also solicitous that no injustice shall be done to the owners of such rail-

roads. It may be that the creation of Federal control over railroad systems in general will tend to change unfavorably the situation of many of these smaller railroads, unless special care shall be taken to avoid such unfavorable results, with consequences detrimental both to the local public service and to the just interests of the railroad owners.

To avoid these consequences and to preserve in every reasonable respect a status for the railroads so relinquished as favorable as that which they enjoyed during the three-year test period (the three years ended June 30, 1917), great care will be taken to see that the railroads so relinquished are given fair divisions of joint rates, are insured a reasonable car supply—circumstances considered—and are protected against any undue disturbance in the routing of traffic.

In order to make sure that a continuing study and supervision shall be provided for the carrying out of the policy thus outlined, there will be created at once in the Railroad Administration's Division of Public Service and Accounting a Short Line Railroad Section, the manager of which will be charged with the special duty of ascertaining what is necessary in order to give as to these matters reasonable protection to the railroads relinquished.

It may be that instances will appear where Federal control of railroads now relinquished is, in fact, needful or desirable. In such cases there will be no hesitation in taking the action necessary to put such railroads under Federal control.

In general it is the definite policy of the Railroad Administration to see that all short line railroads receive fair and considerate treatment.

I approve the above policy and announcement

(Signed) WOODROW WILSON

There is chaos in the short-line railroad situation. Whether the President will sign or veto the joint resolution, passed by both houses of Congress, without a roll call, nobody knows. The Railroad Administration officials were inclined to think, on July 2 (the day on which they recovered their breath, lost on account of what Congress did to their simple extension resolution) that they had made a mistake in asking Congress to extend the time during which the President might make up his mind what to do with the short lines. They were inclined to think, according to reports reaching the short line officials, that they had invited the camel to put his nose into the tent with the usual result.

While the blanket announcement of relinquishment was given out as of June 29 (ignoring the act of June 22) the list of relinquished roads was still an unsettled question on July 3. That is to say, it was not completed, although the officials handling the subject were ready and did tell inquirers what had been done, if anything, with the particular road in which the inquirer was interested.

Three lists were in course of preparation; rather, the roads that had been under consideration were being divided into three classes namely, those retained, some that were provisionally relinquished," and those that had been thrown out without hope of redemption. The provisionally relinquished roads, it was unofficially explained are those which, if those interested knocked on the Administration's door, would be asked to come in and talk about the possibility of the government making a contract for their retention. The three lists are given herewith, as they stood at the beginning of business July 3:

RETAINED

Atlantic & Southern, Arkansas Central,
 Chicago & Northwestern, Chicago Milwaukee & Great, Colum-
 bian & R. R.,
 Florida & Lake Superior,
 Kansas City & Sleeping Car's R. R., Fort Dodge, Des
 Moines & Southern,
 Great Northern, P. R.,
 Missouri Valley,
 Northern Omaha & Kansas City,
 Rock Island & Charleston,
 St. Louis & Omaha,
 Western & Southern, Whitesville & Teunille.

PROVISIONALLY RELINQUISHED.

Atlantic Ocean & Yorkstown, Alabama, Florida & Gulf, Ala-
 bama, Port Jervis & Northern, Andover & Northern, Arcade &
 Atlantic, Astoria & Louisiana, Atlanta & St. Andrews Bay,
 Augusta & Worcester.
 Atlantic Ocean & Chocoma, Birmingham & Northwestern, Boyne
 City, Chicago & Mexico, Bristol R. R.
 Cambridge & Ipswich, Cape Girardeau, Northern, Carolina &
 Northern, Chicago, Clinton & York, Valley Central R. R. of Ore-
 gon, Elkhartsville Valley, Clinton & Oklahoma, Western, Colo-
 rado, Miami & Columbia, Newbury & Lourens, Coudersport &
 Lake Erie, Erie.
 Durham & Mt. Morris, Deep River R. R., Durham & South-
 ern, Durham & St. Charles, Carolina.
 East Carolina, East Georgia, Edgemoor & Marietta, Elkin &
 Virginia.
 Elgin & R. R., Flint River & Northeastern, Florida, Alabama
 & Gulf, Fort Smith & Western, Frankfort & Cincinnati,
 Greenville, Maryland, Georgia & Florida, Georgia Coast & Pied-
 mont, Georgia, Florida & Alabama, Georgia Northern, Georgia
 Savannah, R. & Gulf, Greene County R. R.
 Greenacres, Lake Shore & Chicago.
 Hugobon Valley, Live Oak, Perry & Gulf, Lorain R. R., Louis-
 iana, New Albany & Corydon.
 Marietta, Towanda & Western, Maxton, Alma & South-
 western, Meridian & Memphis, Middletown & Unionville, Min-
 neapolis, Anoka & Cayuga Range, Montana, Wyoming & South-
 ern, Montana R. R., Morristown & Erie.
 Northwestern R. R. of South Carolina.
 Ohio & Southern, Orangeburg Ry.
 Pecos Valley, Southern, Pelham & Havana, Pine Bluff &
 Northern, Pittsburgh & Susquehanna, Prescott & Northwestern,
 Randolph & Cumberland, Raritan River R. R., Roanoke River
 Ry., Rockport, Leonard & Northern, Roscoe, Snyder & Pacific,
 Savannah & Atlantic, Sabine Northern, Savannah & States-
 bore, Sheffield & Tronesta, Smoky Mountain Ry., South Geor-
 gia.
 Talbotton R. R., Tampa & Jacksonville, Tayvares & Gulf, Ten-
 nessee, Alabama & Georgia, Tennessee Ry., Tremont & Gulf,
 Tuckerton Ry., Twin Mountain & Potomac.
 Union & Glen Springs.
 Valhalla, Monticue & Western.
 Washington & Choctaw, Waterloo, Cedar Falls & Northern,
 Wildwood & Delaware Bay Shore Line.
 Youngstown & Ohio River.

REJNOVISED.

Aberdeen & Rockfish: Alabama & Mississippi: Alabama Cent-
 ral: Abbeville R. R.: Atmore Northern: Americus & Atlantic: An-
 gelina & Neches Rivers: Appalachicola & Northern: Appalachian
 Ry.: Anniston Harbor Terminal: Atlantic, Waycross & Northern:
 Augusta Northern.
 Bartlett Western: Birmingham & Atlantic: Birmingham &
 Southeastern: Birmingham, Columbus & St. Andrews: Birming-
 ham, Selma & Mobile: Blytheville, Bartlett & Mississippi River:
 Bonlee & Western: Bowdon Ry.: Brooksville & Wellsburg: But-
 ler County R. R.
 California & Oregon Coast: Carrollton & Worthville: Cassville
 & Western: Cazenovia Southern: Cedar Rapids & Iowa City:
 Charles City Western: Charlotte Harbor & Northern: Ches-
 eapeake Western: Chicago, Harvard & Lake Geneva: Clarendon
 & Pittsford: Cliffsid R. R.: Combs, Cass & Eastern: Cumber-
 land & Manchester.
 Danbar & Wausauken.
 East Tennessee & Western North Carolina: Eastern Kent-
 ucky: Ellerton & Eastern: Electric Short Line: Emmetsburg
 R. R.
 Fernwood & Gulf: Fourche River Valley & Indian Territory:
 Franklin & Abbeville.
 Gainesville & Northeastern.
 Galveston Northern: Gideon & North Island: Glenora & West-
 ern: Gould Southwestern: Grasse River, Groveton, Lufkin &
 Northern: Gulf, Florida & Alabama: Gulf, Texas & Western.
 Hampton & Branchville: Hickory Valley: Hill City Ry.
 Iowa Southwestern: Ironton R. R.
 Jefferson & Northwestern.
 Kansas City & Memphis: Kansas City Northwestern: Kent-
 ucky & Tennessee: Kentucky Midland: Kishacoquillas Valley
 R. R.: Knoxville, Sevierville & Eastern: Kosciusko & South-
 eastern.
 La Crosse & Southeastern: Lancaster & Chester: Lancaster,
 Chester & Southern: Laurel Ry.: Laurel Fork: Lawndale Ry. &
 Terminal Co.: Linnville River: Little River R. R.: Louisiana &
 Northwest: Louisiana & Pine Bluff.
 Madison County Ry.: Madison Southern: Manchester & Oneida:
 Memphis & Ripon: Marion & Pike's Peak: Marion & Eastern:
 Marshall & East Texas: Miami Mineral Belt: Middle Tennessee:
 M. P. and Northwestern: Miltoan Air Line: Minneapolis &
 River: Modesto & Empire Traction Co.: Monson R. R.:
 Morehead & North Fork: Morgan-Fentress Ry.: Moscow, Cam-
 den & San Augustine: Mount Airy & Eastern: Mt. Jewett, Kin-
 zing & Intervale: Murren & Western.
 Nevada, Primm & Ruston: Nevada Copper Belt: Nevada
 County: Narrows Gange: New Orleans: Indiana & Illinois: New Or-
 leans & Lower Canal: New Park & Eawn Grove: North Louis-
 iana & Gulf: Norwood & St. Lawrence.
 Omaha & Southwestern: Oklahoma, Kansas & Missouri: Oneida
 & Western.
 Paris & Mt. Pleasant: Pickens R. R.: Pickens & Webster
 Springs: Potomac Creek R. R.: Puget Sound & Cascade.
 Railway Valley: Rapid City: Black Hills & Western: Red
 River & Gulf: Rio Grande & Eagle Pass: Rockcastle River Ry.:
 Rockport & R. R.
 Salem, Winona & Southern: Sandersville R. R.: Sand Springs
 Ry.: San Lou. Southern: Sardes & Delta: Savannah, Hinesville &
 W. Rd.: Sharon-Altozha: Shreveport Ry.: Shreveport, Hous-
 ton & G. W. Southern Ry. & Navigation Co.: Statesville Ry.:
 Sugar Land Ry.: Sumter & Choctaw.
 Tennessee & North Carolina: Tennessee, Kentucky & North

ern, Texas Short Line; Texas State R. R.; Timpson & Henderson, Tonopah & Goldfield; Tonopah & Tidewater, Trinity Valley, Southern
Tulsa & North Fork,
Valley & Silec; Valley R. R.; Virginia Blue Ridge,
Ware Shoals, Warren & Ouachita Valley; Warrenton R. R.;
Washington & Old Dominion; Watouga & Yadinik River; Way-
cross & Southern; Waycross & Western; Wellington & Powells-
ville; White River R. R.; White Sulphur & Huntersville; Wil-
mington, Brunswick & Southern; Winfield R. R.; Wiscasset,
Waterville & Farmington; Wisconsin Northwestern.

NON-CLASSIFIED RELINQUISHMENTS.

Fredericksburg & Northern.
Gulf Ports Terminal.
Carolina & Northeastern.
New York Dock.

CONDITIONALLY RELINQUISHED.

Kansas City, Mexico & Orient.

The short-line extension resolution as passed by both houses is as follows:

Resolved, etc., That the time within which the President may relinquish control of all or any part of any railroad or system of transportation, further Federal control of which the President shall deem not needful or desirable, as provided in Section 14 of said act, be, and it is hereby, extended to and including January 1, 1919: Provided, however, That the right conferred upon the President to relinquish prior to July 1, 1918, control of all or any part of any railroad or system of transportation without consent of the carrier as provided in Section 14 of an act approved March 21, 1918, entitled, "An act to provide for the operation of transportation systems while under Federal control, for the just compensation of their owners, and for other purposes," which right is herein extended to and inclusive of January 1, 1919, shall not be construed to include any railroad engaged as a common carrier in general transportation such as mentioned in Section 1 of said act not owned, controlled or operated by another carrier company and which has heretofore competed for traffic with any railroad or railroads of which the President has taken and retained the possession, use and control; it being the intent of Congress that every railroad not owned, controlled or operated by another carrier company and which heretofore has competed for traffic with a railroad or railroads which the President has taken and retains the possession, use or control or which connects with such railroad and is engaged as a common carrier in general transportation shall be held and considered as within Federal control as defined in said act and to be entitled to the benefits of all the provisions of said act so long as the railroad or railroads with which it has heretofore competed for traffic or with which it connects shall be retained under Federal control: Provided, further, That nothing in this resolution or in the said act of March 21, 1918, shall be construed as requiring the President either to take or retain the possession, use and control of any street railway, whether the same be owned, controlled or operated by another carrier company or not, nor to require the President to take or retain the possession, use and control of any interurban or other similar railroad which does not receive at least 25 per cent of its operating revenue from the transportation of freight, and which prior to December 29, 1917, did not have through routes or joint rates with one or more steam-road carriers.

INTERLINE PASSENGER REVENUE

The Traffic World Washington Bureau.

The Railroad Administration July 2 published what it calls simplified bases for apportioning interline passenger revenues (General Order No. 32), applicable primarily to lines under federal control. Lines not under such control, however, may have the benefit of such simplification by making arrangements therefor. The order is as follows:

Effective with the settlement of interline passenger accounts for the month of June, 1918, and thereafter, during the period of Federal control, the following rules and regulations shall govern the apportionment of revenues from the sale of tickets, collection of excess baggage revenues and other analogous revenues derived from interline passenger service by one road under Federal control to other roads under such control:

(1) Interline passenger revenue shall be apportioned to interested carriers under Federal control by the initial carrier on bases of mileage applying via route over which the service is performed.

(2) Each selling carrier shall determine monthly:

(a) The total passengers carried one mile separately for each carrier over whose line tickets are sold.

(b) The total revenue applicable to the total passengers carried one mile, as determined by (a).

(c) The average revenue per passenger per mile by dividing the total revenue (b) by the total passengers carried one mile (a); such average to be extended to four points beyond the decimal.

(d) The revenue accruing to each carrier by multiplying

the passengers carried one mile for each carrier (a) by the average revenue per passenger per mile (a).

(b) The revenues derived from the various classes of traffic, such as mileage and scrip exchange passage tickets, excess train fare tickets or coupons, etc., which are based upon rates other than three (3) cents per mile, shall be eliminated from the regular sales and apportioned separately on the passengers-carried-one-mile basis. This should also be done in the case of special excursion, military or other traffic interchanged between two or more carriers where, if included, it would serve to distort the average revenue per passenger per mile that would obtain for other carriers interested in the distribution of the entire sales.

(c) Excess baggage revenue shall be divided on the same general basis.

(d) A carrier which, on and after June 10, 1918, may have a standard rate of fare in excess of three cents (3c) per mile, shall be allowed, in the apportionment of revenue on interline tickets, a constructive mileage, such constructive mileage shall be based on the ratio that the excess rate bears to the standard rate of three cents (3c) per mile. Carriers should not claim constructive mileage when fares to be divided are not made a combination of the local fares based on the higher rate per mile. Revenue derived from such traffic should be apportioned as provided in paragraph 3.

(e) The selling carrier shall be held responsible for the correctness of rates and the collection of the proper revenues derived therefrom.

(f) The initial or reporting carrier shall be held responsible for the prompt and proper reporting and distribution of interline revenues collected by it in the manner herein prescribed. Claims should be made for unreported tickets. Claims for substantial errors in apportionment, due to the use of erroneous mileage or erroneous average revenue per passenger per mile, shall, if correct, be accepted and adjusted in reports for the subsequent month. Claims for arithmetical errors, such as errors in calculation, addition, etc., which affect a single carrier's proportion to the extent of \$5.00 in any one item, shall likewise be made, and if correct, adjusted; no adjustment shall be made for such errors under \$5.00.

(g) Land grant revenues and revenues affected by land grant expropriations, shall, until otherwise ordered, be reported and apportioned separately on bases heretofore applicable.

(h) Arbitrations on account of water transfers, bridge tolls, omnibus and baggage transfers and other similar arbitrations heretofore considered in the division of interline fares, shall be allowed to the carrier to which such arbitrations accrue. Proportions according to carriers not under Federal control, including boat and stage lines, etc., shall also be determined and allowed on regular bases heretofore in effect, and reported direct to such lines; such arbitrations and proportions shall be deducted from the gross revenue and the remainder shall be used in establishing the average revenue per passenger per mile for apportionment of revenues to carriers under Federal control.

(i) Interline passenger revenues shall be reported to interested carriers in such manner and on such forms as may be prescribed by the Director of Public Service and Accounting in instructions to be issued by him, which instructions shall be complied with. For the present, the standard association form of blanks may be used.

(j) The methods herein prescribed for apportioning interline passenger revenues should be extended to carriers not under Federal control as far as practicable; therefore, should carriers not under such control desire to avail themselves of the simplified bases for apportioning interline passenger revenues, as herein prescribed, in conjunction with carriers under such control arrangements may be made between such interested carriers for the extension of such methods.

SALE OF TICKETS.

The sale of railroad tickets out of Washington has been greatly facilitated by the arrangement at the Union Station of special windows for tickets to Baltimore, Philadelphia, Wilmington and New York, says a Railroad Ad-

ministration press statement. These tickets can now be handled as rapidly as theater admissions. In the past persons desiring to purchase these standard tickets have sometimes had to wait in line while tickets covered by more complicated rates were being worked out. The result of the change has been to facilitate the sale of both classes of tickets. A large proportion of the travel out of Washington is to the points mentioned. Similar arrangements are being made in other large cities wherever it is possible thus to care for standardized tickets for which there is a heavy demand.

WOMEN TICKET SELLERS

Because of the need for skilled ticket sellers and the difficulty of obtaining enough trained men, the Railroad Administration has opened schools in several sections of the country for training women to fill these positions.

The present force of trained men ticket sellers will be retained wherever possible, because of the expert character of their work, but it has been found necessary to supplement their activities with women. This is due partially to increase of traffic and partially to the loss of men to the army and navy.

When thoroughly trained, women ticket sellers will be paid the same salaries as men doing the same work. Already enough applications have been made to fill the schools for the present.

After preliminary training of from one to two months the women who show aptitude will begin selling the simpler form of tickets and gradually will be worked into the sale of more complicated forms.

TICKET OFFICE CONGESTION

The Traffic World Washington Bureau.

Annexes to the consolidated ticket offices established by the Railroad Administration are to be set up in the cities where there is a considerable amount of government business. The first of them was established in Washington July 1, on order from the Director-General. It adjoins the consolidated ticket office and is located in a space given up that day by Wells Fargo & Co., because the new American Railway Express Company reduces the number of offices the separate companies have heretofore maintained.

The move by the Director-General to increase the ticket selling facilities is not a surprise. Long ago the Railroad Administration men began having doubts as to whether all the business intended to be transacted in the consolidated ticket office could be carried on there. Persons desiring to buy tickets often had to wait the greater part of an hour. Some complainants alleged that they had to wait more than an hour. The facetiously inclined ones remarked that they had to apply three days before they intended traveling for the simple pasteboard a railroad uses on its own rails. In announcing the enlargement of the ticket-selling space and force, the Railroad Administration said:

Congestion at the consolidated ticket offices in large cities results in part from an abnormally heavy passenger travel and in part from the recent advance in fares which came at a time when the ticket offices were carrying their peak load for the season and which has slowed up the sale of tickets to a considerable extent. Another factor which has increased the burden of these offices is the recent authorization of a rate of a cent per mile for soldiers and sailors on furlough. Many men in the service are taking advantage of the low fare and the work of issuing these tickets involves more or less delay.

The Director-General has instructed that steps be taken promptly to remedy these conditions and arrangements have been made to open an annex to the Washington consolidated ticket office in the room formerly occupied by the Wells Fargo Express Company, located in the same building as the ticket office. In this office government orders, military, navy and other business, the transaction of which requires extended time, will be cared for. Other short cuts will be adopted in the sale of tickets, both in the consolidated office at 13th and "F" streets and in the Washington Terminal, and the forces in both offices will be augmented.

The conditions which obtain in Washington also exist in New York City and other large centers and like action will be taken in those cities to insure adequate service to the public.

INTERLINE FREIGHT REVENUE

The Traffic World Washington Bureau.

P. S. & A. Circular No. 7, issued by Director Prouty June 29, under date of June 24, says:

Our attention has been directed to the failure on the part of certain carriers to furnish other interested carriers with a copy of the divisions necessary to apportion interline freight revenues. These requests for divisions were to enable the destination carrier to apportion the revenues on traffic moving via usual routes in substantial volume, and the failure to supply divisions in such cases puts an unnecessary burden upon the settling carrier and necessitates the apportionment of such revenues on a mileage basis.

To the end that interline freight revenues covering traffic moving in substantial volume via usual routes may be apportioned as provided in General Order No. 21, all carriers are hereby notified that proper requests for copies of divisions should be promptly complied with, provided, however, if requests for divisions are made covering traffic moving in small volume over unusual or diverted routes, such requests should be referred back to the carrier making the application and its attention directed to the provisions of paragraph 4 of General Order No. 21.

FURNISHING OF CARS

The Traffic World Washington Bureau.

On account of the provision in General Order No. 28, requiring the imposition of a 25 per cent increase in rates for shipments, intra-switching district and inter-switching districts, from a consignor to a consignee, W. C. Kendall, manager of the car service section, felt constrained to make a ruling, in Circular CS-14, that it is the duty of the line that is to have the revenue to provide the car. This is in line with decisions of the Interstate Commerce Commission. The circular is as follows:

1. (a) When cars are to be loaded to destinations within the same switching limits in which the shipment originates the obligation of supplying equipment ordered rests with the road upon which the car is to be loaded.

(b) When cars are to be loaded on a switching line to destination beyond the switching limits, primary obligation for equipment ordered rests with the carrier road which is to receive the loaded car for road haul, subject to paragraphs 2 and 3.

2. A road haul line loading cars in switching service destined to points beyond the switching limits on another carrier road shall furnish the equipment from such supply as may be available within such switching limits and such carrier roads will make necessary equalization locally within weekly periods.

3. A terminal switching line loading cars in switching service destined to points beyond the switching limits on a carrier road shall furnish the equipment from such supply as may be available on its rails, and when equipment required is not available, will call upon the carrier road to furnish necessary cars under paragraph 1 (b).

4. The use of equipment as above is subject to car service rules, and exceptions may be made only upon authority

of the Car Service Section or the Regional Director having jurisdiction.

5. Shippers will be required to place order for equipment desired with proper representative of the road on which cars are to be loaded.

FIRST ENGINE COMPLETED

The Traffic World Washington Bureau.

The Director-General was advised July 2 that the Baldwin works had completed the first engine of the 1,415 ordered by him. This is ample for inspection. Real deliveries are expected in August.

Care to be precise was shown in the Railroad Administration statement. It said that the engine is "completed and ready for inspection." That language means, to the men who have been buying locomotives, no more than that the company has completed a sample of what it hopes the Administration will allow it to deliver under its contract. The announcement follows:

Director-General McAdoo was to-day notified by the Baldwin Locomotive Works that the first one of the 1,415 locomotives recently ordered by the U. S. Railroad Administration has been completed and is ready for inspection. The order for the 1,415 locomotives was divided between the Baldwin Locomotive Company, the American Locomotive Company and the Lima Locomotive Works.

MILEAGE BOOKS WANTED

The Traffic World Washington Bureau.

Elimination of mileage books has stirred into action the associations of commercial travelers which, by means of appeals to state legislatures, were able, while the general basis of rates was three cents a mile, to bring about the issuance of books on the two cents a mile basis. The commercial travelers were on that basis long before any state prescribed it for the general public.

At their informal hearing before Luther M. Walter and Gerrit Fort June 28, the traveling men were represented by Tim Healy and Samuel Blomberg, of the National Council of Traveling Salesmen of America; J. C. Lincoln, of the New York Merchants' Association; L. M. Gerson, Ernest Grant and A. P. Fleckenson, a committee representing the United Commercial Travelers of America; Aaron Newman, the Far Western Commercial Travelers; and Bernard M. Levy, the southern traveling men.

They asked for mileage books on the basis of 2.25 cents and certainly not higher than 2.375 cents a mile. They received no encouragement.

LABOR AGREEMENTS

The Traffic World Washington Bureau.

Arbitrations or any other kind of settlements of controversies between a railroad company and its employees, not in accordance with the rules and regulations prescribed by the Director-General, will not be binding, it is inferred from circular No. 39, issued by the Director-General on July 3. It says:

Order No. 13 created Railroad Board of Adjustment No. 1, to which board all disputes between railway employees, members of certain organizations and the several railroads, that cannot be satisfactorily adjusted, are to be referred for investigation and disposition. Order No. 29, creating Railroad Board of Adjustment No. 2, carries with it a like assignment of duties. Where controversies are not amicably adjusted and where they do not fall within the provisions of General Orders 13 and 29, they are to be referred to the Director, Division of Labor, United States Railroad Administration.

My attention has been called to an arbitration held by

agreement between the employees and officials of a certain railroad to adjust matters in controversy in a different manner than that prescribed herein.

In order that uniformity of application of decisions affecting labor matters may be preserved, no agreement should be reached between officials and employees of any railroad to adjust their differences in any other manner than prescribed in Orders 13 and 29, and by other orders hereafter issued.

ILLINOIS CLASSIFICATION MAY GO

The Traffic World Washington Bureau.

Acting on the order of Director Chambers, J. G. Woodworth, representing the western region, and Ben Campbell, the eastern region, are making inquiries as to why the Illinois classification should not be superseded by Official Classification and Central Freight Association rates be put into effect there. The director is of the opinion that unless an exceptionally strong showing can be made in behalf of the Illinois committee production it should be abolished and Official and Western classifications brought right up against each other instead of having the Illinois buffer between them.

When General Order No. 28 was issued the Railroad Administration promised the Illinois commission that its classification should be continued and that before it was set aside shippers and the commission should have an opportunity to be heard. Messrs. Woodworth and Campbell are now giving them that opportunity to show why it should not be abolished. The chief reason for its existence is the fact that the railroads, in making up their classification territories, divided Illinois and thereby gave the Illinois authorities preceding the present commission a reason for trying to ameliorate the condition that prevails where there is a change in classifications on traffic moving from one territory to another. Illinois, on state business, desired uniformity and procured it by making a classification of its own. The railroads, on account of the importance of Illinois local business, had to allow it to influence interstate business.

CHANGES IN SAFETY BUREAU

The Traffic World Washington Bureau.

The safety bureau of the Interstate Commerce Commission July 1 came near going out of business. On that day H. W. Heinap, the chief, and Frank McManamy, the chief boiler inspector, resigned their places to accept appointment under the Railroad Administration. The former became manager of the safety section of the division of operations in the Railroad Administration. McManamy became manager of the locomotive section in the division of operation and mechanical assistant to Director Gray. While they have changed pay rolls, their work will be about the same as that which they have been doing.

RAILWAY REVENUES

The Traffic World Washington Bureau.

In the first summary of reports for May, one hundred and twenty-three railroads show a recovery in the eastern district almost to the level of 1917, operating income being \$31,186,615, compared with \$33,923,488 of May last year. The southern district ran a million and a half ahead, but the western was more than ten million behind. For the country as a whole the income was twelve million behind. On the five-month period the income was only \$186,987,144, as compared with \$295,183,970, the big losses being in the eastern and western districts.

MISSISSIPPI BARGE LINES

The Traffic World Washington Bureau.

Favorable report on the plan to construct barge lines on the Mississippi River to relieve railroad congestion has been made to Director-General McAdoo by Charles A. Prouty, director of the division of public service of the Railroad Administration.

Director Prouty is out of the city. None of his assistants will admit that such a recommendation has been made to the Director-General. However, inasmuch as about the whole of the Mississippi and Ohio valleys appeared in behalf of the project of putting barges on the stretch of the river between St. Louis and New Orleans, many senators and representatives have been following the subject closely.

There is a barge line on the upper river, but the barges carry chiefly iron ore and the service therefor inures chiefly to the benefit of the company in which National Committeeman Goltra has an interest. The men interested in the lower river think they are entitled to as much consideration as has been shown to the upper, and when they are grouchy they add "and Mr. Goltra."

U. S. ADVANCES TO RAILROADS

The Traffic World Washington Bureau.

Nineteen railroads received advances aggregating \$26,195,000 from the government in June, including \$16,610,000 demand loans at 6 per cent and the remainder on account of rental or compensation. The Railroad Administration announced June 30 that this brought the total advanced railroads by the government in the six months of federal operation to \$160,509,000. All funds came from the half billion dollar revolving fund except \$18,745,000, which was turned over to the Railroad Administration from a few railroad surplus balances.

"There is at the present time," the announcement said, "an encouraging diminution in the pressure to borrow from the government to meet the financial needs of the railroads."

"Owing to improved money conditions and better earnings, the railroads of the country are showing increased ability to provide for their own financial requirements, both in the matter of meeting maturing bond issues and in securing funds for improvements and additions to their property."

WAR DEPARTMENT ORDERS

Circulars from regional directors repeat to the railroad officials the following letter received from H. M. Adams, chief, Inland Traffic Service, War Department:

"1. Referring to Bulletin No. 26, issued by the Car Service Section, United States Railroad Administration, dated Washington, D. C., June 23, reading as follows:

"Car Service Section Circular C. S. No. 3, dated February 25, in connection with orders No. 1 and 2 issued by the Director of Inland Transportation, War Department, provides that government freight destined to certain ports will move only on transportation orders issued by the Director of Inland Transportation (chief, Inland Traffic Service), War Department.

"War Department freight is arriving at restricted ports without being authorized by transportation orders, indicating that same agents are failing to observe instructions contained in our Circular No. C. S. 3, and orders Nos. 1 and 2.

"Please re-issue instructions to all concerned at once so that carload War Department freight destined to restricted ports which may be offered for transportation will be refused until proper transportation order is received.

"It is only by such handling that the War Department will be able to control the movement of their freight and prevent accumulations at ports.

"2. It is necessary that the movement of War Department property to the several North Atlantic ports, referred to in our Order No. 2, copy of which is attached hereto for ready reference, be controlled to prevent congestion of terminals and to permit a rapid and orderly movement of that for transshipment overseas. The Inland Traffic Service was established for that purpose and given supervision over the movement of property within the United States for account of all divisions of the Army.

"3. Except as specifically provided in Order No. 2, the plan of operation provides that no property shall be accepted and moved by the carriers until and unless a War Department Transportation Order has been provided by the shipper and the success of the arrangement, even though there are many failures to comply with the instructions, is such as to indicate its value and the necessity for its continuance, particularly during the coming period of heavy demands upon the transportation systems of the country.

"4. Failures, both on the part of shippers, including Army officers and the carriers' agents, to comply with the order come to our notice each day and your attention is called particularly to the situation with a view to enlisting your active assistance in preventing the acceptance and movement of property to the embargoed ports, except in accordance with the provisions of our Order No. 2 and Car Service Section Circular No. C. S. 3, dated February 25, 1918.

"5. One of the common instances of failure is the acceptance of property on the authority of Transportation Orders which have expired by limitation."

You have been furnished with copies of War Department Order No. 2, February 18, 1918, and Supplement No. 1 to Order No. 2, May 1, 1918. If additional copies of these War Department issues are wanted, application should be made direct to Mr. H. M. Adams, chief, Inland Traffic Service, War Department, 428 State, War and Navy Building, Washington, D. C., for them.

APPOINTMENTS BY HOLDEN

Hale Holden, regional director, July 2 announced the appointment of H. A. Scandrett as his traffic assistant and F. E. Clarity as transportation assistant, effective at once.

At the same time Mr. Holden announced the appointment of William Sproule of San Francisco as district director, with jurisdiction of all railroad lines in the central western region west of Ogden and Salt Lake City, Utah; Albuquerque, N. M., and El Paso, Tex., and south of Ashland, Ore. Mr. Sproule, who is the president of the Southern Pacific, will make his headquarters in San Francisco.

Mr. Scandrett is at present assistant director of traffic and commerce counsel of the Union Pacific in Chicago. Mr. Clarity is superintendent of transportation of the Denver & Rio Grande and his headquarters have been in Denver.

Federal managers for several western roads were appointed as follows:

W. B. Storey, vice-president of the Santa Fe, in charge of operation, was appointed federal manager of that line and will take complete charge of its operation and management in all departments.

J. E. Gorman, president of the Rock Island, is appointed federal manager of that property for all lines within Mr. Holden's jurisdiction. He had already been appointed manager of the rest of the Rock Island system by B. F. Bush, regional director for the southwest.

W. G. Blerd, president of the Chicago & Alton, is made federal manager of that line and of the Chicago, Peoria & St. Louis.

W. J. Jackson, formerly receiver for the Chicago & Eastern Illinois, takes charge of that road and of the Evansville & Indianapolis and the Chicago, Terre Haute & Southern.

E. E. Calvin, president of the Union Pacific, is made federal manager of that road and of the Oregon Short Line and allied roads.

C. M. Kittle is made federal manager of the Illinois Central.

W. R. Scott is to manage the Southern Pacific and the Western Pacific, with headquarters at San Francisco.

E. L. Brown is placed in charge of the Denver & Rio Grande.

G. F. Hawks is made general manager of the El Paso & Southwestern Lines.

J. E. Taussig is made general manager of the Wabash lines west of St. Louis.

The appointment of Mr. Storey to take charge of the Santa Fe under government administration takes the responsibilities of control of that line from its president, E. P. Ripley, who has been head of the Santa Fe for twenty-two years. Mr. Ripley is expected, however, to remain as president of the corporation.

APPOINTMENTS BY WINCHELL

Regional Director Winchell announces the following appointments:

Lyman Delano, federal manager, Atlantic Coast Line Railroad and Winston-Salem Southbound Railway; office, Wilmington, N. C.

J. P. Beckwith, general manager, Florida East Coast Railway; office, St. Augustine, Fla.

RAW COTTON TO SPAIN

The Traffic World Washington Bureau.

The War Trade Board, June 26, reduced the transportation rate on raw cotton to Spain to \$7 per 100 pounds by instructing customs inspectors not to allow such cotton destined to Spain to be brought to any dock on an export license dated June 25 or later, unless the shipper's declaration shows it is to be carried for \$7 or less, including primeage. The board desires all shippers to take notice of its ruling.

WARNING TO COAL USERS

A. H. Smith, regional director, has issued the following warning to coal users:

The railroads are now, and will continue to be, heavily burdened with war freight, not the least of which is coal, both for industrial and domestic purposes.

Mines are better able to produce, and railroads are more efficient in moving, coal during the spring and summer months than during the later seasons.

Do not depend on winter deliveries of coal. So far as is possible, make provision during the summer, when freight movements are necessarily diminished. The fuel administration urges it; the Railroad Administration joins in extending the admonition. Both are co-operating in satisfying, to the greatest degree possible, the fuel demands of the country, and both are asking the help of coal consumers in carrying forward their plans.

EXPORT LICENSES

The Traffic World Washington Bureau.

The War Trade Board announces as follows the adoption of new rules and regulations governing the expiration dates of export licenses which will be effective as to all clearances issued on and after July 15, 1918, and the revocation on July 15, 1918, of the existing regulations:

On and after July 15, 1918, export licenses shall be deemed to have been used within the period of their validity—

(A) If the through export bill of lading is issued and signed on or before the expiration date of the license and subsequent to October 9, 1917; or

(B) If the ocean bill of lading is dated on or before the expiration date of the license; or

(C). If the dock receipt is dated on or before the expiration date of the license, and the ocean bill of lading covering the same shipment is dated not later than thirty days after the expiration date of the license, or

If the dock receipt is dated on or before the expiration date of the license and prior to July 15, 1918, and the ocean bill of lading covering the same shipment is dated not later than thirty days after July 15, 1918.

(D). If the railroad notice of arrival issued at the port of exportation is dated on or before the expiration date of the license, and if the ocean bill of lading covering the same shipment is dated not later than ten days after the expiration date of the license. Provided, That the provisions of this paragraph (D) shall apply only when the merchandise is exported on vessels loading at railroad docks where dock receipts as provided in paragraph (B) cannot be issued by the vessels or its agents.

On and after July 15, 1918, shippers shall prepare and deliver to the railroad agent issuing a through export bill of lading one additional copy of such bill of lading, which copy will be mailed by the issuing railroad agent to the Bureau of Exports, War Trade Board, Washington, D. C., after there has been noted thereon the port of exit through which the shipment will pass.

Shippers who have goods in transit on through export bills of lading issued subsequently to October 9, 1917, and prior to July 15, 1918, and whose goods have not actually cleared from the United States prior to July 15, 1918, must mail immediately to the War Trade Board, Bureau of Exports, Washington, D. C., a copy of such through export bill of lading giving the port of exit from the United States as well as the number of the export license under which the shipment was made, so that the War Trade Board may affix the clearance for such shipments.

LIVE STOCK MOVEMENTS

Regional Directors Ashton and Holden have issued the following supplement No. 2 to circular No. 144, live stock movements, South Omaha to Chicago and points east and north.

In order to provide for movement of live stock in the most economical and efficient manner to all interested, effective July 1, shipments from South Omaha destined to Chicago and points east and north, bound, will be consolidated on the following rates:

C. R. & Q.	Monday
A. N. & W.	Tuesday
Chicago Central	Wednesday
C. R. I. & P.	Thursday
M. & St. P.	Friday and Saturday

It must be understood that shippers' requests will be respected as far as movements to feed lots are concerned, and requests will be made on any week day in which on which feed lots are located.

MILEAGE ON TANK CARS

The Traffic World Washington Bureau

The Railroad Administration has not yet acted on a recommendation from the car service section that while the railroads are under government control no effort be made to equalize mileage on loaded and empty tank cars. It has been pending for some time and may be acted on within a few weeks, because under the car service rates the balance for the year is struck as of June 30.

Car service rule 14 (a) says: "Should the aggregate of the mileage of any owner's cars on June 30 of each year, or at the close of any such yearly period as may be mutually agreed upon, exceed the aggregated loaded mileage, such excess must be paid for by the owner, either by an equivalent loaded mileage during the succeeding six months, or at regular tariff rate plus the mileage that has been paid by the owner to the owners on such excess empty mileage. Any excess of loaded mileage over empty mileage of any owner's cars at the end of the accounting period will be continued as a credit

against the empty movement of such cars for the ensuing twelve months."

Inasmuch as the railroad, with known exceptions, are now under one control, the keeping of books to determine whether road has hauled tank cars belonging to Smith more miles empty than loaded is a waste of energy. The New York Central during government ownership is part of the Pennsylvania, and vice versa. However, there are many logical things that the Railroad Administration will do when it has time to change the rules and perform the routine work necessary to bring about changes. Equalization of empty and loaded tank car mileage, in the view of those who are handling the matter, is not one of pressing importance, especially in view of the fact that the end of the accounting period has only arrived and the necessity for an owner paying for excess empty mileage is not anywhere near pressing.

AMERICAN MUSEUM OF SAFETY.

Regional directops Ashton, Holden and Bush have issued the following:

In the list accompanying Supplement No. 5 to Circular No. 65, of our regulations which have been disapproved by virtue of General Order No. 5, is shown American Museum of Safety. Disapproval is revoked and this association should be included in the classified list of associations approved under Director General Order No. 6, under the heading "Miscellaneous."

CHICAGO DISTRICT TARIFF.

The following committee has been appointed to arrange for simplification of rates and the inclusion in one tariff of rates in territory of the Chicago District Freight Traffic Committee: S. G. Nethercot, chairman; B. F. Parsons, J. A. Beale, M. K. Crosby, J. B. Briggs, O. T. Cull.

LIGHT LOADING OF CARS.

G. R. Loyall writes to roads in the southern region as follows:

"Our attention has been called to the light loading of cars originating in some parts of the southern region, especially cars loaded with lumber.

"In view of the fact that cars are being moved empty long distances to supply the demand for lumber loading, will you kindly have attention given to the loading, in order to obtain the maximum capacity of the cars."

PREVENTING CORN FROM OVERHEATING

B. L. Winchell, regional director, sends the following circular to southern roads.

The Norfolk & Western Railway recently had in its possession several carloads of corn that was heating on account of excessive moisture. In order to preserve it, a hose and pipe was connected to air pressure tanks and compressed air at a pressure of from seventy to ninety pounds was blown through the corn at various points in the car. Before this operation the temperature was 107 degrees, during the hour that the operation was being conducted it was reduced to 80 degrees, with the result that the corn was saved and delivery thereof effected.

CONTROL OVER STATE RATES

(Continued from page 6)

rate such ruthlessness on his part in order to accomplish something that we think good we shall be in poor position to criticize when he uses the same usurped power to accomplish something we think bad.

The Canadian Railway Situation

Second of Two Articles on the Subject Written for the Traffic World by W. T. Jackman, M. A., Assistant Professor of Political Economy, University of Toronto

No policy has yet been formulated concerning the country's railways as a whole, and we venture the opinion that had the matter of the Canadian Northern been left to the present union government a different solution would have been found. Many of the newspapers of the country are loudly declaiming against private railways; and their incessant and vociferous appeals, frequently written by those who have never had any ability or opportunity to study the subject, are made to the public as if their statements were the last word. And, mirabile dictu, such is the caliber of one of the most aggressive members of the late and of the present cabinet that he openly declared that he did not "know any better way of forming the judgment of a public man than for him to study assiduously the editorial expressions" of the daily press. The farmers, largely influenced in their opinions by the bias of the newspapers and by the fascinating picture which has been placed before them as to the results of government ownership, have, in some instances, passed resolutions at their great gatherings urging the nationalization of all the railways as the only remedy which "will meet the conditions caused by the repeated blunders and extravagant railway policies of successive governments." And, strange to say, in making this last statement they are really condemning the very thing which they are ostensibly advocating! The hydro-electric interests of the province of Ontario have also been active in putting before the municipalities, and even before the Dominion government, the necessity of having railway nationalization, although Sir Adam Beck, the chairman of the Hydro-Electric Commission, would not have the Canadian Pacific included in the nationalization policy. With such a wide range of supporters, including some which we have not mentioned, government ownership has been widely heralded as the panacea for our ills.

Two other classes, which lack the clamorous propensity of those above mentioned, ought to be consulted before forming any conclusion regarding the issue at stake, namely, the laboring classes and the shippers. The writer has taken the opportunity to speak with members of these two groups, and among labor he finds them about equally divided; those in the lower positions of the railway service usually favor government ownership, because they think that under that system wages would be increased; but those in the higher positions of the service fear that if all the railways were put under government ownership we should simply have the perpetual repetition of the Intercolonial Railway management, only on a greatly enlarged scale. The low wages and the system of promotion of those engaged in the postal service would seem to be a sufficient answer to the former; and the apprehension of the latter is but too well founded. The shippers, in general, would expect lower rates under government ownership but they are convinced that the facilities for transportation would lack the tone and stimulus which now exist, and the settlement of claims would be indefinitely more prolonged. Here, it may be pertinent to say that if the laborers were constantly pressing for higher wages and the shippers were urging the expediency of lower rates, the government would not be so capable of resisting this pressure from both sides as would a private company;

and if the expenditures for labor were increased, while the revenues from lower rates were reduced, a large amount would have to be made up by general taxation.

War Comparison Futile

We have been pointed to the cases of Great Britain and the United States to show that government ownership has been wonderfully successful. The fact is that we have no means of knowing what the financial results have been in the former; and in the latter the short period of government control, especially with the many difficulties that have been encountered, would be insufficient as a basis of a judicious conclusion. In each case the roads were taken over as a war measure only, not to retain them permanently. In the case of Canada there is little, if any, need for such action, for the railways are already co-ordinated under a central organization and have not been subjected to the same strain as the roads in the other two countries. We would not minimize the operating results that have been secured in these countries through unified control; but the conditions of war are so wholly unlike those of peace that no comparison can be made concerning the working of the railways under the two diverse sets of circumstances.

We admit that a very roseate picture has been portrayed as to the extraordinary benefits to be secured from government ownership; and unless we had some means of correcting our perspective we might be deceived as to the effects. What do we find, for example, in England? Most people will agree that if government ownership is unsuccessful there is would be equally, if not more, unsuccessful here. There are some municipalities which have made their public utilities pay and have given good service. But what have been the results upon the wider scale? Look at the telegraph. The state took over this business in 1870, and Parliament was assured by those who prepared the scheme that the complete cost would be repaid out of profits in fifteen years, after which the taxpayers' burdens would be relieved by this ever-increasing revenue. But after the second year of operation by the state the profit entirely disappeared. The finances have yearly grown worse, until in the years just before the war the telegraph was costing the taxpayers not less than £1,400,000 per annum. Again, in 1911, the state completed the purchase of the telephones, the public having been made to believe that there was a great potential profit ahead by so doing. Before purchase, the state received from the National Telephone Company £350,000 a year; but this income disappeared and from 1911 to 1914 the receipts were barely enough to pay for the expenses of operation. Such results should give us deep concern before attempting state ownership of our railways, for the telegraph and the telephone are extremely simple businesses in contrast to the exceedingly complicated administration and operation of even one great railway.

Government Ownership in Canada

What has been the experience of Canada with government ownership? The history of the Intercolonial Railway is an outstanding example of an enterprise which has not paid any interest on the capital involved and, on the whole, has not paid more than operating expenses. We recognize also that the management has charged to capital account

very much which should have been charged to revenue account, and even by so doing the total revenue and total expenditures of operation have but broken even. We do not overlook, of course, the fact that this road was constructed for strategic considerations and to join the maritime provinces with the provinces of central Canada. But for similar reasons was the Canadian Pacific constructed and yet this road, in addition to fulfilling the original purpose intended has also paid good returns on the investment. The history of government telephones in Manitoba is another instance showing the influence of politics—unsatisfactory service, deficits in operation and unsound administration. The Temiskaming & Northern Ontario Railway is, doubtless, the best example of government ownership that we have in Canada; yet, even with the careful management of Mr. J. L. Ingelhart, the chairman of the government commission that manages this road no interest has ever been paid on the capital involved. It has done good pioneer service in opening up a new territory for development, but other roads privately operated have done this equally well and also paid a return on capital. The last government at Ottawa, in advocating that the Canadian Northern be taken over, was evidently willing to do so without any prospect of success, but in pure empiricism. The plain statement of a member of the government was that, after this railway had been acquired, "we shall be able to see whether or not government ownership can be made to pay and is in the interest of the people of the country. Our ability to make the railway pay is very doubtful, nor is it certain that we can operate it as cheaply and efficiently as it can be operated by private enterprise." This attitude of mere experimentation, with all its uncertainties, comes out also in the assertion of the Minister of Finance that "even if we do not succeed in managing them (i. e., the railways) quite as efficiently as private enterprise would manage them, still the advantages that will accrue to the public from public operation will more than counterbalance any defects in administration." What these so-called advantages would be he carefully refrained from stating. One cannot but feel that such a statement as this, from one intrusted with a high public office, offers no hope for the public in the government ownership of railways.

To transfer all the railways to the government and have no more assurance than this unalloyed doubt, would surely be a vast calamity. But we have more confidence in the present government cabinet that saner counsel will be given, and it is our hope that the complete railway policy as it is developed will not be based upon the pressure of financial interests but upon those plans which will be intended to promote to the greatest extent the entire national welfare.

It was advocated in the Drayton-Acworth report that all the railways except the Canadian Pacific should be handed over by the government to "the Dominion Railway Company" to be operated by that body, free from political influence. Great emphasis was laid upon this. How the possible this is can be understood by anyone who realizes the facts of parliamentary procedure. Any irresponsible organization, such as the proposed Dominion Railway Company, is wholly repugnant to our ideas of responsible government. If the state owns the railways it must manage them in accordance with the public opinion of its citizens, and Parliament is the constitutional means by which this opinion finds expression. The proposal to hand over the railways to an irresponsible and self-perpetuating body such as that proposed, which should act without regard

to the wishes of the electors and their representatives in Parliament, is a pipe dream; but there is no place for it in a democratic system of government such as ours. Even if such a body were established by one government, there is no reason to think that it would be tolerated by the next, for one government cannot bind all succeeding governments to accept its acts as the law of the country.

Which Plan Should Be Retained?

If government ownership is beset with many difficulties, among which political influence and corruption bulk large, and if private ownership be also the means of political intrigue—of which we are not at all unmindful—which method of control should we prefer? I am going to suppose for the moment that there is as much political chicanery and as many devious methods employed under private ownership as under government ownership, although the supposition is probably contrary to fact. But even granting this assumption, which system should we retain? My answer is, Retain that system which shows the greater progressiveness and the greater responsiveness to the growing demands of the country's traffic. Can there be any question as to which of the alternatives meets these requirements? Let me quote the words of Mr. Acworth, whose knowledge of the railways of the world is replete. He says: "In all the history of railway development, it has been the private companies that have led the way, the state systems that have brought up the rear. It would be difficult to point to a single important invention or improvement, the introduction of which the world owes to a state railway. . . . Railroading is a progressive science. New ideas lead to new invention. . . . imply new plant, new methods. . . . The state official . . . trusts ideas, pours cold water on new inventions, grudges new expenditure." Is it this unprogressiveness that we want to introduce into our railway managements? Will this be the means of building up a great country and enabling Canada to take the place among the nations which by her natural endowments she is fitted to take? Or do we want such a freedom of initiative as will enable private enterprise to develop to the utmost all our resources and make them contribute to the communal welfare and the national advantage? If we want to hear the hum of industry, to know the progress of agriculture and to experience the accumulation of wealth, the safe course would point to the policy of leaving the railways in the hands of private owners under wise government regulation. But if we want to stifle, or at least impede, the expansion of our basic industries and retard the economic growth of the country, it seems as if we could not use any more effective means toward that end than to introduce upon an extended scale the system of government railways, the officials of which would have little, if any, interest in operating results and would be restricted at every turn by bureaucratic dilatoriness and the indolence and incompetence of a body of employees working under civil service rules.

The last government asserted that the railways of the country except the Canadian Pacific had broken down, and in this statement they were but reiterating what the Railway Inquiry Commission had said. The Drayton-Acworth report declared that these two commissioners saw no way in which the impecunious railways could be carried on under private management and, therefore, they made the recommendation to which we have already made reference. If the railways cannot be carried on by private enterprise, of course, there is no other alternative than government ownership. But, notwithstanding the majority report,

It seems impossible to believe that we are so completely locked about that there is only one course open, namely, to hand over the roads to the government. President Smith was not so pessimistic as this, for the plan which he outlined would keep the business in private hands; and when we remember that he is perhaps the foremost railway man in the United States we are disposed to think that the good judgment and discretion which he displays in the management of enormous interests did not leave him when he made his recommendations concerning the Canadian lines. Is it not better to keep the railways in private hands and tide them over the present crisis in order to maintain them *tout en vie*, with that vigor which characterizes all private enterprise, rather than have them put into government hands and so operated as to be the tool of politicians and an omnipresent barrier to the forward movement of the people? The railway is a business which looks to and plans for long-term results; its whole policy is formed with these in view—in fact, that is the chief reason why our railways are now in difficulty. Cannot our legislators take the same view and mold their attitude toward the railways accordingly? Can they not refuse to listen to the clamant outbursts of the demagogue and of an unenlightened series of newspapers in their opposition to the private companies and be really the leaders in a movement to firmly establish the railways on a basis of prosperity for themselves and of the greatest national service to the people? If once we are fully convinced of the fact that progress is not found on state railways, as we have shown above, we should bend every energy to secure that most essential characteristic by keeping these great public utilities in the control of private companies, with the purpose of obtaining the utmost results over a protracted period of time.

Not the Time for Permanent Settlement

Of one thing I am certain, that the present time, with all the disturbances due to the war, the dislocation of industry, the maladjustments of labor, the necessity of keeping capital in large amounts at the disposal of the government for carrying on the war, is not the time to make arrangements for the railways of the country and give them a setting for the long years of peace that are to follow. The United States did this in regard to her banking system, in making the national banks, established during the Civil War for the purpose of aiding her war financing, a permanent institution. During the succeeding fifty years of tremendous growth, the banking facilities were effete and out of harmony with the requirements of the country. So would it be with us if we endeavor now to put our railways into a framework from which we would gladly have them extricated during the years of expansion and economic development ahead. England and the United States, with which we are most closely related and whose people partake of the same racial psychology as ours, have not taken over their railways during the war with the purpose of holding them during the subsequent years. And it would seem to be a gross blunder for Canada to use the present occasion to graft on to our national life the incubus of a government railway administration.

What plan, then, shall be recommended for preserving the efficiency and the *esprit de vigueur* of these private lines, rather than taking a retrograde step in placing them under government ownership?

For the present time, and in view of the fact that the management of our private railways have been invariably economical in their use of funds and efficient in the op-

eration of their roads, I can see no better and safer course to pursue than that the government should help them over the crisis until the normal conditions are once more restored. Let these funds be spent under the careful supervision of the Board of Railway Commissioners, so that the properties will be conserved and built up and their earning power augmented. When the Railway Inquiry Commission could report that for the large government contributions that had been made to the Canadian Pacific Railway the country had received ample recompense, there is no reason to hesitate in adopting this course to aid the Canadian Northern and the Grand Trunk Pacific in their temporary emergency. If the Minister of Finance could say truthfully concerning the Canadian Northern that the majority of those most competent to judge considered that this system is "likely in time to be a decidedly paying concern," and that he felt "quite optimistic with regard to (its) future . . . once it gets over this trying period," it would seem as if prudence should have dictated the policy of emergency aid, rather than the radical, untried and unknown policy which the government adopted. If a reasonable amount of government aid could enable these roads to work their way out of the financial straits and get back to customary conditions when they could carry their own burdens, it would appear that such assistance would be well advised. When the Canadian Northern Railway, during the time of war, with inadequate rolling stock and incomplete terminal facilities, can increase its net earnings almost one hundred per cent in two years—from \$6,600,000 in 1915 to \$11,500,000 in 1917—it is evident that the government could have well afforded to aid this company in the same way as it did the Grand Trunk Pacific, by giving a well-secured loan sufficient to enable it to carry on successfully.

Then, when the war is over and the country has settled down to the pursuits of peace, when the mental unrest and disquietude of the present has subsided and we can think clearly and work uninterruptedly in securing the best means for the promotion of the national life, we shall be in a position to view the transportation problems in an entirely different light from that of to-day. Certainly, the means of conveying passengers, mail and light goods will be revolutionized by the introduction of the airplane and its speedy service; and the great changes in the carriage of heavy commodities by the use of motor trucks upon the highways and by interurban electric lines will bring readjustments of far-reaching influence. But, so far as we can see at present, the steam railways are not likely to be superseded, at least for some considerable time, as the most effective means of carrying heavy goods for the long distances; and, therefore, the great desideratum is to formulate some plan by which their greatest service can be rendered most economically to the public during the years of peaceful expansion ahead of us. How may this be attained?

The Plans of Mr. Smith

Economy of operation and of capital requires that these railways should be permitted to work together, in order to eliminate the waste of competition; and great economies of capital and of operating expenses can thereby be secured if a reasonable arrangement can be reached for the welfare of the existing rival interests. The plan submitted by Mr. Smith in the minority report bears clear evidence of the skilful railway strategist. A brief outline of this plan I have already presented, and to those who will carefully study his suggestions in their entirety it will be increasingly apparent that we have in them the

games of a much more acceptably modest operand. His is a plan which is designed to save capital as much as possible, to disturb existing conditions as little as possible, and yet to bring out of the confusion such an adjustment of railway conditions as would furnish to the country the maximum of service and to the railways the utmost frugality of expenditures. It seems to me, however, that one very important factor has been omitted in his solution of the problem. If the Canadian Northern is to operate the lines west of Winnipeg, and at that city turn over all its traffic to say, the Grand Trunk, which, by supposition, is operating the trunk lines between Winnipeg and North Bay and all the lines east of North Bay, it is evident that the through rate of grain, for example, from the far west to Montreal would be composed of two elements, the charge on the Canadian Northern to Winnipeg, and that of the Grand Trunk from Winnipeg to Montreal. While the Board of Railway Commissioners would require these carriers to put into effect for this traffic a through rate which would be less than the sum of the two fares, this through rate would not be so low as if the traffic went by only one line all the way from origin to destination in the same way as it is carried by the Canadian Pacific. Moreover, it is the long-haul through traffic that is the most profitable to the railways. It seems, therefore, that some arrangement which would permit the traffic to go the entire length of its line without transfer would be sure to suppose a lower rate and better service. While giving the railway great net returns in other lines, I am well aware that an objection may be raised against this arrangement for leaving that at the crop moving period the Canadian Northern would pool all its rates in the western provinces in order to bring the wheat to Winnipeg and, therefore, it could not afford to have a large amount of its rolling stock engaged in taking the grain from Winnipeg to Montreal. I have mentioned these considerations in the policy which I desire more to outline.

Remove the Grand Trunk entirely of its original organization, to leave the Northern Transcontinental, and hand over the line from Winnipeg to Quebec to the Canadian Northern, to be operated by the latter in connection with the rest of its system. When the accounts of the National Transcontinental during its first year of private operation were made up, showing a balance of net earnings over expenditures, but that account by limited equipment between the two systems resulting in a deficit in the latter. This expenditure almost entirely for new equipment. When the government has equipped its line with rolling stock there is no reason why a satisfactory arrangement cannot be made for its operation upon a partnership basis of that kind. It is reasonably certain that with the development of this northern country the earnings would continue to increase, and this would suggest that at the expiration of the ten-year period a new adjustment should be made between the two parties for another term of years on a similar profit-sharing basis. As to the Grand Trunk, its lines were passed on handed over to the Canadian Northern, and a freight lease, the amount of the rental to be fixed at a sum equal to the fixed charges of the company. This would leave the present Grand Trunk from its full capacity for its operations, which it cannot now meet, and would constitute the guarantee of the former company's transfer. The fact that the Grand Trunk Pacific lines are interspersed with those of the Canadian Northern would indicate that marked economies could be obtained by having the operations and management concentrated in the same hands. Upon this long lease, which would amount

virtually to ownership, the Canadian Northern could well afford to build up the earning power of the Grand Trunk Pacific so as to make it a powerful factor in the building up of the west. Then, as to the Canadian Northern itself, let this company operate its western connections, including the Grand Trunk Pacific and also the direct line from Winnipeg to Montreal. As we have shown, its net earnings have been rapidly increasing. Give it the outlet for its great western traffic by allowing it to reach the markets and the great port of the east. Its long haul will be its most profitable business and, if for a few years it should require a small amount of aid from the government to put it on its feet, the company would be developing the country and its business upon a scale that would more than compensate for the temporary contributions of the government. The company's accounts would always be open for inspection by an authorized government official and so any misuse of funds could be easily avoided.

As to the Grand Trunk, let it confine its operations to the east, where it has been successful. It should be required to lease and operate all the lines of the Canadian Northern east of North Bay except that company's main line to Montreal, paying therefor a rental equal to the fixed charges of these lines. This lease likewise should continue for a period of 99 years, thereby giving the Grand Trunk practical ownership of the lines taken over. The elimination of the competition between these two companies which would in this way be effected would leave to the Grand Trunk a larger amount of traffic, which it could handle with decided economies of operation and with consequent increase in its net earnings. It is reasonably certain that the Grand Trunk under these conditions could make larger net returns, which would enable it to expend more in the provision of additional rolling stock thus laying the foundation for larger service and greater economies.

It may be said by some, that this would mean increased aid from the government for private railways. I acknowledge that it would mean expenditures of public funds in providing the National Transcontinental with a reasonable amount of equipment for a traffic which will, doubtless, increase in volume in the near future; and it would also mean that for a few years there would have to be some contributions in aid of the Canadian Northern. I am assuming throughout this plan that the Canadian Northern would be left in private hands by the action of a more enlightened government than that of last year. But under this plan little, if any, aid would be required for the Grand Trunk, which would be relieved of the unduly heavy load which it has been trying to carry for its subsidiary. The plan would also have the immense advantage of keeping the great railways in private hands. Lastly, to the words of the Railway Inquiry Commission: "Government by a cabinet responsible to a popularly elected Parliament is . . . not a form of government suitable for the management of a railway undertaking." Do the people of Canada want anything more strongly pronounced against the popular cry for government control of the railways? Would that the idea could become the rooted conviction of those for whom the words were written by the commissioners?

All Railroads Under Common Organization

It is with some hesitation that I bring forward, at the close of this paper, the policy which to me seems the good reward which we should work, that is, to join all the railways under some common organization so as to enable them to work in harmony. I do not think we are ready

for this just yet. It will take perhaps some years of experience and education to enable the public to see the enormous savings and the vast improvement of service that might be secured by this change. At present, people hold up their hands in horror at the mere mention of a monopoly. To the great majority that word conveys the idea of extortion, deceit, illegal methods, exaggerated profits, and a multitude of other like enormities and excesses. It may take years before we shall learn that monopoly prices and profits are not necessarily extravagantly high. In fact, we have already seen in the case of one or two of the great monopolies that their charges are lower, much lower, than when competition prevailed. After many years of careful research and thorough study of the problems of transportation, I am compelled to believe, at least tentatively, that the best interests of Canada would be served by grouping all the railways under centralized control, so as to remove the baneful effects of competition and put an end to the prodigal waste of the people's money and the nation's capital. This centralization of management should, of course, be left to private enterprise, but under effective and discriminating regulation by some governmental body, like our Board of Railway Commissioners. It appears to me that the sooner we can get our regulative machinery and legislation adjusted to this advanced point of view the better it will be for all interests. There are some businesses which are essentially competitive in their nature; but transportation is so unlike the ordinary mercantile and manufacturing business that for it the law of survival of the fittest does not hold, and competition often affects the strong more disastrously than the weak. In urging that the railways should be formed into a unified whole I may appear to some as an advocatus diaboli, but those who will give the subject the earnest and prolonged study that it merits cannot fail to see the wide range of economies which might thereby be obtained, while the public could be more satisfactorily served. As I have intimated, this is a plan which perhaps we are not yet ready as a people to put into effect; and yet my conversations with those who have large business interests at stake have shown me that these men would welcome such a change, so long as all interests were safeguarded.

How could such a unification be accomplished? To give effect to it through the complete consolidation of all the companies would involve such amounts of capital and would meet with so much opposition that I fear it could not be carried out without extreme difficulty. But if section 376 of the railway act could be amended, so as to permit one railway company to invest in and hold the shares of other railway companies, the desired result could easily be secured by means of the holding company. Either form a new company, a pure holding company with authority to own the stocks of the private railways and thus use this stock ownership for giving unity of direction to the various companies; or, perhaps better still, give the strongest company of all, the Canadian Pacific, this right to invest in the stocks of the others. Then, when this company had obtained fifty-one per cent of the share capital of the Canadian Northern, Grand Trunk and Grand Trunk Pacific, it could so control the policy of these roads as to make them work in harmony with itself and with one another.* These shares need not all be paid for in cash; they might readily be purchased in exchange for the buying company's own securities; and thus there

would be great saving in the use of capital. But one further advantage from this policy I must not forget to mention, namely, that by this means the Canadian Pacific, through the sale of its collateral trust bonds, could pour funds into the development of each of these other roads that would render them entirely independent of government assistance. Besides, the holding company organization would preserve intact those effective official relations which have done so much for our Canadian railways and would leave the inducements of honor and profit as potent for good service as they have been hitherto. As I have said, this unification is earnestly to be desired; and along with it there would have to be an extension of the powers and duties of the Board of Railway Commissioners, and suitable legislation or taxation to prevent the monopoly from becoming oppressive. Thus we should have an integrated transportation system of great resources, wonderfully adapted to the needs of a growing country, and using its vast influence for securing the upbuilding of the country in all that contributes to the national wealth.

AGAINST GOVERNMENT CONTROL

(By the Associated Press)

Rome, June 29.—Dr. Maffeo Pantaleoni, who is considered an authority on systems of government, sees great danger for European nations in the war-time tendency toward government control of railways. He says that after the war the United States will shake off such "parasitic ideas." In an interview with the Associated Press, Dr. Pantaleoni said:

"Government ownership of railways is only one of the many afflictions sure to be imposed upon this poor old Europe after the war. With the war the government has become almighty with us. The government now does everything and after the war its encroachments will be appalling and bring us near to ruin.

"The United States is run on different lines; it was founded on other principles; and while it may be harassed after the war by the bogies of government control, it will shake them off. The country is too young and strong. Parasitic government control ideas attacking it will be no more than lice on a big, healthy dog.

"If I had never before been convinced of the futility of government control, this war certainly would have convinced me. I am now sure that the less government a nation has the better it is for the prosperity of its people. A government is always robbed, always too late in what it does, is always betrayed by its employees.

"The war waste in Italy has been about 8,000,000,000 lire. It is a well-known fact that privately owned German railways have always paid greater dividends than those owned by the government there. In France the Western Railway, as controlled by the government, is a miserable and costly failure.

"I repeat, and with the experience of many years of Europe behind me, that everything a government does must be badly done, and the degree of badness depends on the average capacity of the nation doing it. The prosperity and welfare of the whole world in the near future depends upon the fight which honest and intelligent people make against the follies of government control."

COMMISSION ORDER

The Commission has denied the petition of the Lehigh Portland Cement Company for modification of its order which provided for the grouping of points of origin in Kansas gas belt, in case 8182, western cement rates.

*It might be that at a later time the government would find it advantageous to hand over its lines to this holding company upon terms that would be mutually profitable.

Traffic Lesson No. XL

Freight Routing—Fortieth in the Course of Fifty-two Lessons Written for the Traffic World by Grover G. Huebner, Ph.D., Assistant Professor of Transportation and Commerce, University of Pennsylvania, and Published Bi-weekly—(Copyrighted)

Because numerous transportation routes with varying rates and services are available between many points of shipment and destination, the routing of freight is frequently of importance alike to shippers and carriers. Freight "routing" has reference to specific instructions as to how a shipment shall be transported by the carriers. The selection of one initial carrier rather than another is merely the beginning point; routing consists in the directions given to such carrier.

In the past the determination of routes after the shipper

and regulations the Interstate Commerce Commission may prescribe. When no through routes are specified in a tariff the shipper may select any through route that has been established, subject to suspension by the Commission. When no through routes and through rates have been established the shipper is entitled to the lowest combination of rates legally in effect, but in such case the act does not oblige the carriers to route the freight as the shipper desires.

The Interstate Commerce Commission is a routing au-



ROUTES FROM GREAT LAKES TO ATLANTIC SEABOARD

No. 1: Via rail to New York City. No. 2: Lake and rail to New York City. No. 3: Lake and rail to New York City. No. 4: Lake and rail to New York City. No. 5: Lake and rail to New York City. No. 6: Lake and rail to New York City. No. 7: Lake and rail to New York City. No. 8: Lake and rail to New York City. No. 9: Lake and rail to New York City. No. 10: Lake and rail to New York City.

had delivered his freight to a particular carrier, rested with the carrier. Later, however, routing powers were in part defined by law. The carriers continued to be routing authorities, but their powers are limited by the interstate commerce act. In their tariffs the carriers usually specify the routes over which the rates quoted are good and in the absence of routing instructions in their tariffs or in case more than one route is specified, the carriers may issue instructions to their agents. Section 13 of the act to regulate commerce, however, confers certain powers on the shipper. When a tariff specifies more than one route, the shipper may designate in writing the one desired by him, subject to whatever reasonable exception

thereby not only in that the routing powers of the shipper are subject to exceptions and regulations that it may enforce, but also in that, subject to certain restrictions, it possesses the power to establish through routes either by way of air, rail or rail-water lines. As interpreted, section 13, since 1910, confers on the Commission the power to establish additional routes even though the carriers themselves have established one or more. It may not, however, establish routes via a street electric passenger line not engaged in the general business of transporting freight, nor may it require a railroad to embrace in a through route substantially less than the entire length of its railroad and of any intermediate railroad operated

in connection and under a common management or control therewith which lies between the termini of such proposed route, unless to do so would make such through route unreasonably long as compared with another practicable through route which could otherwise be established."

The establishment of embargoes during the period of war congestion has at various times interrupted the ability of shippers or carriers to route freight; so also has a specific routing order issued by the Director-General. In his first order to the carriers he provided that "the designation of routes by shippers is to be disregarded when speed and efficiency of transportation service may thus be promoted." He also stated that "traffic agreements between carriers must not be permitted to interfere with expeditious movements. Through routes which have not heretofore been established because of short-hauling or other causes, are to be established and used whenever expedition and efficiency of traffic will thereby be promoted; and if difficulty is experienced in such through routing, notice thereof by carriers or shippers or both be given at once to the Director by wire."

Routing Functions.

The purpose or functions of routing freight vary with the particular conditions that are uppermost at the time of shipment. If the shipper's main purpose is to obtain the lowest freight charges he endeavors to route his freight over the cheapest route. The dominant consideration in a particular shipment may, however, be promptness of delivery, in which case he selects the route which he believes will put his shipment through in the shortest period of time. The point of greatest moment in another shipment may be the condition of the freight on delivery; the ability to obtain a special service on one route as compared with another; or it may be promptness in the settlement of freight claims. The enforcement of embargoes may also, of course, greatly influence routing.

There is no set rule which may be followed in routing freight. One route may be best for one shipment and another for a different shipment. Different routes may

be selected for different commodities or for different destinations.

The need of selecting routes carefully even though the freight rates and all competitive routes bear a relationship to each other may be further seen in the large number of routes that are available between some of the principal shipping districts of the United States. Between the central west and the north Atlantic ports—differing somewhat as to particular ports and also as between east-bound and westbound shipments—there are not only the standard all-rail routes, but various other available routes as shown on the accompanying map. Between Boston and Chicago, for example, there are standard and differential all-rail, ocean-and-rail, standard rail-and-lake, and differential rail-and-lake routes. Some shipments between the central west and the east are, moreover, routed via the lake-Erie Canal-Hudson River route; others by way of lake-St. Lawrence-rail routes or via such routes extended coastwise to Atlantic ports; and some freight is shipped via an all-water route by way of the lakes and the St. Lawrence River. Lake grain shipments may, moreover, be transported across Lake Michigan in car ferries or through elevators and thence be forwarded to eastern destinations by rail.

Should the western shipper be an exporter he may, in addition to the routes mentioned, consider important routes leading to the ports of the Gulf of Mexico. In case of shipments to Pacific markets the eastern and Gulf routes may have to compete with the various routes that serve the Pacific coast terminals.

The routes mentioned do not tell the entire story of available transportation routes; they merely show that between many points a wide range of routes differing as to rates, time of delivery, distance, etc., are available. There may be in addition different junction points by which freight can be routed; there may, for example, be many rail routes between two points or various rail-water routes. Some of the principal specific routing considerations of interest to shipper will be outlined in Lesson No. 41.

The Open Forum

A Department for the Discussion by Patrons and Friends of THE TRAFFIC WORLD of Transportation Questions of Interest to Traffic Men Who Keep in Touch With the Times—Contributions are Welcomed

THORNE DISCUSSES G. O. NO. 28

Editor The Traffic World:

On May 27, the day that the celebrated twenty-five per cent increase in freight rates was announced, Mr. McAdoo issued a public statement concerning the advances, in which he said:

If they turn out to be more than are needed to meet the grave public exigency, they will promptly be readjusted so as to prevent any unnecessary burden upon the public.

That fact warrants a careful and intelligent analysis of present tendencies in railroad revenues. For those very tendencies will help or will retard the granting of immediate relief to many business enterprises that will suffer irreparable injury unless the Administration can see its way clear to make further modifications of a very substantial character at once.

On May 27 Mr. McAdoo further stated,

In making the advance effective on the date specified a simple form of tariff authorized by the Interstate Commerce Commission must be used and this will lead to the temporary disregard, to some extent, of established groupings and differentials. But it is the intention to observe such groupings and differentials as far as practicable, and hereafter, with as much dispatch as possible, restore any important relationships which may be for the time being disturbed, and concurrently therewith endeavor to remove any existing discrimination and bring about uniformity of rate adjustment throughout sections where conditions are similar.

The foregoing statements justify our taking an inventory at this moment of just what is the situation as a whole, what are the tendencies in net revenues, whether general modifications upward or downward may be expected, who has jurisdiction to make changes in Order No. 28, what are the relative powers of the Interstate Commerce Commission, and of the Director-General, what modifications have already been made, and what may reasonably be expected in the immediate future. These questions are uppermost in the minds of many shippers throughout the United States.

If we are able to establish the fact that the amount of the advance proposed by the Railroad Administration at this time is excessive, that would not justify an elimination of the increases directed, but it would tend to make the Interstate Commerce Commission, Mr. McAdoo, and the McAdoo staff, more liberal in promptly reducing the advances on particular commodities, or between particular localities, wherever it can be established that hardships of a very serious character will ensue.

The following shows the income above all operating expenses and taxes of American railroads as a whole during the first four months of this year, compared to the same period of last year. (Unless otherwise stated, a' figures quoted will be those applicable to Class I railroads; this is necessitated because of the lack of more complete data. Class I railroads handle approximately 98 per cent of the traffic of the United States.)

Month	Freight and passenger revenues	Net operating income	
		1918	1917
January	\$48,182,537	\$3,288,205	\$67,289,426
27.7 per cent	5,151,774		
February	29,761,954	12,242,637	41,691,694
21.4 per cent	2,010,448		29,418,227
March	182,711,174	61,174,866	71,375,383
2.2 per cent	10,717,172		67,249,244
April	206,299,412	71,367,081	71,441,044
1 per cent	2,000,000		69,441,044

*Includes deficit.

The foregoing table shows that conditions were exceptional during the early part of the year when conclusions were probably crystallizing in the minds of Mr. McAdoo and his associates.

January, 1918, was the poorest January American railroads ever experienced, so far as our records go (measured by net revenues per mile of road), while January, 1917, was the best. In order for the worst January to equal the best, an advance of 27.7 per cent in passenger and freight rates would have been sufficient. That is based upon the assumption that a 27.7 per cent increase in rates would not have reduced the volume of traffic below what it actually was during January, 1918.

In February, however, an 113 per cent advance in rates, on the volume of business actually handled, would have enabled our railroads to have had a net income equal to that of February last year.

In March an increase of only 2.2 per cent in rates would have been necessary to have made their net equal the net for March of last year.

In April an increase in rates of only 1 per cent would have been sufficient to have enabled the net income to equal that of last year.

We are informed that the May figures coming in, which have not been compiled as yet, are showing as well, substantially, as those for April.

The remarkable reaction which has set in since the first of March justifies the claim that were it not for the wage increase the net revenue of our railroads this year would take care of the government guaranty, without any general advance in rates. It must be remembered that the net of 1917 was above the guaranty.

It is estimated that the increase in cost of labor and fuel for the current year will be \$450,000,000. An increase of 20 per cent in passenger fares and 10½ per cent in freight rates would take care of all of these increases in cost. Again stated in another way, an increase of 40 per cent in passenger fares and approximately 5 per cent in freight rates would take care of all of the increased cost of labor and fuel.

These statements are assuming that there will be no decrease in gross revenues or in the volume of business.

In the fifteen per cent case last year the railroads made that fatal mistake of estimating increased expenses without estimating any increased revenues. The fallacy of such a method of accounting was demonstrated to the Commission in the following manner: Using precisely the same method, if a man in January, 1916, had been such an accurate guesser as to have prophesied expenses to the penny during the year 1916 and have applied that to the earnings of 1915, his estimate of the net revenues for 1916 would have missed the actual net revenues for that year by over two hundred and fifty millions of dollars for the eastern railroads alone. This fact is easily demonstrable. If anyone will take the time to examine the exhibit offered by the railroads in the eastern case of last year, where the revenues and expenses are given for a long series of years. Our position was sustained by the Interstate Commerce Commission, and in the fall this delightful circumstance occurred: The railroads introduced an exhibit showing their net revenues for nine months and this developed the amazing fact that their own exhibit showed that the actual net revenues for nine months were \$50,000,000 greater than the railroads estimated their net would be for an entire year. We introduced a photograph of a portion of Mr. Patterson's brief of the spring wherein he gave their estimated net for a year under the higher costs, and the portion of their exhibit of the fall wherein they gave their actual net for nine months. Putting the two together in an exhibit, we called it "A Twentieth Century Prophet."

Mr. McAdoo has fallen into precisely the same error that Mr. Patterson of the Pennsylvania Railroad did last year. He has assumed the increased expenses this year without allowing anything for increased revenues. During the first four months of 1918 the freight and passenger revenues of American railroads exceeded those of the first four months of 1917 by 9.37 per cent. If that ratio keeps up during the balance of the year, and we have every reason to believe it will be exceeded, unless Order No. 28 demoralizes industry, this factor alone will add to the revenues of our railroads during the current year \$340,000,000, which apparently has been entirely omitted from Mr. McAdoo's accounting. If you estimate expenses, you should estimate revenues. You should estimate both sides of the ledger, or none at all.

To show how remarkable the recovery has been since February, attention is called to another statement which shows the estimated guaranteed return compared with the net income during the first four months of this year. We have estimated this guaranteed return in the following manner: We have taken the average operating income above all expenses and taxes per mile of road for all Class I railroads in the United States as shown in the decision of the Interstate Commerce Commission in the fifteen per cent case, 45 I. C. C., 342. We have computed the average for the past three years, for that was the basis of the guaranty recommended by Mr. McAdoo and adopted by Congress.

AVERAGE OPERATING INCOME PER MILE OF ROAD.

	Guaranteed return, estimated on basis of 1913-1917	Percentage 1918 compared to estimated guaranteed return.	1915	1916	1917
January	\$1.02	2.5%	\$172	\$281	\$311
February	.62	246%	171	286	188
March	.80	6%	244	361	313
April	.321	46%	240	343	332
Four month			\$827	\$1,270	\$1,150

*Includes deficit.

†Net railway operating income after allowing for equipment, rent and joint facilities.

In January, 1918 there was a deficit for the railroads as a whole in the United States. For February their income above expenses amounted to \$62 per mile of road. In order for this to have equaled their guaranty it would have had to have been 246 per cent greater than it was. Their income for March was within 6 per cent of the guaranty; but in April their income was 5 per cent greater than the guaranty. And we have been informed that May figures are coming in as good as those of April.

In this connection note the statement made by Mr. McAdoo of May 27, that "practically half of the year 1918 must elapse before such increases can be made effective, although increases in operating expenses have been steadily effective since Jan. 1, 1918." Notwithstanding these increased expenses "steadily effective since Jan. 1, 1918," we find the month of April yielding a net operating income per mile of road which is from 25 to 50 per cent greater than for a similar month in any year of American railroading prior to 1916. Further, we find these April earnings to be 5 per cent greater than the government guaranty.

The four months from January to April, including the most unfortunate and abnormal months of January and February, showed a net income of \$143,000,000. An increase not of 25 per cent but of only 9.3 per cent in rates applicable to the same volume of business as that which was actually handled during those months, would have made the net for these four months, including January and February, as great as for the corresponding period of last year, the second best year in American history so far as our railroads are concerned.

We feel that a great injustice has been committed. It may be that the unprecedented advances forced by Order No. 28 will so disturb business relations that shipping will be retarded. If that does not occur, and if needless extravagance does not ensue, then railroad revenues will reach handsome proportions.

If the facts justify it, Mr. McAdoo has promised relief. A readjustment could be brought about by either one of two methods, either by a horizontal reduction, or by reductions on specific commodities, and by readjustments of rate relationships. In either event the quicker relief is sought and granted, the less harm will be done to American industry.

Applications on File.

On June 26, within one day after Mr. McAdoo's General Order No. 28 became effective, between two and three thousand complaints had been filed with the Railroad Administration. For several weeks Mr. McAdoo had been absent from his offices for a rest because of illness; and a few days previous to June 25 it was officially announced that he was gone for another thirty days' rest. Mr. Prouty also has been overworked. He stated on June 26 that he was leaving for a two weeks' rest.

The American shipper suddenly finds himself at the mercy of Mr. Edward Chambers, six months ago an official of the Santa Fe Railroad. It is rumored that Mr. Chambers has or will have the power of attorney to make any order relative to rates that he may deem wise, in the name of the Director-General.

We have never heard any person question the integrity or the ability of Mr. Chambers. He is a gentleman of the highest type. And so is Mr. Armour. But if you had a case against the packers, you would not want Mr. Armour to sit on the jury. It would be a waste of words to discuss whether railroad interests want rates advanced. They want just as high a plane of rates as can be forced upon

the American people without seriously injuring business—without killing the goose that is diligently laying the eggs of gold. They want this development in anticipation of the future when the railroads revert to the stockholders, and many traffic officials and railroad lawyers, from the local representatives in Oklahoma and Kansas to the general officials in Chicago, New York and Washington, are straining every nerve to bring about that result, and the Railroad Administration is doing all it can to help them.

On the other hand, there are some far-sighted officials of high rank who have candidly told the writer they think that this whole movement is ill conceived, that government operation in one form or another will be permanent, and that if the present men in control of operation hope to retain their posts, they will have to win the confidence of the public instead of estranging it.

The former president of one of the largest railroads in America stated recently: "The selection of railroad men to dominate the whole policy of the Administration was an error. They took office with preconceived notions that would inevitably be reflected in their actions." But frequently we have known the elevation of a man to high office has served to develop a character of remarkable breadth and vision.

Mr. Chambers is a man of rare judgment, consummate tact, and unimpeachable character. The future of the Railroad Administration largely rests upon his ability to forget the past, and to become a public servant in every sense of that great title.

Mr. Chambers has two assistants of exceptional ability, Messrs. Hastings and Coffey. Mr. Prouty's chief assistant, Mr. Luther Walter, is a gentleman of wide experience as an attorney for the Interstate Commerce Commission and for shippers. Mr. Walter has power to make recommendations to Mr. Prouty, who in turn has power to make recommendations to Mr. Chambers, who, it is said, has power to act.

When the railroad control bill was pending, members of Congress who opposed the placing of sweeping powers in the hands of the President were challenged as to their patriotism, and their confidence in our great and noble chief executive.

Theoretically the President initiates rates which must become effective instantaneously whenever he states, with or without hearing, as he may determine. Practically the President never considers or even hears any shipper state his rights or evidence in support of the same. He is totally incapacitated to decide any controversy big or little in connection with these railroads simply because of lack of time. He has delegated all his power to Mr. McAdoo. But Mr. McAdoo again is swamped with his many great duties. He has no time to hear anybody on anything. He has practically delegated his power to initiate rates to Mr. Chambers. Mr. Chambers must decide, but he has not the time to hear the evidence or the argument. He has his assistants, and he welcomes recommendations from Mr. Prouty, who in turn welcomes recommendations from his assistant.

But even Messrs. Walter, Hastings and Coffey will not have the time intelligently to investigate a tenth part of the thousands of complaints within the next six months. Consequently many subordinate and sub-subordinate committees have been created. And on these subordinate committees it is unofficially announced that the shippers are to have minority representation. These committees have no powers to decide; they can only recommend, and the shippers' representatives are very carefully relegated to

the minority. In ninety cases out of a hundred the shipper will never have an opportunity to present his case either in evidence or in argument before the tribunal called upon to decide the issues. And in one hundred cases out of one hundred he will never have a chance to present his case either in evidence or in argument before the Director-General or the President, whether his case involves a thousand dollars or eight hundred million dollars annually. The decision announced May 27, 1918, involved a greater burden upon the American people than the total public debt of our government ever has been since its organization more than a century ago. The people who are forced to pay this bill did not have the faintest pretense of an opportunity to be heard in regard to their rights.

This decision was rendered directly contrary to the established policy adopted by the British government in a matter involving precisely the same issues under the same circumstances, and the American shipper did not ever have a chance to present his case before anybody, clerk, subcommittee, committee, assistant, Director-General or President.

On June 4 we had a conference scheduled with representatives of the Railroad Administration. Prior to the conference the writer requested a copy of the statistical analysis upon which Mr. McAdoo based the estimate justifying the \$200,000,000 advance in rates. Mr. McAdoo's secretary said the statement had been given to Mr. Chambers. Mr. Chambers' office referred me to Judge Payne, a former lawyer for the Great Western Railroad; Judge Payne referred me to Mr. Hines, a former Santa Fe Railway official; and the statement was not forthcoming. When a man is convicted he at least desires to see the evidence upon which he is convicted, to say nothing of having an opportunity to offer at least some evidence in rebuttal, and being granted an opportunity to cross-examine the men on the other side before conclusions are reached.

In the past all of these rights have been respected by the Interstate Commerce Commission, by the state commissions, by the Supreme Court of the United States, and by the state and local courts, in all controversies of any importance coming within their respective jurisdictions. But we are told that Mr. McAdoo has promised investigation and modification of that order, if it be unjust.

It would be somewhat analogous to this situation if in some barbarous country a man were convicted without trial, then hanged, and a coroner's jury dependent for their continued enjoyment of the pleasures of life on the goodwill of the judge who directed the verdict, were then authorized to determine whether the verdict was right or wrong. Such procedure might be an interesting pastime for the jury, and it might tickle the conscience of the judge, but it would not be so very satisfying to the man that got hanged.

Such procedure has made a sort of a jest out of our much mooted phrase about "the square deal." Mr. McAdoo has overridden the customs and principles established by the struggles of the shipper for proper recognition that have been waged for a generation. We thought we had succeeded. And in the twinkling of an eye the whole thing is forgotten in the most stupendous case ever presented in history.

It is no answer to refer to the war.

Notwithstanding the war and the much vaunted war power of the government, which is supreme, Mr. McAdoo and his advisers were very careful in the legislation submitted to Congress to protect the rights of the railroad

stockholder to a full hearing before board of referees and later before a court of claims, prior to any action affecting his compensation. Mr. McAdoo protected the pocketbook of the railroad. The railroad stockholders are well organized.

Mr. McAdoo protected the rights of the railroad employee to a full hearing before any action affecting him financially was taken. The railroad employees are well organized.

Mr. McAdoo has ignored the shipper.

But Mr. McAdoo must learn, sooner or later, that the shipper has rights that must be respected. Such methods as those which have been adopted in this case constitute a scandal on democratic institutions of the first magnitude. And we trust the like will never occur again so long as a democratic government is said to prevail on this side of the Atlantic.

Future Methods.

Some discussion has arisen concerning future modifications in rates upon the application of the railroads. If it is decided that all future changes in rates, so far as the railroads are concerned, shall be initiated by the government instead of by fifteenth section applications of the railway companies, it will be in direct contravention of the plain understanding at the time the railroad control bill was pending. At that time, in personal conference with the writer, Mr. McAdoo gave his positive and unqualified assurance that he would not initiate rates except in emergency cases, and then only after a full hearing before the Interstate Commerce Commission or before himself, at which the shipper would be given equal opportunity with the railroads to be heard. After this statement was made and before the writer left the room, Mr. McAdoo made one qualification to the effect that some great emergency might arise when the Administration might decide to initiate a general order without hearing, but if that did arise it would be a very rare occasion.

In this statement we do not suggest there has been the slightest breach of faith up to the present time.

However, if the Railroad administration abandons this positive declaration of policy and reverses itself by initiating rates generally, without hearing, then this assurance will be violated. In this connection there is one fact to be remembered. That policy will so cheapen the effect of government initiated rates, that McAdoo's signature will have no more weight with the Interstate Commerce Commission than the signature of a railroad company has with the Commission, or the signature of the Attorney-General to a petition or brief has with the Supreme Court of the United States. To intimate that the Attorney-General's signature has any probative or persuasive effect beyond the plain weight to be attached to his reasoning or the facts he adduces and is able to prove, would be an insult to the Supreme Court. Likewise a petition with Mr. McAdoo's signature will inevitably lose all prestige with the Commission except as it may be sustained by facts. If that be not true the Commission will become a joke and a byword among the shippers and railway officials of the nation. If Mr. McAdoo undertakes to initiate all changes in rates, the McAdoo signature is very liable to assume the position of an accommodating and serviceable rubber stamp for the railroads.

Those who may pessimistically feel that the government is determined in its course of action, regardless of consequences, are grossly in error. In company with others the writer has already appeared in hearings and conferences before Messrs. Chambers and Prouty, and their very able assistants, Messrs. Walter, Hastings and Coffey. We

have found absolute courtesy on every occasion, and in several instances where extraordinary hardship was demonstrated, they have directed modifications in General Order No. 28, to be made before or immediately after the 25th of June. I do not believe that these changes are merely thrown out to quiet opposition. From very brief personal contact with these men, I have been led to believe that they are absolutely sincere, and that they will decide these cases squarely on the facts as they see them.

Some very substantial modifications of General Order No. 28 have already been directed. Among these are the following:

1. The elimination of those sections providing for the substitution of interstate classifications and rates for state classifications and rates.

2. The application of a flat or arbitrary advance in cents per hundred pounds to an entire movement but once, instead of on each factor applying to the through movement.

3. Where export rates were canceled the remaining domestic rates advanced by 25 per cent frequently produced excessive advances, which have been reduced in amount.

For instance, the cancellation of import rates on tea caused advances from the old basis of \$1.10 to \$3.69 per hundred pounds, or an average advance on their whole business amounting to 230 per cent. This would have caused an increase in the freight revenues on the traffic of one firm aggregating more than \$700,000 annually. The advance was reduced to \$1.87½, making a saving to this one firm and its customers of \$486,000 in one year. This case was heard and disposed of within a week, along with a score of other important subjects.

The advances in the rates on oil exported from the Mid-continent field through New Orleans would have amounted to more than 100 per cent, and would have produced revenues from the traffic of one independent oil company based upon the business of the past two years, aggregating more than one million three hundred thousand dollars. This company claims it would have gone into bankruptcy had the advances remained. The Railroad Administration reduced the advance from 21 cents down to 5 cents per hundred pounds.

Other export rates have been readjusted on agricultural implements, machinery, oil well supplies, sewing machines, railway equipment, locomotives, cars, cigarettes, tobacco, structural iron and steel, axles, tires, boiler plates, pipes and fittings. Import rates have been readjusted on bagging, cocoa beans, copra, chinaware, glassware, gums, licorice root, matting, palm kernels, rattan, rubber, sago, silk, tin, toys and sugar.

4. Excessive minimums on several commodities have been eliminated.

5. The Administration has announced that it will change the percentage advance on petroleum to a blanket advance in cents per hundred pounds, thereby protecting the independent oil interests.

These illustrations demonstrate in a concrete fashion that the Railroad Administration is not composed of self-opinionated public officials, unwilling to yield where the facts can be clearly established justifying a modification or change in their conclusions.

Jurisdiction of the Commission.

The appellate powers of the Interstate Commerce Commission and its jurisdiction to set aside any order made by the Railroad Administration, is just as fairly established by act of Congress, as is the appellate power of the Supreme Court of the United States, under the Constitution.

The railroad control bill, approved March 21, 1918, states that the Commission must consider facts certified to it by the President, giving due consideration to the circumstances existing at the time of the order, and that the railroads are being operated under a unified control; but the law further says (in section 10):

After full hearing the Commission may make such findings and orders as are authorized by the Act to regulate commerce as amended, and said findings and orders shall be enforced as provided in said act.

In a recent public hearing before Director Prouty involving oil rates under General Order No. 28, Mr. Prouty stated, in substance, that he believed he spoke advisedly in saying that the Railroad Administration would not make the slightest effort to dictate or to control any of the decisions of the Interstate Commerce Commission on matters involving the reasonableness of the rates established under General Order No. 28; that the Administration would content itself with the introduction of evidence before the Commission, and then leave the decision absolutely to the best judgment of that tribunal.

At the time this Order 28 was issued Mr. McAdoo stated:

The act of Congress provides that the reasonableness and justice of such rates may be dealt with by the Interstate Commerce Commission.—In the nature of things no such far-reaching step can accomplish ideal equalization as between the numerous interests necessarily affected and doubtless the Commission will find it proper to make readjustments to attain a nearer approach to such equalization. While as far as practicable, the rates as initiated are designed to avoid unnecessary disturbance of relative rate bases, the Director General will cooperate heartily with the Commission in any readjustments needed to accomplish still further the object of avoiding undue preference which, nevertheless, may develop upon detailed consideration by the Commission.

It will be inevitable that in the multitude of cases presented to the Commission and to the Railroad Administration during the next few months, there will be hundreds of cases possessing absolutely no intrinsic value. It will require exceptional strength of character and will-power for the average traffic attorney or representative to sift out that which is worth while and positively decline the balance, no matter how tempting the fees may be. But that policy will be necessary for any man to adopt who hopes to retain the confidence of these tribunals. In the mad rush to get relief, it will be utter folly to join the scramble unless you have something of absolute merit to present.

On the other hand, this very multitude of petitions and applications for relief will tend to embarrass those men who have propositions of real merit. Injustice will be done; but approximate justice is attainable. And the writer sincerely believes that every man connected with the Interstate Commerce Commission and the Railroad Administration is firmly committed to that policy.

It has been suggested that the Railroad Administration should unload all its complaints over on to the Commission for investigation and recommendations. If the Commission adopts that course of action, two results are apt to follow—first its entire force of examiners and clerks will be occupied with work for another department of the government and thereby be totally unable to handle the work of the Commission itself; and second, the Commission will become subordinate to the Railroad Administration. For several months the Commission's recommendations would be followed undoubtedly—but just let one recommendation be reversed, then the bars will be down, and from that time forward the Railroad Administration would become the appellate tribunal, and the Commission the inferior court.

Those shippers who have fought for a generation and who struggled last winter for many weeks before the

congressional committees, to retain final jurisdiction of the Commission over rates, will not welcome a weak surrender of that character at this crucial time.

We have a Commission to-day which has been placed by act of Congress along with the Supreme Court of the United States, with powers supreme on certain issues over every other official or tribunal in the land. To retain that position of lofty eminence in our scheme of government is going to demand courage and ability of the strongest character.

Let the Railroad Administration refer those complaints to the Commission for decision, or let it wash its own dirty linen. Congress did not make the Commission a board of clerks to come and go at the beck and call of the Railroad Administration.

That the advances ordered by the Railroad Administration on ex parte hearing without consultation, even, with the men who are required to pay the bill, will be excessive is commonly accepted by practically everybody.

However, the stunning effect of General Order No. 28 may cause such a shock to American industry that the steady increase in volume of business apparent during the last three months may be checked suddenly. The paralyzing effect of such an outcome on our railroads as well as all other forms of business can be readily appreciated.

If that result shall be avoided prompt relief must be granted in hundreds of cases.

We are now entering upon an era of readjustments and changes such as we have never witnessed in the past.

During the next six months the Interstate Commerce Commission has the most magnificent opportunity in its entire history to render a great public service to the American nation, and to demonstrate the value of a disinterested tribunal in the determination of rights between the shipper and the carrier. Whether it is able to fully measure up to this unparalleled opportunity rests with the Commission itself.

CLIFFORD THORNE

Chicago, Ill., June 28, 1918

TIME FOR PAYING BILLS

H. R. Shepherd, traffic manager of the Chattanooga Sewer Pipe Works, has written, under date of June 28, the following letter to Chas. A. Freedy, Director of Public Service, Railroad Administration:

We wish to protest against cancellation of the present system of credits for the payment of freight charges. If credits based as furnished it seems to be nothing but fair that shippers and receivers of freight should be permitted to make settlement for freight that comes each week.

When the freight bill would be a considerable handicap on the shippers and allowing them time to check their freight papers, etc., some of the senior railroad officials will come to the rescue. Just this morning, for instance, the writer was talking with one official here who called up to ask how he wanted to handle our department and explaining that business first. He stated he was sure that the 20th would be the last day and he would not be able to get the bill paid, as it would mean considerable extra work on his office and he would be obliged to assign an extra man to handle it. Request for one, however, would be refused, because the amount of time higher up is they are looking for the extra instead of adding to it. The extra man would be needed to go to the track of an engine house to make the bill paid, instead of only one. I did not take into consideration the extra amount of work in making correct or disputed bills for accounting and debiting, which are really streamlined out before being paid.

We give you this information to show that the shippers

and receivers of freight are not only the ones who object to this new labor-saving (?) arrangement.

DUPLICATION OF INSPECTION

R. E. Hughes, traffic manager of the New Era Milling Company, Arkansas City, Kan., has, under date of June 28, written the following letter to Director-General McAdoo:

Since the railroads in the country are under unified control, we have a suggestion that we would like to offer for your consideration.

This city is served by the Santa Fe, Frisco, Missouri Pacific, Midland Valley and K. S. W. railroads. Our plant is located on the tracks of the Frisco Railroad. Before we are permitted to load cars with flour, each of these railroads require us to secure an inspection card from the car inspector of their respective lines, which we consider is a great amount of unnecessary time and labor wasted, not saying anything about the extra trouble we are put to in getting each one of these inspectors over to our plant to inspect these cars.

Since we are now required to order all of our cars from the Frisco Railroad (the line on which we are located), it appears that all cars could be inspected for loading by the Frisco's inspector and such inspection be accepted by the other railroads. If the inspector of each line comes to our plant each day to make inspections, you can readily see the duplication of labor necessary.

After due consideration of this matter we would like to have you refer the same to your regional directors with instructions to eliminate this waste and give better service, in case you decide such action should be taken.

SIMPLIFICATION OF TARIFFS

Editor The Traffic World

In the Open Forum section of the June 29 issue of The Traffic World appeared a timely article by Mr. Edward E. Titus regarding the matter of making tariffs more simple.

While I do not agree with Mr. Titus as to his method of simplifying the tariff situation, I do think that he has selected the proper time to bring up such discussions, and we all agree that some solution of the problem should be sought. But the situation is so complex and intricate, and so many industries are contingent upon conditions brought about by the existing rate situation, that it would be unwise to change them materially. Therefore, the problem that confronts us is to change and simplify the freight tariff situation, not the freight rate situation.

For a number of years I have been thinking of what would be the best method to do this. Take the Southwestern Lines territory, with which territory the writer is most familiar. Ninety-five per cent of any Southwestern Lines tariff on classes and commodities is taken up with commodity rates; it is a rare exception that a carload commodity is interstate traffic moves under a class rate. True, under the present class rate situation, this is the only feasible plan. Therefore, I think all commodity rates should be abolished. I do not mean the rate itself, but the method of publishing it. Naturally you ask, how I would abolish the commodity tariff and still retain the rate intact. The answer is simple enough. Use the same general method as is in vogue at present as to regard class rates, except cut out all individual lines issue, and confine all tariffs to party issues; for instance, all class rates to and from the Southwestern territory and interstate rates between points within that territory could be published in one tariff, using the same general method as is now used in arriving at and publishing such rates.

Now we come to the point. In addition to the regular first five classes and the five lettered class rates of the

Western Classification, establish some twenty or thirty other class rates, such class rates to be made up on basis of the commodity rates. In other words, take all existing commodity rates as now published in the Southwestern territory and group them. Where rates are approximately the same place them in one group. Of course, this would necessarily increase some and decrease others, but the change would be slight and no undue burden would fall upon any one. For instance, the commodity rate on emigrants' movables and potatoes in carload lots from Chicago to Oklahoma points are almost identical. These could be grouped together, and given, we will say, class 17, as would all other commodities taking a similar rate. I figure not to exceed thirty classes (suppose we use the term "exceptional classes" to separate them from the regular class rates) or exceptional classes, I should say, to take care of all commodity rates now in existence, by making slight changes in the rates. This is based on the Southwestern territory. Of course, in the Official Classification territory where there is but about one commodity rate to our (Southwestern) ninety, it should not require so many exceptional class rates. My idea is to publish these exceptional class rates right along with the class rates in the same tariff and on the same page or pages.

Now, of course, they are already at work on a uniform

classification, but whether we use a uniform classification, Western Classification, Official or Southern Classification, it will be necessary for each state or group of states to have an exception to their governing classification, and on any commodity that is now given a "commodity" rate, should be listed in this exception to the governing classification as taking a certain exceptional class rate. The exception to the classification to take precedence over the governing classification. Naturally where no commodity is mentioned in the exceptions the class rate as named in the classification would apply. To be sure, where the application is to be limited between certain designated points, such limitations could be made in the exceptions.

As stated in the premises, our problem is to revise, not the freight rates, but the method of publishing such rates. This plan would effect only minor changes in existing rates and make it a simple matter for the carriers or the Commission to establish future rates, for instead of figuring out a new scale of rates for a certain commodity, simply designate the exceptional class rate that fits the case. Also, if it becomes necessary to increase or decrease a rate on a certain commodity it would only be necessary to change the exceptional class rate.

P. H. McGregor,
Chickasha Cotton Oil Co.

Chickasha, Okla., July 2, 1918.

Miscellaneous Traffic Decisions

Cases Recently Decided by State and Federal Courts

(Digests taken from Reporters and Digests of National Reporter System, published by West Publishing Co., St. Paul, Minn. Copyright, 1918, by West Publishing Co.)

REGULATION OF COMMON CARRIER

Facilities of Shipper:

(Supreme Court of Appeals of W. Va.) The act of Congress to regulate commerce, as amended conferring upon the Interstate Commerce Commission authority to compel railroads engaged in interstate commerce to provide shipping facilities for shippers tendering interstate shipments sufficient to justify the construction and maintenance of the same, does not deprive the Public Service Commission of jurisdiction to require such a railroad to provide such facilities to a shipper offering intrastate commerce in such quantities as warrants the installation of the facilities demanded, even though such facilities, when provided, may be used in the shipment of interstate as well as intrastate commerce.—*Norfolk & W. Ry. Co. vs. Public Service Commission*, 96 S. E. Rep. 62.

A common carrier will not be excused from its duty of furnishing shipping facilities to one offering commerce to it, upon the ground that all of its energies are required to meet government needs, brought about by the present state of war, where it does not appear that the granting of such facilities would divert any of the carrier's energies, or require of it service which would make it less able to perform its public duty.—*Ibid.*

Public Service Commissions:

(Supreme Court of Appeals of W. Va.) Findings of fact by the Public Service Commission based upon evidence to support them will not be reviewed by this court.—*Norfolk & W. Ry. Co. vs. Public Service Commission*, 96 S. E. Rep. 62.

What Law Governs:

(Supreme Court of Ohio.) In a case of an interstate shipment of goods by a carrier, under a bill of lading issued therefor, the rights and liabilities of the parties are governed by federal laws and decisions, and should be determined by the state courts in accordance with the principles announced and enforced by the federal tribunals.—*Toledo & O. C. Ry. Co. vs. S. J. Kibler & Bros. Co.*, 119 N. E. Rep. 733.

(Supreme Court of Michigan.) Where Congress has taken possession of the field of interstate shipments as affected by quarantine regulations, the federal law is paramount, and the state law must yield if in conflict therewith.—*Boyd vs. King et al.*, 167 N. W. Rep. 901.

Discrimination:

(District Court, E. D., Virginia.) At a point south of Richmond three railroad companies were competitors for traffic to and from that city. Each road had switching facilities at Richmond, connecting with each other, and each delivered traffic from competitive points to industries on its own tracks in Richmond at its tariff rate to that point, without extra charge for switching; also each road absorbed the switching charge of a competitor on freight to be hauled by it to industries on the competitor's tracks at Richmond. Other railroad companies, not competitors of those for the southern business, entered Richmond and had switching facilities connecting with those of the competing roads. Such roads, however, did not absorb the switching charges on freight to be delivered to industries on the lines of the roads with which they were not in competition. In-

Interstate Commerce Act, February 4, 1887, declares that, any common carrier subject to the provisions of the act shall directly or indirectly, by any special rate, rebate, drawback, or other device, charge, demand, collect or receive from any person or persons a greater or less compensation for any service rendered or to be rendered than it charges, demands, or receives from any other person, it shall be guilty of unjust discrimination. Held, that the industries located at Richmond on the several railroads should be considered a group of industries, and it was unjust and discriminatory for the competing railroad companies to make deliveries on their tracks without switching charges in case of competitive business, and to absorb same as to industries located on the competing lines, but to decline to furnish the same service with respect to industries located on non-competing lines.—Seaboard Air Line Ry. Co. et al. vs. United States, 249 Fed. Rep. 368.

In such case the competing carriers cannot escape the charge of discrimination because the delivery of the competitive shipments was wholly by rail connections.—Ibid.

The Interstate Commerce Act does not define the particular acts which constitute unlawful discrimination, and that question is left to the Interstate Commerce Commission.—Ibid.

Findings of fact by the Interstate Commerce Commission in connection with unlawful discrimination are conclusive.—Ibid.

Loss and Damage Decisions

Cases Recently Decided by State and Federal Courts

(Digests taken from Reporters and Digests of National Reporter System, published by West Publishing Co., St. Paul, Minn. Copyright, 1918, by West Publishing Co.)

TRANSPORTATION AND DELIVERY BY CARRIER

Misdelivery:

(Circuit Court of Appeals, Sixth Circuit.) Under the Carmack Amendment the initial carrier of an interstate shipment is liable for a misdelivery by the terminal carrier.—King et al. vs. Barbarin et al., 249 Fed. Rep. 363.

Bill of Lading:

(Circuit Court of Appeals, Sixth Circuit.) A bill of lading is both a receipt and a contract of carriage and delivery.—King et al. vs. Barbarin et al., 249 Fed. Rep. 363.

A delivery by a carrier to the consignee is made at the carrier's peril where the consignee does not surrender the bill of lading.—Ibid.

A carrier, in delivering goods to the consignee without the production of the bill of lading, becomes liable to a bona fide holder of the bill for value whether by way of purchase or as security for advances before the delivery of goods is discovered.—Ibid.

Provision in a bill of lading to notify one other than the consignee does not warrant the carrier in delivering the shipment, upon order of the lawful holder of the bill of lading.—Ibid.

An indirect endorsement by the consignee of a forged bill of lading affords a carrier no more protection than would be given by delivery directly to the consignee without production of any bill of lading.—Ibid.

Transfer of a bill of lading without endorsement and with intent to pass title, is a constructive delivery of the property which it represents.—Ibid.

Ownership:

(Circuit Court of Appeals, Sixth Circuit.) Though the consignees were also named in the bill of lading as consignors, yet where the carrier acknowledged receipt of the shipment, not from the consignors, but from the owners, the consignees were only prima facie owners of the goods shipped.—King et al. vs. Barbarin et al., 249 Fed. Rep. 363.

The presumption of ownership arising from a bill of lading in which the consignee was named as consignee may be rebutted by other evidence showing the real ownership.—Ibid.

A bill of lading, instead of naming as consignors the owners who were the owners, named the consignee as con-

signor, and directed notice to a third person. The sellers attached to the bill of lading a draft drawn on the consignee, which was dishonored. The bill of lading recited receipt of the shipment, not from the consignors, but from the owners. Held, that, as the presumption of ownership might be rebutted, and as the bill of lading represented the property, the carrier was not justified in conclusively presuming that the consignees were the owners, and in delivering the property without production of the original bill of lading, possession of which the consignees never secured, having dishonored the draft to which the bill of lading was attached.—Ibid.

In such case, the sellers having taken back from the bank their dishonored draft, drawn on the consignees, are entitled to recover from the carrier, despite an asserted lack of privity between the sellers and the carrier.—Ibid.

Failure to Deliver:

(Supreme Court of Michigan.) Plaintiff, owner of beans, shipped them over defendant's road, by bill of lading reciting receipt of them from plaintiff, consigned to him, notify C. Draft on C. not being paid, and being returned to plaintiff with bill of lading, he reshipped them, surrendering to defendant the first bill of lading, and receiving from it another reciting receipt from "owners" of the beans, consigned to order C., notify P., and signed C. shipper, and requiring its surrender properly indorsed before delivery of the property. This, on plaintiff's draft attached thereto, not being paid, was returned to plaintiff. Held, that, plaintiff having put defendant in possession of the beans, and always retaining control of the bills of lading, could recover of it for the beans, they never having been delivered.—Ortner vs. Michigan Cent. R. R. Co. et al., 167 N. W. Rep. 851.

LOSS OF OR INJURY TO GOODS

Unprecedented Flood:

(Supreme Court of Ohio.) Where an extraordinary and unprecedented flood has destroyed a consignment of goods in the possession of a bailee for transportation, an antecedent delay, without other act of negligence, will not render the bailee responsible for the damage caused by such flood. This rule of liability applies to a common carrier as well as to other bailees, and has been adopted by our fed-

eral tribunals.—*Toledo & O. C. Ry. Co. vs. S. J. Kibler & Bros. Co.*, 119 N. E. Rep. 733.

Where there has been antecedent delay in shipment, followed by an unprecedented physical event comprising what is known as an "act of God," if the carrier has failed to exercise due care after discovery of such an event and its impending perils, the carrier will be liable, if damage ensues, because of such neglect.—*Ibid.*

Liability:

(Court of Civil Appeals of Texas, San Antonio.) If a carrier receives the quantity of wheat stated in the bill of lading, and delivers a less quantity, it is liable for the difference.—*Baker vs. H. Dittlinger Roller Mills Co.*, 203 S. W. Rep. 798.

(Circuit Court of Appeals, Fifth Circuit.) Where a consignee of cotton oil furnished its own tank cars for the shipment, and it was not apparent that the inner valve in the car had not been closed, the railroad company, though bound to exercise a high degree of care, cannot be held liable for loss of the oil resulting from failure to securely close the valve, notwithstanding the outer cap might have prevented the escape, had it not been defective, it appearing cars were often transported without fastening the outer cap.—*Alabama & V. Ry. Co. et al. vs. American Cotton Oil Co.*, 249 Fed. Rep. 308.

(Circuit Court of Appeals, Fifth Circuit.) Where a seller of cottonseed oil loaded same in its own tank car, buyer cannot, having paid bill of lading with draft attached, recover against railroad company for loss of oil resulting from defect in car not discoverable by reasonable inspection, even though railroad company made seller, who was required by contract to deliver oil, an allowance for use of car.—*Alabama Great Southern R. R. Co. vs. Morris & Co.*, 249 Fed. Rep. 312.

Weights:

(Court of Civil Appeals of Texas, San Antonio.) Mere fact that weighing of wheat was done by a third person did not relieve carrier of liability when it delivered less quantity, where it accepted such weight and entered it on the bill of lading.—*Baker vs. H. Dittlinger Roller Mills Co.*, 203 S. W. Rep. 798.

Burden of Proof:

(Court of Civil Appeals of Texas, San Antonio.) Weights of goods shipped stated in the bill of lading being prima facie evidence of the amount received, the burden is on the carrier to show that it did not receive such amounts.—*Baker vs. H. Dittlinger Roller Mills Co.*, 203 S. W. Rep. 798.

Where carrier proves that it delivered all the wheat received, which was carefully weighed and checked at destination, when it was found to weigh less than the bill of lading states, the carrier is not liable for the discrepancy.—*Ibid.*

Evidence:

(Court of Civil Appeals of Texas, San Antonio.) Evidence held insufficient to show that there was no leakage in a car carrying wheat, so that the carrier was not absolved from liability for the discrepancy.—*Baker vs. H. Dittlinger Roller Mills Co.*, 203 S. W. 798.

Conversion:

(Court of Civil Appeals of Texas, San Antonio.) The shipper suing for conversion, by delivery other than to shipper's order, contrary to the bill of lading, has the burden not only of showing this, but also that he was injured thereby.—*Owosso Mfg. Co. vs. Chicago R. I. & P. R. R. Co. et al.*, 203 S. W. Rep. 814.

Lease of Car:

(Circuit Court of Appeals, Fifth Circuit.) Where a railroad company made an allowance of the freight because the consignee furnished its own tank car, the company, as it exercised no right over the car, except for the limited purpose of transporting the shipment, should not be treated as a lessee.—*Alabama & V. Ry. Co. et al. vs. American Cotton Oil Co.*, 249 Fed. Rep. 308.

Warehouseman:

(Court of Errors and Appeals of N. J.) A railroad company is not an insurer of a carload of hay placed by it in its open yard, when not unloaded by the consignee within 48 hours after notification of arrival; its duty as warehouseman being to exercise reasonable care to guard the property, a care which must be commensurate with the danger.—*Champlin vs. Erie R. R. Co.*, 103 Atlantic Rep. 807.

CARRIAGE OF LIVE STOCK

Injury From Fire:

(Supreme Court of North Carolina.) In action for damages by fire from engine sparke, which set fire to a live stock car, where there was testimony that the spark arrester was defective, testimony of engineer that it was in good condition on the day after the fire made a jury question whether it was in good condition the night of the fire.—*Osborne et al. vs. Southern R. R. Co.*, 96 S. E. Rep. 34.

Origin of fire in stock car may be shown by circumstantial evidence, and no witness need testify that he saw sparks coming from the engine, in the absence of evidence of other origin of the fire, which was a matter of defense.—*Ibid.*

Care Required:

(Supreme Court of North Carolina.) It is the duty of the common carrier, irrespective of contract, to safely carry and deliver all stock delivered to it.—*Osborne et al. vs. Southern R. R. Co.*, 96 S. E. Rep. 34.

Burden of Proof:

(Supreme Court of North Carolina.) If stock shipped is lost or damaged, the burden is on the carrier to prove facts that would relieve it from liability.—*Osborne et al. vs. Southern R. R. Co.*, 96 S. E. Rep. 34.

Evidence:

(Court of Civil Appeals of Texas, San Antonio.) In shipper's action for negligent handling of carload of bulls, evidence held not to show defendant was negligent.—*St. Louis, B. & M. Ry. Co. et al. vs. Moss*, 203 S. W. 777.

Negligence:

(Court of Civil Appeals of Texas, San Antonio.) If the negligence of plaintiff shipper, in placing vicious bulls unconfined in a car together, contributed to injury to them, he could not recover, and his negligence need not have been the sole proximate cause of injury.—*St. Louis, B. & M. Ry. Co. et al. vs. Moss*, 203 S. W. Rep. 777.

Contributory negligence is a complete defense to an action based on defendant's negligence, whether it caused the injury alone or concurred with the negligence of defendant in producing the result.—203 S. W. Rep. 777.

Proper Cars:

(Court of Civil Appeals of Texas, El Paso.) While recovery cannot be had of carrier for injuries to sheep in transportation which were the proximate result of the weakened condition in which they were tendered for carriage, yet the carrier having received them in that condition for shipment was bound to exercise ordinary care in furnishing proper cars, including proper bedding, for their transportation; and if guilty of negligence in that respect, which proximately resulted in injury to them, is

able for the consequent damages.—Kans. City, M. & O. Ry. Co. of Texas vs. Weatherby, 293 S. W. Rep. 793.

That a shipper of live stock, being present and fully aware of the extent and condition of the bedding then in the cars, accepted them as bedded, and so is estopped to Notice of Claim:

claim improper bedding as cause of injury, is proper matter of defense.—Ibid.

(Supreme Court of Mich.) The defense that a shipper of live stock has made no claim for damages because of delay and diversion of his shipment, within five days, as required by its shipping contract, if not pleaded by the carrier, is waived.—Boyd vs. King et al., 167 N. W. Rep. 991.

In a shipper's action against carrier for damages and diversion of a shipment of live stock, notification to the carrier by telegram containing shipping directions that he would hold it liable for damages was a sufficient compliance with the shipping contract requiring claim of damages to be made within five days.—Ibid.

Embargo:

(Supreme Court of Mich.) Where a carrier has accepted shipment of live stock with knowledge of an embargo on live stock shipments by a connecting carrier whereby it might become impossible to fulfill its contract of carriage which the shipper did not know, and of which the carrier did

not give him notice, it cannot interpose such embargo as a defense to an action for delay and diversion of shipment, caused by the carrier's act of unloading and watering the stock in a county against which the embargo was in force.—Boyd vs. King et al., 267 N. W. Rep. 901.

SHIPPING DECISIONS

Contracts:

(Circuit Court of Appeals, Second Circuit.) Where the parties orally agreed upon a contract of affreightment by water, intending that a written contract should be drawn up, the oral contract was binding, the parties having acted upon it, and it appearing from the forms prepared by each party that there was a meeting of the minds of every material term; and neither party had the right, in preparing a written form, to introduce a new provision in the contract.—West India S. S. Co. vs. Chicago House Wrecking Co., 249 Fed. 338.

Freight:

(Circuit Court of Appeals, Second Circuit.) Evidence held to sustain libellant's contention that a shipment was transported pursuant to a contract of affreightment previously entered into between the parties, and not under an independent engagement.—West India S. S. Co. vs. Chicago House Wrecking Co., 249 Fed. Rep. 338.

Efficiency in Traffic

New Devices, Suggestions, and Methods for Increasing Efficiency in Freight Handling and Other Branches of Traffic Work

HOW TO PACK FOR EXPORT

The General Engineer Depot, War Department, publishes the following suggested guiding specifications for packing machinery, supplies and equipment for export on orders issued by the General Engineer Depot:

1. All merchandise must be protected by substantial boxing and must be securely packed thereon. Export shipping conditions involve much rougher handling than is usually understood.

2. All packing should be as light in weight as possible and contents kept to a minimum in order to economize shipping space; but the paramount consideration must always be safe handling. Brittle pine crates of half-inch board are worthless.

3. Packages over 1,000 pounds or less than 200 pounds are to be avoided when practicable.

4. Each case or crate should be firmly bound with strap or band iron. Straps should be not less than 1 inch wide and No. 18 gauge. Ends should overlap at least 6 inches.

5. All lumber used in boxing and packing to be strictly sound and of such dimensions as to insure full protection under rough handling. Under no circumstances should outside boxing be less than 13-16 inch thick.

6. Packages over 300 pounds should be packed in not less than 2-inch stock, additional straps and binding to be used at every 24 inches for boxes exceeding 3 feet in length.

7. Boxes 600 pounds weight or over shall have 4 by 4 inch posts, top and bottom of box, securely bolted together with 1/2 inch diameter bolts and three bolts, wherever possible, should extend entirely through box. To prevent splitting ends of box must be secured by cross boards.

8. Use yellow pine, gum, white pine, spruce and hem-

lock lumber surfaced one or more sides. This gives a desirable uniformity of thickness and makes easy stenciling on more than one face of the package.

9. Use cement-coated or barbed-wire nails—eight-penny and ten-penny. This is important to make the nails hold. Not less than two in end of any board and not over 4 inches apart in wide boards. (Six-inch boards, three nails.)

10. Use corner posts in all packages.

11. Machinery itself should be covered with waterproofing paper or oilcloth to prevent damage from moisture. Machinery should be thoroughly slushed with suitable protective compound. All loose or detached parts should be firmly and securely fixed to prevent dislodgment during transit. All finished surfaces to be amply protected against injury from salt air and water.

12. Packages containing machinery, or parts, should be securely blocked in the case or crate to prevent any movement.

13. Electrical and mechanical apparatus to be solidly packed in excelsior, straw, salt hay, or other filler in a solid box with paneled ends, securely nailed and then reinforced with 1/2 by 3 inch battens around the sides at the ends, with 1-inch by No. 18 gauge strap iron all the way around the battens, ends lapping at least 6 inches.

14. Hardware, nails, bolts, etc., because of their weight should be packed in small cases or kegs.

15. Materials such as glassware, tools, lamps, instruments, powder, acids shall be shipped in boxes, the thickness of stock to be determined by the weight or cubical capacity.

16. Tools, instruments, or any articles subject to damage by moisture shall be well wrapped in waterproof paper and boxes thoroughly lined with waterproof paper before being packed.

17. Cylindrical articles such as tanks, boilers, etc., shall

be shipped in cradles made of heavy timbers; the articles to be securely bolted to cradles or skids.

18. Oils, paints and liquids shall be shipped in 50-gallon barrels or steel drums of not less than No. 16 gauge or in heavy tin containers which should be hermetically sealed and securely packed in boxes.

19. On heavy boxes sling marks to be plainly indicated on outside at the proper place, reinforcement provided to insure against damage to case.

20. All wide side pieces of flat packages should be prevented from splitting by crosspieces nailed thereto—one in middle for 6 feet and two for sides over 6 feet; band iron or corner clips to top and bottom should connect at these crosspieces.

21. If new packing is tried, test boxes and crates by forcibly pushing each over the end twice. The package is then dropped from a platform 3 or 4 feet high. The package must not be broken to any extent by this test.

22. Projecting portions of heavy castings having narrow necks must be taken off, as they will break off by jarring.

23. Gray iron extended parts must be kept one-half to one inch away from covering, as the spring of boards will cause breakage.

24. Two heavy cast pieces must not rest together, but must be cushioned or separated by wood brace or block.

25. In packing machines which are knocked down it is desirable to indicate, "Open on this side."

26. Heavy items must be firmly bolted to skids or flooring; nothing shall be hung from sides of box. Unoccupied space in packing boxes must be thoroughly braced.

27. Packages must sometimes be proportioned to facilities for handling at port.

28. In marking packages use block waterproof marking or stencil paint.

29. Put the following marks, in rectangle, on each separate box, crate, bundle, or piece, unless otherwise instructed:

Depot Req. Item No.	Foreign Req.
Order No.	Pkg. No.

In addition to all marks hereinbefore specified, there is to appear on each package a synopsis of the contents of same, cubic contents, gross weight, and by whom shipped.

30. Packing lists must be made out correctly and in detail with all information called for. Merchandise must be described in specific terms. Such designations as "Provisions," "Groceries," "Canned goods," "Hardware," "Machinery," or any other general terms, must not be used.

HEAVIER LOADING OF EGGS

Manager Kendall, in Bulletin 24, car service section, has taken this step to procure heavier loading of eggs in refrigerators:

Please refer to our Bulletin No. 14, of May 2nd, regarding the Baltimore & Ohio Railroad rebuilding in their 13,000, 14,000, and 15,000 series, a number of refrigerator cars, and it was developed by the U. S. Department of Agriculture that eggs could be loaded five tiers instead of four tiers high in this class of equipment.

For ready reference we are attaching list of the car numbers of refrigerators that have been rebuilt as of June 7th.

We will be glad to have our attention called to any shippers not loading this equipment with eggs five tiers instead of four.

LOSS AND DAMAGE PREVENTION

Regional Directors Aishton, Holden and Bush have issued the following circular to western roads:

It is a matter of first importance that everything possible be done to prevent the loss and damage of freight. Many loss and damage claims arise from bad marking, poor packing and from deliveries to the wrong person, or

to persons who fail to make a signature sufficiently clear for identification.

The existing rules as to marking, packing and packing cases should be followed very closely with all employees to prevent loss of packages or damage due to insecure packages. Particular attention should be given to the reporting promptly to the Freight Claim Office of all astray packages.

If the proper attention is given to these important points by all interested employees, it should result in a very considerable reduction in the loss and damage claims.

MAXIMUM LOADING OF CARS

Regional Director Winchell writes to southern roads as follows:

The records indicate that the tons per loaded car from the southern region does not show a very marked increase, and, considering the fact that there is such a large proportion of the tonnage from this region moving through the congested eastern region, it is most important that we obtain maximum loading in order to reduce to the fullest extent possible the number of cars moving through the congested gateways and into the eastern territory.

Will you please give this attention.

BOX CAR LOADING

Regional Director Holden has issued a circular saying:

Box car equipment has been used to a considerable extent at army camps for loading manure and other refuse, which makes the equipment unfit for general service. Similar misuse may be prevalent at other points.

Instructions should be in effect that gondola or stock cars be used for such loading, and the use of box cars be prohibited. At present there should be no difficulty in furnishing sufficient stock cars for loading of this kind.

ASSISTANT IN TRANSPORTATION WANTED.

The United States Civil Service Commission announces an open competitive examination for assistant in transportation, for men only. Five vacancies in the Bureau of Markets, Department of Agriculture, Washington, D. C., at entrance salaries ranging from \$1,800 to \$2,400 a year, and future vacancies requiring similar qualifications will be filled from this examination, unless it is found in the interest of the service to fill any vacancy by reinstatement, transfer, or promotion. Certification to fill the higher-salaried positions will be made from those attaining the highest average percentages in the examination. The duties of appointees will be to assist in the rendering of practical service to producers and distributors of farm commodities, especially live stock and perishable commodities, in every phase of the transportation problem, and to co-operate with both shippers and carriers in raising the standard of transportation service and in reducing the economic waste of foodstuffs in transit.

EXAMINER OF ACCOUNTS WANTED.

The United States Civil Service Commission announces an open competitive examination for examiner of accounts, for men only. Vacancies in the Bureau of Valuation and in the Bureau of Carriers' Accounts, Interstate Commerce Commission, and in positions requiring similar qualifications, will be filled from this examination, unless it is found in the interest of the service to fill any vacancy by reinstatement, transfer or promotion. Two general grades of eligibles will be established from this examination, the salaries in the first grade ranging from \$2,200 to \$3,000 a year, with an allowance for expenses when absent from headquarters in the discharge of official duties, and in the second grade from \$1,800 to \$2,100 a year and such allowance. Appointments to these positions will be principally for duty in the field, but some appointments may be made for duty in Washington, D. C.

Legal Department

In this department a legal expert answers simple questions relating to the law of interstate transportation of freight. Readers desiring special service by immediate answer may obtain privately written answers to their inquiries by the payment of a small fee.

Address: Legal Department, The Traffic Service Bureau, Colorado Building, Washington, D. C.

Baggage Should Move with Passenger

Massachusetts.—Question: Passenger purchased coupon ticket from Worcester, Mass., to Columbus, Ohio, to be used May 21. Baggage was forwarded on May 22 and passenger decided to go one week later, May 29. Refund was obtained on the initial ticket and R. R. company charged \$5.00 excess baggage. We requested to have baggage privilege transferred to the second ticket, which was purchased for use on May 29, but R. R. company claimed that his request could not be granted. We would appreciate it very much if you would advise us your opinion on this matter.

Answer: At common law the transportation of a passenger's baggage went along with the carriage of the passenger himself, and as an incident thereto. *Machie on Carriers*, Volume 4, Section 2473, says: "A carrier of passengers is not liable for baggage unless the baggage is checked and transported as incident to the transportation of a passenger, even though it may have been checked and carried in a baggage car. So where one purchased a passenger ticket over the defendant's railroad for the purpose of obtaining a check upon which his trunk was forwarded as baggage, without any intention of accompanying the baggage in its transportation, and made the journey to his destination by his own private conveyance, it was held that defendant was not liable as a common carrier."

In the case of *Groat vs. Yazoo & M. V. R. Co.*, 176 S. W. 1040, the court held that an express stipulation in the ticket contract that the holder must travel between the same points and on the same day of the checking of his baggage was valid.

In the case of *National Baggage Committee vs. A. T. & S. F. R. Co.*, 22 I. C. C. 116, the Interstate Commerce Commission said that baggage service has grown up as an incident to the transportation of passengers, and has adopted regulations regarding the shape and use of baggage, whether for personal or commercial use. The Commission also said, in *Re Mileage, Excursion and Commutation Tickets*, 22 I. C. C. 90, that it is lawful for carrier having duly established in the manner required or authorized by law, any form of commutation or mileage fares, to provide in their schedules for the use of any said fares, and the checking and transportation of baggage by the holder thereof.

As most carriers have provided in their schedules that the baggage of the ticket holder to move free must travel with him, it is our opinion that the carrier is right in charging for the baggage as above described.

—C. B. STONE—

Carrier's Liability in Shipment Refused by Consignee and Seller

Ohio.—Question: On March 24, 1916, our shippers at Station X on road "A" shipped a carload of ear corn consigned to our order notify consignees at station "Y" on road "B." The car arrived at "Y" on March 29, 1916. Consignees waived inspection, paid our draft, surrendered bill of lading same date and ordered car to his warehouse on road "C." but on account of congestion on road "C" car did not arrive at consignee's switch until April 12, 1916,

when it was refused by consignee on the grounds that it was not up to the grade of corn purchased. This refusal was called to our attention, and on May 12 we advised the railroad company that car did not belong to us in view of the fact that consignee had paid our draft, and that they should take such action as they saw fit to dispose of the car, and car was subsequently sold for charges. However, the railroad company was unable to obtain more than 15 cents per bushel at "Y" and moved the car to station "Z." Forty cents per bushel, or a total of \$309.70, was realized.

Consignees instituted suit against us to recover the amount paid us on our draft. Testimony was offered at the trial to show that car was loaded with good, sound, yellow corn, which was rebutted by consignee's witness that corn was frosted and green when loaded. The case was finally decided in consignee's favor on the grounds of breach of warranty on our part.

The railroad company have offered us in settlement \$149.10, which is the net amount after deducting car demurrage charges and freight charges from original point of shipment to destination at which disposition was finally made. On March 4, 1918, we filed claim with the railroad company for gross amount realized from the sale less freight charges from station "X" to "Y" and less demurrage to May 12, which was the date of our refusal, making net proceeds \$243.00 instead of \$149.10, as offered by the railroad. Settlement on this basis denied on the grounds that claim was not filed within the six months' limit as provided in section 3 of the Uniform Bill of Lading.

Our position is that we have not filed a regular loss and damage claim. We are simply making claim for the net proceeds of the sale and that section 3 does not govern; that under administrative ruling 67 (D), as published in Interstate Commerce Commission Tariff Circular 18A, the railroad company should recognize responsibility for the condition of the corn on account of delay of 14 days in making delivery after surrender of bill of lading; that demurrage after May 1 should be waived on the ground that in a sense the corn became railroad material.

Answer: Both the Interstate Commerce Commission and the U. S. Supreme Court have declared valid and reasonable the stipulation of the Uniform Bill of Lading requiring claims to be filed within six months after delivery of the property, and have declared all such claims barred from recovery if not filed within that time and strictly in accordance with the written stipulation. See our answer to "California," published on page 598 of the March 18, 1918, issue of *The Traffic World*.

For these reasons the carrier is right in refusing to consider your claim in any sum in excess of \$149.11, because any sum demanded in excess of that amount is in the nature of a claim for damages, which is expressly covered by the aforesaid stipulation in the Uniform Bill of Lading. Unless the carrier was at fault for the condition of the corn at station "Y," it is entitled to all demurrage and freight charges from original point of shipment to destination point and up to the time when the shipment was sold. It appears that the carrier offers to settle with you on that basis, and as it does not admit any responsibility for the condition of the corn at destination point, or that the transportation and demurrage charges were not properly assessed, the shipment is not governed by the rule established in Rule 67 (d) of Tariff Circular 18-A.

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Time to File Overcharge Claims.

New York.—Question: We have submitted on April 17, 1918, for consideration of the Interstate Commerce Com-

mission at Washington, D. C., a matter relative to claim for overcharge \$40.76 on shipments forwarded from Philadelphia on September 20, 1915, consigned to Denver. We have been handling claim on this subject with the Chicago, Burlington & Quincy Railroad Company, but without success; therefore, on April 17, 1918, presented the matter to the Interstate Commerce Commission for their decision. We were informed as follows that the complaint is barred:

"Section 16 of the act to regulate commerce provides that all complaints for the recovery of damages shall be filed with the Commission within two years from the time the cause of action accrues, and not after. In *Louisville Cement Co. vs. I. C. C.*, decided April 29, 1918, by the United States Supreme Court, it was held that the cause of action accrues when the charges alleged to have been unlawful are paid. As the charges appear to have been paid during October and November, 1915, and the complaint was not filed with the Commission until April 20, 1918, it is barred. The Commission is without power to take any action in such cases."

Answer: While the claim above described is barred from recovery before the Interstate Commerce Commission, under the act and decisions of the Interstate Commerce Commission and the U. S. Supreme Court, yet, if the claim is actually an overcharge, that is a charge in excess of that contained in the published tariffs of the carrier, such a claim might be brought in the state or federal court, even though more than two years old. Actions for overcharges can be brought in such courts without prior determination by the Interstate Commerce Commission. Such an action being for the repayment of a sum of money exacted and received by the carrier in violation of the contract of shipment, a shipper may sue in a state court, on the contract for interstate shipment, since the action does not involve an attempt by the state court to regulate interstate commerce, or to enforce any provision of the interstate commerce act.

Liability of Carrier in Delayed Shipments

North Carolina.—Question: On June 27, 1916, C. & N. W. Railway Company issued bill of lading to one of our factories covering one car furniture for Jersey City, N. J.; the contents of this car was not delivered to consignees until September 20, 1916, shipment being en route almost three months, which caused damage to the furniture by reason of same being in car unusual length of time, and a number of pieces it was necessary to have refinished on this account, for which we filed claim with railroad company, supporting same with necessary papers, together with affidavit of consignee as to condition when received and cost for putting in proper condition, the same as when shipped. The transportation lines to Jersey City were open at the time of this shipment, and we were given authority to load same, and shipment was accepted by railroad without question. They have now declined our claim, stating that they cannot admit liability on account of this unusual delay.

Will you please advise us what recourse we have, if any, as it appears that three months is an unusual length of time for transportation of carload shipment from Hickory, N. C., to Jersey City, N. J., which should be moved in about ten days to two weeks, even under somewhat congested condition.

Answer: Your question involving the same points involved in a question from "Indiana," and fully answered by us in the June 22, 1918, issue of *The Traffic World*, we respectfully refer you to that answer as covering your

OWN

Help for Traffic Man

This department is conducted by a traffic man of long experience and wide knowledge. In it he will answer questions relating to practical traffic problems. We do not desire to take the place of the traffic man, but to help him in his work. We reserve the right to refuse to answer any questions that we judge it unwise to answer or that involve situations that are too complex for the kind of investigation contemplated. Questions will be answered as promptly as possible. No answers will be given by mail except for a fee.

Address "Help for Traffic Man," The Traffic Service Bureau, Colorado Building, Washington, D. C.

Cannot Substitute Through Contract for Separate Contracts of Carriage Made for Purpose of Evading Embargo

Q.—Please answer following through your "Help for Traffic Men" column: A shipped B a number of carloads of freight last fall. On account of gateway between originating and delivering carrier being embargoed, A was prevented from shipping direct to destination. However B was able to bring about an arrangement whereby cars were consigned to him at the gateway at local rate, and he accepted cars there and had them delivered to delivering carrier and rebilled them as a new shipment at local rate.

Both lines should have been, and we believe were, aware of the manner in which cars were being handled and that it was an evasion of the embargo.

Under such circumstances, if B would make application to the I. C. C. do you believe they would order the carriers to make reparation on basis of through rate in effect at time shipments moved?

A.—As handled and billed by consignor and consignee, the shipments from original point of origin to the gateway and from the gateway to ultimate destinations constituted separate shipments upon separate contracts of carriage at the local rates applicable thereto, and we do not see any basis for a claim for reparation predicated upon the difference between the charges lawfully collected and what the charges would have been had the shipments moved on a through bill of lading at the lawful through rates. The separately made contracts for carriage at the local rates having been completed, it is not now possible to substitute therefor a contract for through carriage at the through rates in effect at time of movement or subsequent thereto.

Demurrage—Consignee Not at Fault

Q.—We recently contracted with a railroad entering Detroit, Mich., for a carload of scrap iron which was purchased f. o. b. Detroit, Mich. The railroad company loaded this material and sent us a shipper's order bill of lading consigning the car to order of the railroad, care of agent at Detroit, Mich., notify Hilb & Bauer, Cincinnati, O., routing shown on the bill of lading, via Toledo and Big 4.

Bill of lading also carried notation, "Ultimate destination Hilb & Bauer yards, Cincinnati, O., f. o. b. railroad track Detroit, Mich." Bill of lading was received by us March 19 through the regular channels, i. e., through the bank, amount of draft having been paid. We immediately surrendered this bill of lading to agent of the Big 4 here, with instructions to deliver the car to our switch on arrival. Several days later we received letter from the storekeeper of the railroad, from whom this material was purchased, stating the car was being held on their track under demurrage and that the original shippers' order bill of lading would have to be returned to them with our straight bill of lading attached, and when received car would be forwarded to us. We, of course, had to secure the return

of bill of lading from the delivering agent here and forward same with straight bill of lading to the storekeeper of railroad shipping material. While this transaction was being made there was approximately \$200 car service accrued and as fact, inasmuch as the agent who was holding this car did not notify us that car was being held for the bill of lading, that there should be no car service on same. We might further state that the car was held out as long that we wrote agent and also superintendent of transportation asking for record, but never received a reply until storekeeper notified us several days later how they wanted the bill of lading handled.

Will you please be kind enough to public in The Traffic World your opinion as to whether or not this car service should heavily be collected, and whether in your opinion we will have a legitimate claim against railroad company for same?

A. As we view this matter upon the facts as stated, the demurrage accrued through the fault of the consignee. It seems to us that the present method of issuing the car in the first instance and the demands with respect to the surrendered bill of lading were an incident of the railroad company as the purveyor of the material, and as the detention of the car at shipping point was too in the interest of our own convenience as the consignee of a carload to impose demurrage charges against him. There appears to have been nothing that the consignee could do which he did not do to facilitate the delivery of the car to him.

Unreasonable Embargo—Reparation

Q. We have an organization in this district which performs the work of advertising and is located on the character of work they do. This work is done on two roads, one being a printing plant and the other being a trunk line. During the severe storms we had in this district in January last year road A placed an absolute embargo against our press and all of our work in particular. It is an attempt at their attempt to handle anything because of snow. Road A had a great many cars outside of our plant in the road and for a period of practically two weeks we worked in a yard covering same of snow and moving in empty cars to our plant. The plant is a very essential business to the government at this time, and the shipping department would be best served if a great many plants and roads could be kept from financial loss to us. By doing as mentioned above we were able to continue our operation through the very trying period. Empty cars brought in from road A were loaded and lading was tendered to road A but consignees of his carloads, were delayed, and in consequence we have a very heavy demurrage bill which is our battle to pay. Now, we do not believe road A should have delayed work in face of what we were doing for all concerned. Road B also serving us did not have any embargo against us, but it did not have any cars which we could use, nor did it make a move to get any cars to us, so we are in the street so far as they are concerned. When I would like you to answer is: Can road A legally collect demurrage from us inasmuch as my interpretation of the tariff is that there is nothing in the demurrage rule which would prohibit collection under the circumstances? If we were to pay the bills, do you know of any ruling or procedure that would procure a refund for us through the Interstate Commerce Commission?

A. We do not know of any ruling of the Commission upon the precise state of facts which you relate. It seems to us that the reasonableness of the embargo is at issue,

it having been based upon the carrier's inability to handle traffic on account of snow and the necessity for its continuation having ceased when the tracks of the carrier had been cleared of snow. If the embargo is shown to have been unreasonable it follows that consignor had been damaged thereby and should upon proof thereof be awarded reparation.

Responsibility for Demurrage Charges

Q.—Did demurrage charges properly accrue on a carload shipment under the following circumstances:

Shipment was made in carload lot from our plant at A to ourselves at B to complete the order from our warehouse at that point; shipment was made on the order of the Star Company consigned to the Black Company at B. Car arrived in due course at B and was set into our own switch and shipment completed. Our representative then gave verbal instructions to the yardmaster and also the

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TRAFFIC ORGANIZATIONS

THE NATIONAL INDUSTRIAL TRAFFIC LEAGUE.—Object: The object of this league is to interchange ideas concerning traffic matters to co-operate with the Interstate Commerce Commission, state railroad commissions and transportation companies in promoting and securing better understanding by the public and the state and national governments of the needs of the traffic world, to secure proper legislation where deemed necessary, to the modification of present laws where considered harmful to the free interchange of commerce; with the view to advance fair dealing and to promote, conserve and protect the commercial and transportation interests.

Headquarters: Tacoma Bldg., 5 North La Salle St., Chicago.

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Manager Traffic Department, Cincinnati Chamber of Commerce and Merchants Exchange.

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E. F. Lamm Assistant Secretary
5 North La Salle Street, Chicago, Ill.

MANUFACTURERS' ASSOCIATION, In Charge of Traffic of Industries Located at Sterling and Rock Falls, Ill.

A. N. Bradford President
P. W. Deane Vice-President
W. J. Bergh Secretary-Treasurer
W. E. Lusk Traffic Manager

All correspondence relative to movement of traffic to or from Sterling and Rock Falls, Ill., should be addressed to the Traffic Manager, General Offices, Lawrence Building, Sterling, Ill.

agent to switch car over to the Black Company. It developed that Black Company had no switch of their own and car was set to public team track, where Black Company received his material. Car was allowed to remain there until demurrage of \$50 accrued and then bill for the demurrage was sent to our company, the railroad company contending that car arrived at B consigned to ourselves and they know no other one in the matter. Our contention is that our responsibility ceased when car was switched from our own track at B, and Black Company was evidently recognized as the consignee, as we have statement on file from the agent that he several times notified them to unload the car and that each time they had promised to do so. We admit that our record is weak in the respect that our representative at B gave no written instructions to switch the car to Black Company; on the other hand, the superintendent of the interested line advises that a switching order must be given before car would be moved, and as the car was moved without such written order to another track we fail to see that this would hold us responsible.

A.—It does not appear from your statement of the case that the car originally consigned to yourselves at B was, after arrival, reconsigned to Black Company at that point, as probably could have been done under reconsigning tariff. Therefore, the carrier knew no other consignee than yourselves, and as is usual looks to the consignee for payment of demurrage charges. We think that where carriers accept oral instructions to switch cars and perform that service that they have waived their requirement of a written order and cannot justly impose additional charges upon shippers or consignees on such technical grounds.

EFFECTIVE DATES POSTPONED.

The Commission has postponed the effective date in No. 9380, Pollak Steel Co. vs. B. & O. et al., from August 1 to October 1; also the effective date in No. 8857, Natchez Chamber of Commerce vs. Yazoo & Mississippi Valley, from August 1 to September 1; and in supplemental fourth section order No. 7221, from July 1 to September 3, in so far as it relates to traffic involved in No. 9021, Ernst Heldmaier vs. C. I. & L., 49 I. C. C., 81.

RULE 9 PROVISIONS MODIFIED.

The Commission has modified the provisions of rule 9 of Tariff Circular 18-A so as to increase the volume of supplemental matter, but not the number of supplements filed by the carriers in compliance with its orders in No. 9457, Cooper Grocer Co. vs. Morgan's La. & Tex. R. R. and S. S. Co. et al., and related supplemental dockets, four in number.

Personal Notes

At a joint meeting of the new and retiring boards of governors of the Traffic Club of Pittsburgh C. B. Ellis was elected chairman of the Board for the fiscal year.

George T. Roberts, assistant chief of the Interstate Commerce Commission's tariff division, and the oldest employee, in point of service, of the Commission, died suddenly at his home in Washington, D. C., June 30. He left his office a few days before his death feeling not in condition to continue his work, but he was not believed to be seriously ill.

"Tom" Gillis, the man at the Interstate Commerce who answers the questions the public asks about railroads

and their regulation, has been made assistant to the secretary of that body. Secretary McGinty made the formal announcement on the afternoon of July 3. The designation is intended as a mark of appreciation for Mr. Gillis, whose name is Thomas A. Gillis. He is a legal resident of Pennsylvania and the announcement said that Thomas A. Gillis of Pennsylvania had been appointed assistant to the secretary. Mr. Gillis has not had any title heretofore. He has filled the place made vacant by the resignation of J. H. Fishback about three years ago. Mr. Fishback was chief of the division of correspondence. Soon after he quit that division was merged with the division of claims. Prior to Mr. Gillis being placed at the desk occupied by Mr. Fishback he was in the docket division. That is where he acquired his great familiarity with complaints and with decisions of the Commission and the courts. His memory for such things caused Secretary McGinty to put him in the place where his talent would be available to the public. Gillis knows the language of the act to regulate commerce better than most children know the alphabet. This designation makes no change in the official staff nor is it to be taken as an appointment to the assistant secretaryship which Alfred Holmead has held since the promotion of Secretary McGinty. It is an accurate designation for Mr. Gillis because it is the duty of the secretary to meet the public and to help it find what it desires from the records of the Commission.

DOCKET OF THE COMMISSION

Note.—Items in the Docket marked with an asterisk (*) are new, having been added since the last issue of The Traffic World. Cancellations and postponements announced too late to show the change in this Docket will be noted elsewhere.

- July 9—St. Louis, Mo.—Examiner Mackley:
10097—St. Louis Chamber of Commerce vs. B. & O. R. R. Co. et al.
- July 11—Huntington, W. Va.—Examiner Pattison:
10190—Va. Coal and Fuel Co. vs. N. & W. Ry. Co.
- July 15—Chillicothe, O.—Examiner Fleming:
10064—Jackson Iron and Steel Co. vs. D. T. & I. R. R. Co.
- July 15—Chicago, Ill.—Examiner Worthington:
10152—Wisconsin Granite Co. vs. C. & N. W. Ry. Co. et al.
10126—Southwestern Paper Co. vs. C. R. I. & P. Ry. Co. et al.
- July 15—Pittsburgh, Pa.—Examiner Bell:
* 10197—The Avella Coal Co. vs. Pittsburgh & West Virginia Ry. Co.
* 10197, Sub. 1—Meadowlands Coal Co. vs. Pittsburgh & West Virginia Ry. Co.
* 10197, Sub. No. 2—Waverly Coal and Coke Co. vs. Pittsburgh & West Virginia Ry. Co.
* 10197, Sub. No. 3—Pryor Coal Co. vs. Pittsburgh & West Virginia Ry. Co.
* 10197, Sub. No. 4—Duquesne Coal & Coke Co. vs. Pittsburgh & West Virginia Ry. Co.
* 10197, Sub. No. 5—Pittsburgh & Southwestern Coal Co. and David L. Newell, receiver, vs. Pittsburgh & West Virginia Ry. Co.
- July 16—Cincinnati, O.—Examiner Fleming:
10201—Isaac Joseph Iron Co. vs. A. G. S. R. R. Co. et al.
- July 17—New York, N. Y.—Examiner Spethman:
10101—John Y. Hite & Louis Rafetto vs. Central R. R. of New Jersey.
- 10092—Geo. C. Holt and Benjamin B. O'Dell vs. P. C. C. & St. L. R. R. Co.
- July 17—Nashville, Tenn.—Examiner McCawley:
10068—Traffic Bureau of Nashville vs. C. & E. I. R. R. Co. et al.
- July 17—Chicago, Ill.—Examiner Bell:
I & S 1161—Reconsignment Case (No. 3).
10173—Diversion and reconsignment rules.
- July 17—Milwaukee, Wis.—Examiner Worthington:
* 10111—Waukesha Lime & Stone Co. vs. C. M. & St. P. Ry. Co.
- July 18—New York, N. Y.—Examiner Spethman:
10107—Charles Lyons Co. vs. Adams Express Co. et al.
- July 18—St. Louis, Mo.—Examiner Fleming:
10140—Atlas Leather Mfg. Co. et al. vs. P. C. C. & St. L. R. R. Co. et al.
- July 18—Charlotte, N. C.—Examiner Hillyer:
8880—J. A. Skipwith & Co. et al. vs. Southern Ry. Co. et al.
- July 19—Memphis, Tenn.—Examiner McCawley:
1138—Supplemental complaint, Lamb-Fish Lumber Co.
1227—Supplemental complaint, Lamb-Fish Lumber Co.
- July 20—Asheville, N. C.—Examiner Hillyer:
8725—Western Carolina Lumber and Timber Assn. et al. vs. Southern Ry. Co. et al.

THE TRAFFIC WORLD

A working tool for traffic men, both industrial and railroad; a national journal of important transportation news; independent as between carrier and shipper.

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STULTIFYING THE PRESIDENT

So radical is the procedure contemplated by the Railroad Administration in circular 1-A of Director Chambers, as explained by his force and set out elsewhere in this magazine, that we hesitate to call it it. We hope yet to find that the explanation is unwarranted or even that our Washington news bureau has been led into a misapprehension.

As thus explained, however, the circular means that hereafter the President, under the power conferred on him by the so-called federal control law, will initiate all changes in rates and the shipper must not only wait but have advance notice of what is proposed, but he will have no recourse except by formal complaint to the Interstate Commerce Commission after the changed rate becomes effective. That is, he will have no recourse but that except when opportunity is afforded for him to appear before the proposed traffic committee composed of a majority of railroad men and a minority of representatives of shippers, which committee will have no power to do anything but recommend to the Director General. And as has been said many times before, little is to be expected from the Commission except when the complaint obviously demands a cure and is not in opposition to the wishes of the Director General.

Of course, the President has a legal right to do as proposed by this circular. The federal control law gives him that right—except, in our opinion, as to intrastate rates. But the point is that when it was proposed to confer on him that power strenuous objection was made on the floor of the Senate on the ground that it was too great a power to confer on the President and that such a grant

was not necessary. To this it was replied by senators whom the President permitted, without contradiction, to speak for him, that, though the power might be subject to abuse, the President must be trusted and that it was necessary that he have this great power for use in great emergencies—and that he would use it only in such emergencies. He did use it in General Order No. 28 and his action even there created discussion as to whether the emergency justified the order. But now he proposes—or it is proposed for him—to use this power in every rate change, great or small, important or unimportant. The President will make all rates, subject, after they are effective, to appeals to the Interstate Commerce Commission, the members of which are his appointees whom he has power, under the Overman law, to remove if they do not do as he wishes.

One of two things is true—either the Director General or Director Chambers is acting without the authority or the knowledge of the President and his action may be expected to be amended, or the President of the United States has permitted himself to be stultified and to be made to appear as one who has dealt disingenuously with Congress and the people and has lent himself to a scheme to "put something over."

We do not believe the federal control bill would have been passed with this provision empowering the President to initiate rates if it had not been for what was practically a promise that he would not exercise his power except in an emergency and the plea that we ought to trust our President. At least, there would have been much more opposition to it than there was. What are the feelings of those senators who now find that they were fooled may be imagined. If the fault is with individuals who are members of the Railroad Administration, something may be expected to drop. If the responsibility is higher up, nothing, probably, will happen except that the President is likely to find it more difficult hereafter to get what he wants from Congress.

The plan is the more difficult to credit for the reason that it is so utterly without reason. There is apparently no good purpose in it. Why should anyone care to have rates made in this manner except when there is an emergency that can be put forward as a justification? On the surface, it seems to be merely a use of power by certain railroad men now in the employ of the government as members of the Railroad Administration to make the rates they think should be made without giving business men affected by them any opportunity to be heard or to make their protests avail to check, even for an instant, the plans of the rate-makers.

It is a departure from the theory and practice of rate making, built up in thirty years of constructive work, unwarranted by any public necessity incident to the war or any other cause and unexplainable except on the theory that some of those who do not like the customary and orderly procedure of putting new rates and rate changes into effect now find themselves with the power to work their will, and they are using it, regardless of the fact that it was never meant that they should do any such thing and that by doing it they are putting the President of the United States in a disagreeable position.

SOLVING THE TRAFFIC PROBLEM

It seems to us that Commissioner Harlan has done a valuable piece of work in his investigation and the resulting report embodying a plan for store door delivery on Manhattan Island, though, to be sure, he found nothing that we did not all know existed and has recommended nothing that has not been suggested before. But the main thing is to do something about it, and at last this seems to have been done, or to be on the way to accomplishment.

If the government will devote more of its energies to work of this sort—studies of concrete transportation situations and the development of concrete plans for curing what is wrong in them—it will, it seems to us, be doing a much more valuable work in the winning of the war than it has been doing, no matter how good some of the things it has done may have been in themselves. The theory and purpose of government operation of the railroads is to get traffic moved in order to help win the war. Traffic was not moving as expeditiously as it seemed it might in New York City, which is the small neck of a huge bottle, and the task was to find out why and then apply a remedy. Mr. Harlan's report does not seek to cover the entire situation. It would take years to work out plans for a complete cure, he says. But he finds the most serious, or at least the most obvious, trouble and points out the remedy that can be applied most quickly, speed being the thing most needed.

There are other similar situations elsewhere that ought to be made the subjects of similar studies and treatment. The government would be doing by no means the smallest possible service in the expedition of traffic if it would make a series of concrete studies of waterway possibilities with a view to relieving the strain on rail lines. We know it is doing something along this line, but we have seen little in the way of action and results. On the other hand, the government has apparently so little understood the needs of the country in this respect

or the methods necessary to meet those needs that, instead of compelling or even permitting water rates to remain below the level of rail rates, it has sought to put them on an equality. That may be the result of having the Railroad Administration conducted by railroad men, though even they might be expected at this time to see what is necessary in spite of their natural prejudices. Some of them have done so, if their words are to be believed, but results are what are wanted.

We wish to give full credit for everything that has been accomplished by the men who compose the Railroad Administration in the performance of its gigantic and unaccustomed task. But we think six months ample time in which to work out and put into operation some well devised plans for the enlarging of terminal facilities, where that is needed; for the relief of rail lines by the use of waterways; and for supplementing the rail and water lines by the use of motor trucks and trolley lines. Something has been done along these lines—perhaps much. But will anyone say that anything like a comprehensive or adequate plan has been achieved, or that there is anything like speed? More than three months after it was made, the report of Commissioner Harlan (the dominant note of which is the need for prompt action) to Director-General McAdoo as to methods of relieving freight congestion in New York City is approved and given to the public. In a month or two more, perhaps, something may be expected to have been accomplished in the way of actual results.

The trouble seems to be not so much as to the ability and energy and good intent of the individuals who constitute the Railroad Administration as in the failure of the government to grasp its real functions as the war administration of transportation agencies. Regulating wages, increasing rates, cutting off useless employes, consolidating ticket offices, and so on, may all be well enough, but the real business of the government in its operation of the railroads for war purposes is to find means for handling traffic more efficiently. We do not mean to say that this phase of the problem is being ignored—only that it seems to receive too little attention in comparison with that given to some other things.

SOUTHEASTERN REFRIGERATION CASE.

The southeastern refrigeration case, created by Clifton's fifteenth section application No. 6289, has been assigned to the formal docket and is numbered 10215. Clifton's application is for authority to raise refrigeration charges on berries, fruits, melons and vegetables from south of the Ohio and Potomac rivers east of the Mississippi.

Current Topics in Washington



The Industrial Railway Question.—

Men who have invested their money in industrial plants and short rail roads that have tended to build up the country might be pardoned a bit of pessimism when they read about the Railroad Administration's treatment of the short line railroads and the most recent decision of the Interstate Commerce Commission in the industrial railway matter, the National

be Lake Terminal demand for reparation. The Railroad
in effect holds that the cheap line and
the rich are so poor that it would not hurt the country much
if they were forced to suspend operations. The Comman-
d in effect holds that the steel corporation is so rich
it does not need reparation for the services performed
for the tube company, one of its subsidiaries by the ter-
minal company, another of its subsidiaries. The possi-
ble man may be constrained by the facts to think that
a rule is if you are poor you get a kick in the ribs, and
you are rich the ribs also furnish terminal facilities
or the government's boots on the theory that pay for
performing a service the trunk lines are supposed to
perform will give the rich corporation a rebate. The big
poor or small railroad is poor, because the trunk line will
take the share to develop a part of the country pay-
ing that for inadequate transportation facilities. The
government company builds a railroad so as to enable
to establish its plant on cheap ground and produce
materials needed in the country in the most economical
manner. There is no law in any state saying that the
man who build an enormous industrial plant may not also
invest some of their dollars in a railroad connecting this
plant on cheap land with a trunk line and under the act
to regulate commerce, sailing on the trunk line to share
a reasonable profit rates the law requires the two rail-
roads to make. The only fact compelling either a trunk
industrial line is that the money to construct it was
provided by men who also furnished the money where-
by to construct the trunk line, and the money was
not to be taken from the trunk line, it was supplied from the two
sources. Now that the government is opposed to the trunk
line of money taking the work of the trunk line owner
and money expended is that they should bear no part
of the expense of the railroad built with the money of men
who also invested money in the plant that furnished them
with the bank, because therein the owners of the factory
can make a profit on their dollars, and at a way be
and competitors in the railroad business. The latest
industrial railway decision disconcerts from the Comman-
d and some industrial interests to reparation by the com-
mand, compelling those who invest their money in indus-
trial plants to become interested in a railroad connecting
their plant with a trunk line except on penalty of having
their share in the railroad held to be not entitled
to the profit from their share in the railroad business.
The case will be referred to the Supreme Court.

Carrying Telegrams on Trains.—A great deal of Western mail telegrams carrying eight letters on trains had been sent from Chicago and Washington so that they might be delivered at the proper time at their destinations before 10 o'clock.

the next morning, raised a question as to whether the post office or telegraph service had broken down. Postmaster-General Burleson had the messengers arrested because, if such service were allowed to continue, the post office receipts would be cut down. Then he used the incident of the arrest to back up his demand that the government take over the wire companies because, he was quoted as saying, "the telegraph service is breaking down, as evidenced by the sending of important messages, including those of the government, by train messenger." That raised the query, first, as to why the government was sending telegraph messages when, if the mail service were good, they could be delivered just as quickly by special delivery. The point was made that if the telegraph company could put messengers aboard trains and send night messages in that way, the Post Office Department should have been able to carry its own messages in that way and not help break down the telegraph service by demanding the use of wires for communications that could be sent by train messenger so as to be delivered within the terms of the telegraph contract, as to time at least, if not method of transmission. The government maintains its mail monopoly by means of penal statutes, not superiority of service. It is an offense for anyone, other than the government, to carry messages over regularly established mail routes. The express companies sometimes help newspapers by carrying letters, but the government always obtains its fee, because the express companies insist on the sender putting on a good postage stamp and canceling it before accepting such letters or parcels. Possibly, if the government goes permanently into the railroad business, it may be expected to protect a moderate service by forbidding automobiles or trolleys to carry passengers on parallel and competing roads.

New England Rates.—New England manufacturing and merchandising interests are genuinely alarmed over the rate conditions in that part of the country. Pro forma shippers are often in a state of trepidation. The New England state of mind, however, is not of the pro forma kind. The Commission's decision, a short time ago, holding that New England, in a transportation sense, is about on a par with the northern part of the southern peninsula of Michigan, written by Commissioner Anderson, has not endeared him to the Yankee merchants and manufacturers. They do not like the suggestion that they have lived on "special privileges." In fact, they are inclined to believe that when a statesman has to support what he has done he resort to a suggestion that somebody has lived by special privileges, there must be something fundamentally weak in the rule when the so-called special privilege is investigated it is found to be something that, when established, was considered desirable and well worth having for the peace that was set on it. The discovery that it is a special privilege, it may be suggested, is usually made long after the facts have become almost obscured. By forgetting that the common law held it the duty of the shipper to make the best bargain he could with a common carrier, it is easy to hold that rates are the only foundation on which big business rest. The average citizen believes that rebating has always been unlawful because, to him, it is so obviously wrong for the common carrier to provide both road and wagon. The great trouble was that the lawmakers and administrators never found out, until long after the railroad was a fairly successful thing, that the law which governed the rate for the carriage of goods on the king's highway was no

making by common carriers who furnished only vehicles fit for the governing of the common carrier by railroad. The New England manufacturers, if they were better informed about the history of their rates, might be better able to meet the suggestion about special privileges.

Pacific Coast Rates.—Pacific coast shippers some of these days may also discover that, in the opinion of some government official, they have built up their business on special privilege in the form of rates lower than those given intermediate sections. The suggestion was often made in the intermountain rate cases that the railroads had shown the coast people favors. The thought of that kind always was passed to a waiting world by some man whose hair had not begun to whiten, who refused to believe that the natural way to make rates from New York to any intermountain point was to take the water rate from New York to San Francisco and add the rail or mule rate from the last mentioned point to the destination. When the transcontinental roads were pushed through the mountains the fundamental idea was to bind the Pacific coast to the rest of the country, by military force if necessary, through the hurried transportation of troops, if Mexico should undertake to try a military rectification of frontiers while the Civil War was going on, rectification, of course, being the Mexican's idea of what would be meant by military seizure of the territory taken from her by the treaty of Gaudeloupe Hidalgo. There was then no well-defined thought of giving the intermountain country low rates, because there were no intermountain points worth mentioning by the traffic manager seeking tonnage. It was not until long after the rails from the east and the west were joined together that the thought of hauling freight from ocean to ocean in competition with ships took definite form. It was almost as much of a dream as is the idea of hauling freight from North to South America, all-rail, over the pan-American railroad that was the large fancy of James G. Blaine and others twenty-five or thirty years ago. At times the Pacific coast man might fight the suggestion about special privilege in the way of asking who had received the special consideration. Of course that would not help much, except as a safety valve to let off the product of indignation within coast dwellers.

A. E. H.

NEW YORK STORE DOOR DELIVERY

The Traffic World Washington Bureau.

To eliminate congestion of incoming freight at steamship piers and railroad stations in New York City, which has been reflected throughout the country, a "store door" delivery service will be established under the direction of the Railroad Administration. Interstate Commerce Commerce Commissioner James S. Harlan, who has investigated the situation, announced that the system probably would be in operation August 15. The plan, approved by Director-General McAdoo, is to co-ordinate the drayage facilities of New York's merchants and manufacturers, now operating independently. Under a drayage director, to be named by the government, Manhattan Island will be divided into delivery zones. Trucks will be so handled that freight will be removed from unloading piers immediately upon its arrival.

The result, according to Mr. Harlan, will be to increase by 20 to 50 per cent the capacity of the city's terminals, which he termed the "neck of the bottle" in the vital problem of forwarding supplies to the American army abroad and to the allies. Mr. Harlan intimated that suc-

cess of the plan in New York probably would lead to its adoption, in a modified form, in other large cities.

Following is the report to the Director-General of Railroads, embodying a plan for store-door delivery on Manhattan Island, by James S. Harlan, of the Interstate Commerce Commission, made under date of March 30, 1918:

Sir: I have the honor in this form to lay before you a summary of the information gathered in the course of my investigation, at your request, as to the availability of store-door delivery to avoid congestions at the piers and freight stations in New York City, and to suggest for your consideration a plan for such a service which, if put into effect, I am confident will afford substantial and prompt relief.

In undertaking the work I requested and had the cordial co-operation of the Hon. Travis H. Whitney, of the New York Public Service Commission, and also of the Hon. Ralph W. E. Donges, president of the New Jersey Board of Public Utility Commissioners, who are my colleagues on the Joint Committee on Congestion at the Port of New York, as you will doubtless recall from the reports previously made to you by that committee. Throughout the investigation I also had the advice and counsel of Mr. Roy D. Chapin, chairman of the Highways Transport Committee of the Council of National Defense, with whom is associated Mr. George H. Pride, president of the Heavy Haulage Company and also a member of the Council of National Defense. Valuable assistance was also rendered in the course of the investigation by Mr. J. C. Lincoln, of the Merchants' Association of New York; Mr. Arthur G. McKeever, of the Freight Transfer Association; Mr. William Simmons, of the Traffic Club of New York; Mr. Isaac Goldberg, of the New York Team Owners' Association; Mr. J. S. Marvin, of the National Automobile Chamber of Commerce; Mr. Ernest J. Tarof, of the New York Board of Trade and Transportation; and by Mr. W. J. L. Banham, of the Fifth Avenue Merchants' Association. Mr. C. F. Walden, president of the Freight Transfer Association, also participated in the conferences and gave me the benefit of his long practical experience, as did Mr. Thomas F. McCarthy and Mr. Joseph K. Orr. I had the benefit also of the counsel of the Advisory Committee of Warehousemen, of which Mr. William M. Halm is chairman. Most of these gentlemen, besides appearing in the investigation as representatives of more or less widely extended commercial associations, also spoke for the individual industries and business houses with which they are directly associated. Other special interests and general interests were represented in the discussions. The railroads serving the port of New York participated in the conferences through a special committee, of which Mr. W. J. Fripp, of the New York Central, is chairman. General, special and personal conferences were held almost daily during a period covering several weeks and, in addition, there were filed with me various printed and typewritten discussions of carefully considered plans for a store-door delivery and pick-up service in the city of New York, as well as other papers giving me details and data that I had asked for. This material is available for your examination.

The industry and commerce of New York is, of course, immense, both in scope and volume, and the number of companies, firms, corporations and individuals interested in any such question as is dealt with in this report is naturally very large; yet it is thought that through the various commercial associations that participated in the conferences and through my contact with other general and special interests, as well as through the wide discussion which the general situation has had in the public press, the business community at large has been heard and that the plan hereinafter presented may fairly be regarded as representing the consensus of judgment among those interested as to the best means for relief that may wisely be undertaken at this time.

The information gathered during the course of my investigations, together with the suggested plan for relief, are summarized in what follows:

Characteristic Terminal Facilities.

The railroads serving the ordinary large commercial and industrial center handle their carload traffic on team tracks and their less-than-carload traffic at freight sta-

(Continued on page 76)

times which they serve, but a full understanding as well of their location, facilities, equipment, and the character and nature of their operations and of their traffic. The Monongahela Connecting, the Union, the Newburgh & South Shore and the South Buffalo railroads differ from the Lake Terminal Railroad in that the tracks of the latter are practically confined within the plant of the National Tube Company at Lorain, in the state of Ohio, while the other four industrial lines perform something of a switching service between the rails of the line carriers and their respective plants. We shall therefore discuss in another report the complaints for reparation in which those four industrial lines were made co-defendants, and in this report shall consider only the claims for reparation in which the Lake Terminal Railroad has been joined as a co-defendant with the Baltimore & Ohio, the New York Central, the New York, Chicago & St. Louis, the Lorain, Ashland & Southern, the Lorain & West Virginia, and the Wheeling & Lake Erie railroads, the trunk lines that serve and with their own rails directly reach this plant of the National Tube Company.

The Lake Terminal Railroad is the plant railway at the Lorain plant of the tube company and both companies are owned in the same interest. Except in the matter of its great size that plant and its plant railways are characteristic and typical of many plants and plant railways scattered throughout the country; and the considerations which compel us to deny the demand of the tube company for reparation in this proceeding, and to hold that the continued payment of allowances to its industrial railroad is unlawful, involve a principle that must be understood as having equal application at other similar industries.

The National Tube Company is one of the numerous large industries that are dominated by the United States Steel Corporation. Its plant at Lorain is described at length in *Industrial Railways Case*, 29 I. C. C., 212, 238, 288 (supra). It belongs to the class of plants that occupy many acres of ground covered by a large number of buildings and structures. In addition to its tube mills there are also rolling mills, rail mills, blast furnaces, open-hearth works, Bessemer works, a large ore dock, a dockyard, a brickyard and a large yard for the storage of rails. Within the plant area is an intricate system of standard and narrow gauge tracks connecting the various buildings and different parts of the plant property. There are also several groups of storage tracks in the plant that are shown on the accompanying map as yards. All these plant tracks, both standard and narrow gauge, are used in one way or another in the manufacturing and internal processes of the industry. At convenient places near the plant gateways have been established the plant interchange tracks hereinafter described, which are sufficient to accommodate a large number of cars. The plant is surrounded by a fence, but that fact we regard as of no special or controlling importance; without a fence it would still be a plant in the sense in which that phrase is here used.

The right of way of the Baltimore & Ohio Railroad forms the western boundary of the plant, and the interchange tracks just mentioned between that carrier and the plant are quite extensive and were formerly inside the plant, but, as the result of a purchase of land by the Baltimore & Ohio from the tube company or its industrial railway, now immediately adjoin the plant. The interchange tracks of the other trunk lines lie outside the eastern boundary of the plant. The line carriers deliver the cars at and take them from these several plant interchange tracks; and this we regard as their duty under their line-haul rates even in cases where that may involve a switching service. The industrial railway takes the cars from the interchange or storage tracks and moves them to various points within the plant as required. The industrial railway also moves loaded and empty cars from different points within the plant and delivers them to the line carriers at the plant interchange tracks. For this service by its industrial railway during the period of the action, between the interchange tracks with the line carriers and various points within the plant, the tube company is here demanding reparation from the line carriers. The Carnegie Steel Company, the only other complainant, demands reparation on shipments of iron ore handled through the plant, as hereinafter explained, by the tube company's industrial railway and delivered on

the interchange tracks to the line carriers. The sole question for determination is whether an allowance therefor out of the line carriers' rates is lawful; or, to put the inquiry in another form, where does transportation by the line carriers under their line-haul rates begin and end in the case of an industrial plant like the one described of record?

At the time of the hearing in the *Industrial Railways Case*, supra, the industrial railway of the tube company was operating 62 miles of track, all of which was within the plant; in its annual report for 1917 it is stated that "this company no longer maintains and operates the 31.46 miles of yards, tracks and sidings owned by the National Tube Company, as shown on * * * last year's report." In addition there was also a narrow gauge railway within the plant about 8 or 10 miles in length that was being operated directly by the tube company, and on which, during the year 1911, when the plant was running to only 70 or 80 per cent of its capacity, there were nearly 300,000 interworks switching movements. These narrow gauge tracks are regarded by the complainant as purely a plant facility and are not directly involved in this proceeding. During the year 1911 the allowances by the line carriers to the industrial railway amounted to over \$372,000, which approximated its entire operating expense for that year, including the expense of its interworks switching for the tube company. The plant railway also yielded a net profit to the industry of some \$39,000 in per diem reclaims and gave it some substantial advantages in the matter of demurrage that were not disclosed of record in detail. Its annual report for 1917 shows that it collected \$18,355 in demurrage charges, all but a very small part of which we may fairly assume was paid to it by the tube company. On December 31, 1911, the Lake Terminal Railroad Company declared a dividend of 10 per cent out of its accumulated surplus; and our records show that it paid dividends of \$60,000 each in 1913 and 1914. In 1915 no allowances were paid to it, as heretofore explained, and no dividends were declared by the industrial railway. But in 1916 a similar dividend of \$60,000 was paid after the allowances had been resumed on the reduced basis of 8 cents a ton, long or short, as the traffic was rated. For the year 1917 its net operating revenues showed a deficit of some \$19,000.

The Lake Terminal Railroad Company is incorporated under the laws of the state of Ohio as a railroad company. But except in a very limited way it is not accessible to the public. Its tracks are not only completely enveloped by the plant, but are inclosed within a plant fence as heretofore stated; the industry is thus securely protected against any demand upon its plant railway by the public for a service of transportation, and the plant railway is enabled to devote its facilities and entire energies to serving the proprietary industry, as was apparently intended. It was said of certain plant railways in the *Second Industrial Railways Case*, 34 I. C. C., 596, 601 (*The Traffic World*, July 17, 1915, p. 123), that "access to them may be obtained only through the permission of the controlling industry. In such circumstances the holding out is not genuine." It is questionable, even if the tube company here before us should permit ingress to its plant, and the use of its plant property and facilities for public transportation purposes, whether the industrial railway's facilities could be considered as being reasonably accessible to the public, for its tracks and facilities within the plant inclosure were arranged and laid out for the benefit and to meet the requirements of the industry; and the record conclusively shows that the industrial railway is operated for the convenience of the industry and not in any degree for the convenience of the public. A spur track seems to emerge from the plant fence and, with a switching movement of over three miles inside the plant, traffic over it may reach an outside coal yard that is within a few hundred feet of the trunk lines. Apparently there is one team track that projects through the plant fence, but the two or three other public team tracks, so-called, are within the plant and the plant gates giving access to them are guarded by watchmen of the tube company. The dock, hereinbefore mentioned, is a private dock, as we understand the record, and may not be used by the public except by the grace of the tube company. During the year 1911 the entire traffic handled by the plant railway for all outside interests amounted to a little over one

It has not been the custom of carriers either to spot cars without charge within industrial plants as that term is here used, or to make allowances therefor out of their line-haul rates when the spotting is done by the industries themselves. Second Industrial Railways Case, 34 I. C. C. 309, 6-1, supra. Both the free service and the allowance are inconsistent with the general basis upon which the line-haul rates of the country have been adjusted and in individual cases where the service has been or is performed under the line-haul rate or an allowance therefor has been or is made out of the line-haul rate, it is a burden that has been superimposed upon the rate purely as the outgrowth of competition. This abundantly appears not only upon this record but upon the records in other proceedings, and expressions to be found in other reports of this Commission that may seem to have the contrary import must be understood in a qualified sense. Upon this record there is a long list of steel and iron industries which as before stated, during the period of the action and for years theretofore, had been doing their own plant spotting without any compensation from the line carriers. At this time, as we have said, there are many industries with systems of rails inside their plants, for which no spotting service is performed by the line carriers beyond the plant interchange tracks and which receive no allowances out of the carriers' rates for doing the work themselves. "We come back then," says the court in N. Y. C. & H. R. R. R. Co. vs. General Electric Co., 219 N. Y., 227, where the practice of carriers in the matter of plant spotting was exhaustively examined, "to the test, which, vague as it is, remains the only safe one, and we ask ourselves whether, in the light of all the circumstances, such a form of delivery is customary or reasonable. That it is not customary is established, we think, by uncontroverted evidence."

It has long been the custom, with a few exceptions, for the carriers to spot cars, without any charge in addition to the line-haul rate, upon what are known as private spur or switch tracks. The distinction between spur tracks or sidings and plant tracks, while not always of easy application in every case, is too well understood to require any special explanation here. Such a distinction, not only in fact but in the custom of carriers, is recognized by all who are familiar with transportation history and practices. The same court in the case just cited points out that spotting cars upon short and direct sidings is a service that has little kinship to plant spotting. "The difference," it says, "may be one of degree, but here, as so often in the law, such differences are vital." In our judgment there is no distinction in the entire range of railroad services that is more vital in the fair and reasonable distribution of the burdens of transportation than the distinction between the spotting of cars on the ordinary private spur track or siding and the spotting of cars on the intricate network of tracks beyond the plant interchange tracks which these great establishments require as indispensable plant facilities and as an economic necessity in their industrial operations.

The typical spur track or siding ordinarily does not exceed a few hundred feet in length. There are no cross tracks or operations by an industry to interfere with the switching service, and the work of spotting a car at a factory or warehouse door on such a siding is direct and usually simple and may be done ordinarily at the convenience of the carrier. As hereinafter explained, such a spotting service has a close resemblance to the service of placing a car on plant interchange tracks, which are often about as far from the line carrier's rails as the length of the ordinary spur track; and in the just weighing of values the latter service, in our judgment, should be regarded as a fair equivalent of the spur track service. This was the view taken by the Commission in what is commonly referred to as the Los Angeles Case, 18 I. C. C., 310. We were there considering the relation to the carriers' service of the ordinary spur track or siding leading to coal yards, elevators, warehouses, stone quarries, and to similar industries. These tracks are there spoken of as "industrial spurs." After referring to *General Electric Co. vs. N. Y. C. & H. R. R. Co.*, 14 I. C. C., 237 (*The Traffic World*, July 11, 1908, p. 48); *Solvay Process Co. vs. D. L. & W. R. R. Co.*, 14 I. C. C., 246 (*The Traffic World*, July 11, 1908, p. 57); and *Chicago & Alton R. R. Co. vs. United States*, 156 Fed., 558, as authoritative on the question, the Commission said, p. 313:

Such industrial spurs as are here considered, however, are of a totally different character and of a different nature from those considered in these three named cases. They correspond rather to the railroad tracks leading to the interchange tracks with such industries, and the switching movement given by the carriers without extra charge to such interchange tracks passed unquestioned in the above cases. It was assumed by court and Commission that there was no violation of law in placing a car at a point where an industry engine could connect with it and take it within the plant.

That has been both the theory and the practice of our rail carriers except where they have been drawn away from sound principles by competition for the large traffic, inbound and outbound, of great industries. That is to say, they have customarily made no charge, as hereinbefore stated, in addition to their line-haul rates, either for spotting cars on private spur tracks or sidings or for placing cars at the point of interchange with the plants of industries having their own plant tracks or industrial rails. In point of distance and in point of time, labor, and expense to the line carriers the two services are quite similar. But the further service, after a car has been placed at the plant interchange point, of spotting it within the plant, usually at the convenience and often under the direction of the industry, is a service that has no counterpart on private spur tracks or sidings. This after service within the plant must ordinarily be accommodated to the needs of the industry and cannot be performed so as to accord with the exigencies of the line carrier's operations. If the line carrier attempted to distribute cars within a plant immediately upon their arrival at the plant interchange point "it would, in effect, take possession of the works and put" the industry "out of business." *N. Y. C. & H. R. R. Co. vs. General Electric Co.*, supra. And the contention of the General Electric Company that lawful delivery may be effected by the

line-haul carriers only by placing the inbound cars at the unloading points within the industry or by paying the industry for doing the service itself, is there said by the court not to conform "to the standard of custom. We think it fails also when we test it by the standard of reason."

The case just cited from the court of appeals of the state of New York deals very broadly with the plant spotting question and well merits a careful examination. As we have just seen, it fully recognizes the distinction between the service by the line carriers on private spur tracks or sidings and the spotting service within a plant. The case relates to the same plant of the General Electric Company and grew out of the same facts and conditions that were under consideration in *General Electric Co. vs. N. Y. C. & H. R. R. Co.*, supra. In the latter case it appeared that the General Electric Company was doing the spotting work within its plant with its own power, because, as its chief witness said (id. p. 244), "it would not be practicable for the railroads to undertake to place cars" within the plant "entirely at their own convenience, as they might do in operating spur tracks or private side tracks; the demands of the industry are too great and too incessant." This, we may pause here to remark, the record before us shows to be substantially the case also at the Lorain plant of the National Tube Company. The General Electric Company, not being willing, therefore, to have the line carriers spot cars within its plant, did the work itself; and its contention was that as the line carriers were under the obligation by their contract of carriage to spot cars within the plant, they should compensate the electric company for doing the work with its own power. After pointing out that reparation must ordinarily be predicated upon a failure or refusal to perform a legal duty and not upon the fact that the claimant had voluntarily undertaken to perform the work itself, the Commission said:

But aside from that suggestion, we expressly hold that carriers are under no duty to extend their transportation obligations with the extension of great industrial plants like that of the complainant. They cannot be called upon as part of the contract of transportation to make deliveries through a network of interior switching tracks constructed as plant facilities to meet the necessities of the industry. Their obligation as common carriers involves only a delivery and acceptance of carload shipments at some reasonably convenient point of interchange. In our judgment the complainant does nothing within its plant which it can lawfully call upon the defendants to do for it, and therefore nothing for which it may lawfully demand compensation.

The same doctrine was announced in *Crane Iron Works vs. C. R. R. Co. of N. J.*, 17 I. C. C., 514, 520 (*The Traffic World*, Feb. 19, 1910, p. 201), where the complainant, among other contentions, urged that its freight charges, made up of the line-haul rate and of the switching charges of its own plant railway from the interchange tracks into the plant, were unreasonable by the amount of the switching charges. The Commission found it unnecessary to consider any question of reasonableness because it found that the delivery by the defendant line carrier—

is completed when cars are placed upon the interchange track and that it owes no duty to the complainant to receive loaded cars from it until they are put upon that track. * * *

This view seems to have been definitely accepted by the Public Service Commission of the Second District of New York both as a general principle and as a conclusion applicable to the particular plant of the General Electric Company hereinbefore mentioned. In *General Electric Co. vs. N. Y. C. and D. & H. Cos.*, 2 P. S. C., 580, where a demurrage question was involved, that commission said, p. 583:

The Interstate Commerce Commission and the courts have fully settled the duty of the carrier with reference to delivery for industrial plants and have fixed the interchange track as the place where the carrier's obligation to deliver is discharged. In *General Electric Co. vs. N. Y. C. & H. R. R. Co.*, 14 I. C. C., 237, that Commission ruled that interior switching within the plant of complainant is not railroad service; that the carrier's duty is fully discharged when the inbound car is placed on the interchange track, and that such duty does not begin as to the outbound car until it has been placed on the interchange track. The case of *Solvay Process Co. vs. D. L. & W. R. R. Co.*, 14 I. C. C., 246, is to the same effect. The case in the United States Court of Appeals of *Chicago & Alton R. R. Co. vs. United States*, 156 Fed., 558, and which was affirmed by the United States Supreme Court, established the same doctrine. The plant facilities there involved were distinctly held not to be instrumentalities for use by the Chicago & Alton in discharging its duties to the public.

The same principle applies in the proceeding now before us, and upon the record we find that the National Tube Company during the period covered by this action performed no work within its plant, either directly or through its plant railway, which it could lawfully have done upon the defendant line carriers to do for it, and therefore did no service for the line carriers for which lawfully could demand compensation. The same ruling must be made respecting the allowances now being paid to the line carriers to the National Tube Company; the creation of a common carrier service by the line carrier defendants does not extend through the network of interior switching tracks in this great plant, and any service by the defendant line carriers within the plant, without charge in addition to their line-haul rates, or any compensation out of their line-haul rates to the complainant or to industrial railway for performing the service, is unduly beneficial of the complainant under the circumstances disclosed of record and is therefore unlawful. These conclusions must necessarily result from the application of the principles announced in *General Electric Co. vs. N. Y. & H. R. R. R. Co.*, supra to the facts shown on the record before us and to all other industries where similar conditions exist. That case has repeatedly been cited with approval in other cases before the Commission and is now being accepted as the settled view of the Commission with respect to such conditions as are under consideration here. The case as we shall see, has also had the approval of the courts.

In the *Tap Line Cases*, 234 U. S. 1, 22, where entirely different conditions were involved and a ruling made which has no relation to such conditions as are under review in these complaints, the court referred, and apparently with full approval, to the fact that in *General Electric Co. vs. N. Y. C. & H. R. R. R. Co.*, supra, this Commission has defined a "network of switch tracks constructed to meet the necessities of the business" as plant facilities. The court there says (id., p. 26):

"The system of interior switching tracks and sidings, constructed by the plant company, and used by it for its own purposes, is the facility which it erected and operated there."

In the *Los Angeles Switching Case*, 234 U. S. 294, 307, 9, the court, after pointing out that the Commission's conclusions namely, that the industrial spur tracks and docks at Los Angeles constituted a part of the carrier's plant terminals and that the service upon them was similar to the service on main tracks, were findings of fact, and therefore not open to review, refers with approval, to the distinction that had been drawn by the Commission between spur tracks and mere plant facilities such as were under consideration in *General Electric Co. vs. N. Y. C. & H. R. R. R. Co.*, supra. The court refers also to the distinction between the delivery of traffic at terminals located on spur tracks or sidings and "deliveries through a system of interior switching tracks constructed as plant facilities." This distinction was further emphasized by the Commission in that proceeding by pointing out that we must not overlook the fact that "the delivery given on an industrial spur is not supplemental to any other delivery." The *Los Angeles Case*, 18 I. C. C., 10, 317.

In *Manufacturers Ry. Co. vs. U. S.*, just announced the court states that the evidence in the case tended to show, if it did not render it clear, that more than one end of the yards and tracks of that company were used (first, if not quite exclusively, by the proprietary brewery, and that a question was raised whether some of the other yards, like those previously mentioned, were not actually used rather as parts of the brewery plant than as parts of the transportation system of the railroad." The court then makes this important and illuminating observation:

"The finding of the Commission that the railroad is for the purposes of the Commerce Act a common carrier is based upon the fact that it carries the commerce of the public, and not upon the fact that it carries the commerce of the brewery. The fact that it carries the commerce of the brewery is not a ground for concluding that it is not a common carrier for the purposes of the Commerce Act."

There remain for consideration the separate complaints of the Carnegie Steel Company against those line carriers which, during the period of the action, transported ex lake iron ore to its furnaces, at several points in Ohio and

Pennsylvania, from the plant interchange tracks of this same Lorain plant of the National Tube Company. During that period the line carriers did not absorb the charges of the Lake Terminal for its service in moving the ore from the dock within the plant, hereinbefore mentioned, to the plant interchange points, but collected their line-haul rate from the plant interchange points, leaving the charges of the Lake Terminal Company to be paid by the Carnegie Steel Company in addition to the line-haul rates. The Carnegie Steel Company contends that it was therefore overcharged to the extent of the Lake Terminal's charges.

The ore originated in the Lake Superior ore region and the mines from which it came, the rail lines that carried it to the head of the lakes, the steamships that moved it from that point through the lakes to this dock within the tube company's plant at Lorain, and the tube company itself, together with its plant railway, are all constituent members of the United States Steel Corporation, as shown by the records before us. This fact has no bearing on the question under consideration beyond the tendency it indicates on the part of many large industries to handle their own traffic with their own facilities when they can, and somewhat in disregard of the underlying principle of the commodities clause of the act to regulate commerce. The National Tube Company requires large quantities of ore, and ore from the mines mentioned is delivered to it by the affiliated ore boats upon its own dock within the confines of its own plant and a portion of it is thence moved to its furnaces at Lorain in the grades and quantities desired by its own plant railway. Some of the ore is also shipped to other furnaces of the tube company at interior points. The Carnegie Steel Company is another subsidiary company of the steel corporation. Some of the ore that reached its furnaces in Ohio and Pennsylvania during the period in question was discharged from the same privately owned vessels of the steel corporation on the same dock of the tube company and handled through the latter company's plant from that point to the line carriers at the plant interchange tracks by the same plant railway that we have found to be a plant facility in the sense it performs for the tube company. While some adjustment may be required as between the Carnegie Steel Company and the tube company or its plant railway, we do not regard the movement of the ore through the tube company's plant as any part of a service of common carriage by the defendant line carriers. Under the conditions shown of record their service commences, as it also ends, at the plant interchange tracks. The Carnegie Steel Company's ore was not received by the tube company's industrial railway at a public freight station or on a public main track but at a point within the private grounds of the tube company and by the favor of the interests in control. We do not understand from the record that any other shipper of ore or of other commodities could as of right, make delivery to the industrial railway at that point and demand a service of common carriage by the industrial railway. In *Iron Ore Rate Cases*, 41 I. C. C., 181 (The Traffic World, Sept. 9, 1916, p. 581), and 44 I. C. C., 368 (The Traffic World, May 5, 1917, p. 977), we found the dock of the National Tube Company at Lorain to be a private dock and that it did not hold itself out as a public dock, and we declined to require the trunk line carriers to make an allowance to it for handling and storing ore. That finding was based upon the formal statements by the tube company, of record in that case, that the so-called National Dock "is a part of the Lorain plant of the National Tube Company", that "the machinery and equipment have always been a part of the Lorain plant", and that "the dock and the ore handling machinery were installed primarily for handling ore for the blast furnaces of the Lorain plant and their commercial use is only incidental." There is nothing in this record that tends to qualify those statements. In the report last cited it was pointed out (p. 376) that none of the private docks at the lower lake ports is located on the rails of the line haul carriers, and to reach each of them involves the use of tracks and facilities of an industrial railway; and it was further found that a reasonable rate on ore from the private docks served by short line railroads that are entitled to receive allowances out of the through rates would be 4 cents per long ton higher than the line haul rates thereon prescribed to apply on shipments from the public railroad docks. The report in question was issued on

April 25, 1917, and since the dates upon which rates were established in accordance therewith the line-haul rates of the trunk line carriers have not applied from the dock of the National Tube Company or other private docks. But the finding as to rates from private docks applied only to such docks as were reached by the rails of industrial railways entitled to receive allowances out of the through rates, and since we have found herein that the work done by the Lake Terminal Railroad is a plant service and not public transportation we must also find that the trunk line carriers may not lawfully extend their rates over the tracks of this industrial railway to the private dock of the tube company and that transportation on the ore from this dock for the Carnegie Steel Company or others does not begin until the loaded cars are delivered to the trunk line carriers on the plant interchange tracks.

It is unnecessary to prolong the discussion. During the period of the action the tariffs of the defendant line carriers lawfully and properly provided that their rates on this ore of the Carnegie Steel Company commenced at the tube company's plant interchange tracks, and any allowance at this time for a service, which we find from all the facts of record not to be a part of a service of transportation, would be an unlawful preference of the Carnegie Steel Company. The present tariffs of the line carriers should therefore be adjusted accordingly.

There are hundreds of short lines of railroad owned by or in the interest of the particular industry that they respectively serve, and the conditions differ widely in many cases. For many years the trunk lines have granted allowances to some of them, while at the same time refusing such allowances to others. In view of the variance of opinion entertained in the Commission and elsewhere upon the many important and difficult questions so frequently arising out of the relations between the trunk line carriers and industries with industrial railways it seems desirable that the rulings in this case, which, as before stated, presents conditions that are fairly characteristic, should be reviewed by the courts in order that some definite principle may be judicially established by which we may hereafter be guided in such cases as they arise.

It is suggested that the outcome of the conclusions here reached will be "an immense increase in freight charges paid by shippers with no increase in the service rendered." It would, we think, be a sounder and more logical view of the situation to say that the outcome will be to prevent unlawful contributions to industries by line carriers in the form of free services or allowances, and to place upon industries an expense in connection with their industrial operations which in many cases is now being borne for them by the line carriers.

It follows from all that has been said, and we find, that the service performed between the plant loading and unloading points and the plant interchange tracks hereinbefore described, by the Lake Terminal Railroad Company, is a plant service and is not a service of transportation which may be included in and paid for out of the line rates; and that any allowances or divisions by the line carriers out of the line rates on account of such plant service is unlawful and would result in undue or unreasonable preferences and unjust discriminations. These complaints must therefore be dismissed and an order will be entered directing the line carrier defendants to cease and desist for a period of two years from making any such allowances or divisions.

HALL, Commissioner, dissenting:

For many years prior to April 1, 1914, certain defendants, hereinafter termed the trunk lines, published tariffs providing for the absorption of the switching charges of various industrial railroads, including the Lake Terminal Railroad, also a defendant, hereinafter called the Lake Terminal, under the conditions therein stated. Shippers located on the Lake Terminal were thereby accorded the same basis of rates as shippers located on the trunk lines in the same rate districts.

In the Industrial Railways Case, 29 I. C. C., 212, decided January 20, 1914, we found that certain industrial roads, including the Lake Terminal, were plant facilities rather than common carriers, and, effective April 1, 1914, the trunk lines discontinued these absorptions on interstate shipments. They attempted like discontinuance on intrastate traffic, but without success, as the state authorities held that the Lake Terminal was a common carrier.

Subsequently the Supreme Court in the Tap Line Cases 234 U. S. 1, laid down general rules for determining the status of a railroad claiming to be a common carrier, and on November 2, 1914, in our supplemental report in the Industrial Railways Case, 32 I. C. C. 129, we said:

We think that in the light of the decision of the Supreme Court in the Tap Line Cases it is our duty to so modify our findings in the original report herein as to permit the trunk line roads, if they so elect, to arrange by agreement with any of the industrial roads mentioned in our former report which are common carriers under the test applied by the Supreme Court in the Tap Line Cases, and which perform a service of transportation, for a reasonable compensation for such service in the form of switching charges or divisions of joint through rates.

Thereafter the defendant trunk lines filed with us a stipulation between them and certain industrial roads, among them the Lake Terminal, and pursuant thereto on April 14, 1915, resumed absorption of switching charges in the amounts specified in the stipulation, thereby restoring to plants located on said industrial roads the rate adjustment existing prior to April 1, 1914.

During the period of nonabsorption shippers to and from points on the Lake Terminal were compelled to pay its switching charges on interstate shipments in addition to the district rates and were thus at a disadvantage to the extent of the switching charges as compared with competitors shipping to or from points in the same rate districts which were located on the trunk lines. The proceedings before us are claims for reparation in specified amounts to the basis of the district rates contemporaneously in effect.

Reparation is sought on the ground, primarily, that the total charges exacted were unreasonable, and, secondarily, that they were unduly prejudicial. As stated by counsel for complainants:

What we are claiming here is that between the 1st of April, 1914, and the 14th of April, 1915, we should be put in exactly the same situation we would have been put in if those rates had not been changed on April 1, 1914, under a misapprehension of what the law was.

It was testified that none of the claims covers plant service. Complainants showed that they paid and bore the charges, and counsel for the trunk lines conceded that there is no dispute "as to the amount of payment and the fact of payment" by complainants.

The trunk line defendants submitted no evidence, but were represented at the hearing by counsel, cross-examined witnesses, filed a brief, and participated in the oral argument.

In the course of the hearing it was agreed by counsel that the "record in 4181, Industrial Railways Case, supra, is in this case for the purposes of this case." No copy of the portions relied upon was introduced as an exhibit as provided by rule XIII of our Rules of Practice.

The majority report is based more upon the record in the Industrial Railways Case than on evidence introduced in these proceedings. Whether or not the record in that case made in 1912 accurately portrays conditions existing between April 1, 1914, and April 14, 1915, does not appear, and the terms employed in the majority report such as "allowance," "plant facility," and "plant interchange tracks," assume as facts matters which are material to the conclusions there reached, and which were neither admitted nor proved in these proceedings.

From the evidence adduced in the present record it appears that shippers on the line of the Lake Terminal are in the Cleveland-Lorain rate district; that it is the custom in that district for the trunk lines to apply the rate from point of loading and to the point of delivery; that this has been the practice since the beginning; and that there has never been any deviation from it excepting in this case from April 1, 1914, to April 14, 1915; that between the dates named the National Tube Company and 33 other shippers paid the higher charges; that the tube company has a narrow gauge industrial road, which is entirely separate from the Lake Terminal, and performs the services connected with manufacture and almost all of the intraplant service, having and using 18 locomotives and 655 cars; that such service as was performed by the Lake Terminal in moving cars from one point on its line to another was charged directly against the industry, and is not covered by these claims; and that the transportation covered by these claims for reparation was confined to the Lake Terminal's part in through shipments

ing the year the average mileage operated was 37.42 miles and the number of freight cars handled 465,809.

Among the rights of the Lake Terminal as a common carrier is that of entering into arrangements with other common carriers for through routes and joint rates and for compensation in the form of divisions or switching absorptions for its portion of the transportation. The amount of such divisions and absorptions is a matter of public concern because of the common ownership of the Lake Terminal and the principal shipper over its line and may properly be scrutinized by this Commission.

In Car Spotting Charges, 34 I. C. C., 609, we held as stated in the headnote:

The line-haul rate covers the customary movement of cars over industry tracks incident to the receipt and delivery of carload freight at convenient points on those tracks for loading or unloading without regard to the size or complexity of the industry, and the points at which the cars are to be placed by the carrier for that purpose without additional charge are to be determined by general usage.

This was elaborated in the report as follows:

The mere size or complexity of the industry is not controlling in determining whether or not the line-haul rate covers the receipt or delivery of freight at the door of the plant. * * * As existing rates must be deemed to have been constructed to cover the customary placement of cars at factory doors, whether upon an industry spur or private siding, or upon the tracks of an industrial plant, and the outward movement of cars from such tracks, without regard to the size or nature of the plant, to now add a charge to the line-haul rate for that service would be revolutionary. * * * The mere fact that many individual plants are operated together as a single industry does not deprive the industry of the right to such a service in the receipt and delivery of carload freight at each of the several plants as that plant would be entitled to have if it were operated separately, unless the collective operation so far removes the necessity for the service as to make it unreasonable for the industry to demand the service.

In view of the Supreme Court's opinion in the Tap Line Cases, we deemed it necessary to modify our conclusions in the Industrial Railways Case, supra, by a supplemental report, 32 I. C. C., 129. Since that time we have considered a series of cases following the Second Industrial Railways Case, 34 I. C. C., 596. In these reports we have considered individual roads and have followed the rules for establishing reasonable maximum divisions or switching absorptions laid down in the Chicago, West Pullman & Southern R. R. Co. Case, 37 I. C. C., 408. The majority report declares unlawful what we have heretofore found lawful. We have recently sanctioned participation by the industrial roads named in the margin* in interstate transportation to and from points on their lines on the line-haul rates, their compensation being derived from divisions of those rates or through the absorption of their switching charges. The majority now undoes what we have thus done. In essence it is a return to the doctrines originally announced in the Industrial Railways Case, as summarized in the headnote, and which we abandoned in view of the Supreme Court's opinion.

It cannot be overlooked that the majority report undertakes to differentiate between shipments by the complainants and those made by other shippers, and therefore seems to possess the infirmities of the original reports in the Tap Line Case, 23 I. C. C., 277, and the Industrial Railways Case.

It should not be lost sight of that we have before us for disposition the complaints listed on the title page, and not the Industrial Railways Case. At most the record in the latter is before us only "for the purposes of this case." The majority report imports both record and issues in the Industrial Railways Case into this case, to the practical exclusion of those in the latter. The com-

*The following railroads under industrial control are permitted to receive divisions out of the line-haul rates of connecting carriers: Campbell's Creek R. R., 33 I. C. C., 558, 44 I. C. C., 765; Chestnut Ridge Ry., 41 I. C. C., 62 and 558; Interstate R. R., 29 I. C. C., 625; Kankakee, Glen Jean & Eastern R. R., 41 I. C. C., 557; McLeans Creek Valley R. R., 37 I. C. C., 556; New Jersey, Indiana & Illinois R. R., 41 I. C. C., 42.

The following switching roads under industrial control are permitted to receive switching allowances from their trunk line connections: Bedford & Walling R. R. (said to have ceased operation in October, 1917), 41 I. C. C., 320; Bedford Stone Ry. (temporarily discontinued and it is said that the tracks are to be taken up), 41 I. C. C., 320; Birmingham Southern R. R., 32 I. C. C., 119; Chicago, West Pullman & Southern R. R., 37 I. C. C., 408; Indiana Northern Ry., 37 I. C. C., 491; Johnstown & Stony Creek R. R., 41 I. C. C., 66; Manufacturers' Ry., 32 I. C. C., 190; Monaca & Western R. R., 38 I. C. C., 549; Northampton & Bath R. R., 41 I. C. C., 68.

plaints are brought to secure reparation for charges in excess of the district rates paid during the period of 12½ months, and this is the issue raised, as recognized by the briefs of complaints prepared and filed in the dockets prior to the hearings by the Commission's employees, a is customary, and by the parties, including the trunk lines, at the hearing and on brief.

I am unable to agree with the reasoning advanced for denying reparation to the Carnegie Steel Company. The ore was delivered to the Lake Terminal at the National Dock, over which, according to the report in the Industrial Railways Case, page 291, it has an easement, and was hauled to the junction point of the trunk lines.

Attention should be directed to a few other points in the majority report:

1. It is said that during the nonabsorption period the tariffs of the trunk lines expressly provided that "the service commenced and ended at the several plant interchange points hereinbefore described"; and, again, that during that period the tariffs of the defendant line carriers lawfully and properly provided that their rates of the ore of the Carnegie Steel Company "commenced at the tube company's plant interchange tracks." I find no mention of or reference to plant interchange tracks in these tariffs. That of the Baltimore & Ohio, for example in effect from June 1, 1911, until April 1, 1914, provided

The rates to and from the points shown below, via the Baltimore & Ohio R. R., will include the switching charges of connecting railroads shown below, applying within the switching limits at such points, on traffic interchanged with the Baltimore & Ohio R. R. as follows:

The list of stations and railroads which follows includes this item: "Lorain, Ohio, Lake Terminal."

Supplement 23 to that tariff, which was in effect during the period, carried a note against this item reading, "+ Erase—Switching charges not absorbed." The symbol + indicated "advance."

It thus appears that, so far as tariff provisions are concerned, they treated the interchange tracks, although not specifically mentioned, as those of a connecting railroad, and not of an industry.

2. The distinction made by the majority report between the Lake Terminal and the other industrial roads affected by the complaints is far from clear. The theory of the majority report is that the line-haul rate shall carry the traffic to or from designated tracks at or immediately adjacent to the plant and that the spotting service between those tracks and interior points within the plant shall not be done by the line-haul carrier without extra compensation and shall not be included in the line-haul rate. If, however, the industrial road connects with the line-haul carrier at a point not adjacent to the plant, the line-haul rates should nevertheless take the traffic to and from the designated tracks at or immediately adjacent to the plant, and if the industrial road performs a service in moving the traffic between such designated tracks and its connection with the line-haul carrier, it is entitled to reasonable compensation out of the line-haul rate, either in the form of an absorbed switching charge or a division of the rate. In neither case will the line-haul rate take the car to the point of loading or unloading, as it has done, except during the 12½-month period throughout the district, or to any point designated by the shipper as an acceptable substitute for the point of loading or unloading.

3. The only "allowance" known to the act is that under section 15 to "the owner of property transported." There is no question of allowance in this case. The Lake Terminal is not the owner of the property transported, and the owner of the property renders no service and furnishes no facility in connection with the transportation.

4. There is nothing in *Manufacturers Ry. vs. U. S.*, decided April 15, 1918, which modifies what the court said in the Tap Line Cases, supra. The maintenance of a fence around property through which a railroad runs may have a bearing on the good faith of the carrier's offer to carry for the public, but where the road carries for the public a finding cannot be sustained that as to one shipper it is a plant facility and in performing a similar service over the same portion or portions of its line for other shippers it is a common carrier. The *Manufacturers Railway* was held to be a common carrier. The record does not disclose whether or not there is, or was during 1914-15, a fence surrounding the line of the Lake Terminal in such

The coal used at Muscatine is mainly fine coal, and evidence offered in complainant's behalf was principally by manufacturers of various commodities at Muscatine who use considerable quantities of this coal and who compete with manufacturers of similar articles at Clinton and Davenport, principally the latter point. Complainant does not contend that the rates on either lump or fine coal to Muscatine are unreasonable per se, but that Muscatine is subjected to unjust discrimination and undue prejudice by reason of the fact that defendants, while maintaining lower rates on fine coal than on lump coal to Clinton, Davenport and Burlington, fail to observe such a differential with respect to the rates to Muscatine; and that the rates on both lump and fine coal are unreasonable and unduly prejudicial to the extent that they exceed the rates contemporaneously applicable to Davenport and Clinton.

Complainant urges that as Muscatine is on the Mississippi River it should be placed on a rate equality with Davenport and Clinton and observes that on traffic moving through Peoria the distance to Muscatine by way of the Rock Island is the same as the distance to Clinton by way of the North Western. Complainant shows that from Peoria on the Rock Island and from other points west of Peoria in the so-called Peoria, or Fulton County district, the rates on both lump and fine coal to Muscatine are the same as to Davenport and that in each instance fine coal takes a differential of 10 cents under lump coal, the rates on lump coal being 95 cents and on fine coal 85 cents; and that from points east of the Indiana-Illinois state line the class rates are the same to Muscatine as to Burlington, Davenport and Clinton.

The general basis for constructing rates on coal from the districts in question to the Northwest is by adding to the rates from Peoria differentials of 40 cents from the Springfield district, 60 cents from the Centralia district, and 70 cents from the southern Illinois district. The departure from the general basis with respect to the rates to Davenport and other Mississippi River crossings is due to the fact that the Burlington is the direct line to Burlington, Davenport and Clinton and that its rates to the latter points, which are influenced by the Illinois intrastate rates, are met by the carriers which haul the traffic by way of Peoria. The situation is described at length in The Illinois Coal Cases, 32 I. C. C., 659 (The Traffic World, Feb. 13, 1915, p. 295).

In constructing through rates on coal from Illinois points to many interior Iowa points the rates applicable under the Iowa distance scale are added to the rates to the west bank of the Mississippi River, being based on the west bank point which makes the lowest through rate. For the defendants it was stated that as Muscatine is nearer to some of these Iowa points than is Davenport reductions ranging from a fraction of a cent to 12 cents would result in the through rates to the interior Iowa points if the rates to Muscatine were reduced to the level of those applicable to Davenport. They urge that the location of Muscatine on the Mississippi River does not entitle it to the crossing rates and that for rate-making purposes it might as well be regarded as an interior Iowa point 27 miles west of Davenport, the near Mississippi River crossing.

In the following table the rates from the several districts to Muscatine are compared with the rates that would have been applicable if the usual differentials over Peoria had been observed, and with the rates that would have been applicable on the basis of the rates to Davenport plus the then existing Iowa distance scale rates for 27 miles of 50 cents on lump coal and 40 cents on fine coal:

FROM THE SPRINGFIELD DISTRICT.			
	Lump coal,	Fine coal,	
	cents.	cents.	cents.
Rates to Muscatine			
In effect at time of hearing	125	125	
Based on differentials over Peoria	135	125	
Based on Davenport	165	137.5	
FROM THE CENTRALIA DISTRICT.			
	Lump coal,	Fine coal,	
	cents.	cents.	cents.
Rates to Muscatine			
In effect at time of hearing	145	145	
Based on differentials over Peoria	155	145	
Based on Davenport	175	147.5	
FROM THE SOUTHERN DISTRICT.			
	Lump coal,	Fine coal,	
	cents.	cents.	cents.
Rates to Muscatine			
In effect at time of hearing	150	150	
Based on differentials over Peoria	165	150	
Based on Davenport	190	165	

Defendants point out that the rates to Muscatine are on the Peoria basis as to fine coal and are 10 cents lower than that basis as to lump coal; and that as to both fine and lump coal they are lower than the rates which would be applicable on fine coal if the rates were made on the Davenport combination. They refer to Alpha Portland Cement Co. vs. B. & O. R. R. Co., 34 I. C. C., 414 (The Traffic World, July 17, 1915, p. 119), and other cases, in which we held that there was no necessity for a differential between rates on fine and lump coal, and state that if they are required to observe a differential between the rates on lump and fine coal to Muscatine they can with propriety increase the rates on lump coal. They urge that the rates to Davenport and Muscatine from the Peoria district are predicated on a one-line haul, while coal from the districts in question must move to Muscatine over two or more lines; and that because for distances such as those from the eastern seaboard to the Mississippi River Muscatine has been given the benefit of the competitive conditions existing at the Mississippi River crossings these defendants ought not to be required to do likewise or traffic from the coal districts in question.

By amended Fourth Section Order No. 3743, issued in connection with Interior Iowa Cases, 46 I. C. C., 39 (The Traffic World, Aug. 4, 1917, p. 248), we authorized the carriers to apply the proportional class rates prescribed therein between points in Iowa, on traffic originating east of the Indiana-Illinois state line, on the basis of the short-line distance from the actual river crossings.

We find that the rates assailed are not shown to be unreasonable, unjustly discriminatory or unduly prejudicial, and an order dismissing the complaint will be entered.

REBILLING OF HAY

CASE NO. 9078

(50 I. C. C., 474-478)

MERCHANTS' EXCHANGE OF ST. LOUIS ET AL. VS. TERMINAL RAILROAD ASSOCIATION OF ST. LOUIS ET AL.

Submitted Mar. 16, 1917. Opinion No. 5317.

Hay in carloads received at St. Louis, Mo., is frequently sold for reshipment to points beyond. The practice of the terminal carriers of requiring shippers to transfer to other cars, at their own expense, shipments of hay received at St. Louis in defective equipment as a condition precedent to rebilling to interstate destinations found unjust and unreasonable and unduly prejudicial. Reparation awarded.

WOOLLEY, Commissioner:

Hay in carloads is shipped to St. Louis, Mo., to be sold, and for the purpose of inspection is switched to what are known as the Tyler street team tracks of the St. Louis Terminal Railway Company. These tracks are set apart as "hold tracks" for hay, and a regular market for that commodity has been established there. In some cases the hay is sold to local dealers, and is either unloaded at the Tyler street team tracks or is switched to other tracks in St. Louis designated by the purchasers; in others it is sold to parties who desire to forward the same from St. Louis to interstate destinations in the cars in which it is received. The terminal railroads do not question the right to rebill, except when the cars are in bad order when received at St. Louis; in such cases they require shippers to transfer the loads, at their own expense, to other equipment. It is this requirement which is the subject of the complaint, it being alleged that it is an unreasonable and unduly prejudicial practice. An award of damages is asked on three shipments in amounts equal to the cost of transfer plus the demurrage charges which accrued.

The defendants are 16 trunk lines reaching St. Louis or East St. Louis, Ill., and the St. Louis Terminal Railway Company, and other terminal railways at St. Louis. Hereinafter the latter will be referred to collectively as the terminal company. The trunk lines were not represented at either the hearing or the argument of the case.

When the cars of hay are received by the terminal company they are inspected for physical defects, and are so marked and carded when found in "bad order." Bad-order cars are nevertheless accepted and switched without transfer of lading to the Tyler street team tracks, and in many cases are further switched to other tracks in St. Louis, the reason stated by the terminal company for its acceptance being that it has "every reason to believe from long experience" that such cars will be promptly unloaded

St. Louis. Apparently the practice complained of is of cent origin and was instituted because of the refusal of trunk lines to accept outbound shipments of hay in defective equipment, and the inability of the terminal company to secure from its connections reimbursement of the cost of transfer in cases where the repairs could not be made without transferring the loads. In some cases in which the terminal company has refused to permit rebilling unless the loading was transferred by the shippers, consignees placed reconsigning orders with the lines to St. Louis, and the hay moved to the destinations desired in the equipment stated to be defective.

The principal contention of the terminal company was fully stated by its counsel at the argument in the following language:

When a car in bad order is accepted by the terminal company, it is subject to all of the rights of the shippers, and one of those, recognized by years of practice by carriers throughout the entire country, is that of reloading in the same cars. The terminal company does not deny that in cases where the shipments are received and the carriers are under the necessity of transferring the lading if the cars are moved at the reconsigning point in bad order, or put in an order at any other point en route, but attempts to take a distinction between the rights of a shipper available in cases of reconsigning under the carriers' tariffs and those deriving from a shipper's right to new billing, contending that when the original contract of transportation is completed the carriers cannot be compelled to enter into new contracts if freight is in defective equipment.

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The terminal company contends that under the rules of the Master Car Builders' Association, it would have to add the cost of transferring the loads, in case we should find for the complainants, and that as its earnings per car in this traffic are small, it would result in hardship. The rules providing the relations between common carriers cannot be pleaded as justification for unreasonable or unfairly prejudicial rates or practices. Without expressing any opinion as to the reasonableness or the proper interpretation of said rules, it appears that in the case of reconsignments of shipments received at St. Louis in bad order cars, the cost of repairs and of transferring the load is paid by the line haul carrier responsible under the Master Car Builders' rules, and there would seem to be no reason why proper modification of the rules cannot be made, if, in fact, the present rules result in modification for that purpose, in order to remove any injustice to the terminal company.

Upon consideration of the whole record, we are of opinion, and find, that defendants' practice of requiring complainants at their own expense to transfer to other equipment shipment of hay delivered to team tracks in St. Louis or East St. Louis in bad order cars, as a condition precedent to permitting reconsignment of the hay to points beyond St. Louis or East St. Louis, is an unjust and unreasonable and unfairly prejudicial practice.

The record shows that the cost of transferring three cars of hay and the demurrage charges accruing on said cars prior to the transfer of the loads was paid and borne by the two individual shippers, parties complainant. We find that the complainants in question have been damaged to that extent by the practice herein condemned. Statement of the details of the demurrage charges and of the transfer expense, supported by receipts, if the transferring was done by third parties, should be prepared and submitted to the terminal company for its inspection and

verification. Upon receipt of a statement so prepared and verified, we will consider the entry of an order awarding reparation.

DANIELS, Chairman, dissenting:

The conclusion in this case is, in my judgment, erroneous. It is essentially based upon the following statement in the report of the majority:

When cars in bad order are accepted by the terminal company, they are subject to all of the rights of the shippers, and one of those, recognized by years of practice by carriers throughout the entire country, is that of reloading in the same cars.

The decision in this case is thus explicitly posited upon a right "recognized by years of practice by carriers throughout the entire country." There is no allegation that any tariff provision accords the alleged right. Even though the right were accorded generally, it does not seem to me to be reasonable to hold that where the car to be forwarded with its lading under a new contract of carriage is in bad order the shipper's right is clear and unmistakable to cast the cost of transferring the lading upon the carrier.

The point involved seems to be a novel one and not exactly covered by any reported case. It is true that in *Detroit Traffic Assn. vs. L. S. & M. S. Ry. Co.*, 21 I. C. C. 267 (The Traffic World, July 8, 1911, p. 90), it is said that:

Any carrier has a right to reship goods received by him, without payment from the shipper, upon payment of the freight charges on that point, the goods going forward under a new contract of carriage.

The case in question involved the reasonableness of a reconsignment charge on coal at Detroit, Mich., and, as the context indicates, would seem to be obiter.

Both complainants and defendants quoted the decision of the Supreme Court in *C. M. & St. P. Ry. Co. vs. State of Iowa*, 233 U. S. 434. This involved the constitutionality of an order made by the Iowa State Railroad Commission requiring carriers to use the equipment of connections to transport coal in interstate commerce without subjecting the shipper to the necessity of removing the lading to a car of the initial carrier in the interstate shipment. The court upheld the order of the state commission, and remarked:

It is a common rule of the state, acting within its jurisdiction and not in violation of any principle of interstate commerce, to require the carrier to transport goods which were already loaded and in suitable condition for transportation over its line.

The shipments here involved were new and distinct transactions beginning at St. Louis. It seems to me that a carrier accepting a shipment for St. Louis is under obligation to transport it to St. Louis, and if the shipment arrives safely at destination the carrier has acquitted itself of its entire local obligation. It is no concern of the shipper that the car is in bad order upon arrival, provided his freight is undamaged. If the shipper desires to reship to another destination, he must make a new contract of carriage. He is entitled to a car in good order for the reshipment, not under the old contract which has been completely executed, but under the new contract. I know of no principle of law that casts upon a carrier the obligation to furnish a car not only in sufficiently good condition to make the particular trip called for in the bill of lading, but also in sufficiently good condition to stand a further haul beyond the destination specified in the contract.

In the case of reconsignment or diversion it would, of course, be true that lading must be removed from a car that becomes unsafe or unserviceable in transit and at the carrier's expense. That is not the case in the present instance.

HARLAN, Commissioner, dissenting:

To have a carload shipment forwarded under a second contract of carriage without being unloaded, after it has arrived and been placed for unloading at the destination named in a prior contract of carriage, is referred to in the majority report as a right. In my judgment it is more properly to be regarded merely as a usage in which the carriers have more or less acquiesced. In general shippers' rights and carriers' duties are to be looked for in the tariffs. And the tariffs of carriers do not specifically superimpose any such right upon a contract of carriage.

On the contrary, where no transit is accorded, the tariffs governing the ordinary movement of carload traffic from point to point put upon the shipper the duty of unloading the car at destination, and the delivering carrier ordinarily may not lawfully relieve him of that duty. At most, the rebelling, without unloading, of a carload shipment to another destination, after the first contract of carriage has been completed, is an undefined privilege unsupported by tariff authority and in the exercise of which by shippers there must necessarily be reasonable limitations. In that view a carrier, having regard for the safety of its employees and others, would seem to have a right, and indeed to rest under the duty, not only to the complainants whose property is involved but to other shippers in the same train in which the complainants' property may be forwarded from the reshipping point, to refuse to undertake a new contract of carriage in a bad-order car; and to require it in that event to bear the expense of transferring the load to another car is something it is not obligated to do under the original contract of carriage and which, in my judgment, it may lawfully refuse to do under a second contract of carriage. The suggestion in the majority report that to adopt the contention of the defendants "would permit substantial discriminations between shippers" is not explained, and I am unable to see how a general rule requiring a shipper at destination to unload a bad-order car before it may be rebilled to another destination or bear the expense of transferring the shipment to another car could work an unjust prejudice when made applicable alike to all hay dealers at St. Louis.

On these general grounds I am unable to concur in the report of the Commission.

OWNERSHIP OF BELT LINE

The Traffic World Washington Bureau.

The tentative report of J. Edgar Smith on No. 9798, Portsmouth Association of Commerce vs. Seaboard Air Line et al., covering also No. 9933, Rowland Lumber Co. vs. Same, it is believed, will be adopted by the Commission because it is in line with its own decision in the Los Angeles switching case, sustained by the Supreme Court, and its own case, Railroad Commissioners of Florida vs. Florida East Coast, 42 I. C. C., 616, the principles in which were reiterated in the Supreme Court's decision in the Minneapolis terminal case, June 10.

It amounts to a declaration that when railroads combine to build a belt line railroad, the rails of that belt line become their own for all practical purposes notwithstanding the different corporate entity. The Minneapolis terminal case presented the question in varied forms because there were a number of terminal companies, the tracks of which at one time or another had been owned by railroads not at all affiliated or connected with the owners of the terminal companies now owning the property.

As to the facts in this case, they are simple. On all traffic except lumber from nearby North Carolina points, distant on an average about 200 miles from Norfolk, the line-haul carriers absorb the switching charges of the Norfolk & Portsmouth Belt Line, the stock of which is owned by the Seaboard, Atlantic Coast Line and the Norfolk Southern. On lumber from more distant points they absorb the switching. They declined to absorb the charge of \$1.50 per car on the traffic from nearby Carolina points on the ground that the rates are not high enough to cover the cost of making the delivery in Norfolk on the rails of the belt line. The Norfolk & Western, however, does absorb and wherever there is competition between it and the three non-absorbing lines they absorb so as to be on an equality with the absorbing line.

In another case the owners of the belt line claimed that its rails are their own. In the tentative report that admission against it, if it may be so-called, is quoted at

length and the Commission is asked to apply the rule the carriers themselves laid down in respect of other traffic.

The report contains a finding that the charge of \$1.50 per car had not been shown to be unreasonable. In fact, it is lower than the lighterage that used to be charged before the belt line was built. The carriers said in their own behalf that the belt line service is a substitute for the lighterage formerly accorded at a cost of \$2.50 per car.

The finding of undue discrimination is based solely on the fact that lumber from other groups, rates from which are related to rates from the restricted group, are given the benefit of absorption while absorption is denied to the lumber from the nearby groups.

NEW YORK STORE DOOR DELIVERY

(Continued from page 64)

tions. In addition to the public team tracks of the carriers private tracks leading to elevators, warehouses and industries in many instances have been installed by the owners of such properties, or by the carriers for their special use, in order to avoid drayage and for the more convenient loading and unloading of their carload traffic. The handling of less-than-carload consignments at freight stations is also often supplemented by the so-called trap or ferry car service to and from private warehouses and places of business. As the community grows the expanding volume of its inbound and outbound carload traffic may ordinarily be taken care of by extending the team tracks so as to accommodate additional cars; they may also be multiplied in number; to prevent congestion and to serve the convenience of shippers other team tracks may be located at outlying points in the terminal district; and it is often possible for new industries, factories and warehouses to be so located as to have the benefit of private spur track connections with the carriers' rails. The carriers may also lengthen or otherwise enlarge their freight stations with the increasing volume of their less-than-carload traffic, and additional freight stations may be erected at different points in the community reached by their tracks. But notwithstanding these opportunities to spread out and enlarge the terminal facilities of the carriers, congestions and terminal overloads sometimes occur at the typical commercial and industrial point, entailing financial losses to the community and other consequences to its business interests that are more or less serious.

Special Conditions on Manhattan Island

The geographic and other conditions prevailing in the Borough of Manhattan differ materially from the conditions characteristic elsewhere. The public team tracks of the carriers, in comparison with the requirements of the community, are inconsiderable in number and inadequate in capacity, and there are relatively few spur or side tracks leading to warehouses, factories and industries. Even if the limited opportunity for extending and multiplying such facilities is availed of—and this should promptly be done in the public interest—the equipment of Manhattan in the way of team and spur tracks would still be small in proportion to the equipment of other large cities. This is due to the fact that Manhattan is an island; its real estate values are high; its streets have long been laid out and are closely built up with costly structures; and there is but little available room for additional yards, team and spur tracks, and other rail facilities. The result of these limitations is that practically all carload package freight must be handled by car float to and from the piers; the lack of sufficient public team tracks requires even the New York Central to resort very largely to pier deliveries. And the piers, at least at the lower end of the island, cannot be multiplied in number, nor are they capable of much enlargement. Moreover, both carload and less-than-carload consignments, inbound and outbound, are usually handled on the same pier.

The volume of food, general merchandise, and other traffic that moves over the piers continues to increase year by year. Congestions have occurred from time to time, even when traffic was moving in normal volume,

and may fairly be expected to recur in the future. Such a condition on either the domestic or the export terminals is a constant knock up on its heels and closes and holds up traffic for many miles outside the port, during the winter the influence of congestions at the port of New York was felt as far west as Chicago and St. Louis. The consequences of such conditions are serious not alone to the business interests of Manhattan, but to shippers throughout the country having traffic destined to New York or which must move through the port to points beyond or to ship-side for export.

Plans for expanding and enlarging the facilities in and about the port have been under consideration by state and local authorities and some helpful measures are already being adopted. Additional wharves and other facilities involving large expenditures and requiring time for their construction have been suggested as a means for opening the port to meet the demands of the future. A large scale of the extraordinary volume of the traffic passing through the port, of the added and our own many retail and local establishments at this time, now and expected terminal facilities must be provided, apparently on a local scale and on both sides of the river if the port of New York is to hold its commanding place in our domestic and foreign commerce. But improvements of this character, even if agreed upon and authorized for, cannot be made available for some years. Nor would they be of great help in keeping the piers cleared, a result that cannot but be regarded as more or less certain at this time, and which must be solved promptly in view of a further increasing necessity of local and general operations, but in order to avoid possible damage of grave importance to national interests during the period of this war.

Present Pier Conditions and Practices.

Throughout the country shippers and consignees and their transfer agents continued traffic through the war zone in the time needed up against the war on a public terminal. The same could be said for the practice of the port of New York. But the great volume of traffic, as we have seen, reaches the point on our docks piled up in a great quantity at a point, and there the inbound freight is either carried on horse-drawn teams or is unloaded as the case may be from the car upon the pier floor or platform, where it is piled up in the container. The outbound freight is removed from the shipper at the bulkhead and is loaded into the empty cars on the pier floor by the same. Connected with this practice on team tracks, is another one which is a hindrance to the loading of a carload freight. As the inbound and outbound traffic moves over the same track, and as the inbound traffic must usually wait until a carload freight has been made ready for its export, the moving up in the removal from the pier of the inbound traffic causes the prompt loading and unloading of the outbound traffic, on the other hand, any delay of the inbound traffic also delays the inbound traffic. One reason upon the other. There are also other factors contributing to the congestion and confusion at the pier. Between the pier of freight, for example, there is a constant movement throughout the length of the pier. This greatly reduces the capacity of the pier as compared with a public team track, which is usually only used for the movement of trucks, and as compared with the ordinary freight station where delivery of the carload freight may be made at the same time to many trucks through the side doors.

On presenting the freight bill to the freight clerk on the pier the shipment is released of approximately the hour on the pier at which the car containing the freight is released. He waits until the freight at that point, and after finding no particular objection to the arrangement with the railroad clerk to remove it and then drive away. He is now removed a full truck load, investigation reveals the fact that more frequently he takes away only a half a load, and in the majority of instances he carries away only a single case or package. A truck carrying a full load or a single small shipment requires no more space on the pier and in the street, as a truck carrying many cases or three tons of merchandise. Truck operations on the street cause a great congestion on the pier and freight congestion on the pier causes a congestion of trucks on the street, and because of the volume of trucks required under the method of delivery now practiced congestion both in the streets and on the

piers has been more or less frequent and confusion and delay of daily occurrence, with a general loss of efficiency at all times and an increased cost for drayage.

Another feature in the situation that contributes to congestion and delay on the piers and at the freight stations grows out of the fact that under present practices a consignee is entitled to a notice of the arrival of his shipment and may then have 48 hours, after the first 7 o'clock a. m. following the mailing of the notice, in which to remove it. In many cases he may receive earlier notice by telephone; but when his first notice is by mail it usually reaches him in the morning after his teaming and trucking arrangements for that day have been made, and the removal of his freight is therefore delayed until the next day, the third day after its arrival. Many merchants as a matter of habit or preference take full advantage of the free time allowed and do not attempt to remove the freight from the pier until the close of the last or third day. Indeed, in many instances, they prefer to pay storage charges rather than remove the freight until at their own convenience.

The outbound freight is usually received at the bulkhead, as heretofore stated. Long lines of trucks with loads of varying size form in the public highways before the pier receiving stations and delays in the streets ranging from one hour to seven and eight hours are of daily occurrence. Authentic instances of the detention of trucks at steamship piers for 60 hours are related, while detentions of 20 to 30 hours are not uncommon. No statistics have been gathered by anyone, but it is thought by competent observers that if a value per hour were assigned for the detention of teams and trucks at the piers the resulting loss to the community, including the higher charges that trucking companies must necessarily make to cover this delay, would be found to aggregate some millions of dollars each year.

In minor particulars the practices of the carriers in the conduct of their piers might be somewhat improved. But the real trouble arises out of the methods of the shippers, as just described, for delivering and removing their cargo, and their less-than-carload traffic to and from the pier. Each shipper does his own carrying or has it done for him individually by a trucking or teaming company. The work is uncoordinated and completely uncontrolled. And as the majority of trucks haul only a single case or package, the congestion on the streets and in front of the piers at times becomes acute and the delays long and costly, as before explained. Within the past fortnight, before one of the steamship docks, some 700 teams were found in line as early as 9 o'clock in the morning; at 11 o'clock it was estimated that 300 teams and motor trucks were in the line. A prominent house, widely known in commercial circles throughout the country as a wholesaler of general merchandise, with many trucks waiting at this pier on that occasion, states that its added expense for overtime in the use of teaming and trucking equipment on that day approximated \$50. Constant congestions of this character occur in the streets in front of the railway piers and on the piers themselves, as heretofore stated, and, in addition to the heavy trucking expense that is entailed upon the shippers, such conditions affecting the movement of traffic necessarily have a reactive influence on the volume of business that may be transacted by the merchants of New York and those dealing with them. The traffic embargoes of the past few months were due to no small extent directly to pier congestions, and experienced observers assert that the severe embargo now in effect on all less-than-carload traffic to the port of New York would probably have been unnecessary with an organized trucking system enabling and requiring consignees promptly to remove their inbound freight from the piers.

Although there has been a more or less constant improvement in railway conditions and operations at the port of New York, the means employed there by the shippers for handling their freight to and from the piers have remained unchanged for many years. They are confessedly antiquated and inadequate. While the matter has been carefully discussed by shippers from time to time and various suggestions have been considered, no action looking to improved arrangements has been taken. The resulting loss to the commercial interests of New York and of the country generally, not only in the higher cost of cartage, but because of the inability of shippers to get

more of the products of their industry out of and to and through the port, must have been very large.

The time has now come when, in the public interest, new teaming and trucking methods must be put in effect without delay so as to secure greater efficiency in the conduct of the Manhattan piers and freight stations by the carriers and in the prompt clearing away of their freight by the shippers. The principle that must be emphasized is that piers and freight stations are places where contracts of carriage are entered into, in the case of outbound freight, and contracts of carriage are brought to a completion, in the case of inbound freight. They are not places for the storage of freight. The suggestion, therefore, that the free time be reduced from 48 hours to 24 hours must be discarded as not sufficiently fundamental to give the relief that is needed on Manhattan Island. Nor is it possible to accept the suggestion that more substantial penalties be imposed for the failure of consignees promptly to remove their freight after the expiration of the free time. Both suggestions involve the continued use of the piers and freight stations of the carriers as storage places; while what is urgently needed on Manhattan Island is that all inbound freight shall be taken away from the piers as it is unloaded from the cars. Besides freeing the cars for outbound loads, the station itself is thus freed and room made for other inbound freight. It may be said that the consignee is entitled to a reasonable time in which to remove his inbound consignments from the pier; and this in general may be conceded. But what may be a reasonable time at some terminals and under ordinary conditions would be an unreasonably long period at other terminals where the circumstances are entirely different. Under the conditions that are usual on the Manhattan piers any delay by a consignee in the removal of his freight would seem to be unreasonable (a) when other inbound traffic is waiting to be unloaded from the car float onto the pier, and (b) when reasonable means are made available for the immediate carting away of his freight to the consignee.

The Remedy.

Undoubtedly the ideal method for handling domestic freight on Manhattan Island would be a store-door delivery and pick-up service operated by the carriers as a carrier service under a special drayage charge fixed in their tariffs. Indeed, such a national delivery service conducted as an accessorial carrier service throughout the country, commencing at the store door of the consignor and ending at the store door of the consignee, with appropriate special charges for drayage, would co-ordinate the drayage with the railroad service and give us a continuous movement under one responsibility and control from the premises of the consignor at the point of origin to the place of business of the consignee at the point of destination. Besides being desirable on general grounds such an uninterrupted service from store door to store door would eliminate many of the terminal troubles and difficulties now encountered. And ultimately the carriers, as a mere matter of efficiency, will doubtless wish to undertake such a service. But it would require time to perfect the plans, when in the public interest there must be no delay, at least so far as the port of New York is concerned. It would also require the expenditure of large sums of money at a time when the investment of new capital should be restricted. It would also put upon the carriers the burden of creating a large new organization while they are having no small difficulty in preserving their present organizations. The undertaking of such a service by the carriers in New York City would also more or less violently affect large investments there by shippers in teams and trucks and the large investments in equipment by the numerous trucking and teaming companies now performing the service for shippers as a shippers' service. All these considerations seem to indicate that the wise course to pursue on Manhattan Island at this time is the one that will least disturb present arrangements and investments and which, at the same time, will afford the largest measure of relief with the least possible delay.

As heretofore stated, freight is now handled to and from the piers by the shippers with their own equipment or for them by teaming and trucking companies with which the necessary arrangements have been made. It has always been a shippers' service and under the con-

ditions now prevailing on the Manhattan piers and at the freight stations the relief so urgently required may be achieved most promptly by continuing it, at least for the present, as a shippers' service. Moreover, investigation shows that the prompt removal by the shippers of their inbound freight from the piers will react most favorably upon the capacity of the carriers to handle the outbound freight expeditiously and will tend to prevent congestion at the bulkheads. Terminals that are clogged in a measure lose their usefulness as transportation facilities and retard and hold back the traffic; when the pier and station floors and platforms are kept free of freight accumulations the flow of traffic may go on without interruption. There are sound grounds, in fact, for thinking that from 30 to 50 per cent more freight could be carried to and from Manhattan Island if the removal by the consignees of their inbound freight from the piers and stations is so regulated and controlled as to keep the pier and station floors and platforms clear.

While some control and regulation of the outbound traffic will doubtless prove to be necessary, it is proposed, at this time, to control only the removal by the consignees of the inbound traffic, leaving the delivery of the outbound freight at the piers and freight stations unaffected for the present in the hands of the shippers. This course is suggested as a present measure of relief because it is in the line of least resistance. A similar control of the delivery by shippers of their outbound traffic at piers and freight stations would involve some obstacles and difficulties that will not be encountered in the control of the removal by consignees of their inbound traffic from the piers. Methods for doing the latter work can be organized with relatively little delay and with practically no objection on the part of anyone, all the doubts and points in controversy having been cleared up in the conferences that have been held. Moreover, it is thought that the methods for the removal by consignees of their inbound traffic from piers and freight stations under the regulated and controlled plan hereinafter suggested will, as the details of the plan are developed through experience, be extended more or less by common consent to the outbound traffic; the trucks delivering the inbound traffic to consignees will undoubtedly soon be gathering loads of outbound traffic for their return journey to the pier.

It is therefore suggested that the removal of inbound freight from piers and freight stations on Manhattan Island shall hereafter be effected by the consignees upon the general basis that follows:

1. All that part of Manhattan Island that lies south of Fifty-ninth street shall be designated as a drayage district.

Team tracks within that area shall not be regarded for the present as being in the drayage district.

2. No notice hereafter shall be given to the consignee of any freight arriving at a pier within the drayage district, and no free time shall be allowed; all inbound carload and less-than-carload freight on arrival shall be handled immediately to the store door of the consignee.

3. A drayage director shall be appointed who shall have general supervision and control, for the consignees, of the trucking of freight from pier or freight stations after it has been placed upon the pier or station floor by the carrier.

4. There shall be a drayage supervisor at each pier who, under the control of the drayage director, shall have general authority over the removal of inbound freight from the pier floor or platform.

5. The salary of the drayage director and of the several drayage supervisors and other necessary assistants, together with their necessary operating expenses, shall be paid out of a fund contributed by the carriers serving the metropolitan area on a tonnage or other satisfactory basis determined by them and the drayage director. The drayage director and drayage supervisors, however, shall be appointed by the Director-General of Railroads, or under his authority, and shall report to and be responsible to him.

6. The drayage district south of Fifty-ninth street shall be divided into delivery zones having relation to their proximity to the piers and the density of their traffic.

Inbound freight as far as possible shall be distributed by the carriers on the pier platforms or floors by delivery zones; but when practicable shall be delivered immediately from the car to the trucks operating in the zone to which the freight is destined.

Inbound freight shall be delivered to consignees only in trucks registered with the drayage director, and all trucks so registered shall be under the full authority of the drayage director.

No trucks other than those so registered shall be allowed upon the piers for the removal of inbound traffic except under special permit issued by the drayage director.

ent conditions, it avoids the necessity of any new capital investment at this time by making full use of the present equipment of shippers and teaming companies; and it continues the service as a shippers' service, as it is now, by simply so regulating it, under your orders, as to require all inbound traffic to be carted away by the consignees, through an organized trucking service, as soon as it is unloaded by the carriers from the cars onto the piers and platforms, thus keeping the piers and freight stations free and open as transportation facilities and, as a public necessity under existing conditions, preventing their use as storage places even for the period of free time now allowed.

I am advised, and this was verified by personal examination, that the usefulness of some of the piers on Manhattan Island could be substantially increased by constructing a driveway on one side, using the entire balance of the pier space as a freight platform or floor. This would also much improve sanitary conditions on those piers. Such alterations may be made at relatively small expense, but would, of course, require the consent of the city authorities. This you doubtless could readily obtain. I cannot refrain also from expressing a strong conviction, based upon statements made to me by experienced men, that a few temporary frame warehouses, constructed on vacant property now owned by the city and the use of which during the period of the war could doubtless be had upon your request, would be found of great advantage during the next few months. It is my understanding that the warehousemen in and about the port of New York would welcome any such increase in warehousing space, all the present space being now practically occupied, as it has been for some time.

FIFTEENTH SECTION IGNORED

The Traffic World Washington Bureau.

Applications under the fifteenth and sixth sections of the act to regulate commerce will no longer be made by railroads under federal control. The traffic committees, railroads and water lines under federal control, and tariff publishing agents to whom circular No. 1-A is addressed will have official information to that effect as soon as they receive copies of the circular dated July 1, but not mailed to them until July 8.

All modifications in rates, rules and regulations pertaining exclusively to federal controlled lines are to be made by the President in this way, on the theory that the "public interest" requires the Railroad Administration to ignore the parts of the statute intended to enable the public to have timely notice that something in which it is interested is to happen, on a day certain, if the Commission does not interfere.

When the federal control law was enacted the thought was that the President would use his power to initiate rates only when the returns of the carriers indicated that their revenues were being depleted by increasing expenses to such an extent that a dangerous situation was at hand. Nobody thought that he would use it for every-day tariff filings. Nobody suggested that the passage of the bill would be equivalent to the repeal of those parts of the law requiring thirty days' notice, except that, for good cause shown, the Commission might allow publication on less than the statutory notice.

It is doubted whether Senator Smith, author of the fifteenth section amendment that required a carrier to obtain permission prior to filing tariffs making advances, had an idea that the President was proposing to undo what he had devised to prevent snapshot advances in rates during the war.

When the circular was first issued it was read as applicable to rates prescribed by General Order No. 28, but that is not the interpretation placed on it by Director Chambers's force, which devised it. The men composing

Mr. Chambers's staff intended the fourth section of the circular to eliminate the sixth and fifteenth section routine. Inasmuch as they have custody of the President's rubber stamp, their interpretation of their own language will stand until and unless the senators who voted for the passage of the federal control law come to the conclusion that they gave arbitrary power, not to the President, but to the railroad men who have been put in charge of transportation by Director-General McAdoo.

This determination of the railroad men to get rid of all phases of control by the Commission has been obvious to those who have had to follow the transportation situation. The criticisms they have received at the hands of shippers and of senators has not feazed them. They are proceeding on the assumption that the President turned the whole thing over to them and they are going to run it according to the notions they brought with them from their offices.

Thus far they have not shown the slightest appreciation of the fact that, as matters are run now, many rates are in effect before those who have to pay them know anything about them.

Under the plan for tariff publication set forth in No. 1-A, a "rate authority" is sent out by Mr. Chambers, the tariff is prepared and it is made effective on whatever notice Mr. Chambers cares to give. Up to this time, one day's notice has been the regular order on all tariffs modifying the rates, rules and regulations published by reason of No. 28. The shippers fortunate enough to receive a wire or letter from someone in Washington, or read every word in the Daily Traffic World and Traffic Bulletin every day are the only ones who have any advance notice as to changes in tariffs.

The circular, which cancels Circular No. 1, is as follows:

Section 1.

(a) Your attention is directed to Section 20 of General Order No. 28 as amended reading as follows:

"Section 20—The rates, fares and charges to be increased under this order are those existing on May 25, 1918, including changes theretofore published, but not then effective and not under suspension, except where the Interstate Commerce Commission prior to May 25, 1918, authorized or prescribed rates, fares and charges which shall have been published after May 25, 1918, and previous to June 15, 1918, the increases herein prescribed shall apply thereto. Such authorized or prescribed rates, fares and charges not so published shall be subsequently revised when published by applying the increases prescribed herein."

(b) When changes are published as authorized by Section 20, the schedule containing such changes shall show as authority therefor (on title page if all changes in the schedule are made under authority of Section 20, otherwise in connection with such portions of the schedule as are published under authority of Section 20), the following:

"Published for the Director-General of Railroads under authority of Section 20, General Order No. 28 of the Director-General, United States Railroad Administration, dated May 25, 1918, and amended June 12, 1918."

And shall also show reference to any authority or order as required by the Interstate Commerce Commission and shall be made effective upon such notice of filing as may be provided in such authority or order.

Section 2.

(a) Changes in rates, fares, charges, regulations and practices may be made under the standing rules and authorizations contained in the Interstate Commerce Commission's Tariff Circular 18-A and orders (or reissues thereof) as shown below, without further authority:

Rule 10 (i) and Fifteenth Section Order No. 250—Changes in station lists and in lists of restricted and prohibited commodities.

Rule 10 (j) and Fifteenth Section Order No. 200—Changes in dimensions and capacities of cars, etc.

Rule 56—Reduction of joint rates or fares to equal sum of intermediate rates or fares.

Rule 77—Establishment of commodity rates from and to immediate points not to exceed those in effect from or to distant points.

Special Permission No. 44844—Establishment of new coach routes and terminal deliveries.

(b) When changes are published as authorized in this section the schedule containing such changes shall show as authority therefor (on title page if all changes in the schedule are made under authority of this section, otherwise in connection with such portions of the schedule as are published under authority of this section); the following:

Published for the Director General of Railroads under authority of Section 2 of Circular No. 1 A of the Director, Division of Traffic, United States Railroad Administration, dated July 1, 1918."

And shall show also reference to any rule or authority required by the Interstate Commerce Commission and all be made effective upon such notice of filing as may be required in such rule or authority.

Section 3.

(a) Except as provided in Sections 1 and 2 of this circular, no changes shall be made in any freight, passenger, baggage rates, fares, charges, classifications, regulations or practices of the carriers under federal control, including those applying jointly with carriers not under federal control, published in schedules filed with the Interstate Commerce Commission or with state commissions, except as all have been authorized by me in an appropriate "Freight Rate Authority" or "Passenger Fare Authority."

(b) When changes are published under authority of such "Freight Rate Authority" or "Passenger Fare Authority" the schedule containing said changes shall show as authority therefor (on the title page if all changes in the schedule are made under the same authority, otherwise in connection with such portions of the schedule as are made under each authority), the following:

Published for the Director General of Railroads and dated on _____ days' notice with the Interstate Commerce Commission under "Freight Rate Authority No. _____ of the Director, Division of Traffic, United States Railroad Administration, dated _____, 19____."

Section 4.

(a) As no authority other than as required by this circular is necessary to change rates, fares, charges, classifications, regulations or practices applying wholly on carriers under federal control, no application should be made to the Interstate Commerce Commission or to any state commission for authority to advance or modify rates, fares, charges, classifications, regulations or practices applying wholly on such carriers, nor for authority to publish changes therein on short notice, and any such applications made heretofore should be withdrawn. Applications covering rates, fares, charges, classifications, regulations or practices applying jointly to carriers under federal control and those not under such control should not be withdrawn.

(b) After the necessary "Freight Rate Authority" or "Passenger Fare Authority," as required in paragraph (a) of Section 3 of this circular, has been secured, applications should be made as requested by law or by the rules of the Interstate Commerce Commission or state commissions for authority to advance, modify or publish on short notice changes in rates, fares, charges, classifications, regulations or practices applying jointly to carriers under federal control and those not under such control, and the schedules containing such joint rates, fares, charges, etc., shall show reference to the authority granted by the Commission as well as to the "Freight Rate Authority" or "Passenger Fare Authority."

Section 5.

All schedules hereafter published and filed with the Interstate Commerce Commission containing rates, fares, charges, classifications, regulations or practices of the carriers under federal control, including those applying jointly with carriers not under federal control, shall show clearly but they are the schedules of the United States Railroad Administration by having printed on the title page thereof in large type the words:

"UNITED STATES RAILROAD ADMINISTRATION,
"W. G. McAdoo, Director General of Railroads."

Section 6.

Until further advised all proposed changes in rates, fares,

and "Passenger Fare Authority" on schedules covering passenger traffic.

charges, etc., as named in paragraph (a) of Section 3 of this circular shall be referred to the proper Freight or Passenger Traffic Committee for the Eastern, Southern or Western Territory (through or by the appropriate District Freight Traffic Committee, if on freight traffic) and passed by it to me for "Freight Rate Authority" or "Passenger Fare Authority" where such is desired.

Edward Chambers, Director.

DUPLICATION OF ADVANCES

The Traffic World Washington Bureau.

Director Chambers July 9 told A. P. Lane, traffic manager, Great Northern Paper Company, Boston, that only one advance on coal from West Virginia to New England, rail-and-water, would be allowed. New England and Hampton Roads carriers have both added 50 cents to the through rate. Only one 50-cent advance will be allowed.

J. V. Norman of Louisville, in behalf of a car shipped on Chicago combination from western Kentucky July 10, called the attention of Directors Prouty and Chambers to the fact that the railroads, everywhere he has been able to learn, have taken advances on each component of a combination through rate, instead of only on the total rate. Director Chambers reiterated what he had said to Mr. Lane—that that is in violation of instructions and will be changed. Tariffs, however, are in effect and published rates must be collected until the routine of tariff filing can be observed.

New England coal dealers and users of coal have begun bombarding the Railroad Administration protesting against advances in coal rates running from sixty to ninety odd cents. They object to having four advances put on them at one time. Four are possible because the railroads did not take the full advance allowed about the time the fifteen per cent case decision was made. Under General Order No. 28 they have been required to take the unabridged remainder of the fifteen-cent advance allowed a year ago and then make the advances specified in Order No. 28. The result is that there are advances in rail rates from West Virginia to ports and from New England ports to interior destinations, not to mention a big climb in rates port to port. Rail advances to interior Maine points amount to ninety-two cents. The protestants were scheduled to appear before the New England Traffic Committee July 12. They claim that this terrific advance is the result of a misinterpretation and that the total should not exceed thirty cents.

SECRET CHANGES IN RATES

The Traffic World Washington Bureau.

Abolition of the statutory rule that a tariff shall be on file thirty days before its effective date, brought about by the federal control law, results in a condition of affairs that puts business men who are engaged in sharp competition more than ever on edge. By means of letter or telegram to a particular railroad or particular tariff publishing agent, Director Chambers can make changes in the rates ordered by No. 28 and have them in effect long before shippers generally know about the changes.

A case in point is furnished by a reduction in rail-and-canal rates that went into effect July 2 on short notice. The New York Canal Section of the Railroad Administration announced that Mr. Chambers had authorized a canal-and-rail scale under the all-rail, lake-and-rail, and rail-lake-and-rail scale as follows: 10, 8, 6, 4, 4 and 3 cents, making a canal-and-rail scale of 102.5 cents, 91, 69, 48.5, 41 and 34.5 cents. At the same time Director Chambers authorized an intrastate scale, New York-Buffalo, of 48, 41.5,

34, 23, 19.5 and 16 cents, or 12 cents under the first-class all-rail rate.

The fact was published in New York, in an announcement by the canal section. The tariffs, presumably, were in the mass of material in the mail room of the Interstate Commerce Commission. They were posted at points in New York.

If shippers who desire to ship to New York or from New York to points in the central West knew anything about the establishment of the two scales, they obtained the information incidentally or by means that could be availed of only by having agents stationed throughout the country watching every possible point where such information might leak out or be published as the canal section published it.

The Railroad Administration has not yet devised a method whereby information of that kind may be had from it except by asking a specific question, as, for instance: "Have you changed the canal-and-rail rates today?"

Authorizations to prepare tariffs making changes in the rates established under No. 28, issued by Director Chambers' office, are of much greater importance than the tariffs themselves because shippers, by being advised that a change to make their arrangements accordingly. This was especially true while the Commission was trying to clear up the mass of tariffs sent in in obedience to No. 28. Hundreds of tariffs became effective long before the clerks took them in hand and placed them on the Commission's file.

Congress passed the law requiring thirty days' notice to prevent exactly that kind of condition. The Railroad Administration officials, being quasi-public officials, are supposed to be giving the public better service than they were while they were employes of the railroads. As it happens, in instances such as this, they are giving poorer service than the law compelled them to render while they were railroad employes.

THE NEW REGULATORY PLAN

The Traffic World Washington Bureau.

In the language of the street, the system of railroad regulation is all shot to pieces and unless Congress should repeal or amend the federal control law and the Overman law, that condition is likely to continue until the courts and the Railroad Administration work out a new scheme. The Interstate Commerce Commission could help, and probably would, if the Railroad Administration were inclined to consult it.

The plan for district and regional committees to consider complaints arising under General Order No. 28 will tend to build up an organization, which, in time, may come to be regarded as the one that really disposes of rate disputes. They can exist only as advisers to Director-General McAdoo and can have no real power to change rates. But they can, however, advise Director Chambers, who can change rates and profoundly influence the business of those to whom the rate is a thing of importance.

Before the railroads were taken over by the government shippers were advised by the railroads, generally in ample time, as to what changes in rates were about to be proposed. In many instances the shippers were able to persuade the carriers that they should not make the changes. Now, however, changes can be made without consulting the shippers. By the use of the President's stamp they can be made effective before the interested shipper has an idea as to what is in the wind. The twenty-five per

cent advance was ordered before any shipper had any definite information that that was to be done. All they had was reports that such a thing was in contemplation. The day the amount of the increase was announced the effective date of the tariffs was fixed, and they went into effect on that day.

All that is now being done is to change the things that became effective on June 25. Had not Congress changed the law, the railroads, before making effective the increases decreed by General Order No. 28, would have had to consult with the shippers, because they could not have obtained any fifteenth section permission to file such tariffs. That is to say, they could not have got started.

The work that the Commission's rules sought to have done before the hurt was given will now be done after the wound has been received, or not at all. To have the ill effect of the changes made on June 25 removed, shippers are now telling the railroads what they would have told them before but for the change in methods.

Under the old system the railroads complained that they "lost" millions of dollars because the Commission suspended rates. They pointed out that when a rate was suspended the railroads could not make it date from the day it would have become effective but for the suspension action of the Commission, but they contended that shippers could have obtained reparation if the higher rate had been allowed to become operative. There was a time when the Commission frequently allowed reparation, but for the last two years reparation has been a hard thing to obtain.

The new scheme makes the shipper pay the rate while the question as to its reasonableness is under debate, first, before the committees appointed by the Railroad Administration, and second, before the Interstate Commerce Commission. If a shipper having only one shipping point is put out of business because of the way the rate order works against him, there is no chance of reparation. The Commission can make reparation only for charges paid. No railroad could be put out of business because the Commission had suspended a tariff or a particular rate, because, if the situation was as bad as that, the Commission would be advised of it through the reports made to it by the railroad or railroads involved.

There is no question in the minds of those who know anything about rate matters as to the effect of the appointment of these committees. Shippers will have to make two fights, one before the committee and another before the Commission. Inasmuch as appeal from the local committee lies to the regional organization and thence to the committee sitting in Washington, there will actually be two or three fights before the case gets formally before the Commission. More time will be needed than formerly to get a decision, because each committee will have to make a record of some kind for examination by the reviewing authority.

At all times there will be the danger of some favored locality or industry obtaining the ear of someone in the Railroad Administration and bringing about a change in rates, even while they are under attack before a committee or before the Commission. The abolition of the thirty-day notice, it is believed, is the thing that, in the end, will be recognized as causing the most injustice.

CONFERENCE AT SAN FRANCISCO

The Traffic World Washington Bureau.

Director-General McAdoo, who went to California several weeks ago, has advised Railroad Administration officials in Washington that he has entirely regained his

alth and has been making a tour of inspection of railroad lines and terminals on the Pacific Coast, with a view recommending betterments in service.

Mr. McAdoo said he had called a meeting, to be held San Francisco July 15. At Mr. McAdoo's office it was said that the conference at San Francisco would pertain to Pacific Coast conditions of traffic and operation, giving the presence of Messrs. Gray, Chambers, Aish, Holden and the federal managers of the central western and northwestern regions. Complaints from that part of the country have been pointed and insistent, especially on account of the disadvantage to that section growing out of the elimination of fourth section violations and the withdrawal of ships. While Mr. McAdoo's trip to Mexico was primarily for health reasons, a secondary reason is believed to have been desire to see what was a matter there.

The determination of Director-General McAdoo to hold conference in San Francisco July 15 respecting Pacific Coast conditions is not considered surprising. The Pacific coast, in a transportation sense, is now farther away from a great consuming centers of the country than it has ever been. It is, in a transportation sense, now on the extreme edge of the continent instead of, as formerly, just off Salt Lake.

So long as war conditions continue and the rest of the world needs the products of that part of the country, it is believed, the coast can continue to do business, especially now that arrangements have been made for continuing some export and import rates via Pacific ports. At the minute there is the least relaxation on the present system, it is suspected, trouble will result unless the railroad Administration is prepared to readjust rates so as to allow the coast to continue business in the interim between that relaxation and the restoration of ships via a canal or around the Horn.

While San Francisco is on the water front, so far as freights are concerned it is an inland city. Rail-and-water and railroad rates are on the same level. The Shipping board controls all ships and the Railroad Administration controls all railroads, and the Interstate Commerce Commission allows no departures from the strict long-and-short-haul rule of the fourth section. There is no water competition. It is potential in the sense that some day ships may again ply between the east and west coasts in competition with the rail carriers. The coast, wherever there is competition between its products and those of the intermediate country, is at the disadvantage the long haul places upon it, unless the carriers serving long-haul territory make concessions to enable them to haul some business. There is now no incentive for them to bid for business and the Pacific coast people know it, hence, it is suspected, the conference at San Francisco July 15.

McADOO WANTED AT HOME

The Traffic World Washington Bureau.

A strong desire exists among senators from southern states to have Director-General McAdoo back in Washington. They want to talk with him about the hundreds of questions that have arisen mainly by reason of General Order No. 28. They like his assistants, but they do not like discussing questions with them that, as they see it, should be heard by him only because the questions pertain more to the policies of the Railroad Administration than to the results of that policy as shown by the general orders.

Ever since the Director-General ordered increases in state rates, the southern senators have been busy trying to satisfy their constituents that everything is as it should be or soon will be in that position. The senators find that shippers regard the Railroad Administration with no more affection than they formerly showed for the railroad officials who compose it, in its chief parts. They find their constituents are not satisfied to deal with the officials of the Administration because they believe they are too set in their ways; that they are inclined to hold that having once decided a question and announced the decision, in the form of an order, circular or interpretation, there is nothing more to be said about it, other than that the shipper must remember this is war time and that things must be done in a hurry.

The southern senators say they want a Railroad Administration that will operate so satisfactorily that senatorial time will not be used in running up to Eighteenth and Pennsylvania avenue to inquire about matters which the senatorial head does not understand until some clerk has taken the senator aside and given him a diagram.

Plainly the senators are becoming a bit peevish over the burdens they added to themselves when they enacted legislation which has been made to have the effect of setting aside the Commission and setting adrift every established way for settling disputes. They are not displeased with Mr. McAdoo. They are not inclined to go half so far as other folks have gone in commenting on the quality of the things done, but they would like to be relieved of the burdens they have had to bear since they enacted legislation pertaining to rates. They do not feel like going to the President. All they desire is to find some way for escaping from the drudgery that has been imposed on them, apparently because they abolished the "stop, look and listen" power of the Commission, commonly called the power of suspension.

There is no complaint against any official of the Administration, yet they feel things are not going as soothingly as they should and they have an idea that if the Director-General came back to Washington soon a way would be found for reconciling the objecting state commissioners and the shippers, especially the shippers in the South, who receive goods at the smaller distributing centers in that part of the country and try to compete with the big shippers, many of whom are able to ship from more than one point and thereby are able to avoid the maximum of rate increases.

These southern senators have had much more than their share of work in connection with the changes brought about by the short line relinquishment matter and the increase in rates ordered by No. 28. The \$15 per car minimum hit the sawmill and lumberman of the South, also the cotton planters and buyers, because assembling rates in the South have been very low. The short line railroads have been big factors in the development of the South, and they are as hard hit as shippers, hence the labors of the southern senators have been greatly augmented by the legislation they enacted, against the protest of shippers and against the advice of senators who, before the change in the political complexion of the Senate, were the leaders in legislation of that kind.

The southern senators, however, are not the only ones who find local conditions torn up by reason of the work of the Railroad Administration. At the behest of Senator Frelinghuysen of New Jersey the Senate July 5 adopted a resolution (S. 272) directing the interstate commerce committee to inquire as to why tubes leading from New

York to the New Jersey shore had been taken over, referring to them as "these purely local lines" that have nothing to do with "conditions growing out of the war" to meet which was the purpose of taking over the railroads. The committee is to find out why the fare from Jersey City to New York was increased from five to ten cents and why the rate from New York to Newark was increased 60 per cent, or from 17 to 27 cents, "though the traffic over said lines has no relation to war conditions."

There was no discussion on the subject. Senator Frelinghuysen himself did not manage the passage of the resolution, but had Senator Cummins do that for him.

The answer to the resolution is simple. The fare through the Pennsylvania tube was brought to the three-cent basis. Then to show that he was not favoring the McAdoo tube the Director-General had to increase the rates through that tube so as to have all interstate fares on the basis of three cents, the need of the carriers in that respect having been ascertained, to the satisfaction of the Director-General, before the order, No. 28, was issued.

McADOO AS RESPONDENT

The Traffic World Washington Bureau.

Instead of announcing, as had been somewhat expected, that it had decided that all that would be necessary to keep alive complaints now on its files would be the addition of the Director-General as a party respondent, the Commission, July 10, announced that it would hear argument on the subject July 24. The precise question to be answered by attorneys is: "Must justness and reasonableness of rates, fares, charges, classifications, regulations and practices initiated by the Director-General under the authority of the federal control act, be determined upon original complaints in new proceedings, or may such issues be properly raised by amendment to pending complaints wherein rates, fares, charges, classifications and practices of carriers superseded by those initiated by the Director-General are assailed?"

The determination, the Commission said, was called forth by the filing of petitions in American Cement Plaster Company vs. Michigan Central; Lake Charles Rice Milling Company of Louisiana vs. Abilene & Southern; El Paso Chamber of Commerce vs. Arizona Eastern; L. & N. Coal Operators' Association vs. L. & N. In their petitions they asked leave to amend their complaints so as to add as a party defendant the Director-General and to include allegations concerning rates initiated by the President through the Director-General.

The determination of the Commission to hear arguments on the question is the result of the desire of attorneys for the Administration to prevent the view that the initiation of rates by the President presents a new issue not covered in the original complaint and that therefore cases before the Commission should be begun anew. The sentiment among the commissioners seems to be in favor of allowing amendments so as to make old complaints serve under the tenth section of the federal control law.

Arguments on July 24 on the question as to how the Commission shall dispose of complaints now on its files are expected to be above the ordinary in interest to lawyers, if not to shippers. In one way of speaking, the question is as to whether the Commission is to have the power to prescribe the rules of procedure for itself or whether it is to adopt the views of the Railroad Administration.

Among the railroad men who make the views of the

Railroad Administration the idea seems to be that the complaints as now drawn do not bring into issue the rates prescribed by the President. Therefore, they are not sufficient to advise the Railroad Administration as to what the complainant is asking the Commission to do; that adding the name of the Director-General as a respondent will not cure the defect in the papers and that the only proper way to bring complaints under section 10 of the federal control act would be to quote the rates and point out the supposed maladjustment as it existed after the President-made rates went into effect.

The first report as to what the Commission had done was that it had decided to allow the first three complaints in the list set down in the assignment for July 24 to be amended by adding the name of the Director-General as respondent. The announcement that there would be arguments on the subject came as a surprise to those who had heard the first report, which, of course, was unofficial, because the Commission never put into effect any such conclusion.

R. Walton Moore, who was counsel for the southern railroads until he became a part of Director Payne's staff, will have charge of the litigation before the Commission and he is expected to present the reasons why there should be a beginning under section 10 that will be divorced from the proceedings under the act to regulate commerce. One of the peculiar developments of the situation is the thought that the Commission is proceeding under the tenth section of the control act alone and not under the act to regulate commerce, although in parts of the control law the intention of Congress that the railroads shall not be freed from any laws except such as ought to have been set aside so as to enable freight to be moved freely, is believed to be clearly indicated. In that tenth section the Commission is authorized, after full hearing, to make any order authorized by the act to regulate commerce, which, of course, would be a peculiar proceeding if the tenth section were the only law under which the Commission could proceed.

As a practical matter, it is believed, it will make little or no difference how the Commission decides the question. If it does not follow the original idea—that amendment making the Director-General an additional defendant—complainants will have to rewrite their complaints. The record already may be stipulated into the record of the new case and supplemented in the parts where it needs strengthening.

ADVANCE ON OIL

The Traffic World Washington Bureau.

Director Chambers July 9 decided to commute the advance on oil to 4.5 cents per hundred pounds. Tariffs are to be filed as soon as possible.

Tariff agents were instructed by wire July 11 to file petroleum tariffs making a specific advance of 4.5 cents on one day's notice. Oil men said uniformity of the effective date was not necessary, hence there is likely to be a variation in the dates of tariffs, depending on the celerity of clerks and printers.

A note of appreciation, by telegraph, has been received by Director-General McAdoo's staff from Robert L. Welch, secretary and general counsel for the Western Petroleum Refiners' Association, on account of the decision of Director Chambers to commute the twenty-five per cent advance on petroleum rates to a specific advance of 4.5 cents per 100 pounds. His telegram, sent July 6, was received before the question was settled, but after it was

known that there would be a change from percentage to specific. The telegram is as follows:

Will you kindly permit me to extend to you my heartiest and most cordial thanks and appreciation for the magnificent manner in which you and your able subordinates, Mr. Prouty, Mr. Chambers, Mr. Walter, the regional directors and many others have cooperated with the independent oil industry in the movement of traffic and the proper adjustment of petroleum rates. I believe that the co-ordination of the railroads and the centralization of authority under your wise direction have resulted in a movement of traffic which would have been utterly impossible under private ownership in the wartime period.

In the adjustment of petroleum rates your broad minded attitude shown by the change from a horizontal increase to a flat increase in cents per hundred pounds has been the actual salvation of the independent oil industry. It is not harmful to the Standard Oil Company and yields the Government the same revenue. It is clearly demonstrable that neither of these results could have been attained under private control and that even under Government control they would never have been attained so a man without your statesmanlike grasp of the situation and without the inflexible courage to act which you have displayed at every stage of the war. You will doubtless make mistakes, but God bless you for your courage. I am sure that the members of the Western Petroleum Refiners' Association, which is an organization of practically all the oil refiners of the midcontinent field, consent in my congratulations.

INCREASE ON METALS

The Traffic World Washington Bureau

The billion metal producers, chiefly the copper miners and smelters of the country, appeared before Director Prouty's trouble committee July 11 protesting against the increase in freight rates because the government has fixed the price of copper and other billion metals so that the added freight rate is really a reduction in the price paid them. They were represented by former Governor John Lind of Minnesota and W. A. Glasgow of Philadelphia. Mr. Lind, using the Anaconda Copper Company for illustrative purposes, commented on the fact that the freight bill of the company on ore would be increased \$250,000. He contrasted the treatment of the copper interests with the iron ore.

"If you had been given an increase similar to the iron ore people," suggested Luther M. Walter, chairman of the committee, "the Anaconda people would have had to pay \$1,000,000 more on ore alone, wouldn't they?"

The former governor admitted that that would be the fact with regard to that particular company, but he said he wanted to deal with the subject generally, not in relation to the peculiarities of any one company, in support of the suggestion that either the government should increase the price of copper or not increase the freight rate.

MINIMUM \$15.00 CHARGE

The Traffic World Washington Bureau

Director Chambers has ordered a change in the rates ordered by General Order No. 28 so as to exempt rough forest products from the fifteen dollar per car minimum. At present logs only are exempted by the supplements to No. 28. Some railroads, however, made their tariffs broader than the supplements warranted by exempting all products of saw mills. Southern roads in particular did that.

Instructions are being issued to regional traffic committees promptly to amend tariffs to provide, in addition

to articles named in General Order No. 28 of the Director-General, that the following commodities will not be subject to the rule which provides that the minimum charge for a carload of freight will be \$15:

Chert; forest products, viz.: Bark, billets, bolts, logs.

Waste consisting of slabs, sawdust, shavings, boughs, edgings, listings, hog product, shingle tow, broken lumber of miscellaneous widths and length, but none as long as 10 feet.

Wood: Cord wood, fuel wood and pulp wood (not wood pulp).

Slag.

Sugar cane.

The instructions will require that tariffs containing these changes be made effective upon one day's notice after filing with the Interstate Commerce Commission.

NEWARK-NEW YORK RATES

The Traffic World Washington Bureau

Under date of July 11, Director-General McAdoo telegraphs from Washington to Mayor Gillen, Newark, N. J., as follows:

The full text of resolutions adopted by meeting of Newark citizens June 15 regarding rates between Newark and New York has just reached me here. Before I had knowledge of these resolutions I had directed that an inquiry be made into the question of rates between Newark and New York because I recognize from years of experience with your conditions that you have a peculiar problem which must be dealt with equitably and with some regard to the general transportation problem in the metropolitan area. This inquiry will be prosecuted to early conclusion and action and I shall be glad if you will assure the people of Newark of my desire and determination to give their reasonable claims prompt and just consideration.

MILEAGE RATES ON CEMENT

The Traffic World Washington Bureau

The Atlas Portland Cement Company, in the western cement case, has asked the Commission to require the carriers to make mileage rates on cement via the shortest line through the switch nearest the point where the car is loaded regardless of who owns the rails, on the theory that "shortest workable route," under federal control, means physically workable. The petition was called forth by the fact that carriers, in checking in rates under the Commission's orders, were making them via their own mileages instead of disregarding the prohibition against short hauling. In correspondence appended to the petition the carriers claimed they had to conserve the revenue of each company by having rates apply over routes that would not short haul the originating carrier. Frank Lyon, attorney for the Atlas, contends that, especially during the war, the shortest workable route has no relation to the revenue of any carrier because, during federal control, all rails belong to the same company.

The question raised by Mr. Lyon is believed to be of particular pertinency during the period of government control. If the Commission agrees with Lyon that the shortest workable distance means the shortest possible workable route, in a physical sense, and so directs the railroads to make their tariffs apply, the Railroad Administration will lose some revenue. However, if it requires the carriers to make their tariffs applicable via the physically shortest routes, it will never be necessary

for the shipper to do any figuring, after the shortest route has been ascertained.

Freight is now supposed to be moved via the shortest route, regardless of the ownership of the rails, so as to save equipment. When, by reason of congestion, it is necessary for the carrier to take the traffic via some other route, the rate via the specified route must be protected. The same rule would apply if the Commission directed the making of rates via the physically shortest route.

BASIS FOR LUMBER RATES

The Traffic World Washington Bureau.

An earnest request was laid before the Railroad Administration July 5 by the National Lumber Manufacturers' Association for a change from the percentage to a specific basis in the advanced lumber rates. That association, with one notable exception, asked that the increase be stated at three cents per 100 pounds instead of 25 per cent, with sixth class as maximum and with transit privileges at rate-breaking points to protect those doing business at the gateways. An equally earnest request that no change be made was submitted by the Michigan Hardwood Association and the Northern Hemlock and Hardwood Association. They are affiliated with the national association, but they dissented from the program because, as they frankly admitted, their business is on short hauls. A three-cent advance would be more than 25 per cent on their average rate. Their maximum rate is about 12 cents. Eighty per cent of their business is done on rates less than that.

E. E. Williamson was the chief spokesman for the national association and Arthur B. Hayes for the dissenting associations. The former submitted a mass of figures to show that three cents would yield a little more than the sum the 25 per cent advance is supposed to produce. To protect the men at the rate-breaking gateways, Mr. Williamson suggested a transit privilege for which those using it should pay something. The talking, however, was not confined to the two men mentioned. The others attending the hearing, all of whom took part in the discussion, were: E. A. Selfridge, California Redwood Association; Robert B. Allen, West Coast Lumbermen's Association; W. E. Gardner, Georgia-Florida Saw Mill Association; A. G. T. Moore, Southern Pine Association; F. M. Ducker, Northern Hemlock and Hardwood Association; J. C. Knox, Michigan Hardwood Association; and J. H. Townshend, Southern Hardwood Traffic Association.

INDIANA FILES COMPLAINT

The Traffic World Washington Bureau.

Indiana Commissioners McCordle and Haynes and their lawyer, O. P. Gothlin, July 9, submitted a complaint in seven sections to Luther Walter, claiming that the adjustment under General Order No. 28 unduly favors Illinois and prejudices Indiana. They suggested a readjustment on the basis of making Official Classification and the C. F. A. scale apply to Illinois. Such application would be resisted by Indiana shippers who are not now under a disadvantage, especially live stock, grain and oil shippers.

The Hoosier body is the first formally to recognize the Administration as the sole power in rate-making. As pioneers they are likely to receive criticism from other commissioners.

In appealing to Director Prouty of the Railroad Administration for a change in the adjustment of rates as between Indiana and Illinois, as points of origin, to points

in Illinois on traffic to Illinois, and on Illinois and Indiana traffic to the Northwest, the Indiana commissioners ignored the question or jurisdiction inhering in its request that the rate fabric in Illinois be brought to the basis of Official Classification ratings and the Central Freight Association class scale. It proceeded just as if the Railroad Administration had full power over rates in Illinois.

The Indiana commission suggested that the public has the right to assume that in the administration of the railroads the government will endeavor to adjust the transportation tax so that it will bear evenly upon all localities. A further suggestion is that the effect of the lower basis in Illinois puts the government in the attitude it would hold if it prescribed a postage rate of four cents for use in Indiana and a three-cent rate in Illinois. It called attention to the fact that in the matter of passenger fares the Director-General treated the whole country as a unit and then asks why that was not done in the matter of freight rates, for application to Indiana and Illinois where transportation conditions are similar in every particular except that Illinois is nearer the Mississippi River and the railroads, therefore, at one time were in competition with steamboats. The argument submitted by the Indiana commissioners, called by them an appeal to the Director-General of Railroads, probably written by O. P. Gothlin, formerly a commissioner in Ohio, now attorney for the Indiana commission, is as follows:

The public has the right to assume that in the administration of railroads the government will endeavor to adjust the transportation tax so that it will bear evenly upon all localities. It follows, therefore, that the Director-General will give consideration to complaints alleging unfair rate adjustments, and that, if the complaints be justified, will afford relief without delay. To do this the Director-General will often find it necessary to adjust rates upward as well as downward. A rate unfairly low is as harmful as a rate unfairly high. Commissions discourse learnedly about the reasonableness or unreasonableness of rates per se. There is no such thing. A rate is reasonable or unreasonable only in its relationship to other rates. In other words the terms "unreasonable" and "discriminatory," as applied to transportation charges, are synonymous.

The Public Service Commission of Indiana desires to call the Director-General's attention to the fact that the present rate adjustment is prejudicial to Indiana commercial and manufacturing interests and preferential to Illinois commercial and manufacturing interests. This condition arises from two influences—the Illinois classification and the Illinois scale of rates. Forty-nine per cent of the ratings in the Illinois classification are lower than the Official Classification, which governs in Indiana. The Illinois scale of freight rates, both class and commodity, is less than equivalent rates in Indiana. The result is that Indiana pays a relatively higher transportation tax than Illinois, which is a grievous wrong. A parallel case would be to establish a four-cent first-class postage rate in Indiana and a three-cent rate in Illinois. Further, it gives Illinois jobbers and manufacturers an unfair advantage over their Indiana competitors. A Chicago jobber can reach a point in Illinois 200 miles distant at a transportation cost less than Indianapolis can reach the same point if it be only 100 miles distant.

Order No. 28, in so far as it relates to passenger transportation, covers the whole territory. Why did it not treat freight transportation the same way? Why did it except Illinois and permit the existing inequitable adjustment to continue? Order No. 28 merely accentuated the discrimination. It should have killed it.

Wherefore, we earnestly request, that without delay the Director-General will take such action as will afford effectual relief. It can be done by an order requiring that the Official Classification be substituted for the Illinois classification; that the revised class rate scale be substituted for the Illinois scale between points in Illinois, and that commodity rates between points in Illinois and between points in Illinois and points in other states be

lined up on the basis of the same commodity rates in effect throughout Central Freight Association.

PRESIDENT'S SHORT LINE VETO

The Traffic World Washington Bureau.

As expected, President Wilson July 11 vetoed the short-line resolution extending the time in which control might be relinquished. The short lines will fight, but just what form their campaign will take they have not announced. The veto message sounded much like John Barton Payne's talks and memoranda on the subject. It was as follows:

"I voted to be obliged to return without my signature Senate joint resolution 159.

"I do so because I very respectfully but very earnestly dissent from the policy which it embodies. Under its terms the government would be obliged to assume the control and administration of all short-line railroads without discrimination. I respectfully submit that this is not in the public interest.

"There are terminal short lines at many centers of freight shipment and some 1,500 short lines which were built and are controlled by manufacturing, mining, lumbering and other companies and which are operated merely for the convenience of those companies which would be included under the language of this resolution, very few of which, it seems to me, if any, ought to be taken over and administered by the government.

"The remaining short roads are feeders to the main trunk lines and more than mere feeders most of them, for they have in most instances played a very important part in building up the industries of the communities through which they run and have become essential to the prosperity of hundreds of towns and neighborhoods all over the Union.

"I quite agree that practically all of these should be retained, but that they should be accorded a fair division of joint rates—a fairer division than some of them have been accorded hitherto—and an equitable allotment of cars and motive power and for routing arrangements. Some of them constitute connecting links between two or more trunk line systems. Those who play this part in the system of railways ought to be accorded as full a share in through shipments as consistent with the general interests of the shipper and the public.

"This is the policy which the Railroad Administration will pursue toward these roads. They will not be put at an unfair or ruinous disadvantage. The government owes a recognized obligation to the communities which they serve, but it is not, in my judgment, wise to oblige the government to deal in the same way with all of them regardless of a very great variety of circumstances which affect their facilities and their administration.

"I beg that the Congress will leave the government free to enter into arrangements with them which will in each case be to the interest alike of the road dealt with and of the local public."

COMPENSATION FOR RAILROADS

The Traffic World Washington Bureau.

Inability of the Railroad Administration to make a contract with the railroads for just compensation has caused the boards of directors of many carrier corporations to forego their summer adjournments. Several of them have appointed days for ratifying the contracts and have had to postpone them from day to day because the negotiators have been unable to come to a conclusion.

There is growing up among men who are not on the

railroad side of the controversy a sentiment favoring the presentation of an ultimatum by the government in the form of a contract with a curt direction, "Sign here, or look to the stars for your compensation." Such an ultimatum would mean immediate litigation to have determined the question as to what compensation the railroads are entitled to receive in lieu of what would be offered in the ultimatum contract.

While the railroad attorneys have professed to be optimistic and to believe that the making of contracts was not only possible but altogether probable, other men who have been in a position to understand the issues between them and the representatives of the Director-General have been pessimistic. The railroad attorneys went into the negotiations with the thought that because they had helped the Railroad Administration force the control law on the shippers, the President would give them the maximum compensation allowed under that statute. They have found, however, that the inference was without warrant. Their expectations in that regard may be met, but at no time since the negotiations were begun has such an outcome seemed probable.

The possibility of the railroads obtaining all the law permits the President to give them lies in the fact that the Director-General, as the President's representative, has the power to order his assistants to make such a contract, regardless of what they have been contending for. In other words, the whole subject is in the hands of the Director-General as the representative of the President. That is true notwithstanding the fact that John Barton Payne and a host of his assistants and a whole division of the Interstate Commerce Commission are participating in the negotiations. It is not a matter in which any of those participating in the negotiations have any positive voice in the final decision. They are merely advisers of the Director-General.

The determination of the directors of the Pennsylvania and the Baltimore & Ohio to hold themselves in readiness to meet in July and August caused them, at their June meeting, to forego the vote declaring the usual dividend. They decided that, inasmuch as they would meet in July and again in August, it was not really necessary to act on dividend matters until the July meeting.

This determination to defer action on the pro forma resolution declaring dividends caused the circulation of reports that those companies had deferred their regular dividends because the contract between the government and the railroads under federal control had not been signed. Those reports caused the Director-General, July 10, to issue the following:

In some inexplicable way a report has gained circulation that the Penna. R. R. and the B. & O. R. R. have deferred their regular dividends because the contract between the government and railroads under federal control has not been signed.

There is no basis for this report.

The Penna. R. R. following the last June meeting of its Board of Directors issued the following statement:

"At the close of the regular meeting of the board of directors of the Pennsylvania Railroad Company held to-day the following announcement was made:

"In view of the fact that the board of directors has determined not to adjourn over the summer months, as has been usual heretofore, it was not necessary to declare at the meeting held to-day a dividend on the stock payable August 31. The declaration was deferred until the meeting of the board to be held in July."

The B. & O., after the June meeting of its board of directors, issued the following:

"The question of dividends was not given consideration at the board meeting of the Baltimore & Ohio Railroad

Company held today. Ordinarily the meetings of the board have been suspended during the months of July and August and in view of this suspension action on the dividends has been taken at the June meeting. In view of the present situation, however, it is anticipated that the meeting of the board will be held in July."

The Railroad Administration, upon showing of reasonable necessity, is making advances to railroads on account of just compensation until the contract can be agreed upon and executed. It is my desire and plan to do every reasonable and just thing for railroad security holders pending the execution of the contracts.

CHALLENGING STATE RATES

The Traffic World Washington Bureau.

In the event a shipper desires to challenge the lawfulness of a state rate, advanced in accordance with the rules laid down in General Order No. 28 but not in accordance with state laws, to whom does he send his complaint? That is not a moot, but a practical question. The courts may answer it, but the probabilities are that shippers will constrain Congress to say something on the subject.

A big lumber company in the Northwest has notified the Minnesota commission that it will not pay any attention to advanced rates for state application that have not been filed with the Minnesota commission. It will take the position that the Director-General, in so far as tariffs are concerned, is bound by the laws of the various states, and there can be no lawful tariff unless filed with the state commission. It will not bow to the suggestion that the railroad officials who have been trying to get rid of state commissions and state rates can make the advanced state rates lawful by filing copies of the state tariffs with the Interstate Commerce Commission and then attaching to each of such tariffs the 25 per cent supplement.

If called on to prepay freight bills in Minnesota on Minnesota business it will tender the Minnesota commission-made rate and, if necessary, pay the rate demanded by the agent, in the presence of witnesses and with a record attached to show that it paid the higher charges under protest, with a view to testing the question in the courts.

No such question as to the validity of the 25 per cent increase can be raised in states in which the railroads have filed their tariffs with the local authorities in accordance with state laws and the rules of their commissions. Acceptance of the tariffs by the state commission makes them *prima facie* lawful. They remain so until after condemnation by proper proceedings before the state commissions, it is contended by those who deny that Congress, in the federal control law, struck down state laws and regulation. Naturally, those who deny that Congress could strike down state law and regulation also will go that far.

Attorneys and counsel for state commissions have begun writing on these points. William L. Ransom, counsel for the New York State Public Service Commission, First District, in analyzing the federal control law and answering questions arising under the seizure of the railroads by the President, takes the position that the federal control law has changed the act to regulate commerce wherein it prescribes a procedure in respect of filing rates with the federal Commission, but that Congress did not even attempt to change the routine of filing tariffs with state commissions. Mr. Ransom admits that for tariff-filing purposes the Director-General has become the successor to the railroads, but that does not mean that, because he is also an official of the federal government, his agents, the officials of the railroad companies, have been exempted from obedience to the state law. In other words, he denies that the effect of the government taking over is to give the rail-

road men all they contended for in the way of elimination of state control and regulation while they were merely employes of private railroad corporations. Another way of putting the Ransom thought, it may be suggested, is that, while the national government may have hired the railroad officials as its agents to such an extent as to cause the invention of the statement that the national government has gone "pro-railroad," that fact does not mean that the states have also gone pro-railroad.

As to rates filed with the state commissions, Mr. Ransom makes no question about the tribunal for considering their righteousness. He holds the complaints must be filed with the state authorities. "I do not believe the Director-General can establish a lawful charge for purely intrastate transportation by merely filing an intrastate tariff with the Interstate Commerce Commission," said Mr. Ransom in his opinion.

There will be tariffs for state application that will not be on file with the state commission, because the state commissions will exercise what they believe to be their right to reject them because not filed in accordance with the state law and regulations. Undoubtedly the railroad agents will collect the rates therein stated. Where will the aggrieved shipper go for redress as to them? There is nothing in the federal control law that even squints at extending the jurisdiction of the Interstate Commerce Commission to them. They are specifically limited to application within designated states. They are not state rates nor interstate rates.

Should the Interstate Commerce Commission hold they are rates within the jurisdiction conferred upon it by the act to regulate commerce, an explosion would take place. Such a decision would be tantamount to holding them to be "rates subject to this act."

The minute such a holding were made every joint interstate rate would become unlawful, because in violation of that part of the fourth section forbidding through rates in excess of the aggregate of the intermediates. It would make impossible any more Kanotex cases.

There is some ground for arguing, when one had nothing more pressing to do, that the mere filing of the tariffs makes the rates therein subject to the act to regulate commerce, notwithstanding the limitation, on the ground that when the carrier filed the tariff it filed it for all purposes, and could not limit its application in that way. Of course, the Commission is not going to make such a decision, because to do so would be to convert the Director-General's order No. 28 into a rate reducing instead of a rate increasing order.

Mr. Ransom's summing up of his extended discussion of cases touching on federal and state power was printed in *The Traffic World* June 22, page 1366.

CLAIMS AGAINST THE GOVERNMENT

The Traffic World Washington Bureau.

An index to the size and character of claims that will be filed in the courts on account of the seizure by the government of the railroads, steamships, and other forms of private property, presumably wholly for war purposes, may be afforded by the bill filed in the court of claims by the Luckenbach Steamship Company of New York. It claims \$5,279,500 for five tugs and twelve barges commandeered by the navy. The government offered \$1,500,000 as compensation for the property taken. The steamship company claims their market value at the time of taking, not what

it would have cost in pre-war days to replace the property with less depreciation.

There is not much dispute about the possibility of the steamship company having been able to sell the tugs and barges for the sum claimed. The question, in its essence, is whether the government will have to pay what it would have cost it had it gone into the market, either to build or buy the property taken. If the government had bought the tugs and barges in pre-war days, the sum offered would probably have been sufficient to acquire title because the steamship company, in turn, could have replenished its supply of tugs for the sum offered.

The case is looked upon with a good deal of interest not only by the owners of other marine property but by the owners of the railroads. At the time the railroads were taken over the cost of replacement would have been at least double the cost when the property was acquired, and probably more. In other words, if the railroads were worth about \$13,000,000,000 on the basis of reproduction with less depreciation, the government took property worth considerably more than the capitalization of the roads. Just compensation, therefore, if the negotiations looking to the making of a contract fail, may have to be made on a higher basis than that fixed in the federal control law.

Thus far the government has been insisting, indirectly, on making compensation at less than the maximum rate the control law allows the President to suggest. The negotiators, however, so far as reports indicate, have not yet arrived at the main question of how much the government will pay. They are still futing and fretting over questions which, if answered the way the government desires them answered, will result in cutting down the compensation agreed on to amounts which no railroad company can forecast because, under the proposed agreement, the President would have the power to say that a railroad should build extensions out of the road paid for the use of the property which the company might not think at all desirable. There also disagree as to the amount the government should pay on such additional investments and on the amount of investment made between June 30 and December 31, 1917, and the percentage of return to be made upon the investment of the additional sums.

Whether the government will help the complaining steamship company to obtain an early decision in the case, or whether it will insist on taking its time in this litigation is one of the other questions that cannot be answered. As a general rule, the government is the slowest dealer on earth. The man who gives something to it may be deprived of his property for years simply because the accounting officers and attorneys for the government will not move. The courts always show a tenderness for the government's litigation and there have been times when bidders have intimated that they always give the government more than the benefit of all doubts. That, however, is not the point. The fact is that getting money from the government on charges is slower than the operations of diplomacy. Many business houses prefer not doing business with the government, and when they do they quote prices above what would be the quotation for like quantity for a buyer whose inspection is according to commercial standards and whose settlements are made in accordance with commercial rules, the observance of which is necessary for the maintenance of credit.

Attorneys for the railroads have decided among themselves that they will not discuss their negotiations with the Railroad Administration, nor make public the proposals and counter proposals that are made. They, however, have

not made any secret of the fact that they expect the government to pay the maximum allowed under the federal control law—namely, the average for the three years ending June 30, plus an increase for additions and betterments made during the last six months of 1917, at not less than five per cent, without charges to capital account, from surplus, except such as are agreed to by the corporations. That is to say, they object to being made responsible for extensions ordered by the President, regardless of their views as to whether the extension would be a profitable investment. They are willing to make extensions out of the corporate funds, on the theory that it is their duty to lend their money to the government for that purpose if the government thinks that is the way to finance such operations, but they object to subjecting their money to investment in extensions on the judgment of government officials. They want to exercise their judgment in making investments with their own money.

Were it possible to have the court of claims dispose of the claim of the steamship company in a month or two, it would have a profound effect upon the negotiations. Such a hope, however, would be ridiculous. The steamship company will be fortunate if it disposes of all the collateral questions and obtains a decision in as many years.

The lawyers profess to believe a contract will be made, although, as before indicated, there is no agreement yet in sight—at least there is none in sight if the intimations as to what has been going on in the conferences are correct.

ASKS GOVERNMENT FOR LOAN

The Traffic World Washington Bureau.

In a printed petition, addressed to the Railroad Administration, Frank P. Lellingwell, treasurer of the Michigan East & West Railway Company, which owns and operates a short line of seventy-two miles from Minstee to Marion, brings to light a development of government control over railroads that will probably be surprising to those who thought the only purpose of government control was to assure operation of the railroads to the end that there may be efficient prosecution of the war. Mr. Lellingwell asserts that the company for which he speaks has been informed that Newman Erb and unnamed associates have applied to the Railroad Administration for a loan of \$100,000 from the Administration to be used by them in buying the Michigan East & West Railroad, set down for sale under foreclosure proceedings on July 9, and another loan of \$225,000 to be used in rehabilitating it and operating it as part of the Ann Arbor system.

The petition says the Michigan East & West presents the petition "because we desire to inform the government of the facts and the situation which in our opinion deserve consideration if anything in the way of government aid as herein suggested has been or is seriously contemplated. Because of a desire that we and all other persons likely to become bidders at the foreclosure sale may be fully advised, in apt time, of the government's intention with respect to the granting of such aid and may be as free as any other person to take advantage and have the benefit of it. We urge that all bidders shall be put on an equal footing in so far as the government, if it interests itself in the matter, can put them there. We also urge that the government's requirements as to the use to be made of the property and the government's intention as to giving aid should, if the government intends to lend aid to anyone at the forthcoming

ade, either be made known to all bidders or to none of them."

The people for whom Leflingwell speaks ask that the government give no aid at the foreclosure sale to anyone, but that if it is determined to give aid that its offer be made available to every prospective bidder, and not merely to Mr. Erb and his associates, who, presumably, are acting for the Ann Arbor, with which the Michigan East & West connects and competes.

More or less of the history of the bankrupt road is disclosed in the petition. From the recital it appears the scrap value of the road is something over \$400,000 alone for the rails; that the upset price set by the court is \$176,000; that the owners of the property have offered it to Mr. Erb and his associates for \$350,000, but they have refused it. On the contrary, they have asked the Railroad Administration to furnish \$321,000 and the people of Manistee to subscribe \$75,000 toward having the road bought in and made a part of the Ann Arbor system. The owners, who have gone through two reorganizations within five years, oppose the government helping anybody at the sale, but if it is determined to invest money in a road that had lost money for eleven years and has not very good prospect now because of the depletion of the forests, they want to have the benefit of the offer.

CANAL APPOINTMENT

The Traffic World Washington Bureau.

The Railroad Administration announces that G. A. Tomlinson, general manager of the New York canal section of the United States Railroad Administration, is appointed general manager of New York and New Jersey canals, effective July 15, 1918, and as such will perform the functions heretofore performed by him as general manager of New York canal section of the United States Railroad Administration, and in addition will operate for the Director-General on the Delaware & Raritan Canal and connecting waters such equipment as the United States Railroad Administration now has in its possession and control engaged in such operation and such additional equipment as may be assigned for that purpose. He is authorized to enforce and collect such toll charges as are or may hereafter be established for the use of the Delaware & Raritan Canal by boats operated by others and empowered to enter into contracts, either in his own name as such federal manager or in the name of the Director-General of Railroads, for the purchase of supplies needed in such operation and for the transportation of property upon such canal and other waters.

BARGE AND STEAMBOAT SERVICE

The Traffic World Washington Bureau.

The Railroad Administration, July 11, appointed M. J. Sanders of New Orleans federal manager of barge and steamboat service for the Mississippi and Black Warrior rivers. Services are to be established on both streams in response to strong representations from congressmen and members of the Rivers and Harbors Congress. Similar representations have been made in behalf of navigation via inland waterways from Boston to Florida points. The chances are that that will be established because it has the backing of the same elements that procured boats and barges for the Mississippi and Black Warrior rivers.

MR. PROUTY'S SEDATIVE

The Traffic World Washington Bureau.

To quiet the nerves of railroad employees working on parts of systems no longer connected, in an operating sense, with the parent body, Director Prouty has issued circular No. 11. In that he said the dismemberment will have no effect on the accounting organization or personnel of the parts that have been cut off, "until instructions are issued from this office." The quoted words, it is suspected, will cause wonder as to how soon instructions cutting them wholly away from the parent organizations will be issued.

Those who dread government ownership, on account of the expense they think it will cause them and all business of the country, have believed that the dismemberment, for operating purposes, would tend to create such a condition that unscrambling will be made impossible. The nerve quieting circular is as follows:

In several instances railroad systems have been divided or combined for purposes of operation. This will produce no effect upon the accounting organization or personnel of those railroads which will remain and act exactly as in the past until instructions are issued from this office.

RAILROAD REARRANGEMENT

The Traffic World Washington Bureau.

The following circulars rearranging railroads in the recently created regions were made public July 11:

In addition to the railroads named in Circular No. 28, the following railroads are included in the Allegheny Region: Buffalo & Susquehanna Railroad Corporation, Cherry Tree & Dixonville Railroad, Cumberland & Pennsylvania Railroad, Huntingdon & Broad Top Mountain Railroad, Long Island Railroad, Monongahela Railway, Philadelphia Belt Line, Pittsburgh, Chartiers & Youghiogeny Railroad, Staten Island Rapid Transit Railway, Union Railroad (Pennsylvania), Washington Terminal Railroad.

In addition to the railroads named in Circular No. 30, the Ashland Coal & Iron Railway is included in the Pochontas Region.

In addition to the railroads named in Circular No. 33, the following railroads are included in the Northwestern Region: Baltimore & Ohio Chicago Terminal Railroad, Belt Railway of Chicago, Butte, Anaconda & Pacific Railway Company, Calumet Western Railway, Camas Prairie Railroad, Chicago Heights Terminal Transfer Railroad, Chicago Junction Railway, Chicago, Milwaukee & Gary Railroad, Chicago River & Indiana Railroad, Chicago Union Station Company, Chicago & Western Indiana Railroad, Copper Range Railroad, Des Moines Union Railway, Des Moines Western Railway, Duluth & Iron Range Railroad, Duluth, Missabe & Northern Railway, Duluth, South Shore & Atlantic Railway, Elgin, Joliet & Eastern Railway, Englewood Connecting Railway, Escanaba & Lake Superior Railroad, Ft. Dodge, Des Moines & Southern Railroad, Green Bay & Western Railroad, Indiana Harbor Belt Railroad, Iowa Transfer Railway, Lake Superior Terminal & Transfer Railway Company, Mineral Range Railroad, Minneapolis Belt Line Company, Minneapolis & Eastern Railway, Minnesota Transfer Railway, Ontonagon Railroad, Oregon Electric Railway, Pacific Coast Railroad, Port Townsend & Puget Sound Railway, St. Charles Air Line, St. Paul Bridge & Terminal Railway, St. Paul Union Depot Company, Sioux City Terminal Railway, South Chicago & Southern Railroad, Stock Yards Terminal Railway Company of St. Paul, Union Stock Yards Company of Omaha, Waterloo, Cedar Falls & Northern Railway, Waupaca-Green Bay Railway.

In addition to the railroads named in Circular No. 34, the following railroads are included in the Central Western Region: Arizona Eastern Railroad Company, Atchison & Eastern Bridge Company, Atchison Union Depot & Railroad Company, Colorado Springs & Cripple Creek District Railway, Denver Union Terminal Railway, Evansville & Indianapolis Railroad, Kansas City Connecting Railroad, Keokuk Union Depot Company, Leavenworth Depot & Railroad Company, Ogden Union Railway & Depot Company, Pan

Handle & Santa Fe Railway, Peoria & Pekin Union Railway, Pueblo Union Depot & Railroad Company, Riverside, Santa & Pacific Railway, Salt Lake City Union Depot & Railroad Company, Toledo, Peoria & Western Railway, Wichita Union Terminal Railway.

The following railway is transferred from the Southwestern Region to the Central Western Region: Wabash Railway, Clarks West of the Mississippi River.

In addition to the railroads named in Circular No. 35, the following railroads are included in the Southwestern Region: Arizona & Southern Railway, Alton & Southern Railway, East St. Louis National Stock Yards Co., East St. Louis & Savannah Railway, Fort Worth Belt Railroad, Fort Worth Union Passenger Station Company, Groveson, Houston & Houston Railway, Houston Belt & Terminal Railway, Houston & Brazos Valley Railway, Illinois Terminal Railroad, Joplin Union Depot Company, Kansas City, Mexico & Orient Lines, Leadfield & Madison Railway, Muskogee & Illinois Road & Belt Railway, Oklahoma Belt Railway, St. Joseph Belt Railway, St. Joseph Union Depot Company, St. Louis & Holtville Electric Railway, St. Louis Merchants' Bridge Terminal Railway, St. Louis National Stock Yard Company, St. Louis & O'Fallon Railway, St. Louis, Troy & Eastern Railroad, San Antonio Uvalde & Gulf Railroad, Southern Illinois & Missouri Bridge Company, Terminal Railroad Association of St. Louis, Texas Midland Railroad, Texas-Mississippi Terminal Railroad, Union Terminal Company of Illinois, Vicksburg, Shreveport & Pacific Railway, West Tulsa Belt Railway, Wiggins Ferry Company.

The following railway is transferred from the Central Western Region to the Southwestern Region: Chicago, Rock Island & Pacific Railway (Terminal), N. M., to El Paso, Texas, south of Herington, Kan. to Chickasha, Okla., including intermediate.

The following railroads are added to the Eastern Region: Akron & Huron Belt Railroad, Akron Union Passenger Union Company, Boston Terminal Company, Broadway East and Boston Terminal Railroad, Boston Green Railroad, Central Union Depot of Connecticut, Dayton & Union Railroad, Dayton Union Railway, Detroit Bay City & Western Railway, Detroit Terminal Railroad, Indianapolis Union Railway, Las Vegas Terminal, New York, Kentucky & Indiana Terminal Railroad, New York Dock Company Railroad, Toledo Terminal Railroad, Troy Union Railroad, Zanesville Terminal Railroad.

The following railroads are added to the Southern Region: Alabama & Vicksburg Railway, Birmingham & New Orleans Railway, Memphis Union Station Company, Mississippi Central Railroad, New Orleans Great Northern Railroad, Western Union, Wheeling Railway Company.

The following railway is transferred from the Southern Region to the Southern Region: St. Louis, San Francisco Railway (between Memphis & Herington).

WAGES OF EMPLOYEES

C. H. Markham, Regional Director, has sent the following to him in the Allegheny region:

There seems to be some unrest among supervisory forces, such as foremen, superintending, inspectors, etc., by reason of dissatisfaction expressed in rates of pay under the method now in operation under No. 17. While no plan is proposed and forwarded to me at least can not our company, in agreement, in the form of the three existing approved bodies of specific cases on their line in departments whose recommendations of pay have been considered necessary. It will be proper in cases of dispute to make it known that this matter is now under consideration with a view of prompt adjustment.

BACK PAY OF EMPLOYEES

The Traffic World Washington Bureau

In P. S. & A Circular No. 14, issued under date of July 3, Director Protry says:

The amounts due employees for back pay in accordance with General Order No. 27, issued by the Director-General under date of May 25, or supplements thereto, for the five months ended May 31, 1918, shall be accounted for in the following manner:

The entire amount of such back pay shall, unless previously taken into the accounts, be included in the ac-

counts for the month of June, 1918, and shall be distributed as follows:

First: There shall be determined the amount chargeable to additions and betterments, and the amount thereof shall be distributed to the appropriate accounts.

Second: There shall be determined the amounts collectible from individuals and companies (except for use of joint facilities by roads under federal control) and deficiency bills shall be rendered therefor.

Third: The amount representing operating expenses shall be divided among appropriate operating expense sub-primary accounts in detail by the use of one of the two following methods:

(a) By distributing the increases shown by the supplemental payrolls for each month on the basis of the distribution of the original roll for the same month, including in each primary account the amount of the payroll increase properly applicable thereto.

(b) By aggregating the operating expense payroll charges for the five months ended May 31, 1918, separately by general accounts, and apportioning the wage increases applicable to each general expense account among the appropriate primary accounts for that period on the basis of the distribution determined by the five months' payroll compilation.

If deficiency bills for increased pay rendered to individuals and companies cannot be collected, the amount thereof shall be charged to an account styled, "Back pay bills due from individuals and companies uncollectible," and the balance therein shall be charged to the income from federal operations.

In the event that it is not practical to determine the actual figures for inclusion in the accounts for the month of June, 1918, an estimate of the amount chargeable to the various operating expense accounts shall be made and included in the accounts and in the statement of operating expenses for that month. Subsequently, when the actual amounts are determined, adjustment shall be made to the correct figures in the accounts of the month in which the actual figures are determined.

Cases 1 carriers, in rendering the monthly income account statement for June, 1918, shall attach thereto a statement showing the amount of back pay for the months of January to May, 1918, inclusive, included in each of the general operating accounts enumerated on the monthly income account statement.

EXPENSES OF VALUATION

The Traffic World Washington Bureau

In Circular No. 10 Director Protry, July 6, made the following announcement:

The Director General will pay as a part of operating cost whatever expenses may be necessarily incurred by carriers in making the valuation which is now being made by the Interstate Commerce Commission, he will not pay expenses incurred to test the accuracy of this valuation or to contest the same before the Commission or the courts. This valuation is of great importance to the corporation and it is entirely proper that the corporation should assure itself of its correctness; but it is also manifest that the corporation and not the Director-General must determine the manner and extent of all this, and that it should decide upon the amount of the outlay necessary to test such correctness and pay it.

In the application of this rule the following classes of expenditure will be borne by the Director-General as an operating cost:

1. Whatever is necessary to comply with the valuation orders of the Interstate Commerce Commission.

2. Whatever is necessary to prepare and furnish the information required by the Bureau of Valuation. This includes requirements by its employees who are conducting the valuation in the several districts.

3. Whatever may be necessary to co-operate in the field by the furnishing of men to point out the property of the company, to assist in the taking of the inventory, etc.

4. For computers when, and only when, they work with the computers of the Bureau of Valuation or under its direction or on preparation of data required by the Bureau of Valuation.

5. For land appraisers provided they proceed in the

same general manner as the appraisers of the Commission in the collection of facts and opinions bearing upon the value of the lands to be appraised, and provided further that they will, after such information is accumulated, exhibit the same to the employees of the Bureau of Valuation in an effort to agree upon reasonable values. Expenses for expert opinions will not in any case be paid for.

6. When the field work of the Bureau of Valuation in any branch has been completed no further outlay by the carrier for account of the Director General in respect of that branch will be paid for and charged to Federal operation without special authority obtained from this office.

The above rules will apply as of July 1, 1918, and thereafter, leaving open for further consideration and instruction the six months then already elapsed.

MERCHANDISE SCHEDULE

R. H. Aishton, Regional Director, has issued the following to northwestern lines:

To provide for the economical and efficient handling of merchandise from Chicago for common points, it is directed that, effective July 15th, merchandise for points named in the attached list should move only via the lines indicated.

All the railroads interested are requested to give detailed information of this to all shippers immediately, so that they may make necessary arrangements to have their plans developed in advance so that this arrangement can be in full working order beginning with July 15th.

If the actual operation of the plan develops that changes are necessary it should be taken up with the individual lines by the shippers and any changes or alterations will be arranged by the individual lines with the Chicago Terminal Manager, and such additional instructions as may be necessary will be issued.

Consideration will be given to the adoption, in connection with this plan, of the Sailing Day Plan for merchandise for local points on all lines, but will not be put into effect until further notice.

Adrian, Mich., Wabash; Akron, O. B. & O., Erie, P. Ft. W. & C.; Allegheny, Pa., P. Ft. W. & C.; Alliance, O., P. Ft. W. & C.; Altoona, Pa., P. Ft. W. & C.; Anderson, Ind., P. C. C. & St. L.; Ashland, Ky., C. & E. I.; Asheville, N. C., C. I. & L.; Ashland, Ala., C. & E. I.; Amarillo, Tex., A. T. & S. F.; Aberdeen, S. D., C. M. & St. P.; Albert Lea, Minn., A. T. & S. F.; Albuquerque, N. M., A. T. & S. F.; Arkansas City, Kan., A. T. & S. F.; Ash Fork, Ariz., A. T. & S. F.; Ashland, Wis., Soo; Atchison, Kan., A. T. & S. F.; Atlantic, Ia., C. R. I. & P.; Aurora, Ill., C. B. & Q.; Baltimore, Md., B. & O., P. Ft. W. & C.; Battle Creek, Mich., G. T. M. C.; Bay City, Mich., G. T. M. C.; Bellefontaine, O., Big Four; Bellevue, O., N. Y. C. & St. L.; Benton Harbor, Mich., P. M. Binghamton, N. Y., Erie, Wabash; Bluefield, W. Va., Big Four; Boston, Mass., G. T. N. Y. C.; Boughtonville, O., B. & O.; Bradford, O., P. C. C. & St. L.; Brunswick, Md., B. & O.; Buffalo, N. Y., M. C. Wabash; Burlington, Vt., M. C.; Butler, Pa., B. & O.; Birmingham, Ala., C. & E. I., I. C.; Birmingham, Ala., (So. Ry. via M. & O.), I. C.; Bloomington, Ill., C. & A., I. C.; Brookhaven, Miss., I. C.; Bartlesville, Okla., A. T. & S. F.; Beloit, Wis., C. & N. W., C. M. & St. P.; Billings, Mont., C. B. & Q.; Boise, Ida., C. M. & St. P.; Butte, Mont., C. M. & St. P.; Burlington, Ia., C. B. & Q.; Burlington, Wis., C. M. & St. P.; Cadillac, Mich., M. C.; Camden, N. J., P. Ft. W. & C.; Canton, O., P. Ft. W. & C.; Cassopolis, Mich., G. T. M. C.; Charleston, W. Va., C. & O.; C. & O. Transfer; Chicago Junction, O., B. & O.; Cincinnati, O., Big Four, C. & O., P. C. C. & St. L.; Clarksville, W. Va., B. & O.; Cleveland, O., N. Y. C., N. Y. C. & St. L.; Clifton Forge, Va., C. & O.; Columbus, O., B. & O., Erie, P. C. C. & St. L.; Connelville, Pa., B. & O.; Cory, Pa., Erie; Croxton, N. J., Erie; Cumberland, Md., B. & O.; Centralia, Ill., I. C.; Champaign, Ill., I. C.; Charlotte, N. C., Big Four; Chattanooga, Tenn., Big Four, I. C.; Chicago Heights, Ill., C. & E. I.; Columbia, S. C., C. I. & L.; Columbus, Ga., I. C.; Chaffee, Mo., C. & E. I.; Columbia, Mo., Wabash; Camp Grant, Ill., C. B. & Q.; Cedar Falls, Ia., I. C.; Cedar Rapids, Ia., C. & N. W., C. R. I. & P.; Chanute, Kan., A. T. & S. F.; Chillicothe, Ill., A. T. & S. F.; Cherryvale, Kan., A. T. & S. F.; Cheyenne, Wyo., C. M. & St. P.; Chipewee Falls, Wis., C. & N. W.; C. & S. Transfer; C. B. & Q.; Colorado Springs, Colo., C. R. I. & P.; Council Bluffs, Ia., C. R. I. & P.; C. M. & St. P.; Council Bluffs Transfer, C. & N. W.; Dayton, O., Big Four, P. C. C. & St. L.; D. & H. Transfer; Erie, D. L. & W. Transfer; Erie, Wash.; Deshlers, O., B. & O.; Detroit, Mich., M. C.; Wabash; Danville, Ill., C. & E. I., N. Y. C.; Decatur, Ill., Wabash; I. C.; Dixon, Ill., C. & N. W.; Dyersburg, Tenn., I. C.; Dallas, Tex., Wabash; De Kalb, Ill., C. G. W.; Dayton, Pa., C. R. I. & P.; C. B. & Q.; Denver, Colo., C. B. & Q., C. M. & St. P., C. R. I. & P.; Des Moines, Ia., C. G. W., C. R. I. & P., C. & N. W.; Dodge City, Kan., A. T. & S. F.; Dubuque, Ia., C. G. W.; I. C.; Duluth, Minn., C. & N. W., Soo; East Buffalo, N. Y., N. Y. C. & St. L.; Elizabeth, N. J., P. Ft. W. & C.; Elkhart, Ind., N. Y. C.; Elyria, O., N. Y. C.; Empire Line, N. Y. C.; E. St. Louis, Ill., C. & A., I. C.; Evansville, Ind., C. & E. I., I. C.; Evansville, La. & N. Transfer, C. & E. I., El Paso, Tex., C. R. I.

& P.; East Rockford, Ill., C. & N. W.; Eau Claire, Wis., C. & N. W.; Elgin, Ill., C. & N. W., C. M. & St. P.; Emmetsburg, Ia., C. M. & St. P.; Emporia, Kan., A. T. & S. F.; Escanaba, Mich., C. & N. W.; Estherville, Ia., C. R. I. & P.; Flint, Mich., G. T. M. C.; Fort Wayne, Ind., N. Y. C. & St. L., P. Ft. W. & C.; Fostoria, O., B. & O.; Fremont, O., N. Y. C.; Florida Transfer, Fla., I. C.; Fort Smith, Ark., C. & E. I.; Fort Worth, Tex., C. R. I. & P., A. T. & S. F.; Fond du Lac, Wis., C. & N. W.; Soo; Fort Dodge, Ia., I. C.; Fort Madison, Ia., A. T. & S. F.; Fremont, Neb., C. & N. W.; Freeport, Ill., C. & N. W., I. C.; Fresno, Cal., A. T. & S. F.; Galion, O., Erie; Gary, Ind., M. C.; N. Y. C., P. Ft. W. & C.; Wabash; Grand Rapids, Mich., M. C.; P. M.; Georgia R. R. Transfer, Ga., Big Four; Gibson City, Ill., I. C.; Greenville, Miss., I. C.; Guthrie, Okla., A. T. & S. F.; Galesburg, Ill., C. B. & Q.; Gladstone, Mich., Soo; Grand Forks, N. D.; C. B. & Q.; Grand Island, Neb., C. M. & St. P.; Granville, Wis., C. & N. W.; Gray's Lake, Ill., Soo; Great Falls, Mont., C. B. & Q.; Green Bay, Wis., C. & N. W., C. M. & St. P.; Hamilton, O., P. C. C. & St. L.; Hammond, Ind., C. I. & L., Erie, M. C.; Wabash; Harrisburg, Pa., P. Ft. W. & C.; Harrisburg Transfer, Pa., P. Ft. W. & C. (P. C. C. St. L., 59th St.); Hastings, Mich., M. C.; Hobart, Ind., P. Ft. W. & C.; Hoytsville, O., B. & O.; Huntington, Ind., Erie; Huntington, W. Va., C. & O.; Hannibal, Mo., C. B. & Q.; Hopkinsville, Ky., I. C.; Huntingburg, Ind., C. & E. I.; Houston, Tex., A. T. & S. F., C. & E. I.; Hamline Transfer, C. B. & Q.; Hastings, Neb., C. B. & Q.; Houghton, Mich., C. M. & St. P.; Huntington, Ore., C. M. & St. P.; Hutchinson, Kan., A. T. & S. F.; Indiana Harbor, Ind., P. Ft. W. & C.; Indianapolis, Ind., C. I. & L., Big Four, P. C. C. & St. L.; Indianapolis Transfer, Ind., P. C. C. & St. L.; Island Pond, Vt., G. T.; Inman Transfer, Ga., C. I. & L.; Illinois, Mo., C. & E. I.; Independence, Kan., A. T. & S. F.; Iowa Falls, Ia., C. R. I. & P.; Ishpeming, Mich., C. & N. W.; Jersey City, N. J., P. Ft. W. & C.; Johnston, Pa., P. Ft. W. & C.; Jackson, Miss., I. C.; Jackson Tenn., I. C.; Jacksonville, Fla., I. C.; Jacksonville Transfer, Fla., C. & E. I.; Johnson City, Tenn., C. & O.; Jefferson City, Mo., Wabash; Joplin, Mo., C. & E. I.; Janesville, Wis., C. & N. W.; C. M. & St. P.; Joliet, Ill., C. & A., C. R. I. & P., A. T. & S. F.; Kalamazoo, Mich., M. C.; Kankakee, Ill., I. C.; Kemp, O., Erie; Kankakee, Ill., I. C.; Knoxville, Tenn., C. I. & L.; Big Four; Kansas City, Mo., A. T. & S. F., C. & A., C. B. & Q., C. M. & St. P., C. R. I. & P.; Keokuk, Ia., C. B. & Q.; Lafayette, Ind., C. I. & L.; Big Four; Lafayette, O., P. Ft. W. & C.; Lansing, Mich., G. T. M. C.; Lawton, Mich., M. C.; Leipsic, O., N. Y. C. & St. L.; Lima, O., P. Ft. W. & C.; Lucas, O., P. Ft. W. & C.; Lynchburg, Va., C. & O.; Big Four; Louisville, Ky., C. I. & L.; Big Four, P. C. C. & St. L.; Louisville L. & N. Transfer No. 1, C. I. & L.; Louisville L. & N. Transfer No. 2, C. I. & L.; Louisville So. Ry. Transfer, C. I. & L.; Little Rock, Ark., C. & E. I., Wabash; Louisiana, Mo., C. & A.; La Crosse, Wis., C. B. & Q., C. M. & St. P.; LaSalle, Ill., C. B. & Q., C. R. I. & P.; Lawrence, Kan., A. T. & S. F.; Lemont, Ill., C. & A.; Leavenworth, Kan., C. R. I. & P.; Lockport, Ill., C. & A.; Lincoln, Neb., C. B. & Q., C. R. I. & P.; Little Lake, Mich., C. & N. W.; Los Angeles, Cal., A. T. & S. F., C. R. I. & P.; Manchester Transfer, N. Y., Wabash; Mansfield, O., B. & O., P. Ft. W. & C.; Mantua Transfer, Pa., P. Ft. W. & C.; Marietta, O., B. & O.; Marion, Ind., C. & O., P. C. C. & St. L.; Marion, O., Erie; Massillon, O., B. & O.; Maybrook, N. Y., Erie; Mechanicsville, N. Y., N. Y. C.; Michigan City, Ind., M. C.; P. M.; Milbury, O., N. Y. C.; Mishawaka, Ind., G. T.; Montpelier, O., Wabash; Montreal, Can., G. T.; Wabash; Muncie, Ind., C. & O.; Muskegon, Mich., P. M.; Macon, Ga., I. C.; Marion, Ill., C. & E. I.; Martin, Tenn., I. C.; Memphis, Tenn., C. & E. I., I. C.; Memphis Transfer, Tenn., I. C.; Meridian, Miss., I. C.; Minonk, Ill., A. T. & S. F.; M. P. Transfer, St. Louis; Wabash; Montgomery, Ala., C. & E. I.; Marceline, Mo., A. T. & S. F.; Marshall, Mo., C. & A.; Mexico, Mo., C. & A.; Moberly, Mo., Wabash; Monroe, La., Wabash; Madison, Wis., C. & N. W., C. M. & St. P.; Manistique, Mich., Soo; Manitowoc, Wis., C. & N. W.; Marshalltown, Ia., C. & N. W.; Mason City, Ia., C. M. & St. P.; Maywood, Ill., C. G. W.; Miles City, Mont., C. M. & St. P.; Milwaukee, Wis., C. & N. W., C. M. & St. P.; Minneapolis, Minn., C. & N. W., C. M. & St. P., C. G. W., C. B. & Q.; Minot, N. D., Soo; Missoula, Mont., C. B. & Q.; Mitchell, S. D., C. M. & St. P.; Moline, Ill., C. R. I. & P., C. B. & Q.; Monroe, Wis., C. M. & St. P.; Morse Bluff, Neb., C. & N. W.; Muscatine, Ia., C. R. I. & P.; New Albany, Ind., C. I. & L.; Newbury Jet, Pa., N. Y. C.; New Castle, Pa., B. & O.; New York N. Y., B. & O., Erie, M. C., N. Y. C., P. Ft. W. & C.; Wabash; Norfolk, Va., Big Four; Northumberland, Pa., P. Ft. W. & C.; Norwalk, O., N. Y. C.; Nashville, Tenn., C. & E. I., I. C.; New Orleans, La., I. C.; Nebraska City, Neb., C. B. & Q.; Neenah, Wis., Soo; Neogaue, Mich., C. & N. W.; Northtown Transfer, C. B. & Q.; Oil City, Pa., P. Ft. W. & C.; Owosso, Mich., G. T.; Owensboro, Ky., C. & E. I.; Oklahoma City, Okla., A. T. & S. F., C. R. I. & P.; Oakland, Cal., C. M. & St. P.; Ogden, Utah, C. M. & St. P.; Omaha, Neb., C. & N. W., C. B. & Q., C. M. & St. P.; Ottawa, Ill., C. R. I. & P.; Oshkosh, Wis., Soo; Ottawa, Kan., A. T. & S. F.; Ottumwa, Ia., C. B. & Q.; Philadelphia, Pa., B. & O., P. Ft. W. & C.; Pittsburgh, Pa., B. & O., P. C. C. & St. L., P. Ft. W. & C.; Wabash; Pittsburgh Transfer, Pa., P. Ft. W. & C. (P. C. C. & St. L., 59th St.); Plymouth, Ind., P. Ft. W. & C.; Port Huron, Mich., G. T., P. M.; Port Morris, N. J., Wabash; Paducah, Ky., I. C.; Paris, Ill., N. Y. C.; Palestine, Tex., Wabash; Pine Bluff, Ark., Wabash; Poplar Bluff, Mo., Wabash; Peoria, Ill., C. & A., C. R. I. & P.; Peru, Ill., C. R. I. & P.; Pocatello, Ida., C. M. & St. P.; Pontiac, Ill., C. & A.; Portage, Wis., C. M. & St. P.; Portland, Ore., via N. P., C. B. & Q.; Portland, Ore., via U. P., C. & N. W.; Pueblo, Colo., A. T. & S. F., C. R. I. & P.; Quincy, Ill., C. B. & Q.; Richmond, Ind., C. & O., P. C. C. & St. L.; Richmond, Va., Big Four; Roanoke, Va., Big Four; Rochester, Ind., Erie; Rochester, N. Y., M. C.; Racine, Wis., C. & N. W., C. M. & St. P.; Rhineclander, Wis., Soo; Ripon, Wis., C. M. & St. P.; Rochelle, Ill., C. & N. W.; Rockford, Ill., C. & N. W., I. C.; Rock Island, Ill., C. R. I. & P.; C. B. & Q.; Saginaw, Mich., G. T., M. C., P. M.; St. Albans, Vt., G. T.; St. Johnsbury, Vt., Wabash; Salamanca, N. Y., Erie; Sandusky, O., N. Y. C.; South Bend, Ind., (Gt. T., N. Y. C.; Wabash; Springfield, Mass., N. Y. C.; Springfield, O., Big Four; Suspension Bridge, N. Y., M. C.; Syracuse, N. Y., N. Y. C.; St. Louis, Mo., C. & E. I., Wabash; Savannah, Ga.,

Chicago, Rock Island & Pacific R.	3,000,000
Denver & Rio Grande R. R.	2,700,000
St. Louis & Pacific R. R.	2,000,000
De Witt & Hartford R. R.	2,000,000
Chicoutimi & Ohio Ry.	2,000,000
Chicago, Burlington & Quincy R. R.	1,500,000
Wabash R. R.	1,400,000
Chicago, Indianapolis & Louisville Ry.	1,000,000
Seaboard Air Line Ry.	1,000,000
St. Louis-San Francisco R.	750,000
Minneapolis & St. Louis R. R.	750,000
Chicago, Rock Island & Pittsburgh Ry.	600,000
Hocking Valley Ry.	500,000
Norfolk Southern R. R.	500,000
Chesapeake & Atlantic Ry.	250,000
Indiana, Toledo & Troyton R. R.	250,000
Van Arsdale R. R.	200,000
Chicago, Southern R. R.	160,000

1. For the present the mileages used in determining the passengers carried one mile shall be obtained from the Official Railway Guide or such other tables as may be published by the individual carriers covering points not shown in the Guide. As soon as it can be arranged the carriers under Federal control shall publish tables of distances from their junction points with other carriers to all points on their lines alphabetically arranged. The tables should show water transfer, bridge toll and omnibus and baggage transfer arbitrancies heretofore considered in the division of the fares, denoting where in current

2. Where roads under the General Order are to be allowed constructive mileage their distance tables should show both the regular and constructive mileage with information as to the territory to and from which the latter should be applied.

3. Constructive mileage will not be placed in effect until all carriers so affected have published distance tables and placed same in the hands of other carriers with whom they interchange passenger traffic. Pending the distribution of distance tables of constructive mileage, two or more carriers directly concerned may arrange to apportion separately on this basis between their respective lines the passenger revenue derived from the sale of tickets at rates in excess of the standard three cent per mile rate of fare as provided in the General Order.

4. Half distances should be used for half tickets and double the distance for round-trip tickets when routed both ways over the same line.

Apportionment Sheets

5. Passengers carried one mile for the various roads need not be extended opposite each item on the apportionment sheets, but should be accumulated to a total at the bottom.

Arbitraries

6. Arbitraries should not be considered separately in connection with each item, but should be drawn off on separate sheets showing a list of the roads alphabetically arranged with columns opposite in which to enter, under appropriate heading, the number of arbitraries at the various rates, these to be extended in the aggregate for each classified section of the apportionment to find the revenue as represented by such arbitraries to be allotted to each road. This should be done after the distances have been inserted on the apportionment sheets.

Division Slips

7. Carriers should prepare division slips or cards covering their printed forms of tickets, as illustrated in exhibits A, B, and C.

"A." The distances from the junction point of the terminal carrier to destinations alphabetically arranged.

"B." The distances for the intermediate carriers opposite the route in the heading with the distances from the junction point of the terminal carrier to destinations alphabetically arranged.

"C." The distances to the selling stations from the points of interchange of the initial carrier.

Segregation of Sales by Classes

8. When necessary to segregate the various classes of tickets agents should be required to use separate sheets in rendering reports of such items.

Prepaid Orders

9. The value of prepaid orders, including war tax, shall be reported by the issuing carrier to the road on which drawn.

Exchange Orders and Tickets Issued in Exchange

10. The revenue on account of exchange orders should be apportioned in the same manner as that for passage tickets, allowing the entire mileage beyond the point of exchange to the exchanging carrier. A separate apportionment should be made on account of tickets issued in exchange, the revenue allowed by the initial carriers on all exchange orders for lifted tickets to form the basis of such apportionment; such revenue should then be apportioned between carriers interested in the tickets issued in exchange on a passengers-carried-one-mile basis.

Redeemed Tickets

11. The value of redeemed tickets, regardless of date of sale, shall be deducted currently from the total ticket sales and the passengers carried one mile accruing to interested carriers shall be reduced correspondingly before establishing the average revenue per passenger per mile.

Settlements for Tickets Honored Under Optional Route Interchange Arrangements

12. A—The carrier over whose line the tickets read will settle with the honoring carriers.

B—Local tickets should be settled for at the rate at which such tickets were sold.

C—Home and foreign interline tickets should be settled

for on a basis of the passengers carried one mile compiled for such tickets and extended by the average revenue per passenger per mile that was derived by the settling carriers from interline tickets of like class during the corresponding month.

D—Separate statements of the local and interline tickets should be sent to the carriers concerned on or before the 15th of the following month and the amount of revenue added to interline passenger traffic report to the honoring carriers for the current month.

Apportionment of Revenue on Account of Excess Baggage Collections

13. Excess baggage revenue, including C. O. D. collections, shall be divided between all carriers under federal control on basis of the miles in the aggregate compiled via the routes of the shipments. Storage and transfer charges included in C. O. D. checks shall be set up as arbitraries before arriving at the average revenue per mile and allowed to the carriers concerned. Roads not under federal control should be allowed regular proportions on basis heretofore applicable.

Reports of Interline Passenger Traffic.

14. A—Monthly reports of interline tickets to carriers shall show description of all tickets issued, i. e., selling station, destination, form, consecutive numbers and number of tickets sold in columns to denote the class. Distances for the honoring carrier should be shown opposite each item, omitting the individual extensions of the passengers carried one mile. At the close of the report the total passengers carried one mile applying to the sales that are divided on this basis shall be shown, the average revenue per passenger per mile, and the amount of revenue accruing to the carrier. To this should be added the amount of arbitraries, prepaid orders, correction account, etc. For the present standard Form 1 prescribed by the Railway Accounting Officers' Association may be used. Later this blank should be revised so that four columns will be provided for the distances to permit of making reports to two or more carriers in one writing by the use of carbon (see Exhibit "D").

B—Monthly reports of excess baggage collections shall show the description of the checks, i. e., forwarding station, destination, form, number of check and excess weight; the distances used in the apportionment will be inserted in columns to the right opposite each item; the total miles in column at the bottom shall be extended by the average revenue per mile. Storage and transfer charges treated as arbitraries should be added. For the present standard Form 2 prescribed by the Railway Accounting Officers' Association may be used. Later blank should be revised to permit of making report to two or more carriers in one writing (see Exhibit "E").

C—The report of interline tickets issued in exchange for tickets of other companies' issues should show the particulars of the lifted tickets or exchange orders, together with the description of tickets issued in exchange, using Association Standard Form No. 9.

D—Until otherwise ordered the arrangement for rendering advance report of interline exchange orders issued shall be discontinued, which carries with it the abolition of Association Standard Form No. 5.

E—The statement of corrections made by the initial carrier in subsequent months for errors and unreported tickets should be made on Standard Form No. 6, as prescribed by the Railway Accounting Officers' Association.

Claims for Correct Proportions.

15. Claims for errors developed in interline passenger traffic reports should be made in accordance with paragraph 7 of General Order No. 32. For the present Standard Form No. 3 of the Railway Accounting Officers' Association may be used.

Tracers for Unreported Interline Passenger Traffic Items.

16. When rendering tracers for unreported tickets, including those reported without revenue on account of exchange, also for unreported excess baggage checks, Standard Form No. 4 prescribed by the Railway Accounting Officers' Association should be used.

Settlements for Interchangeable Mileage and Scrip Coupons Honored.

17. Honoring carriers should use Association Standard Form No. 7 and forward to the issuing carriers on or

before the fifteenth of the following month, the issuing carriers to add the amount of such statements as a separate item to their interline passenger traffic reports to the honoring carriers for the current month. These statements should be accepted by the issuing carriers without verification as to the number of coupons in each detachment enclosed, but claims may be made covering other discrepancies of a substantial amount, in accordance with paragraph 7 of General Order No. 32.

Absorption of Omnibus and Baggage Transfer Charges.

18. Where roads under federal control pay transfer charges that are not considered in the division of interline taxes and claim on connecting carriers for a proportion of the charges, such arrangements shall be discontinued, effective as of June 1, 1918.

19. All of the rules and regulations heretofore prescribed by the Railway Accounting Officers' Association governing interroad passenger accounting shall be complied with except in so far as they may be in conflict with the foregoing. Where the standard forms are continued in use appropriate notations should be made thereon, as may be necessary, in order to have the spaces as now provided fit the new conditions.

NEW ENGLAND HARD HIT

Chas. C. Harman, Attorney General, to the Eastern Chamber of Commerce.

New England's industrial life will be hard hit by the working of the rate increase on coal shipments. Whereas the Director General provided that an increase of 50 cents a net ton should be made on coal rates where rate was more than \$2, the order has been interpreted by some carriers to mean that each might add the prescribed rate, thus making the receiver pay more than 50 cents a ton increase.

The Transportation Conference has taken up the matter and has assigned to a special committee the duty of correcting the interpretation of the order, which obviously sought to establish an increase of only 50 cents on the through rate for coal. With 2,000,000 tons of coal shipped annually by water to New England, the consumers, both industrial and domestic, are compelled to pay an enormous, and at the same time unnecessary, amount of money because of the interpretation of the carriers.

When these carriers each add 50 cents a ton to the rate very little figuring is necessary to show the staggering tax placed on New England consumers. It must be taken into consideration also that the 50 cents increase applies to net tons. For the gross ton the increase is 55 cents.

Chairman Harman of the Conference took up the question in the interest of the New England public, with Mr. Campbell, chairman of the Eastern Freight Traffic Committee at a conference in New York. Mr. Harman explained the possibility of padding the coal rates under the order and Mr. Campbell declared that the Railroad Administration in its broad view of the rate situation, did not expect to increase the through rate more than 50 cents where the combined rates were \$3 or more, and that the carriers had been so instructed. Some tariffs have already been published on that basis. Mr. Campbell gave his assurance that errors will be corrected.

Regarding the rail and water rates, the Director General said in Order No. 18 concerning ore rates that where ore had met with one advance in rail rates it should not be charged a second advance in transportation en route. The intent of the Administration in regard to ore is clearly defined in the order, and the situation concerning New England water-borne coal is absolutely analogous to one meeting by rail water and rail. Yet coal for New England bears the advance imposed by the water lines,

another advance from the mines to tidewater by rail and a third from tidewater to interior points by rail. In the fifteen per cent case, Docket No. 1111, the following language is used: "Where a through rate is made by combination, appropriate provision is made in the schedules that the aggregate increase of factors applicable in such combinations shall not exceed 15 cents per long ton."

New England interests are working in harmony to have the coal rate situation adjusted and preparations are being made to present the facts to Mr. Campbell and in formal proceedings to the Interstate Commerce Commission as soon as possible.

INSTRUCTIONS TO GILMAN

R. H. Ashton, Regional Director, writes as follows to L. C. Gilman, district Director, Puget Sound District:

In order that there may be no misunderstanding as to the scope of the duties of your position as district director of the Puget Sound District, including the states of Oregon and Washington, the following is a brief outline of the activities we would like you to undertake:

You are authorized to immediately put in effect any unification scheme that you have determined upon as proper without waiting for approval from this office, providing no large capital expenditures are involved. In such cases a determination should be reached as to the division of cost between the interested lines, and if they fail to agree on this, you will direct as to the division, and instruct each line interested to submit the proper D. C. E. forms for approval in accord with instructions under which such matters are handled.

It is desired that you keep in touch with the general transportation conditions in the states of Oregon and Washington, calling on the individual lines for such reports as you may need in connection with that work. The general managers and the federal managers, in addition to reporting to this office, will report to and receive instructions from you relating to all questions of transportation in the states of Oregon and Washington.

The terminal manager in charge of the Puget Sound terminals will report to you.

The export situation requires your most careful attention, and you are at liberty to arrange for the handling of this in connection with the terminal manager in any way that you see fit. Mr. Hanlon, as you know, is now the export agent and is working closely with the terminal committee at Seattle. When you have finally determined as to the method for handling this, and the organization to have it in charge, shall be glad to have an outline of your plan.

As you know, the shipbuilding industry is becoming increasingly important on the north Pacific coast, and is seriously interfering with the railroad labor situation, and this will require your very careful and constant attention in order that the proper service may be given to the Puget Sound ports and to avoid any cause for complaint.

The transferring of the repairing of bad order cars to points farther east in order to avoid competition with the high rates of pay in the shipyards at Seattle, is very important and should be followed up closely with all lines. The only serious bad order car situation we have at the present time is in that immediate territory due entirely to the labor conditions.

The committee at Seattle have been working on unification matters and have made a great many important changes that will result in greater efficiency and economy in operation. The various railroads have been authorized to make expenditures aggregating about \$60,000 for track changes and other improvements at that point, to insure a more complete unification of the facilities. Would like you to go into every detail of their work up to this time and to push it to an early conclusion.

The question of abandoning the Oregon-Washington Railroad & Navigation Company passenger station and the transferring of all passenger business to what is known as the King Street Station has had the consideration of the committee and they have recommended adversely to this. That also should have your careful consideration to determine if the economy that might result from these minor

changes or additions to the station would not justify such an expenditure.

At St.okane the work of unification should be completed as soon as possible, and any co-ordination at that point in which there is economy or efficiency in operation should be put in effect immediately.

Circular No. 82 relates particularly to the handling of joint switching at the smaller stations. A survey should be made of every station where there are two or more railroads to insure that all of these joint arrangements which will result in economy or efficiency have been, or will soon be, put in effect. This should also extend to duplicate service between common points or where operation of double track can be arranged instead of single track operation, parallel lines. This investigation to also take into consideration, question of handling traffic via low grade lines.

A copy of this letter is sent to lines interested, with request that they report to you, joint arrangements that have been effected in the states of Oregon and Washington, and to include information as to unification schemes under contemplation and to also show in detail where such plans have been considered and for any reason not adopted. At all points included in the latter list independent consideration should be given to the reports made by the individual lines.

In line with our talk, and as outlined in Circular No. 82, the rights of men should be fully considered and agreements made where necessary before the unification is actually put in effect.

It, of course, is understood that we are not attempting to unify or co-ordinate the facilities merely to say that we have done so, unless it is in the interest of efficiency and economy in operation, and these features, in connection with the convenience to the public, are paramount.

It is quite important that we have complete reports of any unification put in effect, and this to include a statement of the estimated annual savings. Care should be used to see that these estimated are on the conservative side. Each line should be requested to include in their reports to you, so far as Oregon and Washington are concerned, recommendation as to further possible unification and co-ordination of main running track facilities.

You, of course, are familiar with the desires of the Public Service Commission of Washington and the port commission in connection with the improvement of transportation at Seattle, and you will be expected to give this your very careful consideration in connection with the terminal unification to bring about conditions satisfactory to all interested. I think it important that you have a conference and full understanding with the Public Utilities Commission and the Port Commission, but this does not mean that you are to delay action on any matters that will add to efficiency and economy in operation of those terminals.

Before making any radical changes in unification or service in which there is any great public interest involved, you should have a frank discussion of your plans with those interested, in order to satisfy them in advance as to the desirability and necessities for the changes under contemplation.

SCALE-TESTING EQUIPMENT

Director Gray, in circular No. 13, says:

The duly authorized representatives of the Bureau of Standards, Department of Commerce, with the scale-testing equipment test weights and testing apparatus of the Bureau of Standards, shall have access to Master Track Scales, track and other scales, and to test cars, owned by the railroads, for the purpose of testing scales and calibrating test cars in order that the Bureau of Standards may obtain all necessary data and information upon which to reach a proper conclusion as to suitable specifications and tolerances for the various classes of scales and weighing devices when under test and when in practical operation, and as to suitable methods of testing scales and calibrating scale test cars and Master Track Scales.

All movements of the scale-testing equipments, test weights and testing apparatus of the Bureau of Standards, with authorized attendants, made for the purpose of performing tests or calibrations in accordance with the terms

of this order, shall be made free of charge by the railroads upon the request of representatives of the Bureau on presentation of authorized credentials.

Reports of these tests and calibrations with recommendations shall be made by the Bureau of Standards to the interested railroads and regional directors, currently as the tests are made.

TO CONSERVE EQUIPMENT

The Traffic World Washington Bureau.

To conserve equipment, W. C. Kendall, manager of the car service section, in Circular CS-15, said:

The practice of railroads delivering each other empty cars for return loading of material other than fuel should be discontinued.

Until further notice, it is required that each railroad will take care of company material for all railroads in the same manner as it takes care of its own and will arrange the same preference in car supply. In cases where the car supply is not sufficient to move material currently, roads will furnish car service section full particulars.

EMBARGO SIMPLIFICATION

The Traffic World Washington Bureau.

A simplification of embargoes is sought by Manager Kendall of the car service section. In Bulletin No. 31 he ordered as follows:

Our attention is called to frequent embargoes covering L. C. L. shipments, which apply against certain transfer stations. Embargoes of this kind are confusing, as foreign line representatives are not ordinarily in position to know the loading or transfer schedules of the road laying the embargo, and, as a consequence, cannot intelligently apply same.

L. C. L. embargoes should be specific. They should cover certain defined territories or particular gateways. Please have your L. C. L. embargoes now in effect carefully checked and see that proper amendments are made; also arrange to have future embargoes of this character handled in accordance with these instructions as far as practicable.

PER DIEM REPORTS

The Traffic World Washington Bureau.

P. S. & A. Circular No. 13, issued by Director Prouty, is as follows:

In the matter of the reporting, charging and collection of per diem, as provided for in General Order No. 31:

The question has been asked as to whether per diem reports, charges, credits and collections, which accrued prior to July 1, 1918, should be discontinued.

The order contemplates that per diem reports, charges, credits, collections, reclaims, and all claims in reference to per diem other than those due to arithmetical errors, up to and including June 30, 1918, shall be continued as heretofore and that the provisions of the order relate only to accruals on and after July 1, 1918.

TICKET OFFICE JURISDICTION.

By order of Hale Holden, regional director, the jurisdiction of the Western Passenger Traffic Committee, charged with the duty of supervising the conduct of Consolidated City Ticket Offices, is extended over all Union Depot Ticket Offices operated by the railroads in the Central Western Region.

UNIVERSAL MILEAGE SCRIP

The Traffic World Washington Bureau.

Director-General McAdoo has authorized the following announcement:

There will be placed on sale on or about August 1st a universal mileage scrip at the basic rate of three cents per mile.

Each coupon of the ticket will represent the value of

three cents and can be used for the payment of sleeping and dining car charges and transportation of excess baggage, as well as transportation charges on all trains on railroads under government control.

The advantages of this simple form of ticket are obvious and the change is expected to relieve the pressure on ticket agencies at busy centers.

The war tax will be collected by conductors at the time of the presentation of the mileage scrip.

AGRICULTURAL SECTION.

There has been established by the division of traffic of the Railroad Administration an agricultural section, whose particular duty will be to look after the relations between the railroads and the Department of Agriculture, in order to give all possible assistance to the general agricultural development of the country. J. L. Edwards of Atlanta, Ga., who has had long experience in agricultural development work, has been appointed manager.

EXPRESS AND MAIL SECTION.

There has been created a section of express and mail of the traffic division of the U. S. Railroad Administration. F. S. Holbrook, formerly vice president of Wells Fargo Express Company, has been appointed manager. His office will be with the division of traffic, in the Interstate Commerce Commission building. He will also have charge of matters concerning the handling of mails by the carriers under federal control.

WOOL EMBARGO AMENDED

Regional Directors Ashton and Bash have notified carriers that effective June 30, the freight traffic committee domestic embargo on New York and Baltimore is amended to permit unrestricted movement of wool to those points.

FLAXSEED AND LINSEED IMPORTS

The Traffic World Washington Bureau

Flaxseed and linseed have been placed by the war trade board on the list of restricted imports.

All outstanding licenses for the importation by sea of flaxseed and linseed have been revoked except for the importation of flaxseed or linseed which is now in transit or is to be transported upon vessels which are now loading. No licenses will be issued hereafter for the importation of flaxseed or linseed except that up to and including July 12, 1918, licenses will be issued for the importation of cargoes which are now in transit and for the cargoes of vessels which are now loading.

IMPORTATION OF MAGNESITE

The Traffic World Washington Bureau

The War Trade Board has amended the restriction on the importation of magnesite to permit its importation, under the back haul proviso, permitting the importation of magnesite when shipped as return cargo from Europe and the Mediterranean coast of Africa and when shipped from convenient ports where loading can be done without delay.

Importations of manganese ore from Asia and Australasia have, by another ruling, been prohibited as to ocean shipments made on and after July 20, 1918; and, to make this ruling effective, all outstanding licenses for the importation of manganese from those countries have been revoked as to ocean shipment on and after July 20, 1918.

Adequate supplies can be obtained, it has been found,

from sources nearby, entailing far less strain upon the tonnage resources of the United States, during the present difficult period, than shipments from the distant ports in Asia and Australasia.

PARTIAL SHIPMENTS ON EXPORT LICENSES

The Traffic World Washington Bureau.

The War Trade Board directs the attention of shippers to the fact that the new procedure covering partial shipments on export licenses as announced in the rules and regulations of the War Trade Board No. 2, May, 1918, will be operative on and after July 10, 1918. This procedure was first announced as being effective June 1, but this date has been changed to July 10.

Heretofore partial shipments from interior points, or at ports of exit where the license itself could not be readily presented, have been made by means of a special partial shipment certificate sworn to before a notary public or a certificate of transfer drawn by a collector of customs. The use of these forms, EAB-23 and WTB-176, will be discontinued, and on and after July 10 partial shipments against export licenses may be made in the following manner except in instances when the license itself can be presented at the port of exit:

The shipper will prepare a shipper's export declaration in quadruplicate and will indorse upon the back of the license in the space provided for the purpose the full details of the partial shipment he desires to make. He will then present the declaration (4 copies) and the license (with the partial indorsement on the back) to any postmaster of the first or second class or to a collector of customs. The postmaster or collector to whom the papers are presented will compare them, and if they agree in fact, that official will countersign and date the partial shipment indorsement on the back of the license and will stamp all four copies of the shipper's export declaration with an official partial shipment stamp and sign and place his seal on such stamp. He will then return the license and all four copies of the declaration to the shipper. The collector of customs at port of exit will allow the partial shipment to proceed upon presentation of the declaration, so stamped, signed and sealed.

Shippers located in cities where there are no collectors of customs, but where the post offices are of the first or second class, may communicate with their postmaster and ascertain at which post office station, if more than one, and at which window this service will be rendered. The attention of shippers is called to the fact that postmasters in cities wherein are located collectors of customs will not exercise this authority. Shippers in such cities may apply to a collector of customs.

LOADING OF OIL CARS

Regional Director Winchell has issued the following circular:

In order to eliminate the feature of damage caused by loading shipments of oil in cars containing miscellaneous shipments of merchandise, it has been the custom of a number of railroads in this region to make, periodically from certain points, cars loaded exclusively with oil. It has been suggested that the inauguration of "sailing days" might eliminate this practice.

It is desired that the practice of having separate cars for oil, as it may heretofore have prevailed, be continued, and that the general "sailing day" plan should not interfere therewith.

Transportation, Present and Future

(Address by H. G. Wilson, traffic commissioner, Toledo Commerce Club, before the annual convention of the National Hay Association at Cleveland, July 10.)

In undertaking a discussion of this subject I am not unmindful of the uncertainties, and am fully aware that a conclusion reached to-day may of necessity be cast aside tomorrow; so I shall endeavor to avoid, so far as possible, making any definite plans for the future. But, as to the present, I think we can with safety speak what is in our thoughts so long as we deal with facts.

We must not forego that our transportation lines are being operated by the federal government as a war measure and that much of what might be condemned as un-American, under normal conditions, is fully justified in view of war's necessities.

The only business of this country at this time is the successful prosecution of this world's war, into which we were most reluctantly drawn and into which we entered in a somewhat hazy attitude. I do not mean that those responsible for our action were hazy—far from it—but the country as a whole is only just now being brought to a full realization of what this war means and why we are in it.

Like many things the Anglo-Saxon undertakes, our first moves were slow and ponderous; but now, thanks to the untiring efforts of those men of great vision who would not see half-measure policies, we are getting our swing, and the blows to be given will be all the more forceful and telling for having had full time to gather weight and energy. Every arm and branch of the government and of industry is bending to the indomitable will and force impelled by the one thought that "here is a job to be done that can only be done by this nation, and the sooner we put into it all we have the sooner will it be done and done right." * * *

Our railroads are now operated as well as regulated by the federal government. They were taken over because they were not being operated by their owners so as to produce the transportation needed in an increasingly large degree by the government for war purposes.

I am not going to discuss or to consider at this time the reasons why, at the greatest crisis in the history of this nation, the transportation lines—many of which had been fostered by the government—failed. It is enough to say that they did fail. They were hastily taken over with substantially no organization prepared. It is too much to expect perfection to come out of imperfection, or order out of chaos by merely using the sesame of the U. S. brand. We live and learn, and I believe that to-day even the Director-General would agree that much could have been saved and surer results accomplished had some little time been taken to prepare the way for this great undertaking. But that is part of what we have learned.

There are some who condemn the Administration for trying to operate the roads with railroad men, merely changing their sponsors from owners to the U. S. I don't agree with such. I feel that it is only proper that the men who have been trained and who have spent their lives in railroad operation are the ones who should be the active lieutenants of the Director-General. I do deplore the fact that it has apparently been the policy to operate the roads solely from the viewpoint of such railroad men as the only way to accomplish certain things, when the facts are that the things to be done are to be done by men engaged in industries necessary to the war,

and who know that much of what is being attempted is not the way to accomplish the necessary result.

Unfortunately—and I say this after careful thought—one dominant idea seems to prevail in the Railroad Administration. That is, not so much the results to be obtained by the physical operation on a successful and efficient basis to produce more and better transportation, but to get enough money out of what is produced to pay every possible expense and to put the railroads on a profitable financial basis. In other words, to tax the property and persons transported with all the added expenses of transportation incident to the war, taking advantage of the conditions created alone by the war to establish charges for services always heretofore included in the rates, as well as to get additional rates.

I doubt if this is an Administration policy so much as it is the deferring to the ideas of men who have long sought to accomplish these things, but have been prevented by the regulatory policy of the Interstate Commerce Commission. The man charged with the direction of the railroads is only a man, overburdened with a multitude of cares, but intensely determined that this country shall not fall in any of its duties to itself or the world, and it is physically impossible for him to ferret out the minutiae and detail necessary to prevent some apparent injustices, some of which may have to be endured for a while, but by the machinery provided can and will be eradicated in time. In the meantime I feel that every business man and every industry should stand by the Director-General and his administration, and do and, if necessary, suffer to be done the things that seem to be necessary; because I am sure that if, after a careful and dispassionate investigation, the Interstate Commerce Commission shall say that a thing ordered done and established by him was wrong, no one will more quickly yield to that judgment.

While I hold no brief for the Director-General or his administration, as good American citizens, imbued with the single purpose of winning this war, we must not forget that the nation, through Congress, has placed upon the shoulders of the President of this country the greatest burden ever imposed upon one man since the sins of the world were borne by Christ on the Cross of Calvary; and that the Director-General perhaps more than any other individual is a sharer of this burden.

It is better, under the present circumstances, in order to secure results, to do a thing even if it is done wrong, than by long-drawn discussions to fail in the results. In a front-line attack the thing to do is to not only hold the line but to advance, and correct errors later as we have the time.

Our transportation to-day is not as sufficient nor as efficient as it was a few years ago. Part of this is due to one thing and part to another, but the real big reason is the great expansion in our business. Our exports and imports are a fair index to our business. Some people think that since the war our imports particularly have fallen off, but that is not the fact. In the calendar year 1914 our total imports amounted to a little more than a billion and three-quarters of dollars, while in 1917 they had increased to just less than three billion dollars. In the same time our exports have increased from a little more than two billion dollars to more than six and a quarter billion dollars—an increase in those items alone

of over one hundred and forty-seven per cent, to say nothing of the enormous increase in domestic commerce, which has been more than twenty billions of dollars, all of which represents increased transportation needs.

The one item of passenger movement alone, due to troop movements, is almost unthinkable. And then there is the loss of man-power due to army requirements, and the equipment of our foreign lines in France, which has taken a multitude of our best and most efficient men, many of whom have already been heard of with credit to themselves and glory to their country. It must have been a new sensation for the enemy to be met and defeated by a gang of bridge builders and track layers armed only with the implements of their calling—who have laid track and extended operations not only in the face of the enemy but within his lines, under fire. Some of those fellows—good Americans all—no doubt had previous experience in extending lines on disputed territory in this country. Such things have happened. But it takes the American to do the unexpected, and we may look for more of it.

Before our entry into the war our business had increased to an extent that even had overtaxed our transportation facilities. Every car, engine and track was in demand and there was little time for repairs or renewals; but with the declaration of war our business took on an impetus undreamed of before and the consequent enlargement of governmental departments, and demands for movement of essentials through provinces resulted in a confusion that was chaotic and could only be unraveled by the strong and dominant arm of the federal government, which almost as soon as exercised was met by an inclemency of weather conditions that seemed to make confusion more confounded, resulting in the use of even more forceful sounding language.

The government has accomplished much, but even its strong arm has been unable to keep pace with the increasing demand, and that is why we have to say that our transportation today is not as good as it has been. But you know these things for yourselves, and it is only a waste of time for me to elaborate upon them. You are engaged in a line of industry which comes very close to the intimate affairs of the nation at this time, and you see these conditions closely, and I have no doubt but that each one of you is doing his level best to help to the utmost extent of his ability. I know that a few years ago we all thought, for example, that live stock would not eat densely compressed hay, but we have learned today that it will. And incidentally we have learned that the maximum weight per car should be nearer sixty thousand pounds than twenty-two thousand pounds, with the result that you are to-day making one car do the work formerly done by three cars.

And so we are learning many things. Among them we are learning that the private tracks and yards of the N. Y. Railroad in a given town are public tracks to be used by all the roads entering there, if need be—in other words, what I personally have always advocated, that public tracks in any community should always be available to the public and to any railroad. We are learning that a car is a car and shall not be confined to any one district when there is other demand. We are learning that diesel engines should be used, and to not shoot cars around two angles of a triangle.

We are also learning that too much stimulation of competition and competitive practices are not good for commerce, and that what is not good for commerce is not

good for the railroad, whether it is operated privately or by government.

No doubt there are many other things for us to learn, and many experiences for us to go through in the learning, but this I believe to be true—that we will learn such lessons during this period of government operation that we will not be satisfied at the close of the war to return to the old methods.

I do not mean by this that I advocate government ownership and operation, for this time I do not. I am particularly opposed to government ownership during a time of peace because of the fear of political influence. I do not fear that influence during these present times because I have too great confidence in the will of the American people as a whole to do quickly and completely this job they have undertaken, and in the doing of it there is no room for the game of politics in any large way.

When the war is over, when that job has been completed, when our men are safely back where they belong, and the time has come to consider the future of our railroads, I believe we will then all have different ideas regarding them than we have at this time. I do not believe we will surrender and cast into the discard all of our experiences of the past thirty years, for the great body of our common-carrier laws are based on correct fundamentals which we have been years in working out. Some of our present experiences will demonstrate the fallacy of some and the correctness of others, or will show us where error has crept in, and we will revise and recast our laws and our ideas as the results of those experiences may seem to justify; but of one thing I feel sure—that we will never return exactly to the old method in all its detail, but will have profited by our experiences which certainly will be along the line of progress. And it is safe to say that should a similar crisis ever come, it will not find us in the state we were in on April 6 of last year. • • • •

EXPRESS COMPANY RATES

The Traffic World Washington Bureau

The Commission, in sixth section order No. 47176, has waived its tariff filing rules so as to allow the American Railway Express Company to file temporary supplements which will give it the benefit of the ten per cent advance in rates on five days' notice.

EXPRESS COMPANY WAGES

President Taylor of the American Railway Express Company, in an interview July 5 in Chicago, said he has been in session with his chief operating officials and that they will begin immediately a readjustment of the wage schedules of the larger number of express employees throughout the entire country. He said it was the intention of the new company to utilize in increased wages substantially the entire revenue accruing from the increased rates that will be available to the express company.

"It will be appreciated," he said, "that with such an enormous organization throughout the entire country it necessarily will take some little time to work out the increases in a systematic and equitable manner. It is hoped that this entire question can be disposed of within a period of thirty days. However, the employees will not suffer in consequence of this delay, inasmuch as all increases when announced will be made to take effect from July 1, 1918.

"None of this money will be used to increase the salaries of the higher paid men or the officials of the company. The additional revenue accruing from the increased rates will be distributed on the basis of doing the greatest good to the largest number."

EXPRESS REVENUES

The Traffic World Washington Bureau.

The monthly report of operating revenues and expenses of express companies in January shows that that month for 1918 was much worse than the corresponding month in the preceding year. The operating income in January, 1917, was a deficit of \$112,123, which fell to a deficit of \$1,637,757 in January, 1918.

Seven of the eight reporting companies had deficits in January, as against six with deficits in the corresponding month for the preceding year.

The Adams increased its deficit from \$197,518 to \$693,688; American from \$16,619 to \$752,645; Canadian from \$17,826 to \$32,119. The Great Northern had a smaller deficit, being only \$11,665, as compared with \$16,289 in January, 1917. The Northern went from a positive of \$1,195 in January, 1917, to a deficit of \$28,192 in January of this year. The income of the Southern fell from \$146,246 to \$89,630. Wells Fargo & Company's deficit increased from \$5,524 to \$203,395, while that of the Western decreased from \$5,787 to \$5,679.

The Open Forum

A Department for the Discussion by Patrons and Friends of THE TRAFFIC WORLD of
Transportation Questions of Interest to Traffic Men Who Keep in Touch
With the Times—Contributions are Welcomed

RESTRICTED ROUTE ELIMINATION

Editor The Traffic World:

On page 1230 of The Traffic World, Dec. 8, 1917, there appears a communication from the undersigned pertaining to the elimination of restricted routes in tariffs of western lines. This communication was commented on editorially in The Traffic World of the next week's issue, December 15.

The conditions existing at that time have not changed. On the contrary, the necessity for some such action at this time is more pronounced than ever.

Generally speaking, all tariffs issued by western publication committees as well as individual railroads in the past have restricted the routing of freight in such a manner as to accord long haul, or protection of certain joint line earnings, which, prior to the taking over of the railroads by the government, was very necessary; however, since practically all railroads of any consequence are now governmentally controlled, the means to this end is almost entirely eliminated and there is not a question of doubt but that tariffs could be very much simplified if these numerous routing restrictions were eliminated entirely therefrom, not merely for the purpose of simplifying the tariffs, but also for the necessary purpose of permitting free movement of traffic via practical routes.

There might have been some good reason for failure to give consideration to or take action along these lines when first writing on the subject, because of the uncertainty as to what railroads would be released. But now that it is officially known that practically no railroads so released can seriously interfere in any way with governmentally controlled roads, some action should be taken.

The majority of shippers have traffic men thoroughly familiar with the general situation existing from time to time, and they are certainly well equipped to route traffic over the most expeditious roads forming the through route, and if they were not hampered in any manner by these unnecessary and very technical routing applications, which are very frequently a source of much worry and confusion to shippers and carriers alike, and as routing privileges have not been restricted to the shipper, there

is not a question of doubt but that they can be of inestimable benefit to those of the United States Administration responsible for the prompt movement of traffic, under present conditions and more especially under future conditions which will prevail, commencing with the fall and winter movement, if these abominable restrictions were removed entirely and which do not in any way have any bearing whatsoever upon embargoes, which, of course, must be placed from time to time, through other channels according to their necessity.

G. L. Oliver,

General Freight Agent Ft. Smith & Western R. R.
Ft. Smith, Ark., July 10, 1918.

SIMPLIFICATION OF TARIFFS

Editor The Traffic World:

On page 1429 of the June 29 edition of The Traffic World, I note the remarks of Mr. Edward E. Titus, relative to the institution of zone freight rates and simplification of tariffs.

Mr. Titus evidently has not given any consideration whatsoever to the foundation upon which business is built in this country. The relation between producing and consuming territory has not been considered; the relation between producing points, as well as the relation between consuming points, have also been overlooked. Would it not be a fact that if the present fabric of rate structure were broken down and a zone system built upon mileage or any similar basis instituted, the business interests of our country would be compelled to rebuild their whole system; in other words, some sections which depend upon certain specific commodities, when in competition with other sections producing the same commodities, both serving the same consuming territory, should its line of rates now effective be abolished and distance or zone rates be established, would be so badly affected that nothing short of financial ruin would result. This situation exists in practically every portion of our vast country. The facts are so evident that an argument appears to be superficial.

Order No. 28 and supporting order of the I. C. C. cov-

ering issuance of supplements containing 25 per cent increase have, of course, overthrown certain precedents and it will be some time before discriminations will be eliminated altogether. However, until the whirlwind of happenings in the rate structures of our transportation system has somewhat subsided, it might be a good idea for the Railroad Administration and the Interstate Commerce Commission to give their full time and consideration to developing facts as to the correct needs and rightful desires of the railroads as well as the shippers.

It is true that the shippers are supposed to be familiar with tariff rates. Why shouldn't they be? Any firm that has sufficient shipments to be affected to any extent is in a position to have in its employment a man who should be able to properly apply the present effective tariffs. Shippers surely cannot and never will be able to depend upon rates and regulations as quoted by the present rate clerks employed by the railroads. Let the railroads make such positions sufficiently remunerative to attract experienced and capable rate men.

Leigh L. Hyslop.

Newark, N. J., July 5, 1918.

A LIMIT TO PATIENCE

F. E. Danham, traffic manager of the Pinkerton Tobacco Company, Toledo, Ohio, writes as follows to C. H. Hoher, superintendent car service, Michigan Central Railway Company, Detroit:

The shipper to-day has become so used to hearing pleas from the railroads for him to do his utmost to increase the efficiency of the railway point that it has become almost second nature with him to bear nearly every burden without complaint.

There is a limit, however, to a man's patience when he runs up and down a railway, like this, where women work freight houses on hours instead of shift times, has seen under conditions his knowledge for about two weeks, and at no time during this period has it been really congested. Most of the time there has been a stoppage to take care of incoming freight. Trucks to empty a car, the freight house is empty, and there is nothing for the freight handlers to do and the customer is affected. What a condition of efficiency.

Because of this condition, your connecting lines at Toledo have refused to transport property from there, which means a limit of two and one-half to three miles compared with about an eighth of a mile from your station.

I can see no good reason for this strike in this locality being subjected to this kind of treatment, and trust that you will give much consideration to our protest as well bring about an improvement of the situation.

COMMISSION ORDERS.

The Commission has denied the petition for modification of the order filed by the C. R. I. & P. Ry. Co. and C. R. I. & G. Ry. Co. in case 7125, Dallas Cooperage & Woodware Co. vs. C. & G. & S. F. Ry. Co. et al.

The Commission has denied the petition of the defendant for modification of the report and order of April 10 in case 8804, Orrin S. Good vs. C. M. & St. P. Ry. Co. et al.

The Commission has denied further hearing in case 8118, Inman-Poulson Lumber Co. et al. vs. Southern Pacific Co. et al.

The Commission has denied further hearing in case 9195, West Virginia Rail Co. vs. P. C. C. & St. L. Ry. Co. et al.

CHANGE IN DOCKET.

The Commission canceled the hearing set for July 11, at Huntington, W. Va., before Examiner Pattison, case 10190, Va. Coal & Fuel Co. vs. N. & W. Ry. Co.

Legal Department

In this department a legal expert answers simple questions relating to the law of interstate transportation of freight. Readers desiring special service by immediate answer may obtain privately written answers to their inquiries by the payment of a small fee.

Address Legal Department, The Traffic Service Bureau, Colorado Building, Washington, D. C.

Notice of Loss or Injury.

Illinois.—Question: We would like to get an expression of opinion from you, through The Traffic World, as to your understanding of the bill of lading conditions regarding filing of claims for damage within six months after delivery. Under the bill of lading contract, a provision is made that claims must be filed within six months, except where the damage or injury complained of is due to the delay or damage while being loaded or unloaded, or damaged in transit by carelessness or negligence of the carriers. It is a fact that in every case where shipment is delivered to the carrier in good order and received in bad order, that the damage is caused by carelessness or negligence of carriers, and is a railroad liability. A few of the roads are declining claims for damage, which have not been filed within the six months' time, notwithstanding the bill of lading conditions and, as we cannot locate any authority for such action, are making this request of you.

Answer: The Cummins amendment clearly states that: "If the loss, damage, or injury complained of was due to delay or damage while being loaded or unloaded, or damaged in transit by carelessness or negligence, then no notice of claim nor filing of claim shall be required as a condition precedent to recovery."

So that if a shipment is delivered in good order to the initial carrier and is delivered by the carrier at destination in bad order, and the damage is caused by the carelessness or negligence of the carrier, then no notice of claim need be filed.

But it is not strictly accurate to make the unqualified statement "that in every case where shipment is delivered to the carrier in good order and received in bad order, that the damage is caused by carelessness or negligence of carrier, and is a railroad liability." It is true that a carrier is responsible as an insurer for the safety of the goods intrusted to it for transportation and is liable for any loss or damage thereto, and if it has been shown that the goods were delivered to the carrier in good condition and that it delivered them in a damaged condition, the presumption is that the carrier was negligent. And so while the carrier has the burden of proving that the loss or damage resulted from some cause for which it was not responsible, such as an act of God, or the public enemy, or the fault of the owner, or the inherent infirmities of the goods, yet if the carrier does show that the damage was caused by a flood, or a storm, or the bad packing of the shipper, it would not have been "caused by the carelessness or negligence of a carrier," and in such instances the filing of a claim by the owner within the time and manner prescribed would be a necessary condition precedent to the recovery, if such recovery can be made.

There are other claims which must be filed within the stipulated time. For instance, a shipment lost in transit, whether by carelessness or negligence or not, is not due "to delay or damage while being loaded or unloaded, or damaged in transit by carelessness or negligence."

Suits Against Carriers Under Federal Control.

North Carolina.—Question: The Traffic World of June 1, page 1203, quoted the substance of General Order No. 26, which in effect says that in accordance with the law a judgment cannot be collected while carriers are under federal control.

Here is a situation which now confronts this company: In May we shipped from A to B a car of copper ore on an "order" bill of lading; notify a smelting company at B. As every traffic man knows, the "order" bill of lading, among other rules, provides that: "Inspection of property covered by the bill of lading will not be permitted unless by law or unless permission is indorsed on the original bill of lading or given in writing by the shipper." No such authority was given. Car arrived at B in June and agent of delivering line permitted inspection of car, which was then refused by smelting company, claiming not up to agreement. Before we knew that inspection had been allowed, but on receipt of advice of such refusal, we, by wire, ordered car unloaded to release equipment and avoid demurrage. This carrier refuses to do, denying thereby our rights to warehouse privileges. We have now filed claim for the sum of the value of the car, because of the unwarranted allowing of inspection, but at this writing are not advised if car has been unloaded or what action has been taken by carrier.

The whole point is this: In case we enter suit and secure judgment what recourse have we except an appeal to the Director-General in case of what the order terms "unnecessary hardship?"

Answer: Section ten of the act providing for the operation of railroads while under federal control expressly provides: "That carriers while under federal control shall be subject to all laws and liabilities as common carriers, whether arising under state or federal laws or at common law; except in so far as may be inconsistent with the provisions of this act or any other act applicable to such federal control or with any order of the President. Actions at law or suits in equity may be brought by and against such carriers and judgments rendered as now provided by law; and in any action at law or suit in equity against a carrier, no defense shall be made thereto upon the ground that the carrier is an instrumentality or agency of the federal government."

The effect of General Order No. 26 issued by the Director-General is merely to restrict the bringing and trial of a suit against a carrier under federal control to the county or district wherein the cause of action arose, or to provide for the transfer of such suit to such county or district, if brought in some other county or district, if not barred by the statute of limitations. In the event that the judgment is secured, while no process can be levied against the property of the carrier under such federal control, yet, such judgment, if final, or if accepted as final, will be paid out of the operating revenues of the carrier during federal control, without the necessity of resort in the first instance to the Director-General.

* * *

Partial Delivery by Carrier.

Massachusetts.—Question: Your reply in the June 15 issue to a question from "Philadelphia" relating to partial delivery by carrier is very interesting and should be studied by every reader of The Traffic World. I am led to inquire if in your opinion the shipment had not been signed for in full, but receipt given only for the portion removed from the freight station, would that release the carrier from its common carrier liability on that portion

of the shipment remaining in its possession during the forty-eight hours' free time in which the consignee had to remove the shipment from the station? In other words, does the fact that the carrier makes a partial delivery of a shipment automatically relieve it from any liability for that part remaining in its possession? The bill of lading specifically states that the carrier's liability does not cease until after the expiration of forty-eight hours, exclusive of legal holidays, after notice of arrival of the property at destination has been duly sent or given.

Answer: If there is no agreement to the effect that the carrier is to retain control over the portion of the goods remaining and the carrier retains such remaining goods at the owner's request the mere fact that the goods are ready for delivery, and a reasonable opportunity afforded the owner to remove them, will divest the carrier of liability, since an actual delivery is not necessary where the consignee has actually accepted the goods, even though his receipt may be for a portion of them only. The removal of a portion of the goods constitutes an actual delivery of the entire shipment, and divests the carrier from liability as such.

* * *

Proof of Carrier's Liability.

New York.—Question: "A" ships to "B" a consignment of merchandise which is damaged in transit; damage is of a concealed nature and is not discovered until shipment is unpacked by "B." Railroad is immediately notified and requested to call and examine shipment. After having notified carrier of damage and having given him an opportunity to examine shipment, is "B" justified in disposing of the damaged merchandise to the best of his ability without written consent of carrier and to demand payment by carrier of difference between salvage and value of merchandise?

Answer: Yes. Mere proof that the shipment was delivered to the initial carrier in good condition and received by the consignee at destination in bad condition establishes a prima facie case of negligence against the carrier.

* * *

Damages by Weather.

Kansas.—Question: Will you, through your traffic publication, issued Saturday of each week, advise to what extent carriers are liable for damage to shipments, where loaded in cars with indorsement made on shipping contracts to the effect that, in so far as damage by weather is concerned, carriers are relieved of any responsibility? The past several months, in fact, for the past two years, it has been a problem to get equipment for transporting our products and a great many times we have all been obliged to load shipments at the so-called shippers' risks, and we are rather dubious as to whether or not this notation on face of bill of lading relieves the railroad company of responsibility.

Answer: A carrier is not liable for any damages resulting solely from negligence of the shipper in loading the freight on the cars. Therefore, it would not be liable for any damages caused by the weather while the shipper is loading the freight on the cars. If, however, the damage resulted from weather conditions while the car was in transit, and such damage may be attributed to the unsuitable kind or condition of the car used, and not to a weather condition of such violence as could not be reasonably foreseen or provided against by the carrier, then the carrier would be liable.

Help for Traffic Man

This department is conducted by a traffic man of long experience and wide knowledge. In it he will answer questions relating to problems in traffic problems. We do not desire to take the place of the traffic man, but to help him in his work. We reserve the right to refuse to answer any questions that we judge it unwise to answer or that the situation is that too complex for the kind of investigation contemplated. Questions will be answered as promptly as possible. No answers will be given by mail except for a fee.

Address "Help for Traffic Man," The Traffic Service Bureau, Colorado Building, Washington, D. C.

Collection of Prepay Undercharge.

Q. In cases where bills of lading are made out with instructions to prepay and agent at forwarding point fails to collect sufficient prepay, is it proper for consignee on being presented with freight bill for balance due, to refer agent at destination to shipper for the amount? We understand from railroad agent in our territory that there is a new ruling to the effect that consignee shall be liable for any amount so due. Will you please state where we may find a ruling on this matter?

A. The Commission held in Conference Ruling 156, April 5, 1909, that the duty rests upon the delivering carrier to correct errors made by the agent of the initial carrier in billing or in the collection by the initial carrier of the prepaid charges, and in Conference Ruling 314, May 1, 1911, that the law requires the carrier to collect and the person legally responsible to pay the lawfully established rates without deviation therefrom. The Commission does not determine in any case which party, consignor or consignee, is legally liable for the undercharge. Carriers under federal control have been instructed by the United States Railroad Administration, General Order No. 25, effective August 1, to collect freight charges which

may be due upon delivery of the goods. See The Traffic World, June 29, page 1410.

Demurrage on Cars Not Set for Loading in Arrival Order.

Q. Carrier in Cleveland has presented car service bills covering a large number of cars on which car service under the arbitrary charge has been assessed. The railroad company has placed new arrivals ahead of the old cars, leaving the arbitrary charge to accumulate. The credits during the month offset the debits by 30 per cent. Still the railroad company neglected to place old cars, and as new cars arrived, same were placed, allowing the old cars to accumulate arbitrary. Inasmuch as the credits offset the debits, our contention is that under the circumstances as outlined above, that the carriers have no right legally to assess arbitrary charge, nor can they collect same. We wish also to state that on several instances the railroad company failed to give us the proper switching service, allowing the empty cars to remain in our yard, and allowing accumulation of cars for several days before cars could be placed.

A. Your attention is called to our answer to inquiry in The Traffic World of June 15, 1918, page 1330, and previous article therein referred to.

National Car Demurrage Rules.

Q. I have had some question with railroad authorities and a commerce association as to the correct interpretation as to the average agreement rules now in effect. Will you therefore publish in your next issue of The Traffic World the correct rules governing car service under average agreement privilege?

A. We published in The Traffic World of Feb. 9, 1918, pages 289-294, in complete form for the information of our readers, the National Car Demurrage Rules prescribed by the Director General of Railroads, to become effective Feb. 10, 1918, to which issue you are referred.

Miscellaneous Traffic Decisions

Cases Recently Decided by State and Federal Courts

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REGULATION OF COMMON CARRIER.

Undercharges:

(Supreme Court of Ala.) Where agent of interstate carrier, accepting goods under bill of lading requiring payment of freight by the owner or consignee, inadvertently charged a lower rate than that on file with the Interstate Commerce Commission, the carrier could recover the amount of the deficit. *Western Ry. of Ala. vs. Col. Ings.*, 78 Sup. Rep. 811.

The liability of a consignee for freight charges is not affected by the carrier's waiving or losing its lien on the goods by delivery without first collecting freight. *Ibid.*

Since the freight rate of an interstate shipment can be only that duly filed with the Interstate Commerce Commission under interstate commerce act Feb. 4, 1887, the carrier cannot, by accepting the lower rate or by any other act, escape itself from demanding the lawful rate. *Ibid.*

Where interstate carrier accepted goods on order notify bill of lading at a rate lower than that scheduled with the Interstate Commerce Commission, and the owner and consignor attached a draft to the bill of lading which the consignee paid and the carrier collected the freight from

the consignee, it could not thereafter recover from the consignor the deficit between the rate charged and the lawful rate, since equity and fair dealing would require the consignee to pay the entire charges. *Ibid.*

(Court of Appeals of Ky.) Where plaintiff, shipper of a carload of horses, through mistake of agent in naming total amount, paid initial carrier a lesser rate than that fixed by schedule on file with the Interstate Commerce Commission and in effect at date of shipment, it was his duty to pay the additional amount, demanded by delivering carrier on arrival of shipment, and where he failed to do so, he could not recover for damages for delay in unloading due to failure to pay additional amount.

Blackford vs. St. Louis, I. M. & S. Ry. Co. et al., 203 S. W. Rep. 868.

Rates:

(Court of Appeals of Ky.) Both shipper and carrier are bound by the schedule of rates filed with the Interstate Commerce Commission, and the charging of a lesser rate, whether through mistake or otherwise, is illegal and void.

Blackford vs. St. Louis, I. M. & S. Ry. Co. et al., 203 S. W. Rep. 867.

A shipper is conclusively presumed to have knowledge

of the rates fixed in the schedule filed by the carrier with the Interstate Commerce Commission.—*Ibid.*

Posting Rates:

(Court of Appeals of Ky.) Failure of carrier to post in its station a copy of rates filed with Interstate Commerce Commission will not relieve the carrier or shipper from its binding effect.—*Blackford vs. St. Louis, I. M. & S. Ry. Co. et al.*, 203 S. W. Rep. 867.

Interstate Shipments:

(Supreme Court, Appellate Div., 1st Dept.) In case of loss of interstate shipment, liability of the carrier is governed by the federal statutes and decisions.—*Hadba vs. B. & O. R. Co.*, 170 N. Y. Sup. 769.

SHIPPING DECISIONS

Charter:

(Circuit Court of Appeals, Second Circuit.) The master of a scow, demised with the master, represents the owner in such particulars as making the lines fast.—*Dittmar vs. Frederick Starr Contracting Co.*, 249 Fed. Rep. 437.

It is not a contradiction of a written charter of a scow for service in and about New York harbor to show a parol agreement, that, in case she was taken out of the harbor, the charterer should insure her for the benefit of the owner.—*Ibid.*

Pleading:

(Circuit Court of Appeals, Second Circuit.) That a libel describes the cause as one for damages is not conclusive that the suit is in tort; and where a libel by the owner

against a charterer sets out the contract, and alleges acts which constitute a breach, the suit may be considered as one on contract, although such acts were also acts of negligence.—*Dittmar vs. Frederick Starr Contracting Co.*, 249 Fed. Rep. 437.

Injury to Vessels:

(Circuit Court of Appeals, Second Circuit.) A time charterer of a scow, which contracted to insure her for the owner's benefit whenever taken out of New York harbor but which obtained a waiver of such requirement for an outside trip, on a promise to assume all risks and be responsible for any injury to the scow, became in effect an insurer, and liable for an injury to the vessel on the trip to the same extent that a marine insurer would be.—*Dittmar vs. Frederick Starr Contracting Co.*, 249 Fed. Rep. 437.

LOSS & DAMAGE DECISIONS

LOSS OF OR INJURY TO GOODS.

Proximate Cause:

(Supreme Court, Appellate Div., 1st Dept.) The proximate cause of loss of an interstate shipment through an unprecedented flood after arrival at destination was an act of God, within the contract relieving the carrier from liability therefor, though, had it not been negligent with respect to notice of arrival of the goods, they would have been removed.—*Hadba vs. B. & O. R. Co.*, 170 N. Y. Sup. 769.

Efficiency in Traffic

New Devices, Suggestions, and Methods for Increasing Efficiency in Freight Handling and Other Branches of Traffic Work

SATISFY THE PUBLIC

R. I. Cheatham, traffic manager of the Seaboard Air Line Railway, has issued the following to freight traffic representatives of that line:

Under present conditions, it is considered desirable to define, in a general way, the character of the duties now assumed and to be assumed by representatives of this department. It is of the utmost importance that you bear constantly in mind the rendering of service to the Government, its every department, its agents, the shipping public and connecting lines, which the experience, intelligence and activity of earnest, loyal traffic representatives will develop. Absolute undivided co-operation must be given all departments of the railway, bearing in mind that, while we have no competition, in the ordinary meaning of the word, with other branches of the National Railroad System, we do not desire it said that any organization surpasses our own in its service. Efficiency is the watchword, and whatever is done should be done in such a thoroughly capable manner as to insure to the Administration no more efficient branch of the National Railroad System than the one known as the Seaboard Air Line Railway.

Your duties are specifically referred to as follows:

Rates, Rules and Regulations

The quotation of rates to shippers, when proper tariffs are available, with the utmost promptness between all points, regardless of whether the movement of the traffic involved is in connection with the Seaboard Air Line Railway or other lines.

Informing the public, so far as practicable, of important changes in rates, classifications, etc.

Furnishing agents necessary complete information of through rates and proper routing of traffic.

Instructing agents as to the proper application and interpretation of freight tariffs and classifications, as well as other rules and regulations provided for their guidance.

Instructing and assisting agents in all other details of their duties under the jurisdiction of the freight traffic department.

Conferring freely and regularly with shippers, especially new industries, regarding rate adjustment necessities and submitting reports with your views through the usual channel.

Car Efficiency

Assisting in securing cars for loading.

Urging shippers to promptly load cars and with view to securing maximum loading.

Visiting regularly shippers, especially manufacturing plants who load their own freight, explaining proper manner in which to load in order to prevent unnecessary transfer and delays. Ascertaining their needs from time to time, explaining necessity for requisitions for empty cars being confined to daily requirements, and assisting to the fullest extent in supplying their needs.

It is of special importance that shippers, especially perishable shippers, should be advised regarding careful stowing of packages in cars; they should also be urged to use proper containers, all of which will avoid claims and enable their obtaining the highest market prices for their products.

Arranging promptly, upon request of proper authorized owner, the reconsignment and diversion of perishable and other freight in line with tariff authority.

Checking cars placed on team and industrial tracks to insure prompt unloading of same, and following such empty cars so that they may be utilized for loading to no best advantage.

Assisting shippers and agents in obtaining information of embargoes and ascertaining open routes, free from embargoes, that may be available from time to time.

Keeping informed of traffic of all classes to be forwarded into embargoed territory and advising shippers when open routes are available.

Informing the transportation department of estimated requirements of shippers for cars.

On proper authority, diverting cars en route from one route to another, thus assisting to the fullest extent in avoiding congestion.

Changing the movement of freight improperly routed and handling vigorously instances of short billing.

Keeping informed as to probable large movements requiring special attention in providing equipment or other service.

Claims and Tracing

Rendering every assistance possible in the adjustment of claims.

Adding to the fullest extent in securing promptly disposition of refused or unclaimed freight.

Examining damaged freight when called on by owners or agents for the purpose of determining cause and extent of damage, rendering reports to proper representatives through the usual channel.

Assisting authorized agents or committees engaged in claim prevention work.

Assisting in having undercharges paid to agents of the railway when instructed to do so.

Assisting so far as practicable in disposing of over-freight and in locating shortages.

Keeping informed, through the records of agents, if claims are prompt and properly handled in accordance with general instructions.

Tracing delayed freight and, where causes are ascertained, making such suggestions to shippers, consignees and representatives of the railway as will minimize future delays.

Assisting agents in effecting prompt delivery of merchandise freight through warehouses or from cars.

General

According to everyone directly interested in transportation via any route of the National Railroad System a dependable source of information.

Making reports at the specified time of general business conditions.

Making reports at the specified time as to crop conditions.

Cooperating to the fullest extent with the Agricultural Department.

Keeping in intimate touch with traffic handled over assigned and industrial sidings serving the public, particularly new industries and handling applications for new tracks as well as extensions to existing tracks with view to having A.R.'s handled promptly in accordance with standard instructions.

Visiting regularly receiving stations for fresh meats and other traffic not under supervision of Fruit Growers' Express with view to having such service thoroughly and carefully handled in accordance with standard instructions.

Bearing constantly in mind possibilities of improved service and making recommendations through usual channel.

AN OPPORTUNITY TO HELP

W. S. Battle, Jr., general claim agent, Norfolk & Western Railway, has issued the following to agents:

The United States Food Administration which is a part of our government, has requested that, beginning at once, reports be made to it by all southern district lines of loss of and damage to foodstuffs due to improper or insufficient containers, so that steps may be taken looking toward the conservation of the resources of this country. It says in part:

"This office would like to arrange systematic reports covering shipments of food products * * * in bad order—particularly when food losses are involved.

"With this data we could, it is believed, assist in the removal of causes which now swell your claim account and reduce the country's food supply.

"To be worth while, the reports to us should show the commodity, name of shipper, point of origin, name of consignee, destination, the character of the packages, the extent of the loss and, so far as can be determined, the causes of the trouble."

Here lies a very great opportunity for each of us to help and each one well knows what a tremendous force can be exerted if everyone will only do his part. This power thus generated will be directed against that common enemy of mankind—the Hun. There is not one of us who would hinder or obstruct our government in carrying to a successful finish this war for the uplift of humanity and the advancement of civilization; yet have you stopped to think how you may unintentionally clog the wheels of progress by failure to appreciate the importance of seemingly small things?

We have set out to win and win we will. Let's therefore make a clean, clear-cut job of it, and do it in proper style, so that when the task is finished you and I will each have the full satisfaction of knowing that we have given the very best that is in us. Do not think because you are one of many that your assistance will not amount to much. Remember the motto of our nation. The same applies to individuals. Let's all work and pull together. Think what a grand result can be accomplished by the 30,000 employees of this railway working together, shoulder to shoulder, for our government, our country, and the boys "Over There."

Remember you are either for or against America. At the present time you cannot act passively. You must do and perform actively. Now is no time to lag. We must be up and doing—not doing our bit—the day for bits has passed—but doing our full share, pressed down, heaped up, and running over.

Some may ask, "What is it that I can do that will count and be of assistance in fighting the Hun?" You do not have to search far, for our government now urges that each one do a certain small task—do it fully and thoroughly. It asks that you carefully watch the freight received and delivered by you. If it is damaged make a full report on the regular damaged report (form F. C. A. 126) and give all the facts possible and also give your suggestions as to how to avoid similar losses and damages in the future. If the damage report is not large enough to give full facts write a letter, note or memorandum and pin to the damage report. Let's see, therefore, if we cannot make our damage reports a medium for securing improvement.

Let's put our shoulders to the wheel and do our best. If we do this there will be not many of these valuable commodities lost in the future and you and I will be among those who have brought about the beneficial results.

We believe you are with us and that we can count on you. What say you?

PROMPT HANDLING COAL CARS

Hale Holden, regional director, has issued the following circular No. 45:

Following from Car Service Section in connection with the importance of increasing supply of equipment for coal loading. It is important that there be no relinquishment in the handling of coal car equipment, both loaded and empty.

"As you are aware, the coal production during the two weeks' period ending June 15th was the highest ever reached in this country, the coal loading for each week in June being as follows:

	1918.	1917.
Week ending June 1st,	219,498 cars	206,952 cars
Week ending June 8th,	269,585 cars	238,529 cars
Week ending June 15th,	261,852 cars	242,104 cars
Week ending June 22nd,	245,444 cars	231,260 cars

"Since the 15th, there has been a rapid decline in coal production, largely due to decreased car supply caused by sluggish movement of coal cars, both loaded and empty. As we view the situation, it is of vital importance that our

efforts be redoubled to secure an improved circulation of coal loading equipment. Unless we can succeed in doing this there is no question but what we will fail in our efforts to meet the program of the United States Fuel Administration. The subject is of such importance that we feel justified in asking you to agitate it vigorously with all operating officers so that we may be enabled to make a suitable improvement.

"Last year there was a gradual downward tendency in coal production during the six weeks' period ending with August 17th, and it is hoped that we can avoid a similar decrease this summer and that we will be able to again bring our production up to what it was during the week ending June 15th, maintaining that as a consistent level until the winter months."

LOSS OF LIVE STOCK IN TRANSIT

Regional Director Winchell has issued the following circular to federal managers and general managers for railroads under government control in the southern region:

My attention has been called by the Food Administration and others interested to loss of food through death of live stock in transit, and statement is made that, comparing the three months, December, 1916, to February, 1917, with the three months, December, 1917, to February, 1918, the ratio of dead and crippled to total received at 17 principal stockyards shows the following:

Cattle, increase in ratio, 22.6 per cent.

Hogs, increase in ratio, 49 per cent.

Sheep, increase in ratio, 71 per cent.

Various suggestions are made as to the cause of this increase, and while doubtless much of the loss is due to loading stock which is physically not in condition to stand transportation, it is claimed that a great deal of the loss occurs:

First, through delay to transportation, due to the fact that stock trains are not run on as fast schedule as heretofore;

Second, the failure to drench hogs in transit, which could be accomplished during hot weather at convenient water stations;

Third, overloading, in connection with which it is suggested that the minimum on hogs be made 16,000 pounds instead of 17,000 pounds, as at present.

Attention is also called to the fact that there are apt to be delays between the arrival of cars at terminal yards and their placement at the stockyards and that frequently the cars of live stock are allowed to stand between tracks filled with other freight cars, thus cutting off all ventilation, increasing the mortality, particularly, of hogs.

The necessity for the greatest possible reform in this matter for the purpose of conservation of food supplies needs no argument, and I shall be very glad if you will have the matter given attention on lines under your jurisdiction, with a view to effecting any improvements practicable in line with the suggestions made, which may result in improving the situation.

ASSISTANT IN TRANSPORTATION WANTED.

The United States Civil Service Commission announces an open competitive examination for assistant in transportation, for men only. Five vacancies in the Bureau of Markets, Department of Agriculture, Washington, D. C., at entrance salaries ranging from \$1,800 to \$2,400 a year, and future vacancies requiring similar qualifications will be filled from this examination, unless it is found in the interest of the service to fill any vacancy by reinstatement, transfer or promotion. Certification to fill the higher-salaried positions will be made from those attaining the highest average percentages in the examination. The duties of appointees will be to assist in the rendering of practical service to producers and distributors of farm commodities, especially live stock and perishable commodities, in every phase of the transportation problem, and to co-operate with both shippers and carriers in raising the standard of transportation service and in reducing the economic waste of foodstuffs in transit.

Personal Notes

H. W. Wheeler, recently elected president of the New England Traffic League, is traffic manager of the Revere

Sugar Refinery, Boston, Mass. He is a native of Louisville, Ky. and began his railroad career in the local freight office of the J. M. & I. Railroad (Pennsylvania Company), Louisville. He was also in the service of the Louisville & Nashville Railroad. In 1882, on the opening of the manager's office of the Chicago & Ohio River Pool in Chicago, he was made chief clerk of that office and later became contracting freight agent

of the Monon Route in Chicago. He then served ten years with the Kanawha Despatch (Chesapeake & Ohio Railway) as chief clerk, manager's office, Cincinnati; contracting freight agent, Chicago; commercial agent, Kansas City; general agent, Philadelphia. Later he was commercial agent of the Clover Leaf Route, St. Louis. In 1895 he accepted the position of assistant traffic manager for Armour & Co., Chicago. He remained there several years and then returned to his former sphere of activity as westbound agent of the Lehigh & Wabash Despatch, Chicago. Then he was six years with the Belt Railway of Chicago as assistant general freight agent, Chicago, and general eastern freight agent, Pittsburgh. Sept. 1, 1916, he accepted the position of traffic manager of the Revere Sugar Refinery, Boston, Mass., the position he now holds.

G. W. Feakins, traffic manager, Phelps Dodge Corporation, New York, entered railroad service with the Santa

Fe, mechanical department, at Topeka, Kan., in October, 1892. In May, 1893, he went to the maintenance and construction department of the Rock Island and after two and a half years there went to the freight department. He was appointed rate clerk and held that position for about two years, when he was transferred to Salt Lake City as clerk for the commercial agent. Six months later he was appointed traveling freight agent. He accepted a similar position with the Colorado Midland two years later, and in 1904 re-entered the employ of the Rock Island as traveling freight agent in New York state, with headquarters at Buffalo. He resigned in May, 1909, to become chief clerk to the general traffic manager of the El Paso & Southwestern System, was later appointed assistant to the general traffic manager and a year later was transferred to St. Louis



a general agent from which position he was promoted, June 1, 1917, to assistant to the president, with headquarters in New York, which position he resigned to become traffic manager for the Phelps Dodge Corporation.

J. A. Williams, executive secretary of the Marion (O.) Chamber of Commerce, was born at Ridgeway, O., Nov.



26, 1879. His father was a railroad agent with the old "B" Line, now Big Four. At the age of fifteen he took a position with the Big Four at Sidney, O., as crossing flagman—\$25 per month—12 hours every day. In 1895 he took a position with a wholesale millinery concern in Indianapolis, Ind., acting as errand boy, elevator boy, roustabout, shipping clerk, bill clerk, etc., etc., staying there until the forepart of 1899 when he

took up telegraphy and worked as extra agent and operator along the Big Four until October 1903, when he was appointed joint agent for the Big Four and Erie Railroad, agent for the Wells Fargo American Express and the Western Union Telegraph Company at Caledonia, O. transferred in 1903 to the local freight agency at Sidney, O. for the Big Four, promoted to dispatcher of transportation in 1911 with headquarters at Indianapolis, given supervision over C. & L. and L. & C. L. schedules for the system Jan. 1, 1914, and, in addition, in August, 1914, placed in charge of loss and damage matters, handling claims amounting to \$75 and over, until May, 1915, when all loss and damage claims were turned over to him, his title then being changed to freight loss and damage agent. He held this position until January 15 this year.

W. J. Butler, traffic manager of the Flint, Mich., plant of the Chevrolet Motor Company, after graduating from



the city high school at London, Ont., in 1895 entered the service of the Grand Trunk as the freight office in that city, holding minor positions with that company and the Canadian Pacific in the same city for about a year. In May, 1900, he took a similar position with the Grand Trunk at Windsor, Ont., and toward the latter part of 1911 was appointed agent of the Windsor, Ont., station of the same com-

pany. April 1, 1914, he became chief clerk in the commercial office of the C. M. & St. P., Detroit, under W. S. Pratt, and stayed there until December, 1914. During that time he held the position of commercial freight agent from February, 1915, until he left to take the position of soliciting freight agent of the Canton Port Road, Detroit, under George L. Gifford. Jan. 1, 1918, he was appointed traffic representative

for the Chevrolet Motor Company, with headquarters at Detroit, under C. R. Scharff, traffic director, New York. On June 15 Mr. Scharff appointed him to his present position.

W. S. Turner, who, on June 1, was elected secretary of the Arkansas Cotton Trade Association, Little Rock, was born and raised on a farm near Lancaster, O. He entered railroad service April 1, 1903, as contracting agent for the Toledo, St. Louis & Western and was assigned to soliciting traffic for the Louisiana Purchase Exposition, held in St. Louis, 1904. After the World's Fair he was made traveling freight agent for the Clover Leaf and continued in that position until 1908, when he went with the C. P. & St. L., with the same title, but devoted himself to the solicitation of lumber traffic. It was during this period that Mr. Turner made a study of forest product rates, with the net to regulate commerce and the rules of the Interstate Commerce Commission. His efficiency in lumber rate knowledge is generally recognized and his rate sheets are in use not only with the southern manufacturers, but with the shippers, in Memphis, Chicago, St. Louis and elsewhere. April 15, 1911, he returned to the Clover Leaf as commercial agent at Little Rock, in which position he continued until his election to his present position.



Regional Director Markham announces that the jurisdiction of Charles H. Ewing, federal manager for the Philadelphia & Reading Railway and Central Railroad of New Jersey, is extended over the New York & Long Branch Railroad.

F. M. Whitaker was born in Clermont County, Ohio, in 1867, and educated in the public schools of Cincinnati. He took service with the general agent of the P. C. C. & St. L. Railway at Cincinnati in 1882. He learned telegraphy and in 1886 went with the Kanawha, Kan., in Cincinnati as telegraph operator and bill of lading clerk, becoming successively rate clerk, chief rate clerk, chief clerk and manager. In 1896 he was appointed assistant freight traffic manager of the Chesapeake & Ohio Railway in charge of through traffic and local freight on the western end of the road. He was successively freight traffic manager, vice president and traffic manager and vice president in charge of traffic of the Chesapeake & Ohio Railway, Chesapeake & Ohio Railway of Indiana, and Hocking Valley Railway, head-



quarters Richmond, Va. Under the reorganization due to government operation he now has the title of traffic manager. February 25 he was appointed by the Railroad Administration to co-operate with the Fuel Administration as "manager of inland traffic."

The Traffic Club of Cleveland held its annual election and outing at the Willowick Club June 24. The French Ace, Lieutenant Flachaire, was a guest. The officers elected are: President, C. M. Andrus, traffic manager, Otis Steel Company. Vice-president, A. C. White, general agent, American Express Company, and E. R. Freeman, traffic manager, Cleveland Foundry Company. Secretary, J. B. Sanford, traffic manager, the Sherwin-Williams Company. Treasurer, A. C. Baker, traffic manager, Cleveland Steel Company. Board of Governors: A. J. Bell, B. & O.; F. Laughlin, Erie; E. Kleuver, Nickel Plate; F. A. Gideon, American Steel & Wire Company; H. N. Sibbald, National Electric Lamp Association, and W. T. Dumphy, Bailey Company. It was found the effect of the closing of outside agencies had somewhat diminished the club, the roll of two hundred members having decreased to one hundred and seventy.

R. C. Patterson, traffic manager since 1916 for the Geneva Metal Wheel Company, Geneva, Ohio, has been made assistant manager of sales, in charge of the transportation and order departments.

R. H. Aishton, regional director, announces the appointment of H. A. Kennedy as terminal manager of the St. Paul and Minneapolis terminals, including Minnesota Transfer. He will have charge of all terminal operations at Minneapolis and St. Paul, including Minnesota Transfer, reporting to A. W. Trenholm, federal manager of the Chicago, St. Paul, Minneapolis & Omaha Railway Company.

In circular No. 11, effective July 1, but not given out until July 6, Director Gray announced the following appointments in the Division of Operation: W. T. Tyler, senior assistant director; J. H. Keefe, assistant director, office; Frank McManamy, assistant director, mechanical department; F. C. Wright, assistant director, marine department.

N. D. Maher, regional director, announces that Charles H. Hix is appointed federal manager of the Norfolk & Portsmouth Belt Line Railroad, and, in addition, will have jurisdiction over all Hampton Roads railroad terminals, with office at Norfolk, Va.

R. H. Aishton, regional director, announces that the jurisdiction of G. R. Huntington, federal manager of the Soo Line Railroad, is extended to include the Duluth, South Shore & Atlantic Railroad, and the jurisdiction of F. E. House, general manager of the Duluth & Iron Range Railroad, is extended to include the Duluth, Missabe & Northern Railroad.

E. T. Wilcox has been appointed chairman of the Committee of Freight Traffic Control with office in Southern Railway Building, Washington, vice George R. Loyall, assigned to other duties, says Director Gray's Circular No. 12.

Martin H. Clapp is appointed manager telegraph section, Division of Operation, with office in Southern Railway Building, Washington, D. C. He will have supervision over telegraph and telephone lines belonging to the railroads under federal control. He has been superintendent of telegraph on the Northern Pacific.

The American Railway Express Company announces the organization of its traffic department, New York, as follows: George S. Lee, traffic manager; J. Edward Cronin, assistant to vice-president; Robert S. Wheeler,

assistant traffic manager; Frank G. Airy, chief clerk tariff bureau.

R. H. Aishton, regional director, announces that J. Cook is appointed supervisor of coal traffic for Montana and Northern Wyoming, with headquarters at Butte, Montana.

Alonzo G. Pack, who for several years has been assistant chief inspector of locomotives for the Interstate Commerce Commission, has succeeded to the position of chief inspector of locomotives, Bureau of Locomotive Inspection, vice Frank McManamy, who resigned July 1 to accept appointment with the Railroad Administration.

A. Kneubuehl, traveling freight agent, Chicago Great Western Railroad, New York, has been appointed traffic manager of the Oxweld Acetylene Company, Newark, N. J.

Announcement is made that R. C. Fulbright, heretofore commerce counsel of the Gulf Coast Lines, has opened offices at Houston, Tex., where he will be engaged in the general civil practice of law, paying special attention to cases involving interstate commerce and matters arising under the internal revenue laws.

The Georgia Southern & Florida Railway announces that R. L. Simpson is appointed assistant to traffic manager, with headquarters at Washington, D. C.; John M. Cutler, general freight agent, Macon, Ga.; C. B. Rhoderick, general passenger agent, Macon, Ga.

C. M. Tyler, district freight agent, Southern Railway, Jacksonville, Fla., having resigned to engage in other business, the freight traffic agencies of the Southern Railway and Georgia Southern & Florida Railway at Jacksonville are consolidated. A. O. Dawson is appointed district freight agent for both lines.

The Chesapeake & Ohio Railway announces that Thornton Lewis having resigned to become president of the White Sulphur Springs Company, Inc., the position of assistant freight traffic manager has been abolished. R. E. Vaughan has been appointed assistant general freight agent, with headquarters at Cincinnati.

R. I. Cheatham, assistant freight traffic manager of the Seaboard Air Line, has been appointed traffic manager. B. C. Prince, assistant to first vice-president, has been appointed assistant to traffic manager, and G. S. Rainey, freight traffic manager, has been appointed assistant traffic manager in charge of freight, all with headquarters at Norfolk, Va.

J. R. Lee, commercial freight agent of the Baltimore & Ohio Railroad, at Detroit, Mich., has been appointed division freight agent at Toledo, O., and his former position has been abolished.

George F. Leingang, who has been B. & O. division agent at Sandusky, O., since Sept. 1, 1911, has been appointed traffic commissioner of the Sandusky Chamber of Commerce, to succeed P. T. Gagen, resigned. His title was "traffic manager." The new place carries with it the office of assistant manager of the chamber.

H. J. Hansen, formerly commercial agent of the Atlanta, Birmingham & Atlantic Railway, is now in the government service, ordnance department, production division as traffic assistant to Captain Whitmore, manager of transportation, Chicago district.

Otis Deall Kent, attorney-examiner for the Shipping Board, has resigned, effective July 1, to practice admiralty and transportation law in New York and Washington. In admiralty law in New York he will be associated with Duncan and Mount. Mr. Kent has been in the government service since December, 1907, first as a stenographer and later as an attorney, resigning from the Interstate Com-

merce Commission staff, where he was serving as assistant to the chief counsel, in May, 1917. He went to the Shipping Board and there organized the Division of Regulation, including the rules of practice before the Shipping Board and rules for the filing of tariffs. With the Shipping Board its most noted work, probably, was the adjustment of charter party contracts and the establishment of steam bunkering service at Hampton Roads. He conceived the idea and organized the New England Barge and Towing Association whereby all the barges and towboats on the Atlantic coast engaged in carrying coal to New England were put into a consolidation for the conservation of transportation facilities. Mr. Kent, for the last two months, has been engaged in hearing complaints in Alaska against the steamboat rates prevailing in that part of the United States. The allegation was that the rates were ruinous. Mr. Kent held formal hearings as far west as Anchorage.

R. H. Ashdon, regional director, announces the appointment of J. H. Brinkerhoff as terminal manager of the Chicago Terminal District. He will have charge of all terminal operations in the Chicago Terminal District.

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TRAFFIC ORGANIZATIONS

THE NATIONAL INDUSTRIAL TRAFFIC LEAGUE.—Object. The object of this league is to interchange ideas concerning traffic matters to the industry with the Interstate Commerce Commission, State railroad commissions and transportation bureaus, to formulate and securing better understanding by the public and the state and national governments of the needs of the traffic world, to secure proper legislation which should expedite and aid the movement of products and a scheme considered beneficial to the free interchange of commodities with the view of attaining the highest and the economic, conservative and profitable use of the nation's transportation resources.

Headquarters: Tacoma Bldg. 3 North La Salle St., Chicago.
President: J. M. Brinkerhoff, Chicago Terminal District.
Manager: J. H. Brinkerhoff, Chicago Terminal District.

Vice President: W. H. Ashdon, Transportation Department, Boston Chamber of Commerce.

Secretary-Treasurer: T. M. Crane Company, 426 South Madison Avenue, Chicago, Ill.

Assistant Secretary: J. M. Brinkerhoff, Chicago Terminal District.

MANUFACTURERS' ASSOCIATION. In Charge of Traffic of Industries Located at Sterling and Rock Falls, Ill.

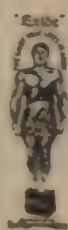
President: A. W. H. Lloyd.
Vice-President: W. J. Lough.
Secretary-Treasurer: W. H. Long.

All correspondence relative to movement of traffic to or from Sterling and Rock Falls, Ill. should be addressed to the Traffic Manager, General Office, Lawrence Building, Sterling, Ill.

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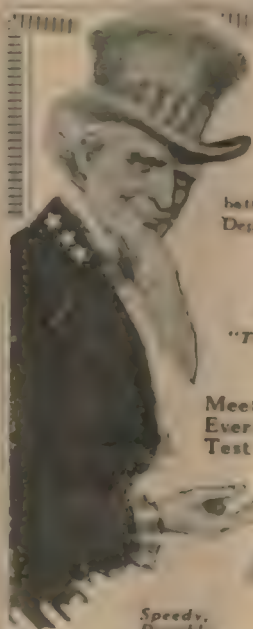


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which includes the main line of the Elgin, Joliet & Eastern Railway, from Waukegan, Ill., to Porter, Ind., and all terminals between that line and Lake Michigan, including the belt and switching lines, reporting to the regional director of the northwestern region.

W. S. Yeatts has been appointed general freight agent of the Cumberland Valley Railroad Company, Chambersburg, Pa., vice Joseph Weed, resigned to become division freight agent, Pennsylvania Railroad.

C. A. Hawkins, since May 1, 1915, superintendent of the Lewiston, Nezperce & Eastern Railroad Company, in charge of traffic operation and accounting, has resigned to take service elsewhere.

E. T. Dakin, assistant chief examiner of accounts for the Interstate Commerce Commission, has resigned, effective July 1, to become assistant comptroller of the Northern Pacific.

S. M. Adsit has been appointed general freight and passenger agent of the Virginian Railway.

E. T. Campbell, assistant general manager of the Erie, with headquarters at New York, has been appointed traffic assistant, with jurisdiction over traffic matters.

E. W. Hoops, assistant general freight agent of the Chicago & Northwestern Railway, has been appointed division freight and passenger agent, with headquarters at Chicago.

R. I. Dill, formerly with the freight traffic department of the New York Central, has accepted a position with H. W. Wheeler, traffic manager of the Revere Sugar Refinery, Boston, Mass. Mr. Dill had been with the New York Central Lines since 1910.

E. T. Lamb, federal manager, has announced the following appointments for the Charleston & Western Carolina; Atlanta & West Point; Western Railway of Alabama; St. L. & S. F. (lines east of the Mississippi); Atlanta, Birmingham & Atlantic; and the Georgia Railroad: F. K. Mays, assistant to federal manager and purchasing agent; E. B. Rock, Jr., superintendent transportation; L. L. Beall, chief engineer; J. F. Sheahan, superintendent of motive power; H. W. Colson, general claim agent; J. L. Edwards, traffic manager. For the same lines J. L. Edwards, traffic manager, announces the following appointments: C. B. Kealhofer, general freight agent; J. E. Tilford, assistant general freight agent; G. E. Boulineau, assistant general freight agent.

Eugene McAuliffe, manager fuel conservation section, U. S. Railroad Administration, has appointed H. C. Woodbridge supervisor of fuel conservation section for the Allegheny region, with office at Philadelphia. As supervisor he will give special attention to the conservation of fuel used on locomotives, in shops, at terminals, at water stations, and for all miscellaneous purposes. He will also give attention to the preparation of fuel received and to its quality; and he will make investigations and recommendations with respect to its transportation to and its handling at fuel stations.

Regional Director Markham announces that the jurisdiction of J. B. Yohe, general manager, Pittsburgh & Lake Erie Railroad and Monongahela Railway, is extended over the Lake Erie & Eastern Railroad.

A. R. McNitt is appointed freight claim agent of the Union Pacific Railroad Company, vice W. H. Hancock, retired on pension.

The Union Pacific System, Union Pacific Railroad Co., Oregon Short Line Railroad Co. and Oregon-Washington Railroad & Navigation Company announce that B. L. Winchell and Gerrit Fort having resigned, the respective offices of director of traffic and passenger traffic manager, Chicago, Ill., are abolished. All matters heretofore han-

dled by the director of traffic or the passenger traffic manager will hereafter be supervised as follows: For the Union Pacific Railroad and Oregon Short Line Railroad, by J. A. Munroe, vice-president, Omaha, Neb.; for Oregon-Washington Railroad & Navigation Company, by F. W. Robinson, traffic manager, Portland, Oregon.

Regional Director Markham announces that the jurisdiction of A. W. Thompson, federal manager for the Baltimore & Ohio Railroad (east of and including Parkersburg and Pittsburgh), Cumberland Valley Railroad, Western Maryland Railway, Coal & Coke Railway and Cumberland & Pennsylvania Railroad, is extended over the Wheeling Terminal Railway.

L. C. Gilman, district director, announces the appointment of J. H. O'Neill as terminal manager of the Puget Sound Terminals. He will have charge of all terminal operations in the Puget Sound Terminals, extending from Everett on the north to South Tacoma on the South, inclusive, reporting to the district director of the Puget Sound District.

N. I. T. L. MEETING.

The National Industrial Traffic League announces that its summer meeting will be held at the Hotel Statler, Cleveland, Ohio, August 29 and 30, instead of Aug. 15 and 16, as at first announced. The postponement is on account of the hearings in the consolidated classification case.

DATE OF HEARINGS CHANGED.

The Commission has postponed to September 4 the hearings on reconsignment and diversion set for Chicago July 17 at the request of shippers who are too busy for even so important a matter as that.

DOCKET OF THE COMMISSION

Note.—Items in the Docket marked with an asterisk (*) are new, having been added since the last issue of The Traffic World. Cancellations and postponements announced too late to show the change in this Docket will be noted elsewhere.

- July 15—Philadelphia, Pa.—Examiner Spethman:
* 10162—E. I. Du Pont de Nemours Powder Co. vs. D. & R. Co. et al.
- * 10120—Allen C. Wood vs. N. Y. P. & N. R. R. Co.
- * 10141—Shane Bros. & Wilson Co. vs. Pa. R. R. Co.
- * 10082—E. I. Du Pont de Nemours Powder Co. vs. P. B. & V. R. R. Co. et al.
- July 15—Richmond, Va.—Examiner Hillyer:
* 10179—Taliaferro & Co. et al. vs. S. A. L. Ry. et al.
- * 10071—The Virginia Carolina Chemical Co. vs. A. & V. R. Co. et al.
- * 10150—James J. Redmond vs. Adams Express Co. et al.
- July 15—Louisville, Ky.—Examiner McCawley:
* 10088—Edward L. Davis Lumber Co. vs. C. C. C. & St. L. R. Co. et al.
- July 16—Cincinnati, O.—Examiner Fleming:
10201—Isaac Joseph Iron Co. vs. A. G. S. R. R. Co. et al.
- July 17—New York, N. Y.—Examiner Spethman:
10101—John Y. Hite & Louis Rafetto vs. Central R. R. of New Jersey.
- 10092—Geo. C. Holt and Benjamin B. O'Dell vs. P. C. C. & St. L. R. R. Co.
- July 17—Nashville, Tenn.—Examiner McCawley:
10068—Traffic Bureau of Nashville vs. C. & E. I. R. R. Co. et al.
- July 17—Milwaukee, Wis.—Examiner Worthington:
10111—Waukesha Lime & Stone Co. vs. C. M. & St. P. Ry. Co.
- July 18—St. Louis, Mo.—Examiner Fleming:
10140—Atlas Leather Mfg. Co. et al. vs. P. C. C. & St. L. R. Co. et al.
- July 18—New York, N. Y.—Examiner Spethman:
* 10191—Charles O. Sellen vs. L. V. R. R. Co.
- * 10198—Nashville Wholesale Lumber Dealers' Assn., for F. I. Doyle, vs. Louisville & Northwest R. R. Co. et al.
- July 18—Charlotte, N. C.—Examiner Hillyer:
8880—J. A. Skipwith & Co. et al. vs. Southern Ry. Co. et al.
- July 18—St. Louis, Mo.—Examiner Fleming:
* 10195—Nashville Steel Rail Co. vs. St. L.-S. F. R. R. Co. et al.
- July 19—Memphis, Tenn.—Examiner McCawley:
1138—Supplemental complaint, Lamb-Fish Lumber Co.
- 1227—Supplemental complaint, Lamb-Fish Lumber Co.
- July 19—St. Louis, Mo.—Examiner Fleming:
* 10194—Acme Belting Co. vs. A. & R. R. R. Co. et al.
- July 19—Minneapolis, Minn.—Examiner Worthington:
* 10147—Northern Potato Traffic Assn. vs. C. & N. W. Ry. Co. et al.

THE TRAFFIC WORLD

A working tool for traffic men, both industrial and railroad; a national journal of important transportation news; independent as between carrier and shipper.

Issued every Saturday by

THE TRAFFIC SERVICE BUREAU

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Saturday, July 20, 1918

CLASSIFICATION HEARINGS

We take pleasure in announcing that we have made arrangements to cover in The Traffic World the hearings on the proposed consolidated freight association, which will begin in Boston, August 1, and continue at New York, Chicago, Omaha, Portland, San Francisco, Denver, Fort Worth, New Orleans, and Atlanta, in the order named, the hearing at Atlanta beginning September 19. A member of our staff will be in attendance at every session and will report intelligently and adequately every important phase of the proceedings. These daily reports will also be carried in The Daily Traffic World and Traffic Bulletin so that subscribers for that publication may keep in close touch with what is going on.

MORE GOVERNMENT CONTROL

Now that Congress has authorized it, the President is expected soon to take over control of the telegraph and telephone companies of the country. We know of no good reason why he should do so or why Congress should have authorized him to do so, but if and when he does it, it is to be hoped that he will avoid some of the mistakes that have been made in the method of government control of the railroads.

Government control of the railroads, we believe, was necessary in the war emergency. Government control of the wire companies is not necessary, as far as we can see. But, in the case of the railroads, the government has substituted government operation for government control and that, we believe, has been a mistake. If the government is to control the wire companies we hope it will merely

control and regulate them under the war power conferred on the President, but will permit the actual operation to remain in the hands of the present managers, so long, at least, as they submit properly to government authority and show themselves in sympathy with government aims. It will not be necessary for the government to change the kind of typewriting machines used in the telegraph offices, or the color of the paper on which the messages are written, or prescribe the kind of hair ribbons and powder puffs used by telephone operators. It should see to it that wages are put on a proper basis, that strikes that would interfere with the transaction of necessary business are suppressed, and that messages are transmitted promptly in the order of their importance, with due regard to their connection with essential business, if there are not sufficient facilities for the prompt transmission of all messages. To do this it will not be necessary to appoint a director of telegraph and telephones who knows nothing about either, or to make government employees out of local managers who are competent to hold their jobs.

All that is necessary and the only possible good purpose in giving control of the companies to the government is to get the country's business transacted. Just why the companies themselves are not considered able to do this we have not seen satisfactorily explained; neither have we seen it explained how the government proposes, through its control, to remedy whatever may be wrong with the situation. We fancy the advocates of government control of these utilities have been influenced by purely local conditions, such as the telephone situation in Washington, but we are doubtful whether Postmaster-General Burleson, for instance, if, as seems possible, he is made wire chief, would be likely to remedy even such more or less local troubles. If he has any specific let him apply it to the postoffice department and the transportation of mail, which is far from satisfactory as to results and also as to soundness of governing principles, as exemplified in the recently effective zone system for second class mail.

When we say we know of no good reason why Congress should have authorized the President to take over the wire companies or why he should exercise his authority, we mean it. We have seen no respectable attempt at explanation. We believe those persons who advocate government operation, or control, or ownership as an end of itself to be desired instead of as a possible means of accomplishing some desirable end, have simply taken advantage of the war excitement and the incidental inclination to center all power in the government at Washington, to score a victory for themselves—

if victory it shall prove to be. We can see no legitimate demand for government control of the wire companies, except possibly by reason of the threatened strike which might tie up essential business. But it has been denied that this was a moving reason for the change, and the threat of strike has died away anyhow.

We do not know what good it is expected to accomplish through the new method. We have considerable dealings with the telegraph companies and though the service is not always all that is to be desired, we have had some recourse, which is to refuse to pay for delayed messages and to threaten to jump or actually to jump to the other company. Under the government management we shall have the same and probably worse troubles without any recourse. And we might add here that, bad as the telegraph service is at times, it has never been as bad as the postal service is now and has been for some months, and has never been half as bad for one-tenth as long a period.

We are somewhat reconciled to the ills of government control of the wire companies and government operation of the railroads, however, by the growing probability that the doctrinaires who have favored government ownership of these utilities will be convinced by the practical demonstration now going on before their eyes that they have been wrong, or at least, that the ordinary business man, who has had no theories in particular but only wants things done in the best and most efficient way possible, will be so disgusted with his experience under paternalism that he will rise in his might and get things done right no matter what the doctrinaires and the politicians wish.

Selfish, destructive, and lawless private ownership of public utilities will not do. Neither will ignorant, partisan government ownership. What we must have is honest, efficient private ownership under such government regulation or control as will insure its honesty and efficiency. We can't bring about the full reform we need, perhaps, in this war emergency, but why not at least work toward it in our plans for helping win the war? We shall win the war no less if we keep in mind a little the period after the war. Methods that are proper and efficient at other times are not necessarily and always outlawed by the existence of war. And at least let us cure ourselves of thinking that if the delivery wagon from the grocery store is late, or a telegram is delayed, or a telephone operator is cranky, the remedy is to appoint somebody government director—which only makes the wagon later, the telegram still more delayed, the operator more cranky, at the same time taking from us the possibility of getting relief by kicking.

TRAFFIC MEN FOR ARMY TRANSPORT

Our congratulations to the War Department on its plan to reorganize its transport service by replacing army officers who have been in charge by civilian traffic managers. From all points of view the plan must have good results. First, of course is the effect on transportation itself, both of army supplies and of ordinary commercial business. It is notorious that the moving of troops and army supplies has been in charge of young, untrained army officers with little or no qualification but their willingness and enthusiasm. This business cannot fail to be improved, and at the same time the ordinary commercial traffic of the country will show corresponding improvement as the government business gets out of its way.

Of secondary importance is the expected finding of places for some of the experienced and valuable traffic men who have been let out of railroad service by the developments under government operation. The departure from red tape, even if it had no actual visible good results, would be worth while of itself. There is no reason why shoulder straps should be necessary to promote the hauling of freight and men, especially when the soldiers wearing the straps are inexperienced. Lastly, the new plan may release for service in the line many vigorous young men who are now doing army work that is largely clerical. That will be a good thing for them and a good thing for the nation.

As long ago as May 11, in discussing the abolition of off-line agencies and solicitation of business with the consequent loss of positions for many valuable railroad men, we advocated some plan like that which is now adopted. We do not know whether our suggestion was in any way responsible for the present proposal, but on the chance that it may serve some good purpose now, at least, we repeat:

If there were co-ordination of the various departments of government in this country and a desire to accomplish the thing we have in mind, we think we see how a satisfactory result could be brought about. Indeed, if the desire is there or can be put there, the co-ordination, to the extent necessary for this particular purpose, ought to follow easily.

Through the orders of the Railroad Administration, thought wise under government operation of the railroads and the consequent disappearance of the necessity or propriety of competition, hundreds and thousands of soliciting freight agents, traveling freight agents, commercial agents, general agents, and off-line agents of all sorts have been thrown out of employment. Whether or not this policy was necessary or wise, it is the fact. It is the fact also that in the various departments of the Army and Navy—ordnance and quartermaster, for instance—hundreds of officers' commissions have been given to as many young men whose duty it is to look after transport. These young men are all anxious to wear Uncle Sam's uniform; many are, no doubt, genuinely enthusiastic to serve; but all are practically immune from danger and comparatively few had

(Continued on page 157)

Current Topics in Washington



Government Control of Wires.—In Wall street terminology, if and when Albert Sidney Burleson becomes the head of the wire service, either in his own name or by proxy exercised by David J. Lewis, for the period of the war, Americans who object to government ownership and operation on the sole ground that that way of operating is too expensive for a country that desires first-class service at the lowest possible cost, will see efforts to prove that the government can and will render an efficient and economical service. Burleson is a thrifty man and Lewis is his right hand man. He can make the service pay its way, if anybody in the government service can. Burleson is not subject to the fear of the labor unions, which, it may be said, is one reason for thinking he may not be chosen to operate in his own name. He will not run from a union that demands \$80 a month for a \$60 service. He had the members of a labor union who interfered with the operation of the postal service indicted, the offense being a conspiracy to cripple the service by means of a strike staged by postal employees. For that reason he is persona non grata to the labor unions. Lewis, however, was a member of the miners' union and still may be. But if Burleson gets a chance to try his theories he will come nearer as anybody to giving service without any noticeable increase in cost. There is only one thing about Burleson's management of the post office that the man who wants to know what the service really costs can criticize. He has retained that misleading accounting system, introduced by Frank H. Hitchcock, by means of which a "surplus" can be shown by subtracting the out of pocket operating expense from the operating revenue and calling the result a surplus. There is no such accounting system in use by any of the wire companies. The real test of honesty in accounting will come when there is no surplus but when there is political necessity for creating one. Creation of that kind has been done by some officials now in office. Mr. Burleson might not do it, but inasmuch as telegraph revenue statistics are not published by the Commission, the opportunity for introducing the Hitchcock surplus will be perfect. The only question is as to whether Burleson would yield to such a temptation as an aid to bringing about government ownership in connection to government operation.

Commissions for Salesmen.—Attorney General Gregory's report of salesmen who operate on a commission basis is believed to pave the way for all manner of inquiry relating to the buying of railroad supplies that could be secured by a dishonest official, if there were such in the Railroad Administration. Most of the competition for government business is caused by the scoundrels of the salesman operating on the commission basis. The commission and contract hunters, as a rule, keep closer tabs on what is going on in the way of sales or prospects for sales than any other class of men. They do not eat if they cannot show sales. That may also be true of sales agents who work on salary. Nearly every young man gets into the selling game by showing what he can do

on a commission basis. Mr. Gregory, in his letter to Director General McAdoo, said the courts had always condemned the contingent fee contract. But the Supreme Court, in passing on the provision which Mr. Gregory recommended be inserted in the railroad supply contract, remarked that what a contractor does with his money is none of the government's business. In other words, while the courts have condemned the contingent fee contract, the Supreme Court left the question wide open by saying it was of no concern to the government what a contractor does with the money paid to him. In other words, he is free to pay commissions. No one other than a government official, it has often been suggested, would have the temerity to suggest that he should be informed as to what a creditor intended doing with the money the debtor intended paying him for the materials or articles furnished, not for the curiosity-consumed official, but for the government.

Representation for Short-Line Men.—Under the rule that prevails in "responsible" forms of government, as distinguished from the rigid cabinet type, the American Short Line Railroad Association would be entitled to recognition at the hands of either the President or the Railroad Administration in the appointment of a short-line section manager for the Railroad Administration. Twice the members of that association wrote parts of the federal control law that were opposed by the men pretending to be spokesmen for the Railroad Administration. The President's veto is the only legislative fact that prevented the federal control law being made in the form desired by the short-line men. It is not so sure now that when the matter again comes up the short-line men will not have votes enough to force the President to yield the views expressed by him in his veto message. The theory of the constitution makers was that the President's veto would save the country from the ill effects of popular clamor, put into the form of statutes. It was intended as a check on democracy because, as a deterrent, it is equivalent to the vote of two-thirds of the members in each house of Congress. Neither house has voted to pass the short-line provision over the veto, but there will be another fight. Inasmuch as the Prohibitionists have broken down the rule of the Senate forbidding general legislation on an appropriation bill, the way is clear for the short-line men, if they are so advised, to put the provision they desire to see written into the federal control law, in one or more appropriation bills as riders, and forcing the President to take it or disapprove a big supply bill.

Attacks on President-Made Rates.—It is not yet possible to make an estimate as to the number of attorneys who will participate in the argument, July 24, on the question as to whether the justness and reasonableness of rates initiated by the President must be determined on original complaints, or whether they may be determined on amended complaints challenging the superseded rates on the grounds that were set out before the rates were increased. It is taken for granted, however, that that is a live question for practically all the complainants who have cases pending before the Commission. The fact that there is war, it is submitted, does not relieve the pain a shipper feels on account of a maladjustment of rates, nor is it lessened by the fact that, in theory, the President exercised his judgment and said the attacked rate would be just and reasonable during the war. There is not a man in the country knowing anything about rates who does not know, as a matter of fact, that the President

knows no long about rate, and that he has to take the opinion of the railroad men surrounding the Director-General. There is not a shipper who objected to the fifteen per cent advance who does not believe that there was little necessity for the rates ordered into effect by No. 28, other than that created by the climatic conditions in the early part of the year. Surpluses are created to cover bad spots. Those coming over from 1916 and 1917 were very comfortable. They were big enough to make 1915 a comfortable year and do something toward leveling up 1914, which was bad all the way through. It is assumed that complainants will desire to continue their efforts to obtain more reasonable rates, and oppose any ruling by the Commission that will add anything to the expenses they have already incurred in the preparation of their cases. Therefore a fair attendance of attorneys is expected.

Some Interesting Questions.—The Commission's question box already is filled to overflowing. For instance, one of the queries that has come floating in from all quarters is as to whether there will be reparation on account of No. 28 rates changed since June 25. The oil people, in particular, are asking that. The Commission, as a condition precedent, would have to find the superseded rates unlawful in some particular before making an award of reparation. Another inquiry is as to tariffs filed by railroads not now under federal control but not yet relinquished at the time the tariffs were filed. The inclination among the Commission employes who have to do with such matters is to say that such tariffs are legally on file and the rates are prima facie reasonable, notwithstanding that they were increased after Jan. 1, 1910, as to which kind of rates carriers are under the burden of justifying. There are some roads that prepared tariffs and forwarded them and they actually reached the files before notice of relinquishment on a day prior to June 25 was received by the carrier. How the Commission is to be officially informed that some carriers have been relinquished is a point that nobody seems to have covered in any arrangements thus far made. The point may cause a smile on account of the well-known fact that the Railroad Administration is not caring much about the Commission. The point, however, may become important in litigation. The inclination is to say that such tariffs, even if actually on the files, are mere scraps of paper. But as to the road that was relinquished on June 25—what about its tariffs? Nobody has devised an answer to that query. One road has perfectly good No. 28 passenger fare tariffs, having filed them before June 10 and being relinquished before June 25, but its freight tariffs are the ones in effect before it made an honest effort to comply with No. 28, having the misfortune, however, to be cast into outer darkness some time between June 10 and June 25. In view of the fact that it lies in the territory for which the Commission prescribed passenger fares on a basis of 2.6 cents per mile, the query naturally arises as to whether the Commission, on complaint, would adhere to its ruling or decide that three cents a mile, after all, would be better basis. Entertainment for any rainy day can be provided for one's self by simply asking such questions. There is no limit to their number.

A. E. H.

A CORRECTION.

The Commission has ordered the reopening of Docket No. 9185, *W. Va. Rail Co. vs. P., C., C. & St. L. et al.*, instead of having denied further hearing, as was incorrectly stated in *The Traffic World* of July 13.

SHORT LINE SITUATION

The Traffic World Washington Bureau.

Max Thelen July 15 declined the offer of the appointment to be manager of the short line section in Director Prouty's division. He believes his work as surveyor of contracts, having to do with price fixing for supplies furnished for the government and the industrial establishment back of the fighting lines, is more important at this time than establishing on a more amicable basis relations between the government and the short lines. Director Prouty has a comparatively long list from which to choose a man for the place.

The senators from the south who put through the short-line resolution, vetoed by the President, have taken the bull by the horns, in that phase of the railroad question, by asking Director-General McAdoo to appoint, as manager of the short-line section of Director Prouty's division, Bird M. Robinson, president of the American Short Line Railroad Association. They did that without regard to the offer of the place to Max Thelen, and without undertaking to find out whether the latter had accepted or declined. They acted before Thelen said he would not take it. The notice that they desired to have Robinson made head of the section that will deal with the short lines was wired to Mr. McAdoo at San Francisco.

When the suggestion was made it seemed to some to lack propriety. That is, a few of the Railroad Administration officials who heard it suggested that by putting Mr. Robinson in office as the man to deal with the short lines in behalf of the government, the latter practically would be making the short lines the judge in their own cases. The reply to that was that the trunk lines are running the Railroad Administration, having had added to them all the authority the government possesses, which authority the short-line men are insinuating, if not actually charging, is being used to make the already hard lot of the short lines even harder, to such an extent, they assert, that the short lines will soon all be bankrupt and in condition to be bought up by the trunk lines, or by men who have an idea that if they can acquire the property they can persuade the Railroad Administration to take it over and pay something for the use of it.

Southern senators are in sympathy with the short-line men. They see the point about bankrupting the short lines so they can be purchased by the trunk lines or by men who believe they can acquire the property and then persuade the government to relieve them of the burden—at a good price for those who may buy the bankrupt roads.

Those interested in neither side of the controversy are inclined to think Max Thelen made a wise decision when he said he would not take the position. They figure there will be no thanks or credit for the man who makes deals respecting the short lines that will be fair for both the government and the feeding roads. Thanks from one side or the other would come only in the event the manager took one side or the other; that is to say, if the manager of the section always held with the connecting trunk line (on the theory that the government's interest is the same as the trunk line's), then the thanks of the trunk-line owners would be given him. Conversely, if he held with the short line, he would have the gratitude of that element and the disfavor of the trunk-line owners if the property of the latter is ever restored to them.

Contract With Short Line

The East Carolina Railway is likely to be the first railroad to make a contract with the government. It was re-

(Continued on page 132)



Decisions of Interstate Commerce Commission

(50 L. C. C., 309-313)

1891-1892 1893-1894 1895-1896 1897-1898 1899-1900

1. The purpose of this manual is to provide the user with the information necessary to operate the equipment safely and effectively. It is intended for use by the operator and the maintenance personnel.

2. The user should read this manual carefully before operating the equipment. It contains important safety information and instructions for use.

3. The user should follow the instructions in this manual to ensure the safe and effective operation of the equipment. It is the user's responsibility to read and understand the instructions.

4. The user should report any problems or malfunctions to the manufacturer or the maintenance personnel. It is important to keep the equipment in good working order.

5. The user should follow the instructions in this manual to ensure the safe and effective operation of the equipment. It is the user's responsibility to read and understand the instructions.

6. The user should report any problems or malfunctions to the manufacturer or the maintenance personnel. It is important to keep the equipment in good working order.

7. The user should follow the instructions in this manual to ensure the safe and effective operation of the equipment. It is the user's responsibility to read and understand the instructions.

8. The user should report any problems or malfunctions to the manufacturer or the maintenance personnel. It is important to keep the equipment in good working order.

9. The user should follow the instructions in this manual to ensure the safe and effective operation of the equipment. It is the user's responsibility to read and understand the instructions.

10. The user should report any problems or malfunctions to the manufacturer or the maintenance personnel. It is important to keep the equipment in good working order.

DIVISION 3

By item 7 on page 49 of supplement No. 15 to official
 statement I. C. C. No. 10, filed to take effect October
 1917, respondent's proposed action in connection with
 use of and dependent bus transportation and services on limited
 scheduled routes for passenger automobiles, together
 with a less than actual instance, would be for each body
 on protest of the F. A. Ames Company of Oxnard, Cal.
 The item was suspended until June 19, 1918. Various
 plans of passenger automobile bodies intervened to
 the above instance in the present instance.

The present and proposed ratings are as follows:

BEST RATED

[illegible]

ELIZABETH PATTON

L. C. C. L.	
1. <i>Thymus</i> <i>sp.</i>	
2. <i>Thymus</i> <i>sp.</i>	
3. <i>Thymus</i> <i>sp.</i>	
4. <i>Thymus</i> <i>sp.</i>	
5. <i>Thymus</i> <i>sp.</i>	
6. <i>Thymus</i> <i>sp.</i>	
7. <i>Thymus</i> <i>sp.</i>	
8. <i>Thymus</i> <i>sp.</i>	
9. <i>Thymus</i> <i>sp.</i>	
10. <i>Thymus</i> <i>sp.</i>	
11. <i>Thymus</i> <i>sp.</i>	
12. <i>Thymus</i> <i>sp.</i>	
13. <i>Thymus</i> <i>sp.</i>	
14. <i>Thymus</i> <i>sp.</i>	
15. <i>Thymus</i> <i>sp.</i>	
16. <i>Thymus</i> <i>sp.</i>	
17. <i>Thymus</i> <i>sp.</i>	
18. <i>Thymus</i> <i>sp.</i>	
19. <i>Thymus</i> <i>sp.</i>	
20. <i>Thymus</i> <i>sp.</i>	
21. <i>Thymus</i> <i>sp.</i>	
22. <i>Thymus</i> <i>sp.</i>	
23. <i>Thymus</i> <i>sp.</i>	
24. <i>Thymus</i> <i>sp.</i>	
25. <i>Thymus</i> <i>sp.</i>	
26. <i>Thymus</i> <i>sp.</i>	
27. <i>Thymus</i> <i>sp.</i>	
28. <i>Thymus</i> <i>sp.</i>	
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30. <i>Thymus</i> <i>sp.</i>	
31. <i>Thymus</i> <i>sp.</i>	
32. <i>Thymus</i> <i>sp.</i>	
33. <i>Thymus</i> <i>sp.</i>	
34. <i>Thymus</i> <i>sp.</i>	
35. <i>Thymus</i> <i>sp.</i>	
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37. <i>Thymus</i> <i>sp.</i>	
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46. <i>Thymus</i> <i>sp.</i>	
47. <i>Thymus</i> <i>sp.</i>	
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75. <i>Thymus</i> <i>sp.</i>	
76. <i>Thymus</i> <i>sp.</i>	
77. <i>Thymus</i> <i>sp.</i>	
78. <i>Thymus</i> <i>sp.</i>	
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80. <i>Thymus</i> <i>sp.</i>	
81. <i>Thymus</i> <i>sp.</i>	
82. <i>Thymus</i> <i>sp.</i>	
83. <i>Thymus</i> <i>sp.</i>	
84. <i>Thymus</i> <i>sp.</i>	
85. <i>Thymus</i> <i>sp.</i>	
86. <i>Thymus</i> <i>sp.</i>	
87. <i>Thymus</i> <i>sp.</i>	
88. <i>Thymus</i> <i>sp.</i>	
89. <i>Thymus</i> <i>sp.</i>	
90. <i>Thymus</i> <i>sp.</i>	
91. <i>Thymus</i> <i>sp.</i>	
92. <i>Thymus</i> <i>sp.</i>	
93. <i>Thymus</i> <i>sp.</i>	
94. <i>Thymus</i> <i>sp.</i>	
95. <i>Thymus</i> <i>sp.</i>	
96. <i>Thymus</i> <i>sp.</i>	
97. <i>Thymus</i> <i>sp.</i>	
98. <i>Thymus</i> <i>sp.</i>	
99. <i>Thymus</i> <i>sp.</i>	
100. <i>Thymus</i> <i>sp.</i>	

Parts that are nested	
• 1 case or 10 packages	3
• 1 case or 10 packages, of 12 minimum weight	
100 lbs	

* [Musical notation]

+ [Musical notation]

The foregoing ratings cover the so-called touring and roadster car bodies, which are of the open or folding-top type, as well as limousine, coupe, sedan, and other closed car bodies. The testimony in justification of the proposed increases was confined largely to the closed bodies, while protestants' testimony related principally to the open or folding-top type.

Respondents testify that at the time the present ratings were established practically the only bodies shipped were of the open or folding-top type, while the majority of bodies moving at the present time are closed bodies, which, because of their greater bulk and low weight density, should be accorded the proposed ratings. A statement of record shows that the dimensions of certain present-day automobile bodies, crated, which is the manner in which they are usually shipped range from 192 inches by 57 inches by 36 inches, or 108 inches by 56 inches by 34 inches to 114 inches by 72 inches by 72 inches; that the weight of the bodies per cubic foot ranges from 1.8 pounds to 5.3 pounds, and that their values per pound range from 9.6 cents to \$1.41. This statement covers 28 different bodies, 23 of which are of the closed type, the remaining 5, the only ones of 36 inches or less in height, being the open or folding-top type. Respondents insist that owing to the manner in which these bodies are usually crated, they are liable to injury by being scratched, and that only in rare instances is there available such freight as can be safely stowed around the crate without probability of damage to the body, the result being that in practice half a car is usually devoted to one of these bodies. They show that various other articles of great bulk and low weight density are classified four times that class, including bodies with standing tops for both self-propelled and non-self-propelled freight vehicles.

The justification of the proposed minimum of 1,000 pounds per carloads show that various other commodities, especially bulky articles requiring extravagant use of space when shipped in less than carloads, are subject to a minimum weight. They insist that even four times first class subject to a minimum of 1,000 pounds, when the entire half of a car is devoted to an automobile body, does not yield one half of the revenue derived on the average car of less than carload freight. To illustrate this it is testified that the average rating applicable to less than carload freight between New York and Chicago is approximately rule 25, and that the average load per car would be 12,000 pounds, that the rule 25 rate between these points is 67 cents per 100 pounds, which for 12,000 pounds would \$80.40 per car, that the first class rate between Chicago and New York is 50 cents, and an automobile body at four times first class and a minimum of 1,000 pounds would yield \$36, or slightly less than half the average car revenue.

Protestant manufactures passenger automobile bodies at Owenboro, and ships them in less than carloads to various destinations. These bodies are of the open or folding top type, are smaller than the average shown in respondents' statement, and weigh from 450 to 760 pounds. The folding tops are detached and shipped knocked down, and when crated these bodies do not generally exceed 36 inches in height, three of such bodies being readily loaded in one end of a car. The interveners represent manufacturers of automobile bodies and complete automobiles, and while they object to the proposed changes, they did not submit any definite information regarding bodies shipped by them in less than carloads, their shipments being apparently almost exclusively confined to carload lots.

As above stated, in proposing to increase the ratings in question and to provide an individual minimum of 1,000 pounds, respondents had under consideration the larger bodies. Protestant insists that it is unfair to apply the proposed rating and minimum weight to the smaller bodies. It shows that usually three of these bodies occupy less car space than is required for one body of the larger type and that the aggregate weight of three of the small bodies generally exceeds the weight of one of the larger bodies.

In the present item the word "unfinished" is restricted to apply on bodies "primed but not varnished," while in the proposed item this has been changed to "not finished," without definition. The rating on "unfinished" bodies was intended to cover bodies that had merely been primed or painted to prevent rust or corrosion in transit and had not been subjected to a baked enamel or lacquer coating. For respondents it was testified that a body that has been subjected to a baked coating, if scratched or otherwise marred to any extent, requires an entire recoating, which is not true of bodies that have not reached this further and more expensive stage of finish. They insist, therefore, that bodies that have been subjected to a baked coating present an element of risk of damage not present in shipping bodies which have not been subjected to this finish. The description "primed but not varnished" was not carried in the proposed item, for the reason that it did not properly describe the bodies it was intended to cover, and in some instances shippers insisted that this description covered bodies that had several coatings of enamel but not a final one.

Subsequent to the hearing respondents, in view of the facts developed, submitted the following proposed ratings and descriptions, which they now offer to establish in lieu of those under suspension:

L. C. L. C. L.

Vehicle parts:	
Automobile parts:	
Bodies:	
Passenger (see Note 1):	
Finished (further finished than prime, see Note 2):	
In boxes or crates:	
Packages exceeding 36 inches in height, actual weight but not less than 1,000 lbs. each	4tl ..
Packages not exceeding 36 inches in height	3tl ..
Loose or in packages, straight or mixed C. L., minimum weight 10,000 lbs. (subject to Rule 27) ..	1
Not Finished:	
S. U. or partially K. D.:	
Loose or in packages, exceeding 36 inches in height, actual weight but not less than 1,000 lbs. each	4tl ..
Loose or in packages, not exceeding 36 inches in height	3tl ..
Loose or in packages, straight or mixed C. L., minimum weight 10,000 lbs. (subject to Rule 27) ..	2
Completely K. D.:	
Parts not flat nor nested:	
Loose or in packages	1½ ..
Parts flat or nested:	
Loose or in packages	3 ..
Loose or in packages, C. L., minimum weight 10,000 lbs.	5

Note 1. The height measurement of the package, or of the body if shipped loose, is to be taken with the body in its natural upright position.

Note 2. The term "finished" will include any coating baked on.

Under schedules so framed there would be no increase in the present rating of finished bodies not exceeding 36 inches in height, or in those bodies unfinished and not crated or boxed, and there would be no minimum provision in connection with any such body. The present

rating of such bodies, unfinished and crated or boxed would be increased from double to three times first class but in all cases the ratings would be lower than those proposed in the suspended schedules. Bodies in excess of 36 inches in height would be increased in rating as proposed in the suspended schedules, subject to the 1,000 pound minimum. The suggested definitions of finished and unfinished bodies, except possibly under the note 2 apparently would not practically modify the present provisions, and in their entirety would be sustained by the evidence adduced.

We find that the less-than-carload ratings proposed in the suspended schedules as to bodies for passenger automobiles not exceeding 36 inches in height, in so far as they exceed three times first class, and the proposed minimum of 1,000 pounds as applicable to such bodies have not been justified, but that in all other particular the schedules have been justified. An order requiring the cancellation of the suspended schedules will be entered, but respondents will be permitted to file, effectively upon five days' notice, new schedules not inconsistent with the foregoing views and findings.

REPARATION ON LUMBER

An order of reparation has been made in No. 9369 Chicago Lumber & Coal Co. vs. Ala. Great Sou. et al opinion No. 5319, 50 I. C. C., 481-2, on account of illegal charges on a misrouted shipment of yellow pine from Epley, Miss., to Lattimer Mines, Pa. The misrouting was done by the Mississippi Central.

ROUTING OF LUMBER

The Commission has dismissed No. 8969, Southern Pine Lumber Company vs. A. C. L. et al, opinion No. 5301, 50 I. C. C., 423-4, holding that a carload of lumber from Midland City, Ala., to Bradley, Ill., had not been misrouted.

RATE ON PYRITES ORE

An award of reparation has been made in No. 9458 Gulfport Fertilizer Company vs. L. & N., opinion No. 5306, 50 I. C. C., 432-4, on account of an unreasonable rate on imported pyrites ore from Pensacola to Gulfport, Miss. The rate imposed was \$1.80 per net ton. The rate was subsequently reduced to \$1.20 per ton, hence no order for the future is necessary.

MISROUTING OF LUMBER

An order of reparation has been made in No. 9513 Hutton & Bourbonnais Company vs. Sou. Ry. et al, opinion No. 5307, 50 I. C. C., 434-5, on account of a misroute carload of lumber from Hickory, N. C., to Southport Plain, N. Y.

POULTRY, BUTTER AND EGGS

An award of reparation has been made in No. 9782 Swift & Co. vs. A. T. & S. F. et al, opinion No. 5311, 50 I. C. C., 479-80, because the rates imposed on carload shipments of dressed poultry, butter and eggs from Virginia to points east of the Indiana-Illinois state line were in excess of the combination to and from St. Louis.

FAILURE TO COMPLETE LOADING

The Commission has awarded reparation in No. 8084 Galagher Machinery Co. vs. B. & O. S. W. et al, opinion No. 5309, 50 I. C. C., 448-9, on account of the failure of the B. & O. S. W. to stop a car at Brighton, O., to complete the loading of a car partially loaded with electric machinery at Oakley, O., and consigned to Bingham. The failure forced the movement of the machinery at Brighton as an extra shipment. The total charges collected were \$480.70, on a basis which, the report of the Commission says, could not be discovered. If the car had been stopped for the machinery at Brighton the charge would have been only \$386.

RATE ON IRON RODS

In No. 9191, *F. S. Harmon & Co. vs. N. Y. N. H. & H. Co.*, opinion No. 5313, 50 I. C. C. 455-6, the Commission held as unreasonable the legally applicable rate on zinc plated or coated iron rods, carloads, from Wallingford, Conn., to Tacoma, Wash. The Commission found that a rate of \$1.90 was legally applicable, but the shipment had been carried on a rate of \$1.50. It condemned the \$1.90 rate as unreasonable and said that the \$1.50 rate should be made applicable to the kind of rod in question, brass-coated. The carriers were authorized to waive the undercharge.

CHARGES ON BRICK

An order of reparation has been entered in No. 9334, *Brick Supply & Construction Co. vs. Chicago, Peoria & St. Louis et al.*, opinion No. 5310, 50 I. C. C. 449-50, on account of unlawful charges on common building brick in Dow, Ill., to Sedalia, Mo.

RATES ON CRUDE BARYTES

In No. 9422, *New Jersey Zinc Co. vs. B. & O. et al.*, and in its fourth section applications Nos. 458, 5148, 1562, 12 and 1635, opinion No. 5405, 50 I. C. C. 429-31, the Commission held that the legally applicable rates on crude barytes from Cartersville, Ga., to Hazard, Pa., were and are unreasonable because in excess of 21.3 cents, minimum 1909. The sixth-class rate of 54 cents was collected. The complainant contended for a rate of 13.75 cents, or 25 per long ton. Reparation was awarded and tariffs are to be filed on or before September 3 putting into effect a lower rate.

RATE ON BABY WALKERS

The rate on baby walkers, K. D., in crates or bundles, C. L., from Walton, N. Y., to Tacoma, Wash., have been found unreasonable in No. 9397, opinion No. 5311, 50 I. C. C. 451-3, *F. S. Harmon & Co. vs. New York, Ontario & Western et al.* Double first-class was assessed on the commodity when in bundles and one and a half in crates. A finding of unreasonableness was because baby walkers in crates were in excess of first class and those in bundles in excess of one and a half times first class. The rates found reasonable are to be established on or before September 2.

RATE ON LUMBER

An award of reparation has been made in No. 9767, *Missouri Southern Lumber Co. vs. C. & N. W. et al.*, opinion No. 5312, 50 I. C. C. 453-4, on account of an illegal rate on lumber from Laurel, Miss., to Des Plaines, Ill.

RATES ON NAILS

CASE NO. 9371 (50 I. C. C. 416-418)
PARKERSBURG RIG & REEL COMPANY ET AL. VS. KANSAS, TOPEKA & SANTA FE RAILWAY COMPANY ET AL.

Submitted June 7, 1917. Opinion No. 5309.

Rate on nails, when shipped in mixed carloads with oil well outfits and supplies from Parkersburg, W. Va., and St. Louis, Mo., to certain points in Kansas, Wyoming, Oklahoma, Texas and Louisiana, found to be unreasonable. Reparation denied.

DIVISION 3:

Complainants are corporations, engaged in the manufacture of oil well outfits and supplies at Parkersburg, W. Va., and St. Louis, Mo. By complaint, filed Dec. 9, 1916, they alleged that the fourth class rates, governed by Western Classification, charged by defendants on certain carload shipments of nails in mixed carloads with oil well outfits, from Parkersburg, and St. Louis to certain points in Kansas, Wyoming, Oklahoma, Texas and Louisiana are unreasonable and unjustly discriminatory. Reparation is asked.

Complainants ship rig iron outfits, comprising the machin-

ery or working parts of an oil-well drilling outfit, principally of iron or steel, but including bull wheels, band wheels, tug pulleys and calf wheels made of wood and shipped in parts, usually without engine, boiler, or drilling tools, in mixed carloads, at the Western classification class A rating applicable on "oil-well outfits and supplies," minimum 36,000 pounds. Each shipment includes such bolts as are necessary to assemble or attach the working parts, together with a given quantity of nails. The bolts, although not mentioned in the classification item, are admitted to the mixture as parts of the rig iron outfits, but the nails, at least within approximately two years prior to the filing of the complaint, have been charged the less-than-carload fourth class rates. Derricks, wooden or steel, K. D., are specifically embraced in the classification description of oil-well outfits and supplies, but are seldom, if ever, shipped by complainants. The nails are used principally in the construction of the derricks, but to some extent are used in assembling the bull and calf wheels. Bolts also are used for the latter purpose and to some extent in derrick construction. All, if shipped together, would be covered by rule 15 of the classification, reading as follows:

Parts, or pieces, constituting a complete article, received as one shipment, on one bill of lading, will be charged at the rating provided for the complete article.

The mixture of oil-well outfits and supplies has been carried in Western Classification since 1891. The present description was made effective in February, 1915, as the result of a conference of the Western Classification Committee with representatives of various oil-well supply houses.

Catalogue specifications for an ordinary outfit, weighing about 5,000 pounds, include from 400 pounds to 450 pounds of nails of designated sizes, and for an outfit weighing 10,020 pounds, 500 pounds of nails. From 6 to 12 outfits are shipped in a car, together with from 2,400 pounds to 4,800 pounds of nails, in kegs. During the year ended April 1, 1917, one complainant shipped into the designated territory 314 carloads of rig iron outfits, with a total weight of 14,657,802 pounds, an average of 46,680 pounds per car, or 10,680 over the minimum. The nails therefor were merely in addition to a loading already in excess of the required minimum.

There are 126 articles in the present classification description, and it was intended to cover all articles which go to make up a well-digging machine. These articles when shipped in less-than-carload quantities are variously rated from first class to fourth class, approximately one-half being rated second class or higher. Nails are shipped in kegs and bolts in boxes, and both are rated fourth class in less than carloads, and fifth class in carloads. The fifth class rates in Western Classification territory are generally lower than the class A rates, applicable on the mixture to which it is desired to add nails. When the rig irons are shipped in less-than-carload quantities the nails are included as part of the outfit, and the third class rates, applicable to the outfits, are assessed on the entire shipments, without tariff authority, as far as disclosed. For defendants it is admitted that there is no difference, from a transportation standpoint, in handling nails in mixed carloads with oil well supplies and in straight carloads, and that the risk of damage is no greater; but it is urged, principally, that the admission of nails to the mixture might lead to a demand for their inclusion with such other articles as houses, shipped in sections, or box shooks, or lumber; that the nails may be used for other purposes, such as the building of shelters and platforms; and that, unless shipped in connection with and for the assembly of derricks, nails do not constitute a necessary part of the outfit.

While it is also contended that provision is made in the mixture for the wooden wheels, set up, but not knocked down, the description makes no limitation as to the method of shipment, and it therefore appears that nails used in the assembling of such wheels might properly be shipped under rule 15, as part of the complete article.

For complainants it is argued, among other things, that nails are now included in some mixtures, such as roofing paper and derrick lumber when shipped as part of an oil-well outfit; that other articles included in the mixture, such as boilers, rope and belting, could be used for other purposes; and that a sufficient quantity of nails is not

included for any other purpose than the construction of the wheels and derrick.

Nails, when included with building paper, are sealed in the roll and carriers have declined to authorize shipments at less than the building paper rate.

Complainants now ship in carloads and from their own plantations, and the carriers are therefore performing a carload service and charging less-than-carload rates on a portion of the shipment, which, if shipped in carload quantities, would take a lower rating than that on the mixture. The Commission has previously pointed out the desirability of liberal provisions for mixing and the consolidation of small shipments into carload lots. Western Classification Case 35 I. C. C. 442, 471, Mixed Carloads of Lime, Cement and Plaster, 34 I. C. C. 124. In the latter case we required the maintenance of such a provision, upon the basis of the highest rated article in the mixture.

We find that it is unreasonable to rate nails comprising part of a shipment consisting of rig-iron outfits higher than the rating on the rig-iron outfit and that the rates assailed on the nails shipped with rig-iron outfits, parts of oil-well outfits and supplies in carloads, in quantities sufficient to construct the wheels of a rig-iron outfit and the derrick to be used in connection therewith, not exceeding 100 pounds for each such outfit, are, and for the future will be, unreasonable to the extent that they exceed or may exceed the rates contemporaneously applicable on mixed carloads of oil-well outfits and supplies.

The rates charged on shipments of nails are not shown to have been intrinsically unreasonable or to have resulted in undue prejudice to complainant. Reparation is denied.

An appropriate order will be entered.

RATE ON CIGAR-BOX LUMBER

CASE NO. 9249 (50 I. C. C., 465-468)
KNOPKE BROTHERS VS. CHICAGO & ALTON RAILROAD COMPANY ET AL.

Submitted March 22, 1917. Opinion No. 5315.

Rate on Spanish cedar cigar-box lumber, in carloads, from Brooklyn, N. Y., to Denver, Colo., found to have been unreasonable. Reparation awarded.

BY DIVISION 3:

Frank J. Knopke and Charles J. Knopke, copartners, engaged in manufacturing cigar boxes at Denver, in this complaint, filed by them on September 19, 1916, allege that the rate charged by the defendants on a carload of Spanish cedar lumber shipped on August 28, 1914, from Brooklyn to Denver, was unreasonable, unjustly discriminatory, and unduly prejudicial to the extent that the component from the Mississippi River to Denver exceeded the rate contemporaneously applicable on common lumber. They ask reparation and the establishment of a reasonable rate.

The claim was presented to the Commission informally on January 12, 1916. On March 21, 1916, the complainants were advised that the claim could not be informally adjusted. A formal complaint was received on September 19, 1916, but was returned solely for the addition of a participating carrier east of Chicago as a party defendant. The amended complaint was received by the Commission on October 10, 1916. The defendants contend that the claim should be considered as abandoned because the complaint was not "filed" within six months after notice that the claim could not be informally adjusted. We find that the complaint as originally received was sufficient to stop the running of the statute. A part of this lumber belonged to the complainants and a part to one F. R. Perralt. Under a private arrangement between them, and in order that their two less than carload lots might have the benefit of the carload rate, all the lumber was billed as one shipment and consigned to the complainants only. It was what is commonly known as a consolidated carload shipment. As to Perralt's part of the shipment the complainants, as consignees of the whole shipment, were therefore his shipping agents or representatives. The charges against the complainants, as consignees of the shipment, were paid in one sum to the defendants by a joint friend, as it happened, of Perralt and of the complainants, this being done as an accommodation to them. As the complainants alone were parties to the transportation records, they alone filed the complaint. In it, however, they demanded reparation on the entire consolidated carload, taking that course, so

far as Perralt's portion of the shipment was concerned as his agents and representatives. Under these circumstances we think that Perralt's interest in the claim when made known of record by him at the hearing more than two years after the charges had been paid, is not barred by the statute, and that the order awarding relief may run in favor of Perralt to the extent, pro tanto, of his interest in the shipment.

The shipment, weighing 37,400 pounds, consisted of 87,662 feet of Spanish cedar cigar-box lumber, of which 38,275 feet were owned by Knopke Brothers and the balance by Perralt. The lumber was about three-sixteenths of an inch thick, from 5 to 11 inches wide and from 4 to 20 feet long, and was packed in bundles of from 100 to 200 feet each. It moved over the lines of the Erie system to Chicago, Ill., Chicago & Alton Railroad to Kansas City Mo., and Union Pacific Railroad beyond. Charges were collected in the sum of \$508.64, at the applicable combination rate of \$1.36 on Spanish cedar, composed of the fifth-class rate of 35 cents to the Mississippi River, governed by the official classification, and the third-class rate of \$1.01, governed by the western classification, beyond. There was contemporaneously in effect over the route of movement from the Mississippi River to Denver a commodity rate of 32½ cents on common lumber, including box shooks, and a rate of 3 cents over the lumber rate on built-up or combined wood, including veneered cigar-box lumber. These rates are still in force. There was also an ocean-and-rail rate of 56½ cents on cigar-box lumber imported or domestic, from Brooklyn to Denver, which has since been canceled, the present rate being \$1.45. A proportional fifth-class rate of 62 cents, applicable on traffic originating east of the Indiana-Illinois state line canceled January 1, 1915, and a local fifth-class rate of 63 cents, were contemporaneously effective from the Mississippi River to Denver. On September 1, 1916, the western classification established a rating of fifth class on cigar-box lumber in carloads.

Defendants maintain that fifth class is reasonable on cigar-box lumber. The Union Pacific expressed a willingness to join in making reparation on the basis of the subsequently established rate, if the claim is not barred by the statute of limitations.

Spanish cedar is listed as a wood of value in the western classification, and a higher rate thereon than on common lumber is justified. Spanish cedar box lumber is from around 25 to 100 per cent more valuable than veneered cigar-box lumber, depending on the grade or quality of each. Veneered cigar-box lumber is subject to damage from wetting, because of the tendency of the veneer to peel off, but the Spanish cedar is also liable to warp when wet. There is a considerable movement of veneered cigar-box lumber, but complainants' shipment seems to have been the only carload of Spanish cedar ever moved into Denver over the Union Pacific. There is no such difference in transportation conditions, however, as to justify the wide difference in rates on Spanish cedar cigar-box lumber and veneered cigar-box lumber at the time of movement. The rate charged yielded earnings of approximately 44 1-5 cents per car mile and 2 1-3 cents per ton-mile for the movement west of the Mississippi River, 854 miles. The contemporaneous 62-cent rate would have yielded earnings of approximately 27 cents per car mile and 1½ cents per ton-mile for the same movement.

The relationship that should be maintained between the rates on cigar-box lumber and other lumber is now before us in Docket No. 8131, In the Matter of Rates on and Classification of Lumber and Lumber Products, and will be left for determination therein.

We find that the rate assailed was unreasonable to the extent that the component west of the Mississippi River exceeded the contemporaneous fifth-class rate applicable on traffic originating east of the Indiana-Illinois state line—that complainants and Perralt made the shipment as described and paid and bore the charges thereon in the sums of \$222.20 and \$286.44, respectively; that they were damaged to the extent that the charges paid exceeded those that would have accrued at the rate herein found reasonable; and that they are entitled to reparation in the sums of \$63.72 and \$73.14, respectively, with interest.

An order awarding reparation will be entered, but no order for the future is necessary.

HALL, Commissioner, dissenting in part:

I am unable to agree with the majority report in so far

	Rating	Overload min. weight, pounds
Timber joists for boarding partitions	5	36,000
Flamingo stone, cut and dressed, granite, marble		
Not dressed	6	36,000
Dressed	5	36,000
Flamingo brick, tile, granite, granite, slate	5	36,000
Flamingo brick, tile, granite, granite, slate		
rough dressed blocks, tile, hollow, handing or boarding	6	36,000
Slate, other than rough dressed, tile, flooring or paving quantities	5	36,000

Complete set of flooring	4	\$0,000
Complete set of	6	40,000
Complete set of	4	40,000
Complete set of	4	30,000
Complete set of	4	24,000
Complete set of	5	24,000

In an exhibit filed by the complainants there is shown the number of tons of terra cotta shipped into each state from factories located in what are called the central and eastern divisions. The central division includes factories at Chicago, Denver, Indianapolis, Kansas City, and St. Louis, the eastern division includes factories at Atlanta, New York, Corning, Long Island City, Philadelphia, and Newton, the latter point being in the State of Pennsylvania. From this exhibit it appears that the product of plants in the central division is marketed largely in the states of Indiana, Illinois, Iowa, Missouri, and Wisconsin, the eastern plants dispose of their output largely in the states of New York and Pennsylvania, while users of terra cotta in the states of Ohio and Michigan draw their supply in about equal quantities from both divisions.

Upon the whole record, we are of the opinion that the fifth-class rating on terra cotta for building purposes is not unreasonable. The demand for reparation, being based solely upon that contention, must therefore be denied. There is no evidence to show that difficulty is experienced in loading to the required carload minimum weight, exhibits filed by the complainants showing that cars were usually loaded far above the required minimum weight. We regard it, however, as unduly prejudicial for these defendants to apply second-class rates on shipments of terra cotta, loose, in lots of 10,000 pounds or more when made by complainants from their shipping points while applying rates based on fourth class to similar shipments from eastern points of production. An order will be entered in conformity with the above views.

JOINT RATES ON VEGETABLES

CASE NO. 9690 (50 I. C. C., 436-447)
EASTERN SHORE OF VIRGINIA PRODUCE EX-
CHANGE ET AL. VS. ADIRONDACK & ST. LAW-
RENCE RAILROAD COMPANY ET AL.

Submitted June 6, 1918. Opinion No. 5308.

Joint rates on vegetables, in carload lots, from wharves on the eastern shore of Virginia by boat to Baltimore and Crisfield, Md., and thence by rail to western, northern and eastern points, found to be not unreasonable or unduly prejudicial. Complaint dismissed.

Division 3, Commissioners Harlan, Hall and Anderson.

This proceeding brings in issue the propriety of rates by water and rail which exceed the rates by rail from near-by, cross-country, points.

Complainants are the Eastern Shore of Virginia Produce Exchange, a corporation organized to market farm products grown in Accomac and Northampton counties, Va.; individual stockholders in the exchange; and shippers located in these counties, but not members of the exchange. They attack the present level of rates on vegetables, in carload quantities, from wharves in the counties named to points in central freight association, in trunk line, in New England, in Canadian, and in western trunk line territories. Rates to certain specific points, such as Philadelphia, Pa., New York, N. Y., and Washington, D. C., are also attacked. It is charged that rates on vegetables from wharves in these counties to the destinations named are unreasonable, unduly prejudicial, and should not exceed certain amounts set forth in the petition. Reparation is asked on all shipments forwarded since May 31, 1916.

Accomac and Northampton counties are known as the eastern shore of Virginia and occupy the southern portion of a peninsula between the Atlantic Ocean and Chesapeake Bay. The width of mainland in these counties is about 8 miles and the only rail carrier serving them is the New York, Philadelphia & Norfolk Railroad, which follows the median line of the peninsula. Complainants ship vegetables from 12 wharves on the Chesapeake Bay side, of which Concord and Morleys, in Northampton county, are the most southerly, and Poplar Cove and Onancock, in Accomac county, the most northerly. Directly east of these wharves are Exmore and Tasley,

inland stations on the railroad. Harborton is representative of all the wharves and Onley of all the rail stations, for the wharves are in one rate group and the rail stations are in another. The wharves are served only by the Pocomoke River and Occohannock River boat lines of the Baltimore, Chesapeake & Atlantic Railway Company, hereinafter referred to as the defendant, which is owned and controlled by the Pennsylvania system. The rail line serving the inland stations is also owned by that system.

Complainants attack rates on potatoes, sweet potatoes, onions, and cabbages, and the testimony deals mainly with shipments of potatoes; for these move in greatest volume. In carload lots all these vegetables take fifth-class rates under the official classification; and specific rates per package, when published, are based upon estimated weights of packages and the fifth-class rates. Our attention is called to carload rates in cents per 100 pounds on potatoes and mainly to rates to western points.

The rate adjustment, which brought on this complaint, results in rates on potatoes from these wharves that are generally 3 cents higher than the rates from inland stations on the railroad. Prior to April 1, 1916, rates from the wharves were the same as from the rail stations. From the wharves traffic moves by steamer to Baltimore, Md., a distance of about 150 miles, where it is transferred to the defendant's rail connections. When the volume of traffic is very great, a part moves by steamer, or scow, to Crisfield, Md., a distance of about 32 miles. At Crisfield it is transferred to the New York, Philadelphia & Norfolk Railroad and moves over a branch of that line to the main line at Kings Creek, Md., and thence north through Delmar, Del., to the connections of that road. Rates from all points south of Delmar, including Kings Creek and Crisfield, are the same as from Onley and from other cross-country stations near the wharves. The Crisfield gateway was opened in 1915, and the movement beyond Kings Creek is the same whether the traffic originate at Harborton or at Onley.

A part of the record is taken up with theories of rate making in accordance with which the complainants propose certain specific rates from these wharves. Rates so suggested are the rates from Baltimore plus an arbitrary of 1 cent to western trunk line, central freight association, and New England territories; and plus 2 cents to trunk line and Canadian territories. These suggestions rest upon the fact that the normal gateway for this traffic is through Baltimore; they do not take into consideration the Crisfield route; and rates so proposed are substantially less than rates from Onley. The suggested rates are upon a basis which is materially lower than was ever in effect, and are urged by complainants on the ground that water-and-rail rates ordinarily are somewhat less than all-rail rates from the same place. It should be noted in passing that these boat lines and the rail line serve the same territory, but do not serve the same points therein; that the Crisfield gateway is necessary to relieve congestion of traffic during the busy season; that rates from points on the eastern shore equidistant with Crisfield from Kings Creek have been approved by the Commission; and that the establishment of lower rates from these wharves than from Onley, Kings Creek, and Crisfield would result either in the closing of the Crisfield gateway or in the violation of the long-and-short-haul clause of the fourth section. However, the statute places the duty of initiating rates upon the carriers, and this duty they have performed. The defendants assumed the burden of proof to show that the present rates, which in substance are rates which have been increased since January 1, 1910, are just and reasonable; and unless it be found that the carriers have failed to sustain the burden of proof it will not be necessary further to discuss the methods of rate making suggested by complainants.

Prior to 1884 traffic from the eastern shore of Virginia moved only by boats. During that year the rail line was completed and produce moved from many points either by water or by rail. Baltimore was the main gateway for shipments by water; Wilmington, Del., was the gateway for shipments by rail. The Baltimore, Chesapeake & Atlantic Railway Company was organized in 1894 and acquired certain properties, including the steamer lines from these wharves to Baltimore. Joint rates from the

wharves to all points here considered were established by 1897 and resulted in lower charges on all shipments. In 1899 the Pennsylvania system acquired a controlling interest in the defendant. It is not necessary to enter into a more detailed account, for on July 30, 1915, the Commission issued its report, known as Steamer Lines on Chesapeake Bay, 35 I. C. C., 692 (The Traffic World, Aug. 28, 1915, p. 514), and on pages 697 to 699 of that report the history of the steamer lines is set forth. On page 701 the Commission said:

"Upon the record we do not find that the existing services by water operated by the Baltimore, Chesapeake & Atlantic between Baltimore and points . . . on the eastern shore of the Chesapeake Bay and points extending therefrom are being pointed out in the interest of the public and are of advantage to the convenience and comfort of the people and that an extension of the time during which such services may continue will, under existing conditions, prevent, nor reduce competition on these routes by water."

The application of the defendant for leave to continue the operation of its boat lines was denied and the order which accompanied that report required the discontinuance, effective April 1, 1916, of the operation of its steamers between Baltimore and points on the Pocomoke and Occoquan rivers on the eastern shore of Chesapeake Bay. In obedience to that order the defendant canceled all rates effective March 31, 1916, and held itself ready to make proper disposition of the boats.

However, as no one offered to buy these boats or to establish an independent service between the wharves and Baltimore, on these routes by water there was neither competition nor service in prospect after March 31, 1916, and in the early part of that year certain shippers and receivers located on the eastern shore of Virginia and in Baltimore, fearing the threatened lack of service, made applications to the carriers and to this Commission for a continuation of the operation of these boats by the defendant. These applications resulted in an order dated March 29, 1916, that the effective date of the order of discontinuance be postponed until further ordered, pending consideration and disposition of the petition that the said proceeding be reopened for further hearing.

The net operating revenues of the defendant for the years 1910 to 1915, inclusive, are shown on page 698 of that report. If we confine our attention to the net operating revenues of the Pocomoke River and Occoquan River lines there shown the statement would seem to be fairly satisfactory, although defendant's net boat revenues as a whole showed serious decreases. For the year 1914 the net operating revenue of the Pocomoke River line was \$27,974.24 and of the Occoquan River line \$3,278.71, a total of \$31,252.95. In 1915 the operation of the Pocomoke River line resulted in a net loss of \$3,201.34 and the net operating revenue of the Occoquan line was \$20,420.58, or a total net revenue for the two lines of only \$17,219.24. These results were before the defendant and its owning and controlling system when they were requested to continue the operation of the steamers on Chesapeake Bay; and it was with these matters in mind prior to the new establishment of through routes and joint rates that they notified the parties and the Commission that the resumption of steamer services should be accompanied by a reasonable increase in rates in cases where the existing rates were not compensatory.

The order of the Commission making it possible to continue the services of these boats was issued March 29, 1916, two days before the cancellation of all rates became effective and the defendant at once attempted to provide rates to take care of traffic which might be offered. As soon as possible local and proportional rates were published. Joint rates on potatoes to western points were made effective June 1, 1916, and shortly thereafter to other points here involved. The complaint attacks proportional rates from the wharves to Baltimore as a part of the only through rates in effect from March 31, 1916, until June 1, 1916. Complainants ask reparation on shipments which moved after May 31, 1916, and little was said at the hearing concerning these proportional rates. The record is clear that no potatoes, certainly none in volume, ever moved from these wharves as early as the 1st of June. For these reasons we shall not pause to consider the through rates in effect prior to the potato movement of the year 1916, nor shall we further consider the proportional rates now in effect from the wharves to Baltimore.

Prior to March 31, 1916, rates to western points from all wharves served by the defendant, including those named herein, were made by adding arbitraries of 6 cents on classes 1 and 2 and 2 cents on the remaining classes to the rates from Philadelphia. After June 1, 1916, rates from these wharves, and from all other wharves served by the defendant, were still based upon Philadelphia; but the arbitraries were 10 cents on classes 1 and 2 and 5 cents on the other numbered classes. The arbitraries added to the rates from Philadelphia to make rates from points on the New York, Philadelphia & Norfolk, represented by Onley, have not been changed; they are the same as formerly were used to make the rates from Harborton. Defendant claims that the increased arbitraries from the wharves were and are necessary to give it reasonable compensation for its services; and that these increases were made upon the basis of the rates formerly in effect from the wharves plus arbitraries, which accrue to it exclusively, of 4 cents on the first two classes and 3 cents on the remaining classes.

As of the time of hearing the rate adjustment from Harborton, New York, and Onley to points in central freight association territory is shown in Table No. 1; it is shown from Onley and from Harborton to other points in Table No. 2.

TABLE NO. 1.—FIFTH-CLASS RATES AND MILEAGES TO CENTRAL FREIGHT ASSOCIATION TERRITORY.

To—	From Harborton		From New York		From Onley	
	Rate, Cts.	Miles	Rate, Cts.	Miles	Rate, Cts.	Miles
St. Georgeville, O.	21.5	530	21.5	489	21.5	533
Ashland, O.	27.5	612	8.8	525	21.5	615
Cleveland, O.	28.5	625	9.1	579	26.5	628
Cashington, O.	29.5	609	9.7	565	26.5	612
Zanesville, O.	29.5	639	9.2	598	26.5	642
Macedonia, O.	30.5	662	9.2	621	27.5	665
Columbus, O.	31	678	9.1	635	28	681
Detroit, Mich.	31	806	7.7	641	28	809
Findlay, O.	32	741	8.6	697	29	741
Ch. Groves, O.	32	724	8.8	683	29	727
Balsam Lake, O.	32.5	732	8.8	689	29.5	735
Springfield, O.	33	723	9.1	690	30	726
Dayton, O.	33	748	8.8	705	30	751
Greenville, O.	33.5	773	8.7	730	30.5	776
Chattanooga, O.	34.5	807	8.7	751	31.5	797
Fort Wayne, Ind.	34.5	807	8.8	753	31.5	810
Jackson, Mich.	36	819	8.8	715	31	822
Indianapolis, Ind.	36.5	858	8.5	817	33.5	861
Mazon, Ind.	37	836	8.3	793	34	839
Battle Creek, Mich.	37.5	860	8.7	789	34.5	863
Ligonier, Ind.	38	876	7.8	801	35	879
Chicago, Ill.	39	955	8.1	912	36	958
Vandalia, Ind.	42	1,046	8.0	991	39	1,019
Decatur, Ill.	42.5	1,012	8.2	991	39.5	1,035
Springfield, Ill.	43.5	1,051	8.1	1,030	40.5	1,074
Freeport, Ill.	43	1,068	8.2	1,027	41	1,071

TABLE NO. 2.—FIFTH-CLASS RATES AND MILEAGES TO TRUNK LINE, NEW ENGLAND AND CANADIAN POINTS

To—	From Onley		From Harborton*	
	Rate, Cts.	Miles	Rate, Cts.	Miles
Cumberland, Md.	21.5	111	28	143
Harborsburg, W. Va.	25	663	7.5	532
Chickasaw, W. Va.	24.5	596	8.3	451
Hammonds, Pa.	21.5	242	17.7	205
Charmersburg, Pa.	23	298	15.4	302
Albion, Pa.	24.5	373	13.1	377
Perryville, Pa.	24.5	490	10	494
Meersdale, Pa.	24.5	448	10.9	364
Waverly, Pa.	26.5	418	12.6	422
Rocheater, N. Y.	26	598	8.7	602
Lynn, N. Y.	26	503	10.2	507
Buffalo, N. Y.	27.5	562	9.8	566
Gene's Falls, N. Y.	29.5	601	9.8	605
Roseton, Mass.	29.5	505	11.7	573
Montreal, Quebec	34.5	1,008	6.8	819
Tomboro, Ontario	35.5	675	10.5	683
Philadelphia, Pa.	129	193	18.1	260
New York, N. Y.	131.2	291	14.2	359
Washington, D. C.	34	255	18.8	200
Average	25.7	482	11.9	463

*The rates to Baltimore, Md.

†Net barrel weight of barrel, 165 pounds.

The defendants assert that the level of rates from Onley and from other rail stations on the peninsula to points in central freight association territory is lower than it might reasonably be and refer to the report of the Commission in Eastern Shore of Virginia Produce Exchange vs. R. R. Co., 40 I. C. C., 328 (The Traffic World, July 22, 1916, p. 192). On page 333 the Commission said:

The produce exchange handles approximately 60 per cent of all the produce shipped from the eastern shore of Virginia. From all points east of the railroad shipments are made mainly by rail. This is true also of points west of the railroad south of Exmore and north of Tasley. Only for a little more than 14 miles of the 58 miles of rail line in the eastern shore of Virginia can there be any real competition for traffic between the rail line and these steamers. Confining our attention to white and sweet potatoes, onions and cabbages, the statistics filed by complainants show that of the total traffic handled by the produce exchange, by rail and by steamer, the steamers carried 12.45 per cent in 1913; 13.09 per cent in 1914; 12.72 per cent in 1915; 16.15 per cent in 1916; and 12.92 per cent for the 10 months in 1917. And the

The prevailing costs of labor and materials which have been the support of the world by the European war are so generally distributed that it is only necessary to sum-

The rates on hollow building blocks from manufacturing points in Pennsylvania to Atlantic seaboard cities are the same as the rates on brick, and are predicated to the rate from Chicago to New York as the base. In Metropolitan Paving Brick Co. vs. Ann Arbor Paving Brick Co., the court prescribed a rate of 21 cents per 100 pounds, or \$4.20 per ton, on brick from Chicago to New York, and held that this rate should be scaled down from and to intermediate and related points in accordance with the established percentage basis applicable between central freight association and eastern trunk line territories. This base rate of \$4.20 per ton was increased 5 per cent, to \$4.41 per ton, following the second decision in The Five Cent Case, which held that the rate from Chicago to Boston called for 60 per cent point; consequently the rate from this district to New York is \$2.66 per ton. East of Pittsburgh the carriers break away from the regular percentage basis. Here the territory is divided into groups, the rates from which are differentially related to the rate from Chicago to New York. The rates from Chicago to Boston are differentials of 40 cents per ton over, and to Philadelphia and Baltimore, of 40 cents and 60 cents per

...from an exhibit filed ... via the Penn- ... from the producing ... and also from other ... in the various origin

While admitting that the exclusion of Brookville from the Reynoldsville group "indicates rather bad grouping," the single witness for respondents defended the present group adjustment on the ground that it is one of long standing, and on the further ground that the lines between groups must be drawn somewhere. In respect to the first ground the witness for complainant testified that during certain periods in the past, the same rates had applied from Brookville as from other points in the clay zone. A check of the tariffs shows that for at least four years prior to March 15, 1912, Brookville took the same rates as Reynoldsville to New York, thus indicating that Brookville was formerly included in the Reynoldsville group, and further that the present group adjustment is not a long-established one. In respect to the second ground it may be laid down as a general rule of action that in establishing the boundary lines of groups, some measure or principle, such as radial or operating distance, competition, character of freight, physical features of the country, and the location of transportation lines, should be followed. Brown vs. Vandalia R. R. Co., 41 I. C. C., 317, 320. The exclusion of Brookville from a common rate group with the other clay zone points can be justified on none of these grounds. The difference in distance as between Brookville and the other clay zone point is slight, being much less than the distance spread between the extreme points in the Reynoldsville group, and between the nearest and most distant points in the destination groups. In fact, the differences in distance between Brookville and the other clay zone points are so small that, considering the total distances to the destinations, they may be disregarded. Brookville products compete with the products of the other clay zone points, but, according to the testimony of complainant's witness, they do not compete with the products of the other points now included in the Brookville group. The plants at New Bethlehem, Sligo, Climax and St. Charles

[illegible]

Defendants' justification of the reasonableness of the increased rates from Brookville is based upon the proposition that hollow building blocks properly take the same rates as brick in this territory. In *Stowe-Fuller Co. vs. Pennsylvania Co.*, 12 I. C. C., 215, the Commission held that the same rates should apply on fire, building and paving brick from certain producing points in Ohio to New York and other eastern destinations. In the *Metropolitan Paving Brick Company Case*, supra, with which was consolidated a rehearing of the *Stowe-Fuller Case*, supra, this question was again considered on a very complete record and the same conclusion reached. In pursuance of what they regarded as the spirit of those decisions, the carriers applied the same rates on a long list of other build-

other manufacturing points in the Brookville group, or out materials which differ from the hollow building block manufactured by complainant. The New Bethlehem plant manufactures salt glazed brick and the Sligo, Pa., and St. Charles plants, common firebrick, building bricks which it is stated are not generally used for the same specific purposes as, and therefore not competitive with hollow building blocks. Furthermore, the clay found underlying the country around the other points in the present Brookville group is not the same as that the zone in which Brookville is located.

The distances from Bradford, Lewis Run and Olean to New York are less via the Erie Railroad than via the Pennsylvania Railroad. The latter line therefore contends in the adjustment of these points in the Reynoldsville group is due to the competition of the Erie, which rail does not reach Brookville. The difference in distance between these two lines from the points mentioned is not as great as that between the nearest and most distant points in the destination groups. There are numerous points which take New York rates via the Pennsylvania which do not take New York rates via the Erie. The witness for the Pennsylvania was not in position to state whether or not the Erie was actually responsible for the inclusion of these points in the Reynoldsville group, and used for defendants in oral argument before the presiding examiner admitted that they had not been able to get the facts which would verify their contention, although it did appear that the Erie was responsible for the group adjustment of the points referred to, the argument presented by the distance opened between Brookville and the other clay zone points and the distance road between the destination group points is so marked at every step, would could be given to the contention, a distance to New York from Brookville is 4 miles less than from Harris, and only slightly greater than that from other points in the northern part of the Reynoldsville group, which are not reached by the Erie Railroad elsewhere, the Erie does not reach Philadelphia and Baltimore.

It is interesting to compare the group adjustment to other railroad cases with that to support and continuing rates in New York and Pennsylvania some of which are referred to in the destinations involved herein. For example, the rates from Brookville and Reynoldsville to Chicago, Rochester, Syracuse and Albany, N. Y., and to other points in Pennsylvania just beyond the easterly edge of a Reynoldsville group, are the same. The same adjustment appears to the west. To most points in Cleveland, Toledo and Chicago the rates from Brookville and Reynoldsville are the same. Complainant states that on intrastate traffic to Pittsburgh the rates from Brookville and Reynoldsville are the same. It would be true the same intrastate rates exist in Reynoldsville, and also the same rates exist from the points located in eastern Pennsylvania. It is apparent therefore, that the justification for higher rates on hollow building blocks from Brookville than from Reynoldsville and other points in the clay zone to Atlantic seaboard markets is an exceptional adjustment.

The Commission should find and conclude that defendant has not met the requirements of the present rates and has failed to show discrimination in question, but that these rates are unduly prejudicial to the extent that they exceed the rates contemporaneously maintained from Reynoldsville, St. Marius, Erie, Creek, Bradford and Lewis Run. The complainant also refers to Black Creek, but the distances from that point are so much less than the distances from Brookville that the argument of undue prejudice and disadvantage in favor of that point should not be sustained. The effect of these conclusions will be to put Brookville in the same group with the other clay zone points mentioned in the complaint, but nothing stated in the report should be taken as an approval of the present existing rates and rate adjustment of the various origin and destination groups.

HARLAN, Commissioner

The exceptions filed by the respondents only disclose no discrimination in the facts as stated in the foregoing report by the complainant who based the case, but are admitted largely to the conclusions presented by him.

Interest in group rates very often grows out of commercial, competitive, or transportation conditions. In some

instances natural or geographical conditions, such as rivers and state lines, form the boundaries of rate groups. Many districts with a characteristic traffic, such as lumber, grain or fruit, under current tariffs are divided into one or more rate groups. Areas underlaid with coal, ore or other minerals are often broken up into rate zones according to their grade or quality. Blanket or group rates resting on such conditions have many times been commended by the Commission, because, although they usually involve some disregard of distance, they nevertheless promote a healthy competition and put producers and consumers on a more or less equal basis. But rate groups ordinarily should be neither broader nor narrower than is required by the conditions on which they are based.

In this case the stratum of clay underlying the complainant's plant not only differs from the clay found at other points in the Brookville group, but the clay products of the complainant differ from the clay products made at other points in that group. There are, therefore, neither commercial nor natural reasons for the inclusion of the complainant's plant in that group. On the other hand, the clay used by the complainant is shown of record to be in character and quality a part of the same clay stratum that underlies the near-by points in the Reynoldsville group, and in the latter group are the complainant's real competitors. Under these circumstances, and in the light of the whole record, and particularly in view of the fact that the distance from the complainant's factory to the competing factories in the Reynoldsville district is so slight compared with the distance to the general market for the products of all these factories, we are of the opinion, and so find, that the conclusions proposed by the examiner are sound. His report is therefore adopted as a part of this report and an appropriate order giving effect to the conclusions proposed by him will be entered.

LATE DECISIONS

The Traffic World Washington Bureau.

In docket No. 8693, N. A. Williams Company against the Pennsylvania, the Commission, July 19, held rates on sewer pipe from Ohio points to destinations in Wisconsin and Michigan not to be violative of the fourth section, but unreasonable to the extent that they exceeded the aggregate of the proportionals to Lake Michigan west bank crossings, which were so limited as not to apply to the destinations involved, plus the local or proportionals beyond. Reparation is awarded.

The rate of seventy cents on potatoes from Minnesota and Wisconsin to the Dallas-Fort Worth group is held unreasonable in No. 9093, the Northern Potato Traffic Association against the Santa Fe, because in excess of sixty-five cents, but not unreasonable for the rest of Texas common points. Reparation must be made on shipments to June 25. Owing to the increase by Order No. 28, the question of reasonableness and relationship could not be reviewed in this case.

In No. 8706, Herman W. Gersch against the New Haven, the Commission held passenger fares between Providence, R. I., and Fall River unduly prejudicial in comparison with fares between Providence and Bristol, R. I., and the New Haven must remove the discrimination before September 2. The prejudicial fares were ordered by the Rhode Island commission.

The Commission has dismissed No. 9721, Mesilla Valley Produce Exchange against the Santa Fe, holding that rates on wheat from middle west producing states and northern Texas to Las Cruces, N. M., are not unreasonable.

REFRIGERATION CHARGES

The Traffic World Washington Bureau.

Examiner Frederick H. Barclay, in a tentative report on No. 10920, Wisconsin & Michigan Fruit & Vegetable Jobbers' Association vs. Ahnapoo & Western Railway

company et al. has recommended to the Commission a finding that the carriers had not justified refrigeration charges on carload shipments of berries, domestic fruits, melons and vegetables from Chicago to points in Wisconsin and upper peninsula of Michigan and to Duluth, Minn., and from St. Paul and Minneapolis to the northwestern section of Wisconsin. Examiner Barclay in his report said that the complainants' own exhibits indicated and that the record otherwise strengthened the conclusion that the basis formerly in effect was too low. Therefore, he recommended that the Commission find that, for the future, refrigeration charges per car from Chicago to the indicated destinations and from St. Paul and Minneapolis to northwestern Wisconsin should not exceed the following: Under 200 miles, \$30; from 200 to 300 miles, \$35; 300 miles or over, \$40.

RATES ON FLOUR MILLED PRODUCTS

The Traffic World Washington Bureau.

Attorney-Examiner Arthur R. Mackley, in a tentative report on No. 9766, Springfield Milling Co. vs. C. & N. W. et al., recommends that the Commission find that the rates on flour milled products from Springfield, Minn., to points in Illinois west of De Kalb, Ill., and to points in Iowa had not been shown to be unreasonable or their relationship to rates from New Ulm and other points in Minnesota to be improper. Mackley said there may or may not be a maladjustment in rates on flour milled products from and through Springfield to the points in question, but if there is, the fact cannot be held to have been established on the showing made by the complainant on this record. Mackley also said that the petition does not adequately express the real cause of complaint. At the hearing it developed, said he, that the complainant is really against the through rate from the point of origin of the wheat to the final destination of the product on traffic which the Northwestern permits to be milled at the respective points.

MINIMUM ON BEET PULP

The Traffic World Washington Bureau.

In a tentative report on No. 9959, Sub. Nos. 1 and 2, Larowe Milling Company vs. Chatham, Wallaceburg & Lake Erie et al., Examiner Thurtell recommends that the Commission find the carload minimum of 40,000 pounds on shipments of dried beet pulp from Wallaceburg, Ont., to points in New York and New Jersey to have been unreasonable in so far as it exceeded 34,000 pounds. He also recommended that reparation should be awarded equal to the difference between the charges paid and the charges that would have been paid on the lower minimum. The finding was based on testimony tending to show it to be impossible to load 40,000 pounds in the ordinary car.

SHORT LINE SITUATION

(Continued from page 120)

linguished as one of the hundreds turned loose without hearing. H. C. Bridges, its president, came to Washington and laid the facts before Senators Simmons and Overman, of North Carolina, pointing out that by disregard of routing instructions the Atlantic Coast Line and Norfolk Southern were heading a road that always had paid dividends to bankruptcy.

Simmons and Bridges called on John Barton Payne and talked plainly about violations of the interstate commerce law through disregard of routing instructions. Mr. Bridges

said the road must be taken back or treated as the law provided. He also showed a contract he would make when taken back. Mr. Payne immediately wrote a letter cancelling the relinquishment and tentatively approved the contract. That leaves the management of the road in Bridges' hands with an agreement that routing instructions shall be observed if diversions are made on account of "great national emergency." Then Bridges is to receive only half what he would receive if he performed the service. He is to have an adequate car supply, fair divisions, and be allowed to solicit business. Only in an emergency will the government have the right, under the contract, to take absolute control of property.

The road is 38 miles long, running from Tarboro to Hooperton, N. C.

The Short Line Resolution.

President Wilson's veto of the so-called short line joint resolution was expected. His message giving reasons for rejecting the legislative interpretation of the short line section written into the federal control law was sent to the Senate, the body in which the resolution originated on the last day on which he could have expressed an effective disapproval.

The grounds of veto are substantially those urged by John Barton Payne last January while addressing the House committee on interstate and foreign commerce. Then he told the short line railroads that some of them "were hollering before they were hurt" because it was obvious that they were not all taken over, even if they did receive notice from the Director-General that the government had seized their property.

That declaration caused an awkward pause. Bird M. Robinson, president of the American Short Line Railroad Association, said that if that was the fact then it was incumbent on him and those associated with him to change the line of their argument, because up to that time they had been talking on the assumption that they had been taken by the government.

Chairman Sims, of the committee, and other members told Mr. Robinson to proceed along the lines he had been following because the roads had been taken over, as the records showed that they had been served with notice of taking under the act of August 29, 1916.

The veto message reads as if it might be from a memorandum prepared either by Mr. Payne or someone in his office. The President may have written the message himself, but the material, its arrangement, and the conclusions drawn are like those with which the owners of short lines who have been going to Mr. Payne's office have become familiar. They have answered the arguments, time and again, conclusively, they think, but without effect. They have not, they insist, been asking that so-called industrial and tap lines be taken over, though, by inference, the stockyards railroads, which come within the class of terminal industrial roads in several cities, have been taken.

It is necessary to say that these things have been done, by inference, because the Railroad Administration, if it has taken them, has not made public any proclamation by the President in relation to them. They were taken either in December or not at all because, except with regard to the coastwise steamships owned by railroads, there have been no proclamations of any kind relating to systems of transportation taken under the act of August 29, 1916.

But a supplement to General Order No. 27, relating to the scale of wages to be paid on federal controlled roads,

as the stockyards roads before mentioned among those which the federal controlled road scale should apply. It creates the inference that they have been taken over, or rather they have not been relinquished. No complete list of retained and relinquished roads has ever been made public by the Railroad Administration. Anyone interested in a particular road, by inquiry, may find out whether any action has been taken respecting it. Some roads have not been acted on, so far as the accessible records show.

The 1,700 roads mentioned by the President were relinquished in the week between June 22 and June 29, the notices of relinquishment being dated on various days between the two. The supplement to General Order No. 27 was issued under date of July 3, and is supposed to be a list of the roads not relinquished the week between June 22 and June 29.

Under the rules of the Senate, the veto message was referred to the committee on interstate commerce, the body that handled the subject in the first instance. If it makes a recommendation, the Senate will vote on the question of passing the resolution over the veto.

ROADS RETAINED AND RELEASED

The Traffic World Washington Bureau

Unless the Railroad Administration changes its policy, the public is not likely ever to have a list of retained and relinquished roads, unless the public makes up lists for itself.

Hereafter, railroads may be relinquished only with their consent. There may be announcements of such relinquishment, but that is not yet a question of any moment, because the question as to contracts between the government and different roads has not been settled, except possibly in a few instances.

At present the Administration is proceeding on the assumption that all lines were taken over January 1 under the proclamation of December 28. Up to July 1 the Administration claimed the power to relinquish whatever road it did not regard as useful for winning the war. Under that assumed power (the word "assumed" is used because the short lines never did and do not now admit there was any such power), the Administration made the relinquishments of the week June 22-9. On July 3 the Administration gave out a list of 552 railroads which, by supplement No. 2 to General Order No. 27, were placed in the list of carriers required to pay the standard wages decreed in that general order, namely, the wages reported by the wage board. July 3 the Administration gave out supplement No. 2 directing that the rates of wages ordered in General Order No. 28 be applied to the operating department of the Pullman company, "except that on account of the peculiar character of conductors, porters and maids, in that provision is made for rest and sleep while actually on duty, it is impracticable to apply a basic eight-hour day to such service. It is therefore ordered that with respect to conductors, porters and maids, the increases shall be upon the basis shown in section A of Article 2, relative to monthly wages."

In that way the question as to whether the Pullman company had been taken over was answered from an angle other than that shown by the first order increasing Pullman fares.

The Pullman company, like all other carriers reporting to the Interstate Commerce Commission, except wire and express companies, received notice that it had been taken

over. Then came the order directing an increase in fares. Both acts were prior to July 1, on which day the Administration admits the President lost the power to relinquish a carrier except by consent of the carrier. By the process of elimination the conclusion is inevitable that the Pullman, like stock yard railroad companies in some cities, has been retained under federal control and will so remain until the end of the war, unless before that time the government and the company come to an understanding whereby the former is released.

Such a release might be obtained, if the company desired it, on the ground, probably, that it is not a common carrier by railroad, notwithstanding the fact that it publishes tariffs and makes reports to the Commission. It really is merely an agency whereby, for the companies with which it has a contract, it performs some of the duties of the common carrier hiring its cars and the services of its employees. It has no independent means of performing any common carrier service. Unless the common carrier hires its cars there would not be such a thing as a Pullman service anywhere. The Railroad Administration, as the operating entity controlling the property of the Pennsylvania, could throw the Pullman cars out of its service when the contract between the Pullman and Pennsylvania expires.

Changes in the work of the railroads have been made by the Railroad Administration, in the contract with the brotherhoods, it is suggested for purpose of illustration. Contracts with telephone and telegraph companies will also afford opportunities for change in the relations between the owning companies and the corporations that have been performing some part of the duty of the common carriers or furnishing service enabling them to perform such duties themselves.

The whole matter is still in a mixed state. Even regional directors are not able to say with confidence that this road is under control and that one is not. Some short lines have had the experience of finding themselves taken over, relinquished, then told to obey a certain order and finally unable to say whether they have or have not been incorporated in the company of federal controlled roads.

BONDS FOR FREIGHT BILLS

The Traffic World Washington Bureau.

Terms for bonds for credit on freight bills were made public in P. S. & A. Circular No. 16 July 15 under date of July 11. The circular is a bit chilling to those who thought credit would be extended for forty-eight hours, practically pro forma, on the filing of bond. The circular is as follows:

As to the matter of bonds to be required in connection with the extension of credit for transportation charges, as prescribed in paragraph (2) of General Order No. 25:

It should be carefully noted that the giving of a bond will only be permitted or required in certain cases. It is not open to the shipper or consignee to obtain credit by the mere giving of a bond; the cash rule, as explained in P. S. & A. Circular No. 9, must be observed unless the circumstances of each case are such that this cannot properly be done. All bonds given for credit accommodations shall be taken in the name of W. G. McAdoo, Director General of Railroads, (name of railroad).

Bonds covering the extension of credit will be of two classes, 1. a:

(1) To cover patrons transacting business at one or more points with one carrier. In such cases, applications for credit accommodations shall be filed with an agent of the carrier from which the credit is desired. Such applications shall show the station or stations at which the accommodation is desired and the maximum amount of

credit applying to each station, such applications shall be transmitted to the treasurer having jurisdiction by such agent with his recommendations. If, in the judgment of the treasurer, credit should be granted, he shall prepare a bond to cover the maximum credit desired and proceed to have it executed. When executed, he shall authorize the agent or agents at the stations at which the accommodation is desired to extend credit to the extent of the amount applicable to each station. Treasurers shall be the custodians of such bonds.

(2) To cover patrons transacting business at one point with two or more carriers: In such cases applications for credit may be filed with an agent of either of such carriers. Such applications shall state the carriers from which the credit is desired and the maximum amount of credit applicable to each carrier. Upon receipt of such applications by an individual agent, he shall proceed to obtain the joint recommendations of the agent of each carrier interested, after which the application with such recommendations shall be transmitted to the treasurer of the carrier with which the application was originally filed. Such treasurer shall thereupon act as provided in paragraph (1) hereof, and if the accommodation be granted or declined, he shall immediately notify the treasurer of each interested carrier of such action. If the accommodation be granted, treasurers of each individual carrier interested shall, upon receipt of notice thereof, authorize their respective agents to extend the credit.

(3) Failure to pay for transportation service within the prescribed credit period shall, as prescribed in General Order No. 25, automatically cancel the accommodation. Advice of such failure shall be promptly given by the agent with which the default occurs to the treasurer of the carrier he represents. If the bond covering such accommodation be in favor of two or more carriers, the treasurers of all such carriers shall be immediately advised of the default by the treasurer first receiving the information.

(4) In the event of default in payment of transportation charges within the credit period, and unless settlement is promptly made thereafter, the treasurer having jurisdiction shall take immediate steps to realize upon the bond applicable.

(5) The treasurer of each carrier shall, as often as once each year, review each credit authority and the bond in connection therewith in order to determine whether or not the conditions under which the authority was granted still exist and that the financial standing of the principals and sureties has not been impaired.

(6) Bonds given to cover credit accommodations shall not include liability for the delivery of freights consigned to order notify prior to surrender of original bills of lading; bonds for each bill of lading transaction must be given as provided for in paragraph (5) of General Order No. 25.

(7) Premiums on all bonds taken under the provisions of General Order No. 25, and all expenses incident thereto, shall be borne by the applicant to whom the accommodation is granted.

(8) It is realized that the instructions contained in this circular do not cover the many contingencies that may arise in connection with these credit matters, and agents and treasurers are therefore expected and are hereby directed to take whatever steps in their judgment may be necessary to properly and adequately protect the interests of the Director-General and to prevent money losses.

SUMMER MOVEMENT ENCOURAGED

R. H. Aishton, regional director, has sent the following to northwestern railroads:

In order to relieve transportation facilities of as much traffic as possible next winter and to prevent a recurrence of the conditions which existed last winter, due to the great demand upon carriers; it is desirable to conduct an active campaign along the following lines:

1. To induce industries located in your territory to store during the summer months materials to meet their needs during the winter.

2. Urge wholesale concerns and distributors to persuade customers to take delivery of goods now.

3. Encourage the use of additional storage space for fac-

tory products, wherever possible, nearest to the point of ultimate consumption.

4. Impress upon all shippers and receivers of freight the difficulties of transportation that are likely to occur this winter and to prepare for blizzards, zero weather, by taking advantage now of summer conditions.

5. The storage of fuel oil is of special importance, and all users should be urged to stock up for their own protection.

6. For the present, at least, the question of lumber should be held in abeyance, as the needs of the government departments are extremely heavy, and it has not yet been determined what amount of transportation could be spared for commercial lumber, but this matter will be taken up and you will be advised later as to the amount of commercial lumber that may be transported, with a view to giving all lumber yards some stock for use during the winter.

7. The storage of coal is being handled by the Fuel Administration, whose efforts should be supplemented by the officials assigned to this work.

This undertaking should be conducted in a thorough manner, through the medium of a careful canvass of all industries, wholesale houses, jobbers, retailers and receivers of freight located on your line.

It is suggested that division freight agents and local traffic representatives are well qualified to make this canvass in an efficient manner.

To take full advantage of the remaining summer period it is important that this movement be started at once and reports made from time to time showing what is being accomplished in this direction.

NO FIFTEENTH SECTION PERMISSION

The Traffic World Washington Bureau.

Director Chambers has issued instructions to tariff agents directing them to incorporate immediately in tariffs naming reconsignment rates, rules and regulations, the diversion rule carried in Circular No. CS-11. Manager Kendall, of the car service section, therefore has cancelled Circular No. CS-11, the cancellation to be effective immediately.

The rule in question is to be inserted under the heading of "Conditions" and reads as follows: "Orders for diversion or reconsignment will not be accepted under these rules at or to a station or to a point of delivery against which an embargo is in force, or, except on perishable freight, coal, coke or fuel oil, to a station or to a point of delivery against which an embargo was in force at the time that the shipment was forwarded from point of origin. Shipments made under authorized permits are not subject to this condition."

Manager Kendall in his circular said this change in the conditions "will be made in the regular way on statutory notice, but in the meantime it is desired that all railroads shall issue the clause as an embargo making the provision immediately effective. For brevity in wire transmission the code word 'embroil' was to be used to represent the clause."

In Circular No. CS-17, Mr. Kendall directed the cancellation of any embargoes that had been issued in accordance with Circular CS-11.

The effect of the authorization set out by Mr. Chambers is to relieve the tariff agents from the necessity of asking for fifteenth section permission from the Interstate Commerce Commission. Applications for permits, therefore, will be withdrawn in accordance with tariff circular 1-A.

INFORMATION FOR SHIPPERS

B. Campbell, chairman of the Freight Traffic Committee, eastern territory, announces to interested shippers that arrangements will be perfected as speedily as practicable whereby information regarding freight rates heretofore

plied by "off line agencies" formerly having representation in New York City will be furnished by the initial trunk as indicated below:

Initial Trunk Lines.
 Baltimore & Ohio R. R.
 S. A. Allen,
 General Freight Agent,
 295 Broadway.

Lines to Be Covered.
 Chicago & Northwestern R. R.
 Cincinnati, Indianapolis & Western R. R.
 Missouri, Kansas & Texas Ry.
 St. Louis & San Francisco Ry.
 St. Louis South Western Ry.
 Seaboard Air Line Ry.
 Western Maryland Ry.

Central R. R. of New Jersey.
 Jas. McDonough,
 General Eastern Freight Agent,
 143 Liberty Street.

Louisville & Nashville R. R.
 Nashville, Chattanooga & St. Louis Ry.
 Norfolk & Western Ry.

Delaware, Lackawanna & Western R. R.
 J. J. Byrne,
 Gen. East Frt. Agt.,
 Woolworth Building.

Chicago Great Western R. R.
 Denver & Rio Grande R. R.
 International & Great Northern R. R.
 Missouri Pacific R. R.
 Northern Pacific Ry.
 Texas Pacific Ry.
 Western Pacific R. R.

rie Railroad.
 W. S. Cowie,
 General East Frt. Agt.,
 399 Broadway.

Atchison, Topeka & Santa Fe Ry.
 Colorado Midland R. R.
 Kansas City Southern Ry.
 Kansas City, Mexico & Orient Ry.
 Los Angeles & Salt Lake Ry.
 Toledo, St. Louis & Western R. R.

burgh Valley R. R.
 Fred E. Sagner,
 General East Frt. Agt.,
 Woolworth Building.

Chicago, Milwaukee & St. Paul Ry.
 Great Northern Ry.
 Illinois Central R. R.
 Mobile & Ohio R. R.
 Pere Marquette Ry.
 Wabash Ry.

New York Central R. R.
 Ira Hubbel,
 Asst. Frt. Traf. Mgr.,
 Woolworth Building.

Chicago, Rock Island & Pacific Ry.
 Chicago, Indianapolis & Louisville Ry.
 Cleveland, Cincinnati, Chicago & St. Louis Ry.
 El Paso & South Western Ry.
 Lake Erie & Western R. R.
 Minneapolis & St. Louis R. R.
 Union Pacific Railroad System.

New York, Ontario & Western R. R.
 Fred Berghelm,
 General Eastern Agent,
 377 Broadway.

Chicago, Peoria & St. Louis R. R.
 Ann Arbor R. R.
 Chicago & Eastern Illinois R. R.
 Chicago & Alton R. R.

Pennsylvania R. R.
 A. B. Scott,
 District Representative,
 Woolworth Building.

Atlantic Coast Line R. R.
 Atlanta & West Point R. R.
 Chesapeake & Ohio Ry.
 Chicago, Burlington & Quincy R. R.
 Colorado Southern Ry.
 Georgia R. R.
 Norfolk Southern R. R.
 Southern Railway System.
 Western Ry. of Alabama.

It is contemplated that this service should be in satisfactory operation by September 15, 1918.

TROUBLES WITH NEW TARIFFS

The Traffic World Washington Bureau.

No finite mind, probably, will ever make a catalogue of the quirks resulting from the literal application of General Order No. 28. The Lehigh Portland Cement Company had to close one of its mills near Mitchell, Ind., on account of an increase of between 900 and 1,000 per cent on crushed rock hauled by the Baltimore & Ohio a distance of one mile. F. E. Paulson, its traffic manager, has brought the matter to the attention of Director Prouty and in time the situation will be ironed out.

Prior to the effective date of No. 28, the B. & O. had in rates per car for that short movement, resulting in a freight bill of about \$37 a day, the cement company providing the cars and the railroad company the engine and crew. Now it is held that that movement is subject to the line haul increase on crushed stone and the daily freight bill runs over \$300 a day—or it would if any shipments were being made. The cost for moving by motor trucks would probably be not much greater, if as great. The cars load 50,000 pounds minimum and on a 50-cent per ton rate the charge per car is \$12.50. Three cars, under the new rate, cost just about the same as the whole freight bill used to be when the rate was on cuts of thirty cars in a train for a specified charge.

Presumably reparation will be made on shipments under rates as much out of line as the ones mentioned, but nobody knows. The Commission, in terms, under the control act, has authority to make any order authorized by the act to regulate commerce and reparation is one of the authorized orders.

One of the most bothersome things, when the day of reparation comes, will be to determine when a rate actually became effective. Nearly every tariff these days is becoming effective on one day's notice. Presumably the date on the tariff will govern. If that is the fact, shippers will find themselves in a quandary. Whether they receive that one day's notice will depend on the celerity with which the local agent does the posting and the diligence of the shipper in having his office boy go back and forth between his office and the place of posting. A tariff posted at 5 o'clock of July 21, it is believed, could be made effective on July 22, although as a matter of fact the shipper had no notice of the change, because at 5 o'clock the office boy goes home and the cars to be forwarded the next day would be ordered in before the hour of posting.

The one-day notice gives nobody an opportunity for making arrangements for anything. It is practically an instantaneous proceeding, leaving both shipper and consignee at the mercy of the rate-making authority and without recourse except to the formal complaint asking for reparation.

It is argued that it is no protection for a man to sell only f. o. b. his shipping place. The buyer, as a rule, does not know the freight rate and insists on a price including the freight rate and the seller, being under compulsion to know not only his own rates but those of his competitor as well, quotes based on the existing freight rate. He may protect himself by making the buyer responsible for any increase taking place between the time of sale and shipment, but that does not please the buyer when he has to pay more. He may think that if he had bought from the other man he would not have been penalized in that way—that is, he may think the other man would have shipped more expeditiously and got the

benefit of the rate in effect at the time of sale, and decide he will not do business with that concern again.

Freight rate authorities are issued by Director Chambers without any information thereof to the general public. The shippers who happen to have representatives in Washington who learn what has been done get the benefit of foreknowledge. Those who are not so fortunate as to obtain such foreknowledge are at just that much disadvantage.

Under the old system of thirty days' notice advance information as to what was going to be proposed in the way of advances or reductions seldom conferred any benefit on the recipients because, in thirty days after the publication of the tariff, agreements as to price could be changed, if necessary, or the shipment could be expedited so as to allow the benefit of the old rate.

There was then every reason for keeping secret all information as to contemplated tariff publications. The same rule of secrecy is still observed in so far as formal notice of proposed rate changes is concerned. That is to say, the authorization from Director Chambers is not made public.

A specific instance is illustrative. Director Chambers told A. P. Lane, traffic manager of the Great Northern Paper Company, that the publication of tariffs making the total increase from West Virginia mines to interior New England destinations one dollar was not in accordance with the instructions. In other words, the tariff men had misconstrued the language. According to report Mr. Chambers also issued a "freight rate authority" directing the correction of the tariffs so that there would be only one increase of 50 cents, and it made no difference whether the increase was made between West Virginia and Hampton Roads or between the New England port and the New England destination. But the New England users of coal were to appear before the traffic committee for that section on July 12 to tell its members that the tariffs were wrong. But there was nothing on which the public could lay its hands that would definitely show that committee that double increases of that kind were not intended.

Making public the freight rate authorities would enable the paying public to use the text to point out to the local committees that the tariff publishing agent had made a mistake and thereby save much of the time that shippers now consume in trying to get things straightened out. The members of the staffs of Directors Chambers and Prouty are overworked in trying to straighten out the quirks. Messrs. Walter, Hastings, Buxton, Blanchard, Atkins and everybody else, not forgetting the directors themselves, are trying to do more than human beings should be called on to undertake. Much of the work is forced, it is believed, by the lack of publicity. The public wants to know, not only the final outcome, but the preliminary work underlying the ultimate expression. No more discussion will take place because of publicity than results from a lack of it. At least that seemed to be the experience of the Interstate Commerce Commission. It always sought the widest publicity for all it did to the end that all who might be affected might argue out the questions until there were no undetermined phases to come along and plague those concerned.

ACCEPTANCE EMBARGOED FREIGHT

Hale Holden, regional director, has sent the following to central western railroads:

It is important that agents' attention be directed to

the importance of full observance of embargo restrictions. There is a large number of cars held up at eastern junctions, due to their having been accepted contrary to embargoes.

Investigations have developed in a great many cases that agents were furnished with proper permits, but neglected to show such information on billing. Particular attention is called to circulars issued by the freight committee, north Atlantic ports, which cover domestic and export freight to and via New York district, Philadelphia and Baltimore. Instructions are specific in the matter of acceptance of freight to these points and agents should not permit the loading of cars until the proper permits have been procured and, when such cars are billed, the permit numbers must be shown on bill of lading and waybill for each car. This also applies to special permits issued by carrier lines permitting the acceptance of freight contrary to their embargoes.

Embargoes should be properly filed at stations, so that it may be readily ascertained if freight offered is destined to an embargoed point.

FREIGHT TRAIN OPERATION

The Traffic World Washington Bureau.

The shippers of the country are making it possible for the Railroad Administration to give the country a greater volume of freight moved. That is shown by the statistics furnished Director-General McAdoo by the operating statistics section. The figures prepared by that section are similar to those furnished by the Bureau of Railway Economics.

The statistics cover April and the four months ending with April. The Railroad Administration, in a statement for the press, called attention to the fact that the revenue freight ton miles increased 8.9 per cent over April, 1917. This was accomplished with an increase of only 1.3 per cent in freight train miles and an actual decrease of 0.3 per cent in freight car miles. That is to say, the freight trains ran a little farther, the average haul for a train increased a little, but the freight cars, to haul this heavier tonnage, did not travel as far in April, 1917.

"A large part of the saving is due to the cheerful cooperation of the shipping public in making it possible fully to utilize the carrying capacity of freight cars," says the statement prepared for the newspapers by the Railroad Administration.

It is no secret to say that, considering the short-hauling the Railroad Administration is supposed to be able to order by reason of the elimination of competitive conditions, the increase in the number of tons hauled is surprisingly low. Director-General McAdoo's orders are phrased in such a way as to lead the shipper to believe that the trains are being sent via the shortest possible routes. Yet the increase was less than nine per cent. It is possible that the troop movements were so heavy that freight trains had to be sent via long routes, but it may be suggested the troop trains do not outnumber the passenger trains that were ordered off the schedules when the 18,000,000 passenger train miles were saved.

Another way of saying the same thing would be to suggest that the "lost motion" caused by the determination of each carrier to obtain the long haul was not so great as has been suggested. Still another explanation may be that, even if the long hauls have been eliminated, freight train crews, knowing that the long hauls had been cut out, were more leisurely in the performance of their work than they would have been had they been under the impression that there was still reason why they should hurry.

The statement issued by the Railroad Administration is as follows:

In a report to Director-General McAdoo the Operating

Statistics Section of the Railroad Administration has compiled a statement which shows some gratifying tendencies in freight train operation. The complete returns for approximately 94 per cent of the mileage of roads whose annual operating revenues are in excess of \$1,000,000 show that in the month of April, 1918, as compared with the corresponding month last year, the freight traffic, measured in tons of revenue freight moved one mile, increased 8.9 per cent. The transportation of this extra traffic was accomplished with an increase of only 1.3 per cent in freight train miles, and with an actual decrease (of 0.3 per cent) in freight car miles. The better performance was made possible by the more complete utilization of freight cars, and the more scientific loading of freight trains.

The average loaded freight car in April of this year carried 29.4 tons. The corresponding figure for last year was 25.7 tons. Each loaded car this year, therefore, carried 3.7 tons (or 14.4 per cent) more than last year.

The number of tons of freight in the average train of April this year was 696, as compared with 651 last April, a gain of 45 tons per train, or an increase of 6.9 per cent in freight loading efficiency.

If the greater volume of freight traffic in April, 1918, had been handled with the average trainload of April, 1917, it would have required 3,690,179 more freight trains one mile than were actually required in 1918 with the better supervision of car and train loading. If it is assumed that each freight train ran 100 miles, then the better performance in April, 1918, was equivalent to a saving of 36,902 trains during the month, or a saving of 1,230 trains every day.

A large part of the saving is due to the cheerful co-operation of the shipping public in making it possible more fully to utilize the carrying capacity of freight cars.

The statements above referred to show also the freight operation results for the first four months of 1918. Notwithstanding the extremely unfavorable weather conditions of January and February, with the resultant traffic congestion during those two months, the four months' figures compare favorably with the same four months of 1917. The railroads managed to move an increase of nearly one per cent in revenue freight tons one mile, with a decrease of 3.2 per cent in freight trains run one mile and a decrease of 7.4 per cent in freight cars moved one mile. The improvement was due to the increase of 3.9 per cent in the tons per train, and an increase of 10 per cent in the tons per loaded car.

Had the trainload of the first four months of this year been the same as the trainload of the first four months in 1917, the 1918 traffic would have required nearly 8 millions of train miles more than actually were run during the first four months of this year. On the basis of 100 miles per train, the performance of this year meant a saving of approximately 661 freight trains every day during the four months.

CHARGES OF POLITICS

The Traffic World Washington Bureau

Director Proctor, in a statement for the newspapers July 17, said he could not believe that Edgar J. Rich had said that New England rates were unduly discriminatory and were dictated by politics. He said perhaps the rates should be readjusted, but that they were dictated by politics was absurd.

Edgar J. Rich, formerly general counsel of the Boston & Maine Railroad and now counsel of the Associated Industries of Massachusetts, speaking at a conference in Boston of public service commissioners of the New England states and shippers, is quoted as charging William G. McAdoo, Interstate General of Railroads, with discrimination against that section of the country in fixing freight rates after political and sectional pressure had been brought to bear upon him. Henry I. Harriman, president of the Boston Chamber of Commerce, asserted that Mr. McAdoo exceeded the authority granted him by Congress in fixing rates in New England. Declaring that the last

increase of 25 per cent was unnecessary, Mr. Harriman said increases totaling 80 per cent have been put upon shippers of the six northeastern states in the last five years.

The language attributed to Mr. Rich excited a great deal of interest in Washington. It is suspected that in making the allegation about sectional political pressure he referred to what was done by the senators from the southeast to cause the Director-General to forego that part of General Order No. 28 requiring state rates to be brought up to the level of interstate rates. That was rate-making by political pressure, but it is not the kind that the ordinary reader of a newspaper would regard as political, because it was not a move by the senators of a particular political party as distinguished from senators of other parties. It so happens that the senators from the southeast are all members of the same political party and that Mr. McAdoo is one of the most prominent members of the same party. The effect of what the southeastern senators did, however, was not confined to the southern states. All states received the benefit of the modification ordered as a result of their representation. If the south obtained a larger benefit from it than other sections of the country, that benefit arose from the fact that there is a wider spread between state and interstate rates in the south than in other parts of the country.

EXPORT BILL OF LADING

The Traffic World Washington Bureau

The Bureau of Foreign and Domestic Commerce has taken up the case of Chicago exporters and bankers, who fear a loss of business through the order of the Railroad Administration discontinuing the issuance by railroads of through export bills of lading.

There has been a call for a meeting of bankers and exporters at the offices of the bureau, at which the situation will be discussed and resolutions passed which will be submitted to the Railroad Administration with a request that the order be suspended or amended.

EXPORT BILLS OF LADING

(Chicago Correspondence of New York Commercial)

The order of the Railroad Administration discontinuing after September 30 the issuance by railroads of through export bills of lading may have the effect of crippling the export business of Chicago and interior centers.

H. O. P. Deans, vice-president of the Merchants' Loan & Trust Company and manager of the foreign exchange department, has written letters to the exporters in Chicago territory, calling attention to the fact that western exporters are building a fine Asiatic business, which has been built up through export bills of lading issued here, and the foreign merchants have been accustomed to these export bills of lading and to the Chicago way of doing business. If the general practice of issuing through export bills of lading is discontinued and the western shipper is required to get a steamship bill of lading at the port his business relations with his foreign customers are likely to be much disturbed, for no foreign buyer likes to see his goods lie for 30 days or more in the customs compound at the Asiatic ports because he is unable to get delivery through the non-arrival of the shipping documents, something that is likely to occur if this new regulation goes into effect.

Joseph McCurvach, manager of the foreign exchange de-

partment of the Continental & Commercial National Bank, says: "This new ruling will tend to create monopoly and our western export business cannot flourish under such conditions. It will add from 2 per cent to 6 per cent to the price foreign buyers must pay for our western products."

"Local Customs House statistics are misleading as far as they indicate Chicago foreign trade; the Asiatic business through this bank alone, during the past nine months, was over \$9,000,000. In 1916, a fair year to estimate the importance of western foreign business, we financed over \$51,000,000 actual bills of lading drafts."

"Under the present plan railroads have been issuing export through bills of lading; in other words, they give the shipper a bankable document. Under the new plan, if it comes into operation, the exporter will receive a domestic lading covering the movement up to the port, and then, in all likelihood, will have to send that document either direct to the steamship line by which the goods are booked or to a representative at the port to which the shipment clears, for the purpose of securing a steamship bill of lading, which is unlikely that the steamship will issue until the shipment is actually in their possession."

Charles P. Clifford, manager of the foreign exchange department of the First National Bank, says: "The future export business of the manufacturers at points like Moline or Dubuque will depend largely upon their ability to obtain through or ocean bills of lading and to have them immediately available so that they may be attached to and banked with the corresponding bill of exchange, if he would economically finance his foreign trade."

"Through bills of lading could be issued at such points and verified by regional railroad directors or other officials, authorized, without adding to the cost of operation of the railroads."

McADOO CALLS LOVETT

The Traffic World Washington Bureau.

Director-General McAdoo July 16 summoned Director Lovett of the division of capital expenditures to join him at Seattle. From this it is taken that it is Director-General McAdoo's intention to settle all the Pacific Coast problems requiring his attention before returning to the East. Messrs. Chambers and Gray joined him July 15 and Mr. Lovett, who decides what improvements or extensions shall be made from capital account, will be with him as soon as ordinary train service can take him.

COMMISSIONS ARE CUT OUT

The Traffic World Washington Bureau.

The government's horror of salesmen working on a commission basis has extended to the Railroad Administration. Men who have heretofore been working for contracts with railroads on the basis of obtaining a commission on what they sell are to be cut out by order of the President, who approved Attorney-General Gregory's recommendation to Director-General McAdoo. Regional directors have advised federal managers that in every contract they make they must insert a warranty to the effect that the contractor has employed no third person to solicit or obtain the contract in his behalf, or caused the same to be obtained upon compensation in any way contingent in whole or in part upon such procurement. Any breach of that warranty, the contract provision is to say, shall be sufficient cause for the annulment of the contract and the

deduction, by the government, of an amount from that due to the contractor equal to the amount he paid or agreed to pay for the procurement of the contract.

In addition, the contract is to have a provision that the Railroad Administration will not receive as a contractor one who is not a manufacturer of or regular dealer in the article he offers to supply. Presumably, the salesman who works on a commission basis for a given firm, and for that one only, and has no other job, might be received as a contractor, but the intent is to cut out the broker or attorney who, knowing that the government desires a certain article of merchandise and knowing where to obtain it, makes arrangements with the man who can supply the article, for pay for his efforts in procuring a contract. Literally construed, however, the commission salesman who is able to sell to all other men in the trade would be barred from dealing with a government agent, because some part of his compensation would be contingent on the procurement of the contract. In his letter to Director-General McAdoo, Attorney-General Gregory said:

"A situation which has arisen in the matter of government contracts seems to me to require summary action. Owing to the tremendous increase in government business and the speed with which it must be executed, some manufacturers, because of ignorance or misinformation, have thought it necessary to negotiate with the government through contract brokers or contingent fee operators. It follows that the system requires a contractor, in making his estimate, to load his bid with the contingent fee contract. The courts have universally condemned the contingent fee contract. The methods of the contingent fee operator are often insidious and reprehensible and, in view of the fact that the average fee is five per cent, the resulting cost to the government is very great."

The result of the policy, it is suspected, will be the elimination of the small manufacturer, the one who has no salaried sales manager to go after business that cannot be handled on the commission basis. The big men of nearly every industry, either personally or by employee, are in close contact with the government by means of \$1-a-year-employees of the government. The small manufacturers cannot afford to send their employees to Washington to work for the government in passing on questions arising in connection with purchases in the lines of business with which the dollar-a-year men are familiar. Their only direct contact has been either the contract broker or the commission salesman. The warranty, it is believed, is broad enough so that if the contractor having a sales force operating on the commission basis sells one small article to a government agent, the whole contract is vitiated. That is to say, if a company has a contract to supply 10,000 typewriters, the contract is vitiated if, on the solicitation of a bureau chief, a commission basis salesman sells a machine from stock for quick delivery.

Contractors, it is believed, will have to be careful in signing contracts with the Railroad Administration, because such situations could easily arise.

RATE ORGANIZATIONS

The Traffic World Washington Bureau.

Odds and ends of the old freight rate organizations, both of individual lines and associations, are coming under the scrutiny of Director Chambers' force with a view to elimination. The mass of work entailed by General Order No. 28 caused the work of reorganizing the freight and rate systems to be postponed.

On May 1 the various freight rate associations were abolished and men such as E. B. Boyd, F. A. Leland and Eugene Morris fell from the position of chairman to that of publishing agent. That is to say, Leland, for instance, was chairman of the Southwestern Lines Association and also the tariff agent. Now the work which he did as chairman is being done by J. L. West, chairman of the St. Louis District Freight Rate Committee. That committee has succeeded to the jurisdiction and duty of the association of which Leland was chairman.

Under the old organization, Leland maintained a docket, on which he entered the changes in tariffs desired by different lines in the association and on appointed days the representatives of all the lines composing the association met and threshed out the subjects docketed by individual lines. Nothing was docketed unless the letter proposing the change was signed by the general freight agent or some higher officer in charge of the freight business of the applicant line.

When the required majority for a certain proposal was procured, Leland, as chairman, instructed Leland, as tariff publishing agent, to prepare tariffs for submission to the Interstate Commerce Commission. Because every line in a given territory was represented in the association, the rate policies of the district reflected the views of individual lines. Now, however, there being a committee selected without regard to the lines for which the appointees formerly worked, the rate policy of a particular railroad may be dictated by men who never worked for it.

The promulgation of Order No. 28 caused Director Chambers's office to lay aside everything in connection with the rate policy-making organization. Now it has taken it up again. The freight rate association tariff publishing agents' organizations have been continued from month to month. Most of the members of the old associations, that is, the general freight agents and their assistants, have been taken off the pay roll. Now the others are being passed in review to see whether still further reductions in expenses cannot be attained.

Many of the associations have maintained rather expensive quarters. When the ax falls some more, it is likely that offices not actually needed by the tariff publishing agents will be closed and the operating expense cut down by whatever is saved in that way.

No one thinks of the railroad companies maintaining any of these offices at the expense of the corporations. They would do the corporations no good. They were called into being when the fierce competition between the railroads made it desirable that, by means of conferences, the rigors of that competition be modified to some extent. Now, however, there is no competition, so many general freight agents and their assistants have been let out. The remnants of the organization are now being examined with a view to cutting out still more expenses.

TRAFFIC COMMITTEES

The Traffic World Washington Bureau

All the railroad and shipper members of the traffic committees to consider rate questions have been selected and an announcement will be made as soon as Director-General McAdoo authorizes it. Inasmuch as the committees will act for the whole Railroad Administration and not merely for Director Prouty or Director Chambers, the announcement must come from Mr. McAdoo.

INSURANCE SECTION

The Traffic World Washington Bureau.

In further illumination of its policy of carrying its own insurance, and providing an organization therefor, the Railroad Administration, on July 16, made the following announcement:

The United States Railroad Administration announced today the organization of a new section, under the supervision of the Director of Finance and Purchases, which shall be known as the Section of "Insurance and Fire Protection."

As heretofore announced, it will be the general policy of the Railroad Administration to do away with the fire insurance policies heretofore carried, and to have the government itself stand directly responsible to the railroads for fire losses of property in government possession.

This section will therefore deal primarily with the prevention of fires through rigid and intelligent inspection, and by insisting upon the observance of rules and regulations intended to prevent the unnecessary destruction of property by fire.

The Insurance Section will have the benefit of the assistance of an advisory committee of men experienced and skilled in the business of fire insurance whose names will hereafter be announced. Charles N. Rambo of Philadelphia, superintendent and secretary of the Mutual Fire, Marine & Inland Insurance Company, has been selected as manager of the section, and will resign from his present position.

Mr. Rambo brings to his work twenty years of experience in the insurance business, and for the past fifteen years has devoted his energies to the Mutual Fire, Marine & Inland Insurance Company, which was organized by and in the interest of the railroad companies for the purpose of mutual insurance and of reducing fire insurance costs and premiums.

The Insurance Section will provide a force of skilled inspectors in each region whose duty it will be to see that the rules and regulations intended to reduce fire losses are rigidly observed. The insurance inspectors now employed by the various railroads will be utilized as far as desirable.

This section will also have general charge of the adjustment of fire losses.

SHORTAGE IN BAGGAGE CARS

The Traffic World Washington Bureau.

The conservation division of the War Industries Board has requested all dry goods wholesalers to reduce the quantity of baggage carried by their traveling salesmen in order to meet the shortage of baggage cars. There are only 9,700 baggage cars in the country. On these cars, it is estimated, 24,000,000 sample trunks were checked last year. This was equivalent to 20 per cent of the total baggage carried free by the railroads.

During the last few months many baggage cars have been converted into dining cars for the movement of troops to cantonments and embarkation points. The shortage of baggage cars has become so serious that it has been necessary in some instances to attach freight cars to troop trains to take care of troop equipment. Freight cars, however, are not made to travel over 20 or 25 miles an hour, and their use on troop trains has resulted in delays caused by hot boxes. Consequently a reduction in the number of salesmen's trunks handled will facilitate the movement of troops.

The baggage of the traveling salesman employed by dry goods wholesalers makes up so large a part of the whole movement of salesmen's trunks that attention has first been directed to that trade. The conservation division has made a careful investigation of the number of trunks carried by these traveling salesmen and of the means whereby their baggage can be reduced.

FIRST GOVERNMENT LOCOMOTIVE

The Traffic World Washington Bureau.

The Railroad Administration has announced that the first of the 1,415 railroad locomotives ordered by Director-General McAdoo, which was completed and ready for delivery on July 1, has been placed in service on the Baltimore & Ohio. At the same time it gave out a picture of the engine, showing it as marked "U. S." on the tender. As a matter of fact, however, it is marked "B. & O.," the other letters having been painted out. It is the property of the railroad company, though ordered by Director-General McAdoo.

The locomotive is of the Mikado type, with twelve wheel, eight of which are drivers. The engine and tender

engine now costs twice as much as formerly, the excess of money shall be charged to capital account or to operating expenses. For replacement purposes, it is suspected, the government will have to stand the higher cost of equipment, because such higher cost for replacement purposes naturally is an item chargeable to operating expense.

For sentimental reasons, probably, many citizens will think that engine and cars acquired during the period of government control should be marked "U. S." As a matter of cold-blooded business, however, the accountants will probably have to say that the property belongs to one or more of the hundreds of corporations whose property the government has taken over and for the use



aggregate a combined weight of 231 tons, and it has a hauling capacity on a grade of not over two-tenths of one per cent of seventy-eight cars of average load. It has a hauling capacity about three times as great as was in common use in the early nineties. The contract calls for the delivery of the whole order before the end of 1918.

The question of the ownership of these engines is not yet acute, but it may be some time before government control of the railroads becomes as well settled a condition as government control of navigation on the rivers and inland waters. Its answer will depend largely upon the nature of the contract into which the government enters with the railroads. The federal control law authorizes the President, in general terms, to operate the railroads on an agreement to turn them back to their owners in as good condition as he received them. That means that the government must replace the engines that wear out during its tenancy. If the replacement engine is no greater than the one that has been scrapped, one cancels the other. If the new engine is larger than the old one or has cost more money, then the excess is charged to capital account, and also becomes the property of the railroad company, because it provides the capital for extensions, improvements and betterments. No one has ever decided whether, because an ordinary sized en-

of which contracts may be made. If contracts are not made, the court of claims for arbitrators will have to decide how these things should be recorded in the books.

INLAND WATERWAYS SERVICE ✓

The Traffic World Washington Bureau.

The press notice put out by the Railroad Administration respecting the creation of the Mississippi and Black Warrior waterways service is as follows:

The much discussed question of developing a system of transportation on the inland waterways provided by the Mississippi and Black Warrior rivers has been settled by Director-General McAdoo through the appointment of M. J. Sanders of New Orleans as "Federal Manager of the Mississippi and Warrior Waterways."

The Director-General has received full reports on this subject from the Committee on Inland Waterways, from the western and southern regional directors and from Director Prouty and Interstate Commerce Commissioner Meyer, all of whom have investigated the matter at the Director-General's request.

Mr. Sanders, the newly appointed federal manager, will have general direction of the development of the necessary facilities and the construction of requisite barges, tugs, etc., that will be used on the Mississippi River south of St. Louis and on the Black Warrior River route between the Birmingham district in North Alabama and

Mobile and New Orleans, the latter city being reached via the Black Warrior River, Mobile Bay, the Gulf of Mexico and lakes Borgne or Ponchartrain with their connecting canals.

Mr. Sanders has been manager of the Leyland Steamship Lines for the ports of New Orleans, Mobile and Pensacola for the last thirty years. This steamship service is the most important traversing the Gulf of Mexico. It includes some of the largest freight steamers in the gulf trade, with as many as one hundred sailings annually on the ports named.

Mr. Sanders has had extensive business connections with the railroads serving the gulf ports as well as with the existing river transportation service. He was president for several years of the City Bank & Trust Company of New Orleans and President of the Mobile Liners, Inc. He is director of the Lake Borgne Canal Company, of the New Orleans Ship Wright Company and of the Louisiana Southern Railway. He was also president for several years of the New Orleans Progressive Union, now the Association of Commerce, and has just finished a two-year term as president of the New Orleans Board of Trade, of which he is still a director.

In March last he became a member of the Inland Waterways Committee above referred to. This committee was appointed by the Director-General to "make a prompt investigation and report as soon as practicable a definite plan, describing the extent and the manner in which additional use may be made of the internal waterways for the facilitation and expediting movement of traffic of the country so as to relieve or supplement the railways under existing war conditions."

Mr. Sanders strongly believes that the time has come when the enormous expenditure of the government in the development and improvement of the Mississippi and the Black Warrior rivers should be made to yield some return through the application of progressive methods, modernized facilities, equitable freight rates and fair differentials, and that the pressure upon the railway facilities of the nation will be sensibly reduced by the adoption of such a policy. He will have the opportunity in the position to which he has been appointed to make a thorough-going test of the possibilities of these waterways under favorable conditions.

INCREASES IN WAGES

R. H. Ashton, regional director, issues the following to northwestern railroads:

We are informed that information is reaching authorities of the United States Railroad Administration at Washington that some of the railroads are increasing rates since those authorized in General Order No. 27 and supplemental orders thereto.

Please understand that no increases in rates are to be made to any classes of employees above rates authorized in General Order No. 27, or those authorized in supplemental orders thereto, without submitting to this office for approval, and we will present your recommendations to the Board of Railroad Wages and Working Conditions for their consideration. This does not in any way affect rates specified in Circular No. 63 and other specific instructions issued by this office.

STATE EXPRESS RATE INCREASES

The Traffic World Washington Bureau

The Railroad Administration, to put an end to controversies caused by state laws, may direct the express companies to make a 10 per cent advance in express rates in Missouri, Kentucky, South Dakota, Kansas, Nebraska, South Carolina and Utah. The commissions in those states are the only ones that have not complied with the request to allow the advance. So far as known, none of them would try to stop the collection of the higher rates on state business if Director-General McAdoo would authorize the express companies to act. The commissions, however, are powerless, or they think they are, to allow the advances.

EXPENSE OF FIDELITY BONDS

The Traffic World Washington Bureau.

In General Order No. 36, Director-General McAdoo July 18 ordered the expense of fidelity bonds now charged to those required to give them, to be charged to the operating expenses of the railroads requiring them.

ELECTRIC ROAD RATES

The Traffic World Washington Bureau.

As the representative of state commissions Charles E. Elmquist has asked the National War Labor Board to take no action on the petition of the American Railway Association that the board recommend to the President that he fix rates on electric lines and street railroads, until the state commissions have been heard in support of his request. Mr. Elmquist took the position that no such recommendation should be made until it had been determined that the state commissions are impotent to afford relief or that they will not do so.

CAR SERVICE BULLETIN

In Bulletin No. 32, issued by Manager Kendall of the Car Service Section, the United States Housing Corporation has been added to the list of government departments mentioned in Circular No. C. S. S. for whose account movement of carload freight will be reported to the car service office.

TRACING SHIPMENTS

C. H. Markham, Regional Director, says in a circular to carriers:

Referring generally to the question of tracing shipments, and particularly as to the method of answering telegraphic inquiries, my attention has been called to the tendency on the part of the carriers to send day messages when night messages would suffice, and to be careless in the use of the number of words for which the shipper is required to pay, and you will please issue such instructions as will tend to reduce the cost to the party paying for the message as far as may be consistent with clarity.

FREE AND REDUCED TRANSPORTATION

C. H. Markham, Regional Director, in a circular to lines in the Allegheny region, says:

It has been decided inasmuch as the proceeds of transportation service are a matter of revenue for the federal government, there would seem to be no justification for granting transportation, free or at reduced rates, for account of charity, particularly as to do so in one instance would require a similar policy towards all, as, of course, there can be no discrimination between one state or section and another.

The question of transportation, at reduced rates, of material used in building or repairing public highways or other operations for state, county and municipal governments has been raised, and it has also been decided that there is no good reason why the federal government should assume any part of the burden of either a city, county or state government, and that such special rates, therefore, cannot be granted.

N. I. T. L. MEETING

The National Industrial Traffic League has changed the place of its summer meeting from Cleveland to Buffalo, having been unable to obtain hotel accommodations at the former place. The meeting will be held at Buffalo, Hotel Lafayette, August 29 and 30.

Legal Department

In this department a legal expert answers simple questions relating to the law of interstate transportation of freight. Readers desiring special service by immediate answer may obtain privately written answers to their inquiries by the payment of a small fee.

Address Legal Department, The Traffic Service Bureau, Colorado Building, Washington, D. C.

War Tax Applies to Demurrage.

Iowa.—Question: On page 1433 of June 29 issue, under the heading, "War Tax Applies to Demurrage," you have replied to my question as to whether or not the 3 per cent war tax should properly be charged against demurrage that accrues after cars have been tendered for delivery. You have quoted the regulations promulgated by the Commissioner of Internal Revenue, also Treasury Decisions No. 2600, etc. I had previously read over these these rulings and decisions, but no where can I find that the question I have asked has been definitely passed upon. It is true that the rulings say that the 3 per cent tax shall apply to each and every service rendered by or on behalf of carriers in connection with the transportation of property; also that demurrage is included among these services, and it is perfectly clear to me that the tax shall apply to any demurrage which accrues during the transportation of a car, but it has not been made clear that the tax is to apply on demurrage which accrues after the car has arrived at destination and after delivery has been constructively made.

Is it not true that the courts have ruled that a railroad's responsibility as a carrier ceases when a car has been placed for delivery and that the railroad from that time forward is only responsible as a warehouseman? I am quite sure that you yourself have referred to such court decisions. Again, if, after free time has expired, the shipment is placed in a warehouse instead of remaining in the car, does the 3 per cent tax apply on the charges of the warehouse company? If so, I can see why the tax should apply on the demurrage charged for use of the car after delivery; but, if no tax stands against the warehouse charge, no tax should stand against the demurrage charged after delivery. That is the point I am trying to bring out, and I do not yet feel convinced that the law allows this tax to extend beyond delivery of the shipment.

Answer: Demurrage is defined as the sum fixed by the contract of affreightment, or the law, as a remuneration to the carrier for the detention of the car beyond the lay days allowed for loading or unloading. Michie on Carriers, volume 1, section 975. The term is now commonly used to signify the charge for the storage of goods in a railroad car. It is held by most of the courts that the duty of regulating demurrage is lodged primarily with the Interstate Commerce Commission. Further, it is generally conceded that the powers of the Commission are only such as were conferred by the act to regulate commerce. But nowhere in the act is the term "demurrage" expressly used, and, therefore, whatever powers the Commission possesses over demurrage is by reason of the act conferring that power under some other term. This it does in the use of the word "storage," and, as shown by the authorities, demurrage is the term generally used to signify the charge for the storage of goods in the car, without in any wise differentiating between such storage as

occurs during the transportation of the property and that occurring after its arrival at destination.

Section one of the act defines what carriers and transportation are subject to the act, and paragraph two thereof expressly states that "the term 'transportation' shall include cars and other vehicles and all instrumentalities and facilities of shipment or carriage, irrespective of ownership or of any contract, express or implied, for the use thereof and all services in connection with the receipt, delivery, elevation and transfer in transit, ventilation, refrigeration or icing, storage, and handling of property transported."

The Interstate Commerce Commission, in the case of Peale, Peacock & Kerr vs. C. R. R. of N. J., 18 I. C. C., 35, said, "if storage furnished and charged for, storage becomes an incident in connection with 'transportation,' and in this case 'storage' is used in the sense of 'demurrage.'" Again, in the case of Cancellation of Joint Rates, 27 I. C. C., 363, the Commission said that "the act, in section 1, is specific in the statement of certain things which shall be included in the term 'transportation.'"

The war revenue act of 1917 provides that a tax equivalent to 3 per cent of the amount paid for transportation shall be paid, and in article 2 of Regulations No. 42, containing the rules and regulations promulgated by the Commissioner of Internal Revenue, the word "transportation," as used in the war revenue act, is defined to mean "the movement of persons and property by carrier, including all services and facilities rendered, furnished, or used in connection with such movement by or on behalf of the carrier. It includes receipt, delivery, elevation, transfer in transit, ventilation, refrigeration, icing, storage, trimming of cargo in vessels, wharfage, handling of property transported, feeding and watering live stock, and all other incidental services and facilities."

As shown in our answer to "Iowa," published on page 1423 of the June 29, 1918, issue of The Traffic World, the commissioner has already expressly held that the tax applies to demurrage.

* * *

Shipments Lost Moving in Open Cars.

Ohio.—Question: During November, 1917, we received at Cincinnati a carload of steel bars shipped from Pittsburgh which checked fourteen bars short, shortage valued at \$69. Claim was filed with carrier for this amount and, to support same, we supplied affidavits from shipper and ourselves, proving just what was loaded into and unloaded from car, in addition to receipted freight bill bearing notation of shortage. Carrier at first asked us to withdraw claim, calling our attention to the provisions applying on shipments in open cars in section one of uniform bill of lading, but upon further pressure from us, offered to stand for half the amount of claim, contending that shipment moved from points of origin to destination without transfer, so that they see no chance of loss and therefore cannot acknowledge liability. What is your opinion as to carrier's liability, and can you cite any decisions on cases of similar nature?

Answer: Section one of the uniform bill of lading in part provides that: "Where, in accordance with general custom, on account of the nature of the property, or when at the request of the shipper the property is transported in open cars, the carrier or party in possession (except in case of loss or damage by fire, in which case the liability shall be the same as though the property had been carried in closed cars), shall be liable only for

ligence, and the burden to prove freedom from such negligence shall be on the carrier or party in possession." If, therefore, it is the general custom of the carrier transport steel bars in open cars, or if not the custom do so, yet if the carrier requested that the steel bars be transported, and during such transportation part of the shipment was lost or pilfered, without the fault or negligence of the carrier, then the carrier would not be liable. *Michie on Carriers*, section 1920, with authority cited, says that: "When the consignor of the goods agrees that they may be loaded and transferred on open cars, the carrier, in the absence of negligence on its part, is not liable for any damage caused to the goods by being so loaded and transported."

However, when the owner shows that the loss has occurred the law presumes that the carrier was negligent and it has the burden of proving that loss resulted from some cause for which it was not responsible; for instance, that the lost goods were not in fact received by it, or were stolen while in transit, or were exercising due care and diligence for their safety. It is no doubt by reason of this legal duty, and its probable inability to prove entire freedom from negligence, that the carrier is willing to compromise the claim by assuming part responsibility and risk, and thus offering a settlement on the basis of fifty per cent of the actual loss. Such settlement has no legal standing or authority, since, if the carrier is liable at all, it is liable for the full amount of the loss.

Notice of Consignee's Refusal of Shipment.

Kansas.—Question: Will you please advise if there is not some ruling whereby the carriers are obligated to furnish a shipper notice of refusal of perishable goods at destination? We are reasonably sure that this ruling is in existence, but are unable to locate it. Our contention in the case at hand is that, should we have been notified that shipment was undelivered, we would have given immediate disposition and avoided the total loss. Carrier's contention is consignee had gone out of business and they were not responsible for non-delivery or failure to notify shippers.

Answer: We infer that the rule you have in mind is the one covered by the code of storage rules as relates to the duty of a carrier to give notice to the consignor of the refusal of L. C. L. or unclaimed shipments. Rule 2, section B, paragraph 1, of this code, provides that "where shipments have been plainly marked with the consignor's name and address, preceded by the word 'from,' notice shall be immediately sent or given consignor of refusal of L. C. L. shipments. Unclaimed L. C. L. shipments will be treated as refused after fifteen calendar days from expiration of free time." This rule, however, simply affects the right of the carrier to charge storage and has no bearing upon lost or damaged shipments. Loss and damage claims are not covered by the act to regulate commerce, and the Interstate Commerce Commission therefore having no jurisdiction over them, any ruling by the commission relating to the storage or handling of goods will have no application to loss and damage shipments. Such shipments are governed by the decisions of the courts.

The recent court decisions are substantially to the effect that if the consignee fails or refuses to receive the goods consigned to him, it is the duty of the carrier to take such steps in relation to the goods as will advance the owner's interest and purposes. The carrier should take proper care of the goods, and should store them in a safe place. It should, especially if the carrier knows the con-

signor, notify the latter of the consignee's refusal to receive or claim the goods. Where the goods are of a perishable nature, and it becomes a matter of necessity to sell, the carrier might rightfully sell them. In some states there are statutory provisions regulating the sale of such goods or giving notice of consignee's refusal or failure to accept to consignor. Since there is no federal law on the subject, such state laws would govern either intra-state or interstate shipments; but in the absence of such law or court decision to that effect, the common law would prevail, and under this law no notice to consignor would be required. So that, in the shipment in question, the law or court decisions of the state wherein the shipment was delivered, will determine the liability of the carrier for failing to give the consignor notice of the consignee's refusal to accept.

Invoice Price Relative to Lost Shipment.

Pennsylvania.—Question: Please refer to your answer to "Texas," page 1369, June 22, volume XXI, No. 25. We would like to have some advice regarding the following:

Our representatives are on the road and contract for orders six months before delivery at a certain price f. o. b. shipping point. Commodities increase in price before shipping time; the shipment is lost on the road and consignee makes a claim. In preparing our papers to enable him to make claim, and at the same time enable him to recover the value of merchandise at the time and place of shipment, what kind of duplicate invoice do we send him—a duplicate showing the price he purchased them for or an invoice showing the market value at the time of shipment?

Answer: As the invoice price to the purchaser, on the facts above submitted, is not fairly representative of the actual value of the shipment at the time and place of shipment, and, as the Cummins amendment places upon the carrier liability for the full actual loss or damage to the property transported which is caused by them, and makes unlawful any limitation of that liability, in preparing your claim papers you should compute your damages on the basis of the value of the property at the actual place and time of shipment. In no instance is the invoice price of a shipment conclusive as to the value of the shipment when it is not fairly representative of the full actual value of the property at the time of shipment.

CONFERENCE RULING

The Traffic World Washington Bureau.

To enable it to perform the work made necessary by the Supreme Court's decision in the Louisville cement case, the technical name of which is *U. S. ex rel. vs. I. C. C.*, in which the court reversed the holding of the Commission in the Blinn case, the Commission has made the following conference ruling:

Right of action to recover reparation on account of unlawful charges accrues when they are paid.—The Supreme Court of the U. S. in *U. S. ex rel. vs. Interstate Commerce Commission*, decided on April 29, 1918, held that the right to recover reparation on account of unlawful freight charges accrues when they are paid, and not upon the delivery of the shipment, as held by the Commission in *Blinn Lumber Co. vs. S. P. Co.*, 18 I. C. C., 430.

The Commission will therefore entertain petitions for the reconsideration of any such formal or informal claims that were filed within two years from the time the charges were paid and were denied by the Commission under the ruling of the Blinn case. Such petitions should be filed not later than Dec. 31, 1918. Modifying Conference Ruling 508.

Loss and Damage Decisions

Cases Recently Decided by State and Federal Courts

(Digests taken from Reporters and Digests of National Reporter System, published by West Publishing Co., St. Paul, Minn. Copyright, 1918, by West Publishing Co.)

BILLS OF LADING.

Consignee:

(Supreme Judicial Court of Massachusetts.) Whether the consignee of interstate freight is or has become a party to the contract of transportation must be determined by the general principles of the common law.—*New York Cent. & H. R. R. Co. vs. York & Whitney Co.*, 119 N. E. Rep. 855.

A consignee who is not the owner of the goods, and who is to receive them only for sale on commission, and who notifies the carrier to such effect, is not thereby necessarily a party to the contract of carriage.—*Ibid.*

Since it is required by the interstate commerce act that a bill of lading or receipt for an interstate shipment must be issued by the carrier, the consignee of an interstate shipment must be presumed to know the requirement, but cannot be presumed to know the terms of the bill of lading.—*Ibid.*

Uniform Bill:

(Supreme Judicial Court of Massachusetts.) If the consignee of an interstate shipment of cantaloupes was bound to know the terms of the uniform bill of lading established for interstate shipments by the Interstate Commerce Commission, it was not thereby liable to pay the terminal carrier the lawful rate for transportation of the shipment; such carrier, on being informed that the shipment was merely on consignment for sale, having understated the charge to the consignee, since the uniform bill of lading was not designed to take the place of special bills of lading issued on particular commodities of such nature or so handled as to require exceptional provisions.

New York Cent. & H. R. R. Co. vs. York & Whitney Co., 119 N. E. Rep. 855.

DELAY IN TRANSPORTATION IN DELIVERY.

Demurrage:

(Supreme Court, Appellate Term, First Dept.) The ordinary measure of general damage applicable to a loss due to a carrier's failure to deliver with reasonable dispatch is the difference in the market value between the time of arrival and the time when the goods should have arrived.—*Steinberg vs. Erie R. Co.*, 170 N. Y. Sup. 893.

General damage, through a carrier's delay in delivering freight, cannot become special damage because of the unusually great loss, due to a short duration of the season for sale or use of the goods. *Ibid.*

Unusual loss to a shipper of seasonal goods having a limited time for sale, such as straw hats, caused by the carrier's delay in returning the goods, after refusal by the consignee pursuant to arrangement, does not create an exception to the ordinary or market value rule of damages, the carrier being liable for the difference in the market value between the time of arrival and the time when the goods should have arrived.—*Ibid.*

LOSS OF OR INJURY TO GOODS.

Heating:

(Supreme Court of Arkansas.) It is a matter of common knowledge that in a short haul of 50 or 60 miles the damage to a carload of apples by reason of heating

will not be appreciable.—*Missouri Pac. R. Co. vs. Field Bros.*, 203 S. W. Rep. 1036.

Notice of Claim:

(Court of Civil Appeals of Texas, Beaumont.) Under the acts of Congress relating to interstate commerce, as construed by the federal courts, a stipulation in a bill of lading covering an interstate shipment requiring claims for loss, damage, or delay to be made in writing to the carrier at the point of delivery or point of origin within four months after delivery, or in case of failure, within four months after a reasonable time for delivery, is valid and binding, and must be given effect by the court.—*Houston E. & W. T. Ry. Co. vs. Houston Packing Co.*, 203 S. W. Rep. 1140.

Notice of Claim Waiver:

(Court of Civil Appeals of Texas, Beaumont.) The carrier of an interstate shipment under a uniform bill of lading, approved by the Interstate Commerce Commission, which became a part of the tariff rate filed by the carrier with the Commission, and required notice to the carrier within four months of delivery, at point of delivery or point of origin of claims for loss, damage, or delay, could not waive compliance by the shipper with the stipulation, either expressly or by implication, but was bound to enforce and give effect to the same as a part of its tariffs filed with the Commission.—*Houston E. & W. T. Ry. Co. vs. Houston Packing Co.*, 203 S. W. Rep. 1140.

If the Interstate Commerce Commission had no authority to authorize an interstate carrier to waive stipulation of a uniform bill of lading requiring notice of claims for loss, damage or delay within four months, and if the carrier without such authorization was without authority to waive the stipulation, there could be no legal waiver of stipulation in the bill of lading, either express or implied.—*Ibid.*

CARRIAGE OF LIVE STOCK

Notice of Claim:

(Supreme Court of Alabama.) Stipulations in interstate bills of lading requiring notice of claim of damages and extinction of the right to recover therefor if the notice stipulated is not given are valid and effective and if the notice of claim required by the bill of lading is not given the carrier is not liable in any form of action.—*Nashville, C. & St. L. Ry. Co. vs. Camper*, 78 Sou. Rep. 925.

Receivers:

(Court of Civil Appeals of Texas, San Antonio.) As a general rule, a corporation is not liable for any acts of a receiver, who has full possession of its property and entire charge of its affairs.—*Ponder et al. vs. Crenwelge et al.*, 203 S. W. Rep. 1125.

Ownership:

(Court of Civil Appeals of Texas, San Antonio.) Consignee and another who did not buy an interest in the cattle until they reached their destination would have no right to recover against the carriers for cattle killed and injured in transit; the owner not having sold them an interest in the chose in action.—*Ponder et al. vs. Crenwelge et al.*, 203 S. W. Rep. 1125.

Connecting Carriers:

(Court of Civil Appeals of Texas, San Antonio.) Where a contract of the initial carrier was to transport to a certain place, and there deliver to the connecting carrier, and where there was no partnership between the carriers, ratification of the original contract, evidence which wholly failed to show damages which occurred on each

line afforded no basis for an apportionment of damages by the jury. *Ponder et al. vs. Crenwelge et al.*, 203 S. W. Rep. 1125.

Receiving from initial carrier goods for transportation was not a ratification of the initial carrier's contract, but merely a compliance with Rev. St. 1911, Articles 6608-6612, requiring connecting carrier to receive and transport all freight delivered to it by any other line.—*Ibid.*

Shipping Decisions

Cases Recently Decided by State and Federal Courts

(Digests taken from Reporters and Digests of National Reporter System, Published by West Publishing Co., St. Paul, Minn. Copyright, 1918, by West Publishing Co.)

Notice of Claim:

(Circuit Court of Appeals, Second Circuit.) Where a bill of lading declared that the steamship owner should not be liable for any loss or damage or claim of which notice was not given before removal of the goods, it was not sufficient that the attention of the captain in one case and of persons on the wharves directing or supervising the discharge of the cargo in another, was called to the fact that goods were damaged, for, if that were allowed, loose talk of truckmen would be enough to defeat a exception. *The San Guglielmo*, 249 Fed. Rep. 588.

Though a bill of lading declared that the steamship owner should not be liable for any claim of which notice

was not given before removal of the goods, consignees, who removed part of the goods without notice, may recover for damage to other goods, which were left on the wharf and later were destroyed by the board of health.—*Ibid.*

Evidence:

(Circuit Court of Appeals, Second Circuit.) Evidence held insufficient to show that one of several libelants, who asserted injuries to a shipment of goods, gave detailed particulars of his claim as required by the bill of lading, but to warrant a find that no such particulars were given.—*The San Guglielmo*, 249 Fed. Rep. 588.

Miscellaneous Traffic Decisions

Cases Recently Decided by State and Federal Courts

(Digests taken from Reporters and Digests of National Reporter System, published by West Publishing Co., St. Paul, Minn. Copyright, 1918, by West Publishing Co.)

REGULATION OF COMMON CARRIERS.**Contracts:**

(Supreme Court of Alabama.) The construction of a contract for a through interstate shipment of live stock is a matter for the court and not for the jury.—*Nashville, C. & St. L. Ry. Co. vs. Ry. Co.*, 78 Sou. Rep. 925.

What Law Governs:

(Supreme Court of Alabama.) The rights, liabilities and remedies of parties under a contract for a through interstate shipment of live stock are governed alone by pertinent federal laws.—*Nashville, C. & St. L. Ry. Co. vs. Ry. Co.*, 78 Sou. Rep. 924.

If otherwise entitled to recover the provisions of the trucking amendment should be accorded appropriate effect in determining the liability of the carrier to the shipper in case of interstate shipments.—*Ibid.*

Code 1297, sec. 1297, making void stipulations forfeiting rights for failure to give notice, is not applicable to interstate shipments.—*Ibid.*

(Court of Civil Appeals of Texas, Beaumont.) A bill of lading covering an interstate shipment, its provisions and stipulations, under consideration by a court of state, must be construed and given such effect as would be given by the federal courts or as compelled by the acts

of Congress on the subject, regardless of what effect such stipulations and provisions may have, if any, in a bill of lading covering an intrastate shipment, since the acts of Congress and the decisions of the federal courts relative to interstate commerce are supreme.—*Houston E. & W. T. Ry. Co. vs. Houston Packing Co.*, 203 S. W. Rep. 1140.

Cars:

(Supreme Court of Arkansas.) It is a matter of common knowledge that apples are shipped in ice cars, ventilated cars, and common box cars.—*Missouri Pac. R. Co. vs. Fields Bros.*, 203 S. W. Rep. 1036.

While reasonable latitude should be accorded a railroad in providing the character of equipment in which to carry particular kinds of freight, it would be wholly unreasonable to allow it to arbitrarily characterize a certain product as perishable, and compel the shipper to use the equipment provided, if practical to use some other character of equipment at a lesser freight rate.—*Ibid.*

If being practical to ship a carload of apples from Russellville to Little Rock in a common box car, plaintiff shipper, who demanded a box car for such shipment, but was forced to take an ice car at an additional rate, was entitled to recover the additional rate exacted of and paid by him.—*Ibid.*

Rates:

(Supreme Judicial Court of Massachusetts.) The rates published according to the requirements of the interstate commerce act are absolutely binding on all persons who are parties to interstate transportation, as they have the force of statute, and cannot be varied by the carrier's intentional or accidental misstatement.—New York Cent. & H. R. R. Co. vs. York & Whitney Co., 119 N. E. Rep. 855.

An interstate carrier's schedule of rates became operative on filing with the Interstate Commerce Commission and furnishing copies to its officers, even though not publicly posted by the carrier.—Ibid.

An interstate carrier of freight being obliged, under the interstate commerce act, sec. 6, as amended by act Cong. June 18, 1910, to state accurately in writing the rate applicable to an interstate shipment of cantaloupes in response to the consignee's request, the statement of the rate being correct, the consignee was bound to know that it was authoritative.—Ibid.

Undercharges:

(Supreme Judicial Court of Massachusetts.) Where a car of cantaloupes was shipped from Idaho to Boston covered by straight bill of lading, and on arrival the consignee informed the terminal carrier that it was receiving the melons merely for sale on commission, and would not accept until the carrier informed it on what terms it would release the goods, whereupon the carrier understated the lawful amount of freight due, despite the binding character of the rates for interstate shipments of freight promulgated pursuant to the interstate commerce act, the consignee was not liable to the carrier for the unpaid part of the lawful charge.—New York Cent. & H. R. R. Co. vs. York & Whitney Co., 119 N. E. Rep. 855-56.

Penalties:

(Supreme Court of South Carolina.) A shipper aggrieved by a loss of freight in transit may sue the carrier in separate actions for the amount claimed for the loss and for the penalty prescribed by Civ. Code 1912, sec. 2573, for failure to pay claim within 30 days, though the trial of the cause of action for the penalty must accompany or follow the trial of that for the claim, since the penalty cannot be recovered until and unless the full amount claimed is recovered.—Sauls-Baker Co. vs. Atlantic Coast Line R. Co., 96 S. E. Rep. 118.

MULTIPLE CAR LOT RATES

The Traffic World Washington Bureau.

The Commission has discontinued No. 9020, Multiple Car Lot Rates, because all objectionable multiple car lot rates have been cancelled. Thus ends, for the time being, the effort of big shippers to procure the establishment of what amounted to trainload rates, which, if established, would result in the abolition of the carload as the unit on which transportation rates were to be based. The effort to establish trainload rates was made in the west and was intended to give what might be called super-wholesale rates to the shippers of live stock. Every operating man, as well as traffic man, knows that if a commodity moves in a trainload the unit per ton or per 100 pounds can be made much lower than if the movement is in single carloads. As rates are stated now, no inducement is held out to the shipper to forward his freight in trainloads. When forwarding is done in train quantities it is merely an incident in the ordinary run of business and not the result of designing, because, as before set forth, there is no inducement for the shipper to enable the carrier to handle its business in such an economical way.

Help for Traffic Man

This department is conducted by a traffic man of long experience and wide knowledge. In it he will answer questions relating to practical traffic problems. We do not desire to take the place of the traffic man, but to help him in his work. We reserve the right to refuse to answer any questions that we judge it unwise to answer or that involve situations that are too complex for the kind of investigation contemplated. Questions will be answered as promptly as possible. No answers will be given by mail except for a fee.

Address "Help for Traffic Man," The Traffic Service Bureau, Colorado Building, Washington, D. C.

Tariff Rates Apply Via All Routes.

Q.—A shipped B a number of carloads of freight last fall. Shipments originated at an interior point in seaboard territory and destination was the Pacific coast. Shipments usually moved by way of Buffalo, but on account of embargo against connecting lines cars were moved via Jersey City, N. J., and Buffalo; there was a through commodity rate from point of origin to destination. Carrier assessed the local rate to Jersey City plus the through commodity rate from point of origin to destination. Please publish in *The Traffic World* your opinion as to whether or not carriers have a legal right to assess local rate to Jersey City.

A.—Inasmuch as the transcontinental tariff does not specify through routing, but only western gateway routings, there is no restriction of routing east of such gateways, and under the Commission's ruling in Tariff Circular No. 18-A, rule No. 4, section (j), the rates are lawfully applicable via lines of any or all carriers named as participating carriers in the tariff, irrespective of the junctions through which shipment moves, and shipper may not be required to pay more than the tariff rate because carriers do not have arrangements for divisions via such junctions. Therefore, we would say that the joint through rate was the lawful rate for your shipment moving via Jersey City and Buffalo to the Pacific coast, and not the combination of rates to and from Jersey City.

War Tax on Undercharged Shipment.

Q.—A shipment was made in October, charges prepaid, but, through a clerical error, net weight of shipment was marked on bill of lading instead of gross weight; at point of destination error was discovered by carrier and due bill issued for difference in weight plus the war tax on same. In your opinion should war tax be collected on same? Is it considered a collect shipment?

A.—It is our understanding that the war tax lies against the correct amount of the freight bill and that it is the duty of carrier to collect the amount of undercharge in the war tax as well as the undercharge in the amount of the prepaid charges. You state that the shipment was underbilled in weight through error and apparently you raise no question of the right and duty of the carrier to collect its lawful charges based upon the correct weight. Does it not follow that the duty also rests upon the carrier, as the agent of the government, to collect the war tax based upon the correct freight charges? We think it does. The shipment should be considered a prepaid shipment, although underpaid at time of forwarding.

Rail Carrier Not Responsible for Misquotation of Ocean Rates.

Q.—Will you have the kindness to advise us, through the columns of *The Traffic World*, relative to the liability of railway companies for written quotations of transatlantic steamship rates on imported shipments? An eastern

carrier, upon request, made a quotation covering shipment from Liverpool, England, to New York, which was relied upon by consignee, and shipment made. Now the carrier has presented an additional bill for undercharge, claiming that original ocean charges, which it had quoted, were in error. We understand absence of liability of carrier for misquotation of inland rate filed with the Interstate Commerce Commission, but are in doubt regarding the above.

A. Ocean rates are beyond the control of rail carriers and, as is well known, are not constant, but fluctuate

from time to time or from day to day. The rail carrier who undertook to quote the rate from Liverpool to New York doubtless did so for convenience of and as the agent of the consignee. No duty rests upon the rail line as a common carrier to quote ocean rates, while the act to regulate commerce as amended makes it the duty of a common carrier upon written request therefor to quote inland rates. So we would say that the rail line, not having failed in the performance of a duty placed upon it by law, is not liable for its misquotation of an ocean rate under the circumstances you relate.

Traffic Lesson No. XLI

Freight Routing (Concluded)—Forty-first in the Course of Fifty-two Lessons Written for the Traffic World by Grover G. Huebner, Ph.D., Assistant Professor Transportation and Commerce, University of Pennsylvania, and Published Bi-weekly—(Copyrighted)

In the previous lesson it was noted that the purposes of shippers in routing freight vary with the conditions encountered in particular shipments. In many instances the dominant consideration is a saving in freight charges.

When routing freight for this purpose the shippers or consignees are concerned with the entire freight bill. The freight rate is obviously an important item. It is therefore advisable when shipping to particular destinations to obtain the rates in effect via the various available routes. The statement that competitive routes charge uniform rates is correct only in the general sense that their rates are interdependent and are made cooperatively. They are not, however, identical via every all-rail, rail-water or all-water route. The routes with freight rates that are lower than the standard all-rail rates are frequently described as differential routes because it is understood that they shall be permitted to charge lower rates in order that they may, in normal times, obtain a fair share of the traffic. The differential routes may be longer and the service that they offer may be less prompt and direct than that of standard lines, but their freight rates may be sufficiently much lower to be attractive when shipping commodities that require cheap transportation rather than the promptest delivery.

The transportation bill as a routing consideration, moreover, includes every other charge that is assessed against a freight shipment. Especially important are the amounts paid for cartage or trucking at points of shipment and destination. The shipper's or consignee's plant may, in this regard, be located more favorably with respect to one route than another. Either the shipper or consignee may, in fact, be connected with one route by a private siding, while to reach another route expensive cartage is necessary. In comparing the relative freight rates via a rail and a water route it is always important to consider any cartage bill that may be incurred. The differential water freight rate plus a cartage charge may exceed an all-rail rate in case a private siding connects the rail line with the shipper's plant, or the apparent difference in freight rates may be largely reduced.

The relative freight bill via different lines may also be affected by special charges or the absence of special charges for switching, lighterage, elevators, milling or fabrication in transit or other in-transit services or privi-

leges, or for refrigeration, demurrage or storage. Should a shipment be destined to an overseas export market the inland shipper is concerned not only with inland freight charges but with the freight rates of ocean carriers serving different ports, with transshipment charges and with whatever port charges are assessed against ocean cargoes and not included in the freight rate or absorbed by the carriers.

Routing for Prompt Delivery.

If time or promptness of delivery at destination is of greater importance in a particular shipment than the freight bill, a different group of considerations will control. In normal times shippers who have on many occasions used the various routes that are available will know from experience what route ordinarily gets its freight through the fastest to given destinations. Others, however, need to examine the different routes in order to route their shipments properly; and abnormal traffic conditions may even nullify in a measure the value of past experience.

The length or directness of the routes and the kind of transportation service provided are, of course, considered. But so also are the terminal facilities of the various lines, and the absence or presence of freight congestion. The number of transfers, if any, and the manner of making them may also be a controlling factor. At some transfer points the transfer is direct at a common platform; at others the freight is handled by switching; at some transfer points teams or trucks are used; and in some cases transfers are made by lighterage. Not only do some of these methods require more handlings than others but, unless the transfer is direct or special arrangements such as an extra switching have been made, unexpected delay in transfer may result if the car arrives late in the day. The transfer may go over until the following day unless the car arrives early.

In routing for promptness in delivery the shipper is also interested in time or preference freight services such as were described in Lesson No. 37; on the running of through package cars; in the character of service beyond the transfer points, and in the ability to ship or deliver over private sidings.

In overseas shipments to or from interior points the shipper is, moreover, concerned with the arrangements

that he is able to make with freight forwarders, manufacturers, export agents, commission houses, or other port representatives in case he is not shipping on a through bill of lading with his ability to obtain the kind of ocean transportation service that he desires; with contractual relations between ocean and rail carriers that may have a bearing on the ocean freight service; and with the transfer facilities at the various ports.

Miscellaneous Routing Considerations.

In shipping perishable wares, fragile packages, or live stock, an important routing factor is the condition at arrival and the likelihood of loss or damage. Other shipments, too, are of course not infrequently lost or damaged, but in case of the former the condition of goods at arrival is especially important. Since, in the shipment of perishable goods and live stock, there is a close connection between time and condition at delivery, the various considerations mentioned above are again applicable. In so far as perishables are shipped in refrigerator cars the icing service at the shipping point and en route are important.

Packages do not depend so largely on time, for they may not be intrinsically perishable. Yet some of the same routing factors also apply. Their condition on delivery may depend, in part, on the number and manner of making transfers; the care taken in handling them at transfer and freight houses and in loading them in cars; the amount of cartage necessary, etc. It is suggested that a more direct method of reducing losses of and damage to package freight is to reduce the number of fragile packages by packing goods in substantial freight containers.

When freight is lost or damaged the shipper is interested in the promptness with which his freight claims are settled, and consequently this may be a routing consideration. The reduction of losses and damages to a minimum by having freight arrive in perfect condition is obviously to the advantage of both the carrier and the shipper or consignee.

At times the shipper's ability to obtain certain special services or privileges is a routing factor. Arrangements for milling, fabrication, or stopping in transit on certain lines may be especially attractive to him. Reconsignment points may be favorably located; peddler car services, switching services, and, in fact, any of the special services mentioned in Lesson No. 33 may, in a particular shipment, become a routing factor. To obtain effective results, freight routing must be performed carefully. To issue routing instructions carelessly or without adequate information may nullify special arrangements that the carriers have made without obtaining the results desired. Freight routing is one of the most important functions performed by the skilled traffic managers that are being employed by an increasing number of shippers and by the transportation or traffic bureaus that are being established in a growing number of industrial centers.

MILLERS TRAFFIC COMMITTEE

The Millers' Traffic Committee of Buffalo has been organized with W. D. Sanderson, chairman, and J. W. Horsey, secretary. G. F. Booth, F. F. Henry, F. E. Pond, George P. Urban and C. P. Wolverton constitute the advisory committee, and W. J. Downs, J. W. Horsey, T. P. Maloney, W. J. McKibben and W. D. Sanderson, the executive committee. The firms represented by the organization are: Armour Grain Company, Clover Leaf Milling

Company, Duluth-Superior Milling Company, the Fleischmann Company, General Flour and Feed Company, Globe Elevator Company, Hecker-Jones-Jewell Milling Company, H-O Company, Phillip Houck Milling Company, C. P. Mathews & Sons, Inc., Niagara Falls Milling Company, Northwestern Consolidated Milling Company, Nowak Milling Corporation, Pillsbury Flour Mills Company, Ralston Purina Company, Thornton & Chester Milling Company, Geo. Urban Milling Company, J. A. Walter Milling Company, Washburn-Crosby Company.

The purpose in the formation of the committee is to bring about active co-operation between the railroads, under their present administration, and the shippers, and to give the millers, feedmen and maltsters, of Buffalo



W. D. SANDERSON.

and that district, an effective means of expressing themselves on traffic matters both to the railroads and to the Commission when necessary. The committee was organized June 26. Its chairman was with the Lehigh Valley Railroad in Buffalo for nine years in various capacities. The last two years of that time he served as lake grain agent. He went to the Washburn-Crosby Company the first of last December as traffic manager.

RAILWAY MAIL HEARING.

A hearing is to be held on the railway mail case before Examiner George N. Brown, at Washington, Nov. 4. Director-General McAdoo and every railroad are served with notices of the hearing and also with copies of what Postmaster-General Burleson will require in the way of transportation.

Personal Notes

R. H. Vaughan was born in Mobile, Ala., October, 1859. Conditions in the south during his boyhood being such



as to result in his not having the advantage of schooling other than for a short period of six months at a private school in Mobile, he prided himself on being self made and educated. He began his railroad career as individual ledger accountant in the auditor's office, Mobile & Ohio Railroad, in 1881 was transferred to Cairo in 1883 as chief clerk, local freight office, and shortly thereafter took a position as chief rate

clerk, traffic department, Missouri Pacific Railroad, St. Louis, Mo. In 1886 he was called to Galveston as chief clerk under W. H. Newman and O. G. Murray, at that time head officials of the Missouri Pacific Railroad in Texas. His next change was to the Cotton Belt at general freight agent, Texarkana, Tex., in 1888. The following year he became assistant general freight agent, Mexican National Railroad, City of Mexico. In 1891 he was appointed general United States agent for the Monterey & Mexican Gulf Railway, New York, reporting to J. & W. Seligman & Co., who controlled the property at that time. In 1892 the harbor of Tampico having been opened for heavy draft vessels, he was made assistant freight traffic manager and sent abroad to establish agencies in Liverpool, London, Antwerp, Brussels, Amsterdam, Rotterdam, Hamburg, Bremen and Harve. In 1895 the Seligmans having sold their interest to a Brussels syndicate, his position was abolished. Shortly thereafter he became general eastern agent, Blue Ridge Dispatch, New York City, in April, 1896. In 1902 he was appointed general manager of the Blue Ridge Dispatch, and his success in that position is well known. All fast freight lines under federal control having been abolished, Mr. Vaughan was appointed assistant general freight agent, Chesapeake & Ohio Railway, in charge of business formerly handled in connection with Chesapeake & Ohio Dispatch Lines.

B. E. Winchell, regional director, announces the appointment of R. V. Taylor, federal manager for the Gulf, Mobile & Northern Railroad, office Mobile, Ala.

Hale Holden, regional director, announces that Robert Rose is appointed general manager of the Colorado & Southern Railway, with office at Denver, Colo.

Regional Director Winchell announces the following appointments: W. J. Harahan, federal manager, Macon, Dublin & Savannah Railroad, Norfolk, Va.; C. M. Kittle, federal manager for that portion of the line of the Louisiana Railway & Navigation Company east of the Mississippi River, Chicago, Ill. The appointment of R. V. Taylor as federal manager for the Gulf, Mobile & Northern Railroad is cancelled, by reason of the fact that that property is not now under federal control. Mr. E. H. Chapman is appointed federal manager for the segregated line of the Baltimore & Ohio Railroad lying between Harrisonburg,

Va., and Lexington, Va.; the Asheville & Craggy Mountain Railway; Asheville & Southern Railway; Atlantic & Yadkin Railway; Blue Ridge Railway; Carolina & Northwestern Railway; Carolina & Tennessee Southern Railway; Cincinnati, Burnside & Cumberland River Railway; Cumberland Railway; Danville & Western Railway; Ensley Southern Railway; Harriman & Northeastern Railroad; Hartwell Railway; Hawkinsville & Florida Southern Railway; High Point, Randleman, Asheboro & Southern Railroad; Lawrenceville Branch Railroad; Northern Alabama Railway; Roswell Railroad; Slevern & Knoxville Railroad; Tallulah Falls Railway; Tennessee & Carolina Southern Railway; Yadkin Railroad, and Louisiana & Mississippi Transfer (at Vicksburg, Miss.).

C. H. Markham, regional director, announces that Rufus S. Jarnigan, appointed regional supervisor of safety, eastern region, in connection with safety work, etc., will likewise serve the Allegheny region.

R. H. Aishton, regional director, announces that the headquarters of J. B. Cook, supervisor of coal traffic for Montana and northern Wyoming, will be Billings, Mont., instead of Butte.

C. H. Markham, regional director, announces the appointment of J. B. Fisher, transportation assistant; J. T. Carroll, mechanical assistant; E. B. Temple, engineering assistant.

Austin J. Jones, the newly appointed traffic manager of B. T. Babbitt, Inc., of New York, and the Mendleson Corporation of Albany, was born in Peoria, Ill., in 1882 and saw his first railroad service with the C. R. I. & P. at that point in 1902. He served in various capacities until 1904 at which time he joined the forces of the Boston & Maine at Boston Warren Bridge, where he held forth as rate clerk until 1907. He then returned west, locating in Chicago, and was identified with the Chicago & Alton rate department until 1911, in which year he both entered and left the traffic department of Morris & Company, resigning to accept a position as rate clerk with the Corn Products Refining Company, in which capacity he served both in the Chicago and New York traffic departments up to July 1, 1918.



Hale Holden, regional director, announces the appointment of W. M. Corbett as terminal manager of the Kansas City terminal district, effective July 12. The terminal manager will have charge of all terminal operations within the Kansas City switching district.

Chase & Co., carlot distributors of citrus fruits and vegetables, Jacksonville, Fla., announce the appointment of C. M. Tyler as traffic manager.

The noonday luncheon of the Traffic Club of Chicago, Tuesday, July 23, will be addressed by Frank B. Townsend of the regional director's staff, on the subject, "Routing Freight in the Western Territory."

D. C. Boyd is appointed manager development service of the Carolina, Clinchfield & Ohio Railway and Carolina,

Chas. Arnold & Ohio Railway of South Carolina, and W. A. Stuart, local purchasing agent, headquarters, Johnson City, Tenn.

The following appointments are made by the Mississippi Central Railroad, New Orleans Great Northern Railroad, Gulf & Ship Island Railroad, with headquarters at Hattiesburg, Miss.: M. J. McMahon, traffic manager; Harvey De Camp, purchasing agent; J. C. Simpson, assistant to the general manager.

R. W. Pickard is appointed assistant general freight agent of the Spokane, Portland & Seattle Railway Company, Oregon Electric Railway Company, Oregon Trunk Railway, with headquarters at Portland, Ore.

Geo. S. Lee, formerly traffic manager of Wells Fargo & Company Express, who has been appointed traffic manager of the American Railway Express Company, entered the service of Wells Fargo & Co. in January, 1890, at Lincoln, Neb., and served in various positions in the operating department at that point, St. Louis and Kansas City. He entered the traffic department at Kansas City as chief clerk in 1898 and went to New York in 1906 as assistant traffic manager. He was appointed traffic manager in 1911. His jurisdiction extends to all lines operated by the new company.

J. J. Robin has been made traffic manager of the National Manufacturing Company, manufacturers and jobbers of slack cooperage stock, Detroit, Mich. He will take entire charge of the company's freight business, including the indirect management of its Norfolk (Va.) branch under M. D. Brown. Wm. Stark, former general traffic manager of the company, will assist Frank M. Scherer in the purchase and sales department.

A. P. Humburg, commerce attorney of the Illinois Central, has been appointed assistant to R. Walton Moore, assistant general counsel of the Railroad Administration, in charge of rate litigation.

J. H. Howard, for ten years general claim agent for the Chicago & Alton, has been appointed director of claims for the railways of the United States under government ownership, with headquarters in Washington.

Ernest Williams has been appointed assistant general freight and passenger agent of the Georgia Railroad and the Charleston & Western Carolina, with office at Augusta, Ga.

J. L. Edwards, traffic manager of the Atlanta, Birmingham & Atlantic, continues under the United States Railroad Administration as traffic manager of the same road, and has been appointed traffic manager also of the Georgia Railroad, the Atlanta & West Point, the Western Railway of Alabama, the Charleston & Western Carolina, and the St. Louis-San Francisco lines east of the Mississippi river, with headquarters at Atlanta, Ga.

W. H. Johnson, manager of the Star Union Line, with headquarters at Chicago, has been appointed manager of the Pennsylvania Lines' tracing information bureau, with the same headquarters, and will keep on file all available passing reports and give attention to applications for tracing information. George W. Smith, foreign freight agent of the Star Union Line, has been appointed foreign freight representative of the Pennsylvania Lines West of Pittsburgh and will furnish on application information pertaining to export and import traffic.

C. B. Kealhofer has been appointed general freight agent of the St. Louis-San Francisco lines east of the Mississippi River, the Atlanta & West Point, the Western Railway of

Alabama, the Atlanta, Birmingham & Atlantic, the Georgia Railroad, and the Charleston & Western Carolina; J. E. Tilford and G. E. Boullineau have been appointed assistant general freight agents.

J. B. Payne has been appointed traffic manager of the Texas & Pacific Railway, the St. Louis Southwestern Railway of Texas, the International & Great Northern Railway (excluding line from Spring to Fort Worth and Madisonville branch), the Trinity branch of the Missouri, Kansas & Texas Railway of Texas, the Beaumont & Great Northern Railroad and the Louisiana Railway & Navigation Company, lines west of the Mississippi River, with headquarters at Dallas, Texas.

Gentry Waldo has been appointed traffic manager of the Galveston, Harrisburg & San Antonio Railroad, the Texas & New Orleans Railroad, Morgan's Louisiana & Texas Railroad, the Louisiana Western Railroad, the New Orleans, Texas & Mexico Railway, the St. Louis, Brownsville & Mexico Railway and the San Antonio & Aransas Pass Railway, at Houston, Texas.

J. F. Holden has been appointed traffic manager of the Kansas City Southern Railway, the Texarkana & Fort Smith Railway, the Midland Valley Railroad, the Houston East & West Texas Railway and the Vicksburg, Shreveport & Pacific Railroad, with headquarters at Kansas City, Mo.

C. E. Perkins has been appointed freight traffic manager of the Missouri Pacific Railroad, the St. Louis Southwestern Railway and the Louisiana & Arkansas Railway, with headquarters at St. Louis, Mo.

J. L. West has been appointed traffic manager of the Gulf, Colorado & Santa Fe Lines, the Fort Worth & Denver Lines, the Fort Worth & Rio Grande Railway, the St. Louis-San Francisco & Texas Railway, the Missouri, Kansas & Texas Railway of Texas, the Wichita Falls & Northwestern Railway, the Texas Midland Railroad, the International & Great Northern Railway (from Spring to Fort Worth and the Madisonville branch), and the Houston & Texas Central Railroad, with headquarters at Dallas, Texas.

EXPRESS REVENUES

The Traffic World Washington Bureau.

In February the principal express companies of the country increased their deficit from \$132,911 to \$945,741. The Adams increased its deficit from \$207,566 to \$741,273; American fell from a positive of \$10,408 to a deficit of \$20,763; Canadian increased its income from \$11,010 to \$11,356; Great Northern income fell from \$7,949 to \$3,630; Northern increased its deficit from \$1,841 to \$21,212; the income of the Southern fell from \$114,971 to \$27,804; Wells Fargo & Co. increased its deficit from \$60,354 to \$201,411, and Western decreased its deficit from \$7,489 to \$3,871.

For the two months of the fiscal year the combined deficits rose from \$245,034 to \$2,583,498; Adams increased its deficit from \$405,085 to \$1,434,961; American went from a deficit of \$6,210 to a deficit of \$773,09; Canadian from a deficit of \$6,815 to \$20,763; Great Northern from a deficit of \$8,339 to \$8,335; Northern from a deficit of \$645 to one of \$49,404. The Southern had a loss in income from \$261,218 to \$117,434; Wells Fargo & Co. increased its deficit from \$65,878 to \$404,806, and Western Express Co. decreased its deficit from \$13,277 to \$9,251.

The Open Forum

A Department for the Discussion by Patrons and Friends of THE TRAFFIC WORLD of Transportation Questions of Interest to Traffic Men Who Keep in Touch With the Times—Contributions are Welcomed

CHAMBERS MAKES THE RATES

Editor The Traffic World:

I commend to your attention and close study Circular No. 1 A, canceling Circular No. 1, issued by Director of Traffic Chambers, particularly section 3 of Circular No. 1 A, where instructions are given to every traffic department official of every traffic department of every controlled railroad, whereby every rate or change from now on is to be made by "Me" in Washington.

I recently had some experiences when trying to have some routine rate matters cleaned up. The rates were agreed upon by the representatives of the carriers involved about ten days previous to June 25, and were in print. They have been held up and I understand that it was necessary that they pass through the committees, the originating carrier being required to file four copies of its application publishing the rate or change, this application to contain in great detail the mileage between stations, the present rates on the commodities, other rates on similar commodities and a map of the haul. This, after being considered by the local committee, goes to the regional committee; after receiving its consideration, it is forwarded to "Me." Then, when "Me" gets ready, it is returned through the various channels. Then, if the rate is published, it is published under freight rate authority, number to be filed under certain days' notice.

This is the rawest thing that has come out of Washington. The traffic officials of the various lines are prohibited from doing anything that does not pass through "Me."

What do you suppose Congress will think of this?

F. W. Pancoast.

New York, N. Y., July 13, 1918.

MAKING OF STATE RATES

R. F. Martin, secretary and traffic manager of the National Chamber of Commerce, writes as follows, July 15, to Edward Chambers, traffic director, U. S. Railroad Administration:

I beg to refer you to circular No. 1 A, issued July 1, which refers to General Order No. 28, issued by the Director-General, and to call your particular attention to section 4, paragraph A, thereof, which reads as follows:

As no authority other than as required by this circular is necessary to change rates from the present to the proposed rates, it is the policy of the Federal Government to leave the making of rates to the carriers. The Federal Government is not to be understood as having authority to interfere with the making of rates, but to see that the carriers are not abused by the Federal Government. The Federal Government is not to be understood as having authority to interfere with the making of rates, but to see that the carriers are not abused by the Federal Government. The Federal Government is not to be understood as having authority to interfere with the making of rates, but to see that the carriers are not abused by the Federal Government.

You will note from the wording of the above clause that the authority and duty of the Mississippi Railroad Commission under the state laws of Mississippi are absolutely ignored, and that carriers operating in Mississippi under federal control are specifically directed by this order to ignore any requirements that may be in effect in Mississippi under proper statute of the state of Mississippi,

relative to the change that carriers might desire to make on purely intrastate Mississippi business.

The legislature of Mississippi, by its act, has created the Mississippi State Railroad Commission and placed upon this body the obligation of supervising the rates charged citizens of Mississippi by the common carriers for transportation wholly within the state of Mississippi. This act is still in full force.

Various decisions of the Supreme Court of the United States have held uniformly that the Constitution of the United States confers upon Congress absolute jurisdiction over interstate commerce, but in no such case has the Supreme Court of the United States denied to any state of the Union its right to regulate its own intrastate commerce so long as such regulation does not interfere with interstate commerce. There have been many cases where the question has arisen as to whether or not the action of a state legislature or its agent does or does not interfere with interstate commerce. In all of these cases in the past these questions have been the subject of orderly and regular investigation by the various agencies of the United States, even passing under review of the Supreme Court itself. The Supreme Court decides in some cases that the act of a state authority does interfere with interstate commerce, and decrees in such cases that they must be set aside or changed so as to fall clearly within the right of the state; that is, to regulate its internal commerce, only so far as such regulation does not interfere with interstate commerce.

The laws and courts of the federal government have provided regular and methodical channels through which all such questions may proceed to a final adjudication, all of them being a matter of proof under the usual rules of legal procedure. So far as I can learn, it has never been successfully denied that each individual state has the right to regulate its own internal commerce so long as such regulation does not in any manner interfere with commerce moving between the various states.

The federal control act could certainly not have abridged the right of the state of Mississippi under the federal Constitution. The question of whether or not the regulation of Mississippi internal commerce by its legislature or agents thereof, has or does in any way interfere with interstate commerce, is purely a question of proof, and until this issue has been properly raised and proven we must assume that the regulations of the state of Mississippi of its intrastate commerce, in force under the law of the state of Mississippi, place no unjust burden on interstate commerce.

The action of the Railroad Administration in constituting itself complainants, respondent, witness, judge, jury and court of final jurisdiction, in the arbitrary manner as outlined in the above clause, is a radical departure from the ordinary course of procedure in cases where such questions are involved, and to my mind is the assumption of power and authority far in excess of the power and authority conferred under the most liberal interpretation of the Federal Control Act.

Personally, I am convinced that there are many intrastate rates and rules that may be proven as being unjustly discriminatory, and placing an undue burden on interstate commerce, but on the other hand, I also believe that it can be proven conclusively that there are many instances where the rates on interstate commerce unduly and unjustly place a burden on state commerce. I am also convinced that these questions are so broad with so many different and intricate details, having material bearing on the justice of either, that the one single person, or even set of men who are capable of judging such questions with fairness and justness without first having before them every detail of information that is possible to procure from

both angles of the question, must be somewhat in the nature of superhuman.

The provisions of General Order No. 28 arbitrarily change the rates covering Mississippi intrastate commerce that were prescribed or fixed by the Mississippi Railroad Commission in compliance with the state laws of Mississippi. In announcing this 25 per cent advance, the Director-General set forth that it was an emergency measure. The state of Mississippi as a whole is just as earnestly intent upon winning this war as is any other section in the United States, and has no intention of hampering in any way the federal government in the most efficient prosecution of the war. We were unable to see the necessity for all of the things covered by General Order No. 28, and do not yet see what connection there is in the rate on flour, for instance, from Natchez, Miss., to Jackson, Miss., with the success or failure of our army in Europe, however, simply because the Railroad Administration said there was a connection, and that such rates did have a vital bearing on the success of our military operations, we contented ourselves with insisting that the advance on that rate was no greater per cent than the advance in the rate on flour from Shreveport to Jackson, our action being guided largely by our loyalty and patriotism.

Now, under the terms of the above clause, the Railroad Administration goes further and without the formality of a trial, the state authority of Mississippi is enjoined from having any voice whatever in the rates we shall pay for the interchange of commodities between communities, both of which are in the state of Mississippi. Under Mississippi state laws, if the carriers, in their opinion, deem a change in a certain rate advisable or necessary, application shall be made to the Mississippi state commission for authority to make the desired change, this application to be set for hearing and all of the information possible placed before the state commission, whereupon the state commission decides the question upon its merits. What bearing the adjudication of such purely local question by Mississippi authorities could have on the success or failure of our military operations in Europe is inconceivable to me, and I sincerely trust that this order will be amended by striking out all reference to state commissions and leaving it applicable solely to interstate commerce.

Please let me have your reply at your earliest convenience.

A TRANSPORTATION DEPARTMENT

The Traffic World Washington Bureau.

Senator Lewis, of Illinois, has revived the legislative agitation for the creation of a department of transportation and telegraph, with a secretary at the head thereof, the plan being carried in S. 4806. But for the fact that Senator Lewis is the Democratic whip the introduction of the bill would probably never have been noticed by anybody. His position as whip-in of Democratic senators when there is a roll call, and the preparation of pairs for the absentees, however, gives the bill a supposed standing that bills introduced by other senators do not always have.

The bill says the proposed department shall have supervision, control and direction of all matters having to do with transportation, management, direction and operation of all roads, railroads, steam and electric, steamships, steamboats and all water craft other than that under the supervision of the navy department and revenue which the United States government owns or operates or directs, and for any purposes other than that of navy and revenue, and have full jurisdiction in all matters of the regulation and compensation between employer and employe, and adjustments of grades and positions and the designations of officers and officials, and jurisdiction, supervision, control and direction over all telegraph and telephone lines of a commercial nature which the government may own or control or operate, other than those

operated or controlled, owned or supervised by the war or navy departments.

The bill has been referred to the interstate commerce committee, which has not been asked to appoint hearings on the subject or otherwise to treat it as if it were anything other than a mere suggestion from the senator, to be considered and made the basis for legislation in the event that the other senators should think it advisable to create such a department, which, if the President so ordered under the Overman law, would result in the abolition of the Railroad Administration.

What effect the creation of such a department would have on the already attenuated Interstate Commerce Commission nobody could do more than guess because, even now, after six months of discussion, there is no agreement as to the effect the federal control legislation has had on the Commission, other than that it has deprived that body of the power to suspend rates. Under Circular 1-A, issued by Director Chambers, it has also now been deprived of the supervisory power over the increasing of rates ordained by the Smith amendment to the fifteenth section.

It may be said with all the emphasis possible that the Railroad Administration is not backing the measure. While Senator Lewis is the Democratic whip, he does not speak for the national administration or its subsidiary, the Railroad Administration. His work in the Senate, that of "getting out the Democratic vote" when there is a fight between the parties, brings him into incidental contact with the administration because the Democratic senators seldom, if ever, make a bill a party measure unless President Wilson asks that that be done. The whip is the handy man of the party leader in the Senate.

CONTROL OF WIRE COMPANIES

The Traffic World Washington Bureau.

It was assumed, when the Senate passed the resolution authorizing the President to take over the wire companies, that he would act on the authorization soon after he attached his name to the legislation.

Uncertainty prevailed as to who would be placed in charge of the wires. At the Railroad Administration the thought was that, because of the intimate connection between the railroads and the telegraph companies, Director-General McAdoo would be made wire chief, so to speak. At the Post Office Department, on account of the fact that in foreign countries the telegraph and postal affairs are under the same head, it was assumed that Postmaster-General Burleson would be placed in charge. In the event Mr. Burleson takes control over the wires, it is believed he will make an effort to reduce rates. If Director-General McAdoo takes charge the tendency, it is believed, will be the other way. Mr. Burleson for more than a year has been taking every opportunity to say that if he were placed in charge of telephones in the District of Columbia, he would reduce the rates and increase the service. The implication in everything he has said has been that the local telephone company is charging unnecessarily high rates and according inferior service.

President Wilson, ever since the five per cent case, has been recognized as one of those believing public utilities of the country have been starved through insufficient rates. It is easy to infer that Director-General McAdoo has held similar views, else General Order No. 28 would not now be a fact.

Efficiency in Traffic

New Devices, Suggestions, and Methods for Increasing Efficiency
in Freight Handling and Other Branches of Traffic Work

HELP PREVENT CLAIMS

F. G. Couffer, freight claim agent of the Pennsylvania Lines west of Pittsburgh, has issued to patrons the following circular, headed: "Help prevent claims by starting your shipments right":

We respectfully solicit your co-operation in our efforts to prevent damage and loss to your shipments.

The adoption of following suggestions in the preparation of your less-than-carload shipments and handling of carload shipments will insure prompt and safe transportation and delivery and will result in more business for all concerned:

Packages.—Pack all shipments in good, strong containers.

Money saved, by use of cheap packages, is more than offset by the liability of loss or damage.

Pack glass and fragile articles in wooden boxes, using plenty of padding and marking "GLASS."

Broken, soiled, torn or incomplete merchandise means loss of trade, while clean packages, in good order, help to sell themselves.

Wooden boxes made of good strong wood securely nailed.

Fibreboard, palisade or double-faced corrugated straw-board boxes should be of required strength for intended use and bear maker's certificate and shipping orders certified as required.

Crates should be of sufficient strength and goods packed so that they will not protrude or be exposed to damage.

Avoid chafing of furniture by wrapping and crating securely.

Prevent damage to stoves by entirely enclosing in crates.

Second-hand packages are undesirable, but, if used, all old marks should be erased or thoroughly obliterated before delivery to railroad, as they might cause package to go astray.

See directions for containers, etc., will be found in Rule 6 of Official Classification.

Marking Packages.—Show full name of consignee.

Show destination and state in full.

Avoid abbreviations.

Show county where there are two towns of same name in state.

Show initials of destination road if a certain delivery is desired.

Name and address of shipper and name and address of consignee on inside of package will insure delivery if outside marks are lost or destroyed.

Use marking pot and brush for marking bags, bales and other packages having uneven surfaces. Stencil may fail to show full marking.

Avoid paper tags.

See Rule 6 of Official Classification.

Shipping Orders and Bills of Lading.—Arrange your shipping instructions so the shipping order part, given to the carrier, will be the first or top sheet and bear original writing.

Beware of worn or poor carbon paper.

Write plainly. Use typewriter if possible.

Be sure shipping instructions agree with marking on packages.

Describe freight fully, accurately, and by names shown in tariffs and classifications.—This will avoid confusion, save overcharges and facilitate delivery.

Show actual gross weights on shipping orders.

Delivery to Carrier.—Deliver your freight to railroad station early in the day and it will receive preferred handling and be sure of prompt forwarding.

Do not split your shipments, but deliver them complete and avoid delay.

General

Tracers.—Do not start a tracer until shipment has had reasonable time to reach destination or consignee advises not received.

Promiscuous tracing really defeats result sought.

If you are late in making a shipment and it requires special movement, call personal attention of agent to it and he will see that it is rushed in every possible way, but when he is asked to do this on every shipment it becomes impossible.

Our aim is regular, prompt and uniform service for all, and if a shipment is securely packed, fully and properly marked and is accompanied by legible and explicit shipping instructions that agree with marks, it will go through promptly and be delivered safely to consignee.

Your Shipping Department.—Should be provided with the various classifications, so they can ascertain the correct class and billing description for each article you handle and how same should be packed to secure proper rating.

They should also list articles under correct billing description, grouping together those coming under each class as shown in classifications.

Your Receiving Department.—Should arrange to have inbound shipments promptly removed from railroad freight houses or cars. This will facilitate deliveries, avoid accumulations and help secure regular service.

They should also be careful upon receipt of shipment to check all packages with invoice, thus avoiding unnecessary correspondence, claims, etc.

MEMORANDUM BILLING

Editor The Traffic World:

From time to time, under the heading of "Efficiency in Traffic," in your valuable paper, we have noted forms and suggestions which have done much to help in the efficient handling of traffic.

Inclosed we are handing you samples of memorandum billing which we have been using for the last five months with a great deal of success, both to ourselves and the carriers.

The sample inclosed is 8½x3¼ inches in size, the original being printed on letter paper, while the carbon copy is printed on cardboard. The original is filed in our office, while the cardboard copy is sent to the yard office of the lines on which we are located and is delivered, with the car, by the engine foreman to the connecting line. Upon being received in connecting line yard, with this additional information they are enabled to handle the car immediately, switching same to the outbound yard, in the meanwhile calling upon the line as shown on the memorandum billing, as billing the car, for the waybill in order to move the car on the first train.

It has been our experience, since the inauguration of this system, that our cars are saved from 24 to 72 hours' dead time in connecting line yards and in numbers of instances are being forwarded by the connecting line within six hours' time after being delivered to them, which is brought about by the information furnished on the card.

No 1259

MEMORANDUM BILLING

THE FORT WORTH ELEVATORS CO.

Fort Worth, Texas, 6/5 1918

Int. RD Car No. 42823

Commodity 880000#

Quick Corn

Consignee H. A. B. C.

Milling Co

Destination Apokville Tex

W/B to come from

CRDVB

Full Routing

H. A. B. C.

REMARKS

RUSH

are entirely eliminated by the use of our memorandum billing form.

This system was inaugurated Feb. 7, 1918, and since that date we have not had to trace a single car, thereby saving our and the carriers' clerks time in not having to do so. At the same time we haven't had to pay collect telegrams from consignees asking us to trace their cars, and, as a final saving, we find that the elimination of the initial delay at forwarding station enables us to get returns on our drafts in from two to four days quicker time than formerly, thereby saving quite a large amount of interest in a year's time on our "arrival of car" drafts.

At first glance it would seem that the "lion's share" of the benefits accrues to us, but such is not the case when the fact is taken into consideration that our business in normal times averages nearly 60 per cent of that done in our line at Fort Worth. Therefore, every car moved promptly and without delay leaves another hole for some other car.

The Fort Worth Elevators Co.,
Per E. E. Wyatt, Traffic Manager.

Fort Worth, Tex., July 12, 1918.

USE OF METAL CONTAINER

In the conclusion of his brief in the case of the Pneumatic Scale Corporation, Ltd., vs. Aberdeen and Rockfish et al. before the Commission, Edgar Watkins, attorney for the complainant, says:

Some meticulous criticism of the above rules was indicated, but no practical suggestions were offered. The carriers assumed an attitude of antagonism, forgetting that they were public servants whose duty it is to assist in producing transportation at the lowest possible cost with the maximum of safety.

Standardization of all containers is desirable, and this case where all railroads in the United States are defendants furnishes an opportunity for the Commission to do what the carriers have failed to do. Standardization of metal containers is as necessary as for wooden containers. Merely to say "a metal box" means nothing. A metal box might be itself a very unsafe container. Only a metal box adequately made, such as the proposed rules call for, would protect both shippers and carriers. Now is the time when standardization should be had. Complainant here presents a container that meets every demand of a proper standard for a steel box. This is admitted by defendants. The wooden and fiber boxes can be standardized with difficulty, but unless there is such a standard as will protect shipments, their use should not be permitted. As to some commodities, no wooden or fiber box, however high the standard, would be an adequate protection. As to these the use of even a perfect standardized wooden or fiber box should be prohibited. The government is interested not only in rates but in saving needed food and other commodities. If rates are not fully compensatory, the Director General may easily make them so, and in so doing save what is now wasted, thus benefiting all and injuring none. Any increase applied to existing containers should be subject to a recognition of the saving here offered. While the carriers generally admit that enormous losses occur from flimsy containers and that complainant's container will prevent these, the witnesses at the trial had no constructive plan.

Collyer, the able, conservative and fair head of the official classification committee, is here only by a letter of commendation of the container. Fyfe, of the western committee, equally able, but opposed to complainant's container, is not here. Perhaps his testimony that "a colossal blunder" was committed when the fiber container was recognized may be accepted as his view of the need for a better container.

Mr. Crossland, now acting as head of the southern committee, gave his view that fragile commodities could not be shipped in the container. This was shown to be a mistaken view by an actual test, and Mr. Crossland did not appear. Of the many able railroad men who have

handle the car upon delivery to them, instead of throwing the car on the "hold" track to await billing, which then causes a minimum of two additional switches, which

expressed decided views as to the need for and the adequacy of the initial box here offered, not one opposed, and no witnesses who were called by defendants seemed to think that their duty was to expound their machinery to the detriment of better food.

The Commission is entitled to the aid of the defendants, but thus they have not received. Complainant has resolutely considered rules which will protect shippers and carriers using its container, as well as railroad handling shipments thereon. If there be any changes that the Commission deems proper or that can be reasonably suggested by the defendants which will more adequately protect shippers and carriers, they can easily be adopted. If the ratepayers should be benefited or should be on the top instead of the ends, that is a matter that can readily be taken care of. If improper packing causes damages, adequate provisions for sufficient packing can be prescribed.

If the reduced value of the container is an obstacle, let that value be reduced to five cents per pound, or, as complainant agrees, let the shipper waive all the value. If rates are now too low, about which we express no opinion, all rates should be increased, because it is a presumption of law that the present relation of rates is fair and adjusted to present conditions.

DEATH OF LIVE STOCK IN TRANSIT

B. L. Winchell, regional director, in his efforts to prevent loss of food through the death of live stock in transit, has directed roads in the southern region to have printed and posted in prominent places at all freight depots where shipments of hogs are made in carload lots, placards, fourteen by twenty-four inches, containing the following matter under the heading, "Food will win the war. Don't waste it. How live stock shippers can help":

Improperly loaded live stock always results in dead and crippled animals.

Whenever your shipments are so loaded as to cause loss you are wasting food.

The transportation facilities of your country are crowded to capacity and it is difficult to maintain schedules in effect during normal times. Bear this in mind in loading. Do not load as heavily as you did when better time could be made by the railroads.

Remember that during hot weather you cannot, with safety, load as many animals in a car as you can during cool weather.

Do not load your hogs hot, and do not overload your cars. Bring your live stock to point of shipment in ample time to let the animals rest and cool off before loading.

For hog shipments, bed your cars with sand or clay, and during hot weather, if possible, drench well after loading.

Do not beat or pound your animals with clubs or sharp sticks. Bruised meats are condemned, and the food value is lost.

Remember that animals carefully and properly loaded, and not overcrowded with ones well bedded, cared for and much destination feeding better than if otherwise handled, and will bring more money.

Be a Partner. Do your part toward minimizing the great loss of food animals now sustained because of overloading and improper loading.

The following circular under the heading, "Help stop waste. The greatest loss of dead and crippled animals in shipping is largely due to overloading and improper loading" is put into the hands of shippers.

No one has contributed more freely toward the cause of winning the war than the American farmer. His response to the call for increased production has been prompt and eager.

From every side we hear the slogan of the Food Administration, "Food will win the war, don't waste it," yet losses of foodstuff in the way of dead and crippled animals shipped to market are enormous. We do not believe that all losses can be avoided—as long as there is shipping there will be a certain amount of loss—but with proper thought and due consideration we know that a

large percentage of this unnecessary loss can be eliminated.

The farmer will carefully watch his cattle, hogs and sheep, will work early and late to raise crops sufficient to fatten them, and yet, when the time comes to send the finished animals to market, there is too little regard for their safety. Too frequently the stock man crowds more animals into a car than should be loaded, believing that if any are killed or crippled in transit the carrier will reimburse him. Just now it is not so much the question of reimbursement as it is the loss of foodstuffs thereby sustained. This is the most gigantic war the world has ever known; there is a greater call upon the resources of our country than was ever before made; daily we are taught new lessons in economy and the theme of conservation is before us constantly.

When you ship live stock, think it over carefully and do your part. The loss in hog shipping has been especially heavy. Bear in mind that the transportation facilities of this country are strained to capacity; fast schedules formerly given with ease are now difficult; freight and passenger trains must, when necessary, be sidetracked to permit the movement of troop trains, supply trains, and other government business. Live stock shippers should consider these facts and realize that slower schedules demand lighter loading. We ask every shipper of live stock to become a volunteer, and to do his best to improve conditions in live stock handling.

Special precautions should be taken to guard against the loss of hogs. Hogs should not be loaded while hot, nor should cars be overloaded. During the heated term you cannot load as many animals with safety as you can during cool, or cold weather. You should bed your cars with sand or clay, and when possible drench your hogs well after loading.

Do not crowd too many sheep and lambs in a car. If there are too many in a car, the weak animals will get down, and the others will trample them to death.

Do not beat your animals with clubs or sharp sticks. Animals that are bruised lose much of their value, badly bruised meats are condemned, and their food value lost.

With earnest co-operation on the part of live stock shippers we believe that much of this needless waste can be eliminated. We appeal to your sound judgment and patriotism in asking for your help.

NEW ENGLAND CONFERENCE

The Boston Chamber of Commerce has revived the project of having a New England Transportation Conference of which its transportation bureau shall be a member and contribute its portion toward the expenses of the whole organization. The directors of the Boston chamber have voted that their transportation bureau, of which W. H. Chandler is the head, shall be continued during the period of federal control and its efficiency increased if possible; also that the New England Transportation Conference shall be continued and made a permanent organization and shall have the assistance of a high-class paid transportation expert.

This is the outcome of the discussion which immediately followed President Wilson's action in taking over the control and operation of the railroads. Consideration of the question proceeded on the theory that an entirely new condition with reference to transportation had been created. Everybody agreed that a new situation had been created, but there was uncertainty as to just what the effect would be.

The establishment of a permanent New England Transportation Conference puts into effect the original plan of the reorganized Chamber of Commerce for a transportation bureau. Ten years ago, when the commercial bodies of Boston were consolidated under the name of Chamber of Commerce, there was not in existence anywhere in New England a high-class transportation bureau representing the general public, in charge of a transportation expert. One of the first things agreed on was that such

a bureau should be established. In commenting on the revival of the New England Transportation Conference, *Current Affairs*, the publication of the Boston Chamber of Commerce, says:

It is an interesting fact—and one which probably has been forgotten by most people—that the plan agreed upon was not that the Chamber should establish a transportation bureau, but that the Chamber and a number of other organizations should join together and establish a "New England Board of Transportation." This was because of the obvious advantage to the public of an organization which, upon large and vital transportation questions, could speak not only for the Chamber, but for the other important New England organizations of manufacturers and business men, as well.

That particular project fell through, because it was found that the other organizations were not willing to contribute their share of the expenses of the joint bureau; and the Boston Chamber of Commerce, rather than see the project dropped, went ahead and established the bureau alone. A number of important organizations of manufacturers are now willing, and desirous, of joining with the Chamber in establishing such a joint bureau; and it is to be established.

The New England Transportation Conference, referred to above, was organized last January as the result of a meeting called by President Harriman to discuss the new situation created by government operation of the railroads, and to see how those present thought the interests of the general public could be best protected and promoted, under the changed conditions; and also how the manufacturers and business men could best co-operate with the government and the railroads in making, at the least inconvenience, and in a way most beneficial to the public, the readjustments which will inevitably be necessary because of the taking over of the railroads by the government. It was found to be the opinion of all those present that it would be a great help in dealing with the new situation if the Chamber and the trade bodies which represented the principal manufacturers and shippers of New England could consider collectively the more important questions which affected all of them in common, and if as a result of this joint consideration the bodies represented in the Conference might take similar action in regard to them.

Ever since then, weekly meetings of the Conference have been held, and at them there have been people representing the Boston Chamber of Commerce, with its 4,000 members representing all kinds of business, both large and small; the Associated Industries of Massachusetts, representing manufacturing concerns all over the state; the Boston Wool Trade Association, representing one hundred of the leaders of this industry in the city of Boston; the National Association of Wool Manufacturers, representing the majority of the woolen and worsted manufactures of New England; the New England Shoe and Leather Association, representing about 300 leading shoe and leather firms in New England; the Arkwright Club, representing one hundred of the cotton textile mills and cotton brokers in New England; the Paint and Oil Club of New England; and the paper manufacturers of New England, representing the principal mills, both writing paper and newspaper; and also some other organizations.

These conferences have proved so well the value of joint action that the other organizations believed the Conference should be strengthened and made permanent; and in this view the directors have concurred.

SIOUX CITY GRAIN RATES

The Traffic World Washington Bureau.

After many years of fighting, Sioux City is to be placed on the Omaha basis in the matter of grain rates. A freight rate authorization to that effect has been sent out by Director Chambers. There are tariff complications, but as soon as they have been overcome Sioux City will achieve what the railroads and the Commission, up to the time of federal control, had not granted it.

Wherever Omaha reaches a market Sioux City will be

allowed to go. Proportional rates are to be established for the benefit of Sioux City, covering traffic on which joint through rates do not apply, restricted so as not to break down the through rate structure.

No pronouncement as to policy will accompany the publication of these tariffs. They will be made effective on one day's notice as soon as the tariff complications mentioned have been removed. The tariffs themselves may be taken as a policy announcement. Sioux City wins in the long contention for the same basis as Omaha. Conversely, it may be said that Omaha, as a result of that change in policy, will find it harder than ever to persuade the Commission that it should have the Kansas City basis. At times there has been a suspicion that Sioux City would be satisfied with a narrowing of the spread between that market and Omaha. The fight, however, is for the same basis. Naturally, if the Commission has declined to bring Omaha down to Kansas City, the fact that Omaha and Sioux City have been linked together is expected to make it harder for Omaha to carry on its fight for the Kansas City basis, which, as before remarked, the Commission has declined to grant.

REFORM IN ARMY TRANSPORT

The Traffic World Washington Bureau.

Army officers now acting as traffic managers for the War Department will, August 1, be merged in an enlarged organization which will have branches in many cities. Nearly all these branches will be in charge of civilian traffic managers who have had railroad experience. They will have military assistants—captains and lieutenants. H. M. Adams, Inland Transportation Director for the War Department, is doing the enlarging and extending of this traffic-manager service, which is expected to result in more rapid transportation of army supplies and thereby help ordinary shippers. This extension will absorb some of the traffic men let out by the Railroad Administration. The significant part of the plan, especially to those who believe the army did much toward congesting the railroads, is that civilians having expert knowledge are to be placed at the head of offices having charge of military transport.

MAIL SERVICE COMPENSATION

The Traffic World Washington Bureau.

Urban and interurban electric railways are preparing to appear before the Commission, through the agency of the war board of the American Electric Railway Association, to ask for proper compensation for the mail service they render for the Post Office Department. Congress, at the last session, was convinced that the Postmaster-General has not been dealing any more fairly with them than the steam railroads think he has been dealing with them. Therefore at the session that is now dwindling to nothing by means of three-day recesses, it enacted the following:

For inland transportation of mail by electric and cable cars, \$555,000; provided, that the rate of compensation to be paid per mile shall not exceed the rate now paid to companies performing such service, except that the Postmaster-General, in cases where the quantity of mail is large and the number of exchange points numerous, may, in his discretion, authorize payment for closed-pouch service at a rate per mile not to exceed one-third above the rate per mile now paid for closed-pouch service, and for mail cars and apartments carrying the mails not to exceed the rate of 1 cent per linear foot per car-mile of travel; provided further, that the rates for electric car service on routes over twenty miles in length outside of cities shall not exceed the rates paid for service on steam railroads; provided, however, that not to exceed \$25,000

There is no one more certain than that although what it is we do not know. The scientific theory is not there, even the great masses of the last living things, with the same certainty as the stars. It may seem very certain that the scientific theory is there. That is a detail. The scientific theory is not there. That is a detail. The scientific theory is not there. That is a detail.

Phone Canal 3400. 2500 S. Robay St., Chicago, Ill.

POSITIONS WANTED OR OPEN

There are several other examples of thought experiments in the literature, represented by the various contrived situations that have been used to illustrate the point made by U. S. Railroads, Inc. in its famous paper, "The Train, the Track, and the Switch." The following are taken from "Additions Train Line, note of the Train, W. J. Hughes, Jr."

TRAFFIC ORGANIZATIONS

E. F. Lacey, Assistant Secretary
5 North La Salle Street, Chicago, Ill.

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Manager, Illinois Commerce Board, Springfield, Ill.

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SHIPMENT OF ALCOHOL

The Traffic World Washington Bureau.

The Commissioner of Internal Revenue has issued the following instructions (T. D. 2746) to be observed by the owners of tank cars when shipping alcohol for denaturalization:

In view of the many unexplained losses of alcohol occurring during its transportation to denaturing bonded warehouses by means of tank cars, each tank or tank car used in transporting such alcohol must be secured with metal locks as provided in article 28, Regulations 30, issued October 12, 1917, and at all points where such locks can be used.

All vents or removable portions of the car, not so locked, must be securely wired and sealed by the gauger under whose supervision the car is filled. Seals for this purpose will be similar to those now used in the Customs Service, known as the "Tyden" seal (T. D. 2368), and will in all cases be furnished by the carrier.

Such seals will be numbered consecutively; will bear the name of the place where used; will have a red bulb, and will have thereon the letters and words "U. S. I. R. in bond."

Bolts on the hinges of the manhole of each car must where possible be battered or riveted and the construction of the car must be such in all other respects as to effectually prevent any access to the spirits when the locks and seals are affixed.

Storekeepers and gaugers will in no instance permit the removal of such cars unless properly secured as herein provided; and, in certifying to the shipment in such cars, the gauger will hereafter note on Form 573: "I hereby certify that at the time of loading the within described car was carefully inspected by me, and all openings were properly secured by locks and seals, as required by the regulations."

On the arrival of the car the receiving gauger will note on his monthly report, Form 575, as to each car, "All locks and seals required by the regulations were found properly affixed and intact as to each of the within described cars, except as follows: (Here state specifically the defects found as to such car inspected). No allowance for alleged losses in transit will be made where, upon the arrival of the car at the designated warehouse, the locks or seals herein required to be used are not found intact, unless it can be satisfactorily explained that the removal or injury to the locks or seals was due to some definitely determined accident.

COMMISSION ORDERS.

The Commission has discontinued the proceedings in I. & S. 963 (Transcontinental Bottles), I. & S. 1160 (West-bound Transcontinental Bottles, No. 3), and Fifteenth Section Application No. 324 in part.

The Commission has modified its order of April 25 in case 9310, Newport News Shipbuilding & Dry Dock Co. vs. Pa. R. R. Co. et al., so that it will become effective October 1 instead of August 1.

NEW STEAMSHIP SERVICE.

The J. H. W. Steele Company, Galveston, Tex., has announced the inauguration of a new steamship service by the New York & Cuban Mail Steamship Company (Ward Line), between Galveston and ports in Cuba and Mexico.

Digest of New Complaints

No. 1225—W. J. S. Oge and W. F. S. Oge, doing business as Oge & Co., White Center Co., Manitowish, Wis., vs. C. & N. W. Ry. Co.

Alleges charges on a carload of posts from Marinette, Wis., to Kenosha, Kan., more than 100% excessive weight which was caused by the use of a defective scale. The complaint is that defendant refused to accept a referee they rendered for the purpose of settling the matter.

No. 1224—The Board of the Consolidated Classification vs. B. & O. et al.
No. 1223—St. Louis Chamber of Commerce vs. B. & O. et al.
Motion to dismiss granted by P. C. C. & St. L., on

ground that rates, fares, etc., complained of are no longer in effect, having been superseded by rates put into effect by General Order No. 28.

No. 10205. New Orleans (La.) Refining Co. vs. L. R. & N.

Unjust and unreasonable demurrage charges on 156 car of petroleum products from Texas and Oklahoma points to Port Kassel, La., for export, due to failure of respondent to publish its export tariff for application at Port Kassel to save the shipments from the payment of domestic demurrage rate as promised by it. Asks for reparation amounting to \$1.31.

No. 10206. National Wholesale Lumber Dealers' Assn. et al. New York, vs. Apalachicola Northern et al.

Asks for reparation on lumber from Apalachicola, Fla., to Neponset, Mass., and Providence, R. I., to basis of lumber rate through Pinner's Point instead of Richmond, Va., the routing instructions being via Pinner's Point, and reports from operating departments of the respondents showing that all lumber actually moved through the cheaper gateway.

No. 10207. Gamble-Robinson Co., Minneapolis, vs. Chicago, S. Paul, Minneapolis & Omaha et al.

Unjust and unreasonable charges on a carload of potatoes from Duluth, rebilled and reconsigned at Minneapolis to Centralia, Ill., on combination of locals instead of on through rate. Asks for reparation.

No. 10208. Gamble-Robinson Co., Minneapolis, vs. Northern Pacific.

Against a rate of \$1.42 on oranges and lemons from Lindsay, Cal., to Sidney, Mont. Asks for application of rate of \$1. and reparation.

No. 10209. James Rowland & Co., New York, vs. D. L. & V. et al.

Against icing charges on butter from Dickens, Ia., various interstate destinations. Asks for reparation.

No. 10210. The Fort Smith Spelter Co., Fort Smith, Ark., vs. Arkansas Central et al.

Against a rate of \$2.85 per ton on coal from the mines of Pittsburg, Kan., to South Fort Smith, as unjust and unreasonable as applied to traffic moving in July, 1916. Asks for the application of a subsequently established rate of \$1.10 and reparation to that basis.

DOCKET OF THE COMMISSION

Note.—Items in the Docket marked with an asterisk (*) are new, having been added since the last issue of *The Traffic World*. Cancellations and postponements announced to late show the change in this Docket will be noted elsewhere.

July 24—Williamsport, Pa.—Examiner Spethman:

10087—Central Pennsylvania Lumber Co. vs. Susq. & N. Y. R. R. Co. et al.

10131—Central Pennsylvania Lumber Co. vs. B. & S. R. I. Corp. et al.

July 24—Birmingham, Ala.—Examiner Hillyer:

10163—Jefferson Lumber Co. vs. L. & N. R. R. Co. et al.

July 24—St. Joseph, Mo.—Examiner Fleming:

10144—Schreiber Mill and Grain Co. vs. C. B. & Q. R. R. Co. et al.

July 24—Argument at Washington, D. C.:

* 8386—American Cement Plaster Co. vs. Mich. Cent. Ry. Co. et al.

* 9922—Lake Charles Rice Milling Co. of La. vs. Abilene & Nor. Ry. Co. et al.

* 10023—El Paso Chamber of Commerce vs. Ariz. Eastern R. R. Co. et al.

* 10118—L. & N. Coal Operators' Assn. vs. L. & N. R. R. Co. et al.

July 25—New Orleans, La.—Examiner McCawley:

10089—Duckworth Co. vs. Illinois Central R. R. Co. et al.

July 25—New York City—Examiner Bell:

5265—L. Wertheim C. & Co. vs. L. V. R. R. Co.

July 26—Peoria, Ill.—Examiner Worthington:

10132—Peoria Creamery Co. vs. Lake Erie & Western R. R. Co. et al.

July 26—Little Rock, Ark.—Examiner Fleming:

10094—Doyle-Kidd Dry Goods Co. vs. C. R. I. & P. Ry. Co. et al.

July 26—Wilkes-Barre, Pa.—Examiner Spethman:

10186—Sheldon Axle & S. Co. vs. L. V. R. R. Co. et al.

July 27—Jacksonville, Fla.—Examiner Hillyer:

10106—Cress Mfg. Co. vs. A. C. L. R. R. Co.

July 29—Newton, Ill.—Examiner Worthington:

10171—Aley Smith vs. Ill. Cent. R. R.

August 1—Boston, Mass.—Examiner Disque:

10204—Consolidated Classification case.

August 5—New York, N. Y.—Examiner Disque:

10204—Consolidated Classification case.

August 12—Chicago, Ill.—Examiner Disque:

10204—Consolidated Classification case.

August 19—Omaha, Neb.—Examiner Disque:

10204—Consolidated Classification case.

August 26—Portland, Ore.—Examiner Disque:

10204—Consolidated Classification case.

August 30—San Francisco, Cal.—Examiner Disque:

10204—Consolidated Classification case.

Sept 4—Chicago, Ill.—Examiner Bell:

I. & S. 1161—Reconsignment Case (No. 3).

10173—Diversion and reconsignment rules.

15th Sept. Aps. 5307, 5318, 5319, 5566.

September 5—Denver, Colo.—Examiner Disque:

10204—Consolidated Classification case.

September 9—Fort Worth, Tex.—Examiner Disque:

10204—Consolidated Classification case.

September 13—New Orleans, La.—Examiner Disque:

10204—Consolidated Classification case.

September 19—Atlanta, Ga.—Examiner Disque:

10204—Consolidated Classification case.

TRAFFIC WORLD

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No. 4

Saturday, July 27, 1918

THE NEW RATE-MAKING SYSTEM

[illegible]

It seems in preparing the report of the new committee to have replaced a committee, composed of men not so devoted to the abolition cause, and providing no objection. Compared to the previously prevailing group of the committee, composed exclusively of spiritual men, the new committee represents the shippers on these matters in terms of the point of the support, undoubtedly an improvement, it only is that shippers, not being concerned in the matter, will certainly not care that their views are presented, if that they will be concerned in the hearing of complaints and that the shippers will be concerned in truth with what is going on. But turned to the history of making good which created

prior to General Order No. 28, which was the immediate occasion for the creation of these traffic committees, the new plan is a long step backward, from the point of view of the shipper as distinguished from that of the carrier, and calls for an utterly unnecessary piece of machinery—unnecessary because it is to do the work for which the Interstate Commerce Commission, now sidetracked, was created, and reactionary and unsatisfactory because it cannot be expected to do that work with as much fairness toward and consideration for the public as prevailed under the administration of the Commission.

When we speak of the "new plan," we mean, of course, not only the scheme for increased traffic and tolls but the reorganization of the Railroad Administration to handle all rates, through the power conferred on the President by the so-called railroad control act, under which it has been decided to proceed with the procedure followed under the Smith law, subject to the eighth section. Of President Taft's plan, all rates, not merely general increases but the very base rates, will be determined.

It is a long time since a little history. Under the normal that prevailed before the issuance of Council Order No. 28 the carriers, under the South Amendment, were supposed to make attempts sometimes to apply for a permit to the tariff when they contemplated increases in rates. Of these applications the shippers had more or less information. At least they could get notice if they were willing to go to a little trouble and expense. And they could make a fight if they objected to what was proposed. If the advanced rate tariffs were permitted to be filed, they could still fight before the tariffs were permitted to become effective.

That same the railroad control bill under which it was proposed to give the President power to initiate rules to become effective at his will, the object being still to control them only by formal complaint to the Comptroller after the effective date. This was objected to on the ground that there was no need for granting such wide power to the President. The reply was that he must have the power to be used in emergencies, that he would use it only in such emergencies, and that Congress must trust his good sense and honor. So the bill was passed and became law.

Soon came General Order No. 28, under the power newly conferred on the President, making large and general increases in rates. There were many who thought there was no emergency justifying such an order but it was defended on the ground that there was such an emergency, nevertheless, and the difference of opinion hardly

reached the point where there was a charge of bad faith.

Then, without explanation as to why it was thought necessary or of its obvious inconsistency, in view of the statement that the President intended to use the rate-initiating power only in great emergencies, came Director Chambers' circular No. 1-A making known that now all changes in rates were to be made through the power conferred on the President to initiate rates and that the shipper would never be able, until after the effective date, to combat something he might think unfair, or even to know what was being done to him.

The inequalities and ridiculous situations caused by General Order No. 28 caused the Director of Traffic to create traffic committees composed of railroad men to hear disgruntled shippers and straighten out situations that smelled too strong to Heaven. In other words, it was found that, having done away with the old machinery, it was necessary to substitute something else to keep the wheels moving and prevent rank injustices. When shippers complained that the committees were pro-railroad and asked for representation, it was thought best to give it to them. Then, when it was decided to make permanent the policy inaugurated in General Order No. 28 of making rate changes without notice to shippers it was decided that this substitute machinery must be made permanent also.

So we have a patched up, second-hand, one cylinder machine adopted permanently for regulating our rates—a makeshift, temporary affair promoted to regular use—when we had a perfectly good, easy running, splendidly equipped machine in the shop—the Interstate Commerce Commission—that might and should have been used to do the work for which it was created. We are using a flivver when we have idle a big twelve cylinder. At the very best that can be made of it we are allowing an efficient machine to stand unused.

We should have refrained, in the first place, from adopting the President-made rate system. It is not necessary and it is not fair, in view of the promises that were made when the legislation was pending. President-made rates should have been restricted to emergency situations, and the Commission should have continued in its function. Even if we were going to change to President-made rates, we could at least have made use of the Commission, either by a change in the law or by arrangement with it, so that it and its staff could hear and settle the complaints of shippers. It has the knowledge and the equipment to do this work and its point of view is the correct one. Why permit an instrument of this sort to rust in idleness and

give its work to another less fit to do the work? Why multiply regulating agencies to no purpose? The new plan may work fairly well, under the circumstances, but the circumstances ought not to exist and ought to be changed—and even under the circumstances we had something that would have worked better.

REASONS FOR WIRE CONTROL

One of the most surprising of all the phenomena in our government incident to the present war is the taking over by the government of the telegraph and telephone companies. The surprise consists in the ease with which the thing was accomplished and the absence of any convincing or attempt at convincing reason for doing it.

In the case of the railroads there was long discussion of the conditions that were finally considered to warrant the assumption of government control and the situation that made some action necessary was pretty well understood by the public and admitted by the carriers. There were differences of opinion, to be sure, as to just what form the proposed control by the government ought to take, just as there have been criticisms as to some of the methods employed under government operation now that it is a fact. But the point is that it was generally understood and admitted that there was a railroad condition that demanded prompt and radical action of some sort in the interest of winning the war.

With the wire companies there has been nothing of the sort. We doubt if the average man on the street, even though he might have his own idea as to why government control of the wires might be a good thing, could tell why, as a matter of fact, they were taken over. And that ignorance is not confined to the man on the street. We, for instance, admit that we share it with him. There has been no showing that the wire companies were breaking down; that their ability to operate was threatened by strikes; that they were doing business of a kind that ought to be censored by the government; or that government or any other kind of business was suffering through their inefficiency.

It would seem to the unbiased person in search of an explanation that the situation is merely that certain men connected with the government advocate government ownership or operation of such public utilities; that they saw an opportunity here to put their theories into practice, honestly believing, of course, that they could better conditions and that they were successful in accomplishing their purpose in the present day rush to center all power in Washington, Congress, as usual, giving

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Current Topics in Washington



Control of the Wire Companies.—

The reaction to the President's taking over of the wire companies, so far as it may be judged among those who have been under the necessity of doing business with government-controlled railroads, has been small. The attitude seems to be that there is no use worrying now, because there is a war, but that as soon as the end of the war seems to be in sight those

who are responsible for the plunge into government operation should be called to account. The men now in control of the wires are frank advocates of government ownership and everything that that implies. They are going to operate the wires with a view to making government control permanent. The promise is that there will be no changes except for the betterment of service by the increase of facilities. There is to be no censorship of newspaper messages, so it is said, and the only change to be made in the farmers' telephone systems is that which will result from connecting them with the larger systems. That is the dominant company in a particular field is to be short-handed. At present, when there is only one telephone company in a particular neighborhood, there are arrangements for connecting it with the long-distance companies. That is to say, there are through routes and joint rate arrangements. Where there is a local company in competition with a Bell system, naturally there are no such arrangements, because the Bell has wires reaching the points of origin and destination. The Commission has dealt with some variations of that kind, informally. The Bell companies have not insisted on anything that a railroad could not assert as a matter of legal right. Therefore, if President General Harrison carries out the promise he has intimated in connection with the taking over arrangements will be made which will not be legal when the companies are returned to their owners, unless, in the meantime, there has been a member of the regulatory control committee. In his announcement the Postmaster General said something about taking the advice of the Commission on this point. He did not then go through the form of saying that the Commission is still a power in rate-making.

Branding Oil Tank Cars.—Before a year past only the majority of oil tank cars will be branded, even as the owners of cattle ranches brand their animals. Of course, every tank car is marked with the initials of the owner and has a number, as in the case of all other units of railroad equipment, but the men who are buying a particular car in a big tank yard ask a big question, and make a close scrutiny of every tank to determine whether what he is looking for is in the yard. One company had decided that that is too slow an operation. Therefore, it has painted the dome of its tanks a brilliant orange. By standing on a car or a hill or any other high place the buyer can locate all the orange domes at a glance. The scheme is obviously one that can be used to advantage by the owners of tank cars, hence the suggestion that before winter the majority of tanks will be branded in such a way as to enable the owner to pick his property

out of a mess of cars with the minimum of trouble. The only question will be as to whether there will be enough colors or combinations to enable every owner to have his own brand. Out in the cattle country brands are registered with the state authorities and care is taken to prevent such similarity as would naturally result in disputes. If everybody undertakes to mark equipment so that it can be told from afar off, a big railroad yard will look like an attempt at camouflage and make the appointment of registrar of brands, either in the Commission or in the Railroad Administration, a necessity.

Railroad Administration's Attitude a Surprise.—The attitude taken by the Railroad Administration in the matter of amendment of complaints on file with the Commission, surprised some of the attorneys for shippers because they understood, before the arguments were made July 24 that the Administration would insist on de novo proceedings in nearly all cases. The more liberal attitude was attributed to the influence of R. Walton Moore, who, while one of the hardest fighters on the railroad side of controversies arising while the railroads were managed by their owners, was always recognized as a man of breadth of vision fully alive to the fact that no advantage could come to the man who insisted on the opposition observing every technicality that could be urged against it. Insistence by the Railroad Administration on having every complaint redrawn and filed as if the subject were entirely new might have resulted in a determination by the Commission to require the filing of new complaints, and consequently more work for shippers and their representatives.

Is the Railroad Administration Changing Its Mind?—

Those who are interested in psychology to the extent of trying to make use of it in every day affairs, believe some kind of change is going on in the minds of some of the members of Director General McAdoo's staff and that, even if the Director General does not make a horizontal reduction in rates, there will be revisions that will relieve the situation in many parts of the country. Whether these changes will be the result of things said by the Director General or by the shippers, none of the men who think they can see evidences of change has troubled to inquire. Reports that the Director General has said this, that or the other thing to members of his staff who helped him devise the rate scheme put into effect June 25 (fifteen days earlier so far as passenger fares are concerned) have been common. None of them has represented the bulk of the transportation system as being particularly pleased with the result as shown by the utterances of those who have the heavier burdens to carry. It may be that a change is taking place. Frank Lyon, in talking to the Commission about the rules to be applied to pending complaints, said the Director General was coming around to the idea that he represents all shippers, and pointed to the freight traffic committees as evidence of a change from what shippers have regarded as an all-railroad point of view. Mr. Lyon was regarded by many, when he made that assertion, as overoptimistic, because he left the inference that the change would soon be complete.

The Commission and the Government.—Whether justified or not, most of those attending the hearing, argument, or whatever it may be called, held by the Commission July 24, spoke as if they believe that now is the time for the Commission to show whether it has the sturdiness to act as if the railroads were still in the hands of their

over. There is a fear among those who have had business relations with the government that the Commission will become a partial to the government as many attorneys think the courts are when there is a dispute about a bid between the government and a contractor. More than one lawyer, in the bitterness of defeat, has said that every possible point is decided in favor of the government in nearly every court, not because the judges desire to be anything but just, but simply because so many of them, at one time or another, have been government officials and their ascent to the bench has not been followed by a realization that the man who starts a litigation with the government is at a hopeless disadvantage and that close questions should be decided in his favor. He is at a disadvantage, first, because the money involved is just so much taken out of his capital, and, second, because whatever costs he incurs is placing him at just that much greater disadvantage. An attitude of partiality on the part of the commissioners, it is believed, would be one of the greatest misfortunes that could befall the business of the country, because one of the most notorious things on earth is that governmental bureaus tend to harden their methods of doing things and injustices are continued simply because there can be no redress. That is regarded as true notwithstanding that at times it seems as if decisions by government officials are made only for the purposes of reversal within a comparatively short time.

Marking Railroad Stationery.—In a short time every scrap of stationery used in the railroad business will be marked "United States Railroad Administration, W. G. McAdoo, Director-General." Regional directors, acting on instructions from Washington, have told those having the handling of stationery to use that legend as soon as possible without waste. Stationery now on hand is to be so marked, either with the printing press or the rubber stamp. Bank accounts are to be established in the name of the Railroad Administration and the name of the company owning the property is to become just about the same as the street address, telephone number, and code name which are so frequently printed on the stationery.

A. E. H.

WIRE LINES TAKEN OVER

The Traffic World Washington Bureau.

Acting under the authority recently conferred by Congress, President Wilson, July 23, issued a proclamation taking all telephone and telegraph lines under government operation and control at midnight Wednesday, July 31. Although Congress has empowered him to do so, he did not include wireless systems, because the navy already is in control of them, and he also did not include ocean cables, presumably because contracts the cable companies have with foreign governments on whose shores they land contain clauses respecting government operation which raised involved questions. The navy already is in practical control of the cables through its censorship.

The President's proclamation placed administration of the wire systems with Postmaster-General Burleson and provided that until otherwise decided the present management and employees will continue. Present financial arrangements also will continue with the approval of the postmaster-general.

In a statement accompanying the President's proclamation Postmaster-General Burleson announced to the country that his policy would be one of the least possible inter-

ference with the wire communication systems consistent with the interests and needs of the government.

Press wire service, Mr. Burleson said, would be interfered with only to improve its facilities, and farmers' telephones would be interfered with only to facilitate their connection with the larger lines. No general policy has been decided upon, the postmaster-general announced, and public notice will be given of any plans to change present arrangements.

Pledging to the public his best efforts for the most efficient service at the least cost, the postmaster-general declared he welcomed suggestions from and the co-operation of the men who have built up the systems.

Postmaster-General Burleson will be assisted in the wire administration by a committee of three composed of John L. Koons, first assistant postmaster-general, in subjects of organization and administration; David J. Lewis, former congressman from Maryland, now a member of the tariff commission, on subjects of operation, and William H. Lamar, solicitor for the postoffice department, on matters of finance.

President Wilson's proclamation, after quoting the law by which Congress authorized him, says:

"Whereas, It is deemed necessary for the national security and defense to supervise and take possession and assume control of all telegraph and telephone systems and to operate the same in such manner as may be needful or desirable;

"Now, therefore, I, Woodrow Wilson, President of the United States, under and by virtue of the powers vested in me by the foregoing resolution and by virtue of all other powers thereto me enabling, do hereby take possession and assume control and supervision of each and every telegraph and telephone system and every part thereof within the jurisdiction of the United States, including all equipment thereof and appurtenances thereto whatsoever and all materials and supplies."

"It is hereby directed that the supervision, possession, control and operation of such telegraph and telephone systems hereby by me undertaken shall be exercised by and through the Postmaster-General, Albert S. Burleson. Said postmaster-general may perform the duties hereby and hereunder imposed upon him, so long and to such extent and in such manner as he shall determine, through the owners, managers, boards of directors, receivers, officers and employees of said telegraph and telephone systems.

"Until and except so far as said postmaster-general shall from time to time by general or special orders otherwise provide, the owners, managers, boards of directors, receivers, officers and employees of the various telegraph and telephone systems shall continue the operation thereof in the usual and ordinary course of the business of said system, in the names of their respective companies, associations, organizations, owners or managers, as the case may be.

"Regular dividends hitherto declared and maturing interest upon bonds, debentures and other obligations may be paid in due course, and such regular dividends and interest may continue to be paid until and unless the said postmaster-general shall from time to time, otherwise by general or special orders determine; and, subject to the approval of said postmaster-general, the various telegraph and telephone systems may determine upon and arrange for the renewal and extension of maturing obligations."

Confusion as to the wire companies became manifest within an hour of the issuance of the proclamation. That document says the President "hereby takes control and possession." The last paragraph says that from midnight July 31 the wires "shall conclusively be deemed within possession and control."

F. C. Stevens, adviser of independent telephone interests, without desiring to pin himself down to such a con-

(Continued on page 177)



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Decisions of Interstate Commerce Commission

RATE ON FURNITURE

In a report on No. 9726 *Montgomery Ward Co. vs. C. C. & St. L. et al.* (opinion No. 527, 30 I. C. C. 67) the Commission held intermediate rates on new furniture N. O. S. carloads from Shelbyville, Ind., to New York City, because in excess of the conditions on terminal and related routes, and ordered reduction down to the basis of the corresponding ex-lake rates that apply to the rate of the length portion about through rates exceeding the aggregate of the intermediates.

RATES ON GRAIN FROM TOLEDO

Case No. 3081. (30 I. C. C. 515-527).
TOLEDO PRODUCE EXCHANGE VS. NEW YORK CENTRAL RAILROAD COMPANY ET AL.
 Submitted April 1, 1914. Opinion No. 493.

Interstate Commerce Commission, Washington, D. C., July 19, 1914. In the case of *Toledo Produce Exchange vs. New York Central Railroad Company et al.*, the Commission has heard the testimony of the parties and the evidence and has rendered its decision. The Commission finds that the rates on grain and grain products from Toledo, Ohio, to New York City, and to other points in New York State, and to other points in the United States, are in excess of the conditions on terminal and related routes, and ordered reduction down to the basis of the corresponding ex-lake rates that apply to the rate of the length portion about through rates exceeding the aggregate of the intermediates.

In *Toledo Produce Exchange vs. A. A. R. R. Co.*, 27 I. C. C. 106 (The Traffic World, July 19, 1914, p. 148), it is alleged on behalf of the grain and malt interests of Toledo, Ohio, that the defendants, by their rates and transit arrangements applying on grain and grain products, unjustly discriminated against Toledo and in favor of Chicago, Peoria, and St. Louis. Toledo was not a rate-making point, and grain and grain products re-forwarded from Toledo to eastern trunk line territory were generally at the balance of some joint through rate according to point of origin, subject to various restrictions as to origin, etc.; the basic rate was paid on the inbound movement, but the charges were paid on the basis of the through rate when the shipment moved out. The Toledo shipper lost the interest on the difference until refund was made, the value of the grain in the Toledo elevator would be according to the amount of refund that could be had for the outbound movement; the Toledo shipper was not to move his traffic via any line out-bound, irrespective of the inbound line, at the through rate from the point of origin to destination, but was confined to what remained of the through route provided by the tariff naming the rate unless he elected to pay full local rates both in and out, grain from Chicago via the Lake Shore & Michigan Southern Railroad, for instance, after transit at Toledo could not be permitted to move out via the Pennsylvania, as the Lake Shore would insist upon its local right. The defendant carrier undertook to connect shippers to use only routes where divisions were in effect, and as was a source of considerable difficulty, the cost of shipping from the Toledo elevator to the road forming a part of the open route in some cases had to be paid by a shipper. It was not always possible to make the desired direct at final destination at the remainder of the joint rate, because the tariff naming the joint rate did not pro-

vide for its application via Toledo and in connection with the route upon which final delivery was desired; where the tariffs did permit the routing and delivery requirements of the eastern buyer, the Toledo shipper could not meet them unless he had on hand grain that had arrived over a line that formed part of the through route from the point from which the joint rate was published; and full local rates were charged on grain from off the lakes at Toledo. The Toledo shipper was thus hindered, not only in filling orders, but also in soliciting business. Owing to the difficulties mentioned Toledo was at a disadvantage as compared with Chicago, Peoria, and St. Louis. Chicago, Peoria, and St. Louis being rate-making points were free to re-ship via any line on the basis of the through rate from point of origin. There were reshipping rates from Chicago to the east which were considerably less than the local rates and moved most of the traffic. They applied on traffic which had been received from rail lines, as well as on that received from lake vessels. Peoria and St. Louis were given ex rail reshipping rates, which placed them on a parity with Chicago as to the through movement. In the case mentioned the present complainant, with the idea of overcoming some of the difficulties above referred to, asked the establishment of ex rail and ex lake reshipping rates from Toledo on the basis of 78 per cent of the reshipping rates from Chicago to New York on the grounds that the conditions which affected the rates from Toledo were not substantially different from those which led to the establishment of the reshipping rates from Chicago and that class rates and many commodity rates from Toledo were made on the basis of 78 per cent of the Chicago New York rates. Our conclusion was that ex rail and ex lake reshipping rates from Toledo should be based on seventy-eight sixtieths of the rate applying from Buffalo, N. Y., to New York City, and we suggested a revision of the defendants' transit arrangements at Toledo in order to allow shippers at that point more freedom in the making of outbound shipments. However, pursuant to a petition filed by several of the carriers further hearing was had on the question of the modification of the Commission's order. After a number of conferences a different set of reshipping rates from Toledo, not entirely satisfactory to any of the parties and higher than provided for in the first report, was tentatively or temporarily agreed upon, and it was put into force August 1, 1914, following an order to that effect from this Commission, 30 I. C. C. 493. These rates are shown in the table below in cents per 100 pounds.

Rates from Toledo, O.

	EX lake out	EX lake all other	All rail reshipping	EX lake out	EX lake products	All rail reshipping	All rail reshipping
		of grain	all grain	EX lake out	other grain	all products	all products ex
							cept flour
Domestic Grain							
New York, N. Y.	14	17½	11½	11½	11	11	
Boston, Mass.	14½	18½	12½	12½	12	12	
Philadelphia, Pa.	14½	18½	12½	12½	12	12	
Pittsburgh, Pa.	14½	18½	12½	12½	12	12	
Chicago, Ill.	12	11	10½	10½	11½	11	

Chicago to New York	12	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2
Chicago to Peoria	12	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2
Chicago to St. Louis	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2
Chicago to Toledo	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2

From only.

For the most part these rates are still in force. The reshipping rates may be used where the balance of the joint through rate does not apply via the desired route. The parties to the case mentioned expressly reserved the right to bring these rates to the Commission's attention later, in the event that actual experience under them should prove unsatisfactory. The same reshipping rates were published from Sandusky, O., and Detroit, Mich., as from Toledo. From Cleveland they were made 1 cent lower than from Toledo. Coupled with the local rates inbound, the reshipping rates result in higher charges than would result from the application of the joint rates.

Upon the expiration of our order the complaint in the instant case was filed. The Toledo interests again ask for ex rail and ex lake reshipping rates on the basis of 78 per cent of the ex rail and ex lake reshipping rates from Chicago to New York. The granting of the prayer would mean a reduction of four-tenths of a cent in the rate on grain from Toledo to New York.

The rates we required in the original case have given only partial relief. Most of the restrictions on the outbound movement from Toledo and the various other disadvantages above mentioned still exist. The congestion of terminals and the shortage of equipment makes the restrictions more burdensome now than in normal times, for a desired route which under the tariffs is technically open to Toledo shippers at the balance of the joint rate may, as a practical matter, be embargoed or unable to furnish cars. Although the cases in which the restrictions operate to the substantial detriment of the Toledo shippers are comparatively few, they are not so unimportant as to be ignored if any reasonably practical method of removing them can be found. They sometimes may occasion the loss of business and deter purchasers from looking to the Toledo market for their supply. Complainant's members must market their grain where they can ship upon substantially equal terms with their competitors at Chicago, Peoria, and St. Louis.

The complaint also puts in issue the rates on grain from Missouri River cities to Toledo, which are based on the Chicago, Peoria, and St. Louis combinations. The rates to Chicago, Peoria, and St. Louis are proportional rates applying on traffic originating west of the Missouri River. The rates from Chicago, Peoria, and St. Louis are proportional rates applicable on grain originating at points west thereof. The through rates are the same via all three gateways. By an amendment to the complaint the combination through rates on grain from points in Kansas and Nebraska, of which these proportional rates form a part, are likewise assailed. Complainant seeks the establishment of joint through rates from the Missouri River to Toledo which, added to the rates from Toledo to the east, made on the basis of 78 per cent of the Chicago-New York rate, will result in through rates from Missouri River to the east that break on Toledo substantially the same in amounts as those from Missouri River to the east that break on Chicago, Peoria, and St. Louis. With such an adjustment the Toledo dealer could bring grain direct from Missouri River to Toledo and reship it on a practical rate parity with Chicago, Peoria, and St. Louis, and be freed from the various annoyances and disadvantages due to the transit arrangement. The reduction is also sought in order that Toledo may be in better position to ship east by lake in competition with Chicago.

The rate on wheat from Missouri River to Chicago is 12 cents and the reshipping rate from Chicago to New York 16 1/2 cents, making a through rate of 28.8 cents. Owing to an understanding between the eastern and western roads the combination rates via Peoria and St. Louis are kept on a parity with those via Chicago by adjusting the factors with reference to the factors applied to and from Chicago. The rate to Peoria is 1.5 cents less than to Chicago, and the rate from Peoria is 1.5 cents greater than from Chicago. The rate to St. Louis is 3 cents less than to Chicago and the rate from St. Louis is 3 cents greater than from Chicago. The through combination rates on corn and other coarse grains are 1 cent less than on wheat

because the rates to Chicago, Peoria, and St. Louis on those commodities are 1 cent less than on wheat. While Chicago, Peoria, or St. Louis can bring in wheat from Missouri River and ship it out to New York at a through charge of 28.8 cents per 100 pounds, Toledo, where it encounters the restrictions as to routing, etc., and desires to overcome them, must pay 31.8 cents for substantially the same service, its rate on wheat being 18.3 cents inbound, made up to 12 cents to Chicago and a proportional of 6.3 cents from Chicago to Toledo and 13.5 cents from Toledo to New York.

The rate from Peoria to Toledo is 1.5 cents higher and that from St. Louis to Toledo 3 cents higher than from Chicago, because the rates to those gateways are 1.5 cents and 3 cents, respectively, lower than to Chicago. If Toledo has a reshipping rate to New York of 13.1 cents, as asked, i. e., 78 per cent of the Chicago-New York reshipping rate, it would need an inbound rate from Missouri River of 15.7 cents to put it on an equality with Chicago, Peoria, and St. Louis. The complainant contends that it is unreasonable and an unjust discrimination against Toledo to charge it 18.3 cents on wheat from the Missouri River, while Chicago pays but 12 cents. Speaking generally, the distance from the Missouri River to the Mississippi River is a little over 300 miles. To Chicago it is nearly 500 miles. To Toledo it is about 700 miles. The rate on wheat from the Missouri River to the Mississippi River is 9 cents. For the extra distance to Chicago of less than 200 miles it is 12 cents, or only 3 cents higher, while from Missouri River to Toledo for the additional distance of a little over 200 miles it is 18.3 cents, or 6.3 cents higher than to Chicago. Except for the differences in distance the transportation conditions are perhaps substantially the same to all these points. A one-line haul is involved from Missouri River to Chicago, Peoria, and St. Louis, but to Toledo a two-line haul is required except in the case of the Wabash Railway.

The relief asked respecting the rate to Toledo is opposed by the Board of Trade of the City of Chicago and the Merchants Exchange of St. Louis, interveners, because if a joint through rate, less in amount than the combinations on those points, were established from Missouri River to Toledo, Missouri River grain would move over their heads to Toledo at a lower transportation charge than would apply if the grain were shipped into and out of those gateways. The disadvantage which the gateways would experience could be minimized by the establishment for them of transit arrangements in connection with the joint rates, but that would probably transfer to them some of Toledo's transit difficulties and be less satisfactory than the present arrangement whereby they are free to ship in or out via any route. As most of the rates break at Chicago, Peoria, or St. Louis, there are now practically no transit arrangements in force at those points. The shippers at the gateways and the carriers alike have lent their efforts in recent years toward doing away with joint rates via those points. Transit on the joint rates disturbed the market and kept the door open for discriminations. The Board of Trade of Kansas City, Mo., and the Omaha Grain Exchange also intervened in opposition to the complaint, particularly in as far as it concerns the prayer for joint rates from Missouri River to Toledo. These two interveners do not put themselves in the position of objecting to a reduction in the rate to Toledo, but oppose the establishment of a joint rate to that point or special proportional rates to and from Chicago, Peoria and St. Louis for the benefit of Toledo, because of the effect it will have on their customers at those gateways, which may operate to the disadvantage of Kansas City. The Indianapolis Board of Trade opposed the complaint generally. The Cleveland Milling Company and the Cleveland Grain Company, of Cleveland, Ohio, which operate under relatively the same rate situation as the Toledo shippers, intervened in support of the complaint.

As in the previous case the complainant contends that the falling off in business at Toledo is due to the rate adjustment, and that if the rates sought are granted the situation will be much improved. Toledo now can draw grain by lake direct from Duluth at about the same transportation charge as Chicago, and has a considerably lower ex lake rate to the east than Chicago. A reduced ex lake rate will give Toledo a still greater advantage in this respect. Outbound, Chicago ships large quantities by lake, but Toledo none. The lake transportation charges from Toledo to Buffalo, N. Y., and Montreal, Canada, are some-

but less than from Chicago, but Toledo must pay 6.3 cents more than Chicago for Missouri River grain which comes by rail. A reduction of this difference would enable Toledo to ship out more grain by lake, and with an increased movement from Toledo by lake competitive conditions as between the lake lines and the rail lines at Toledo would be more nearly the same at Toledo as at Chicago, and would tend to support Toledo's claim for rates made with a definite percentage relation to the rates from Chicago.

The circumstances and conditions which brought about the reshipping rates from Chicago and fixed their level are well understood. They have been put before the Commission in other cases, and need not be detailed here. They did not all exist at Toledo, nor in the same degree as at Chicago. In *Buffalo Grain Cases*, 46 I. C. C. 570 (The Traffic World, Sept. 15, 1917, p. 555), we were asked to prescribe ex rail and ex lake reshipping rates from Buffalo, N. Y., to eastern trunk line territory on the basis of 53 per cent of the Chicago-New York rate, this percentage being substantially the relation between the Buffalo-New York class rates and the Chicago-New York class rates. The carriers were directed to submit to us for examination and approval a schedule of reshipping rates and agent arrangements on grain and grain products from Buffalo to eastern points in general harmony with those in effect at Chicago, but the specific prayer of the complainants in those cases was not granted. We stated that we are not prepared to accept the theory of making the rates on grain from Buffalo at a fixed percentage of the rate from Chicago.

One of the objections defendants have to the granting of the proposals made by the complainant in this case is, of course, the probable disruption and possible disintegration of the grain rate fabric. Detroit, Mich., Cleveland, and Cuyahoga, Bellefontaine, Bellemead, Mansfield, and Cincinnati, Ohio, Indianapolis and Terre Haute, Ind., and other points might all expect similar treatment. A reduction in the rate from Kansas City to Toledo and intermediate points would no doubt bring demands for reductions from Kansas, Peoria, and St. Louis to points in central freight association territory. The Board of Trade of the City of Chicago announced at the hearing that it would take such action if the Missouri River-Toledo rate was reduced. Toledo's rate situation is not less favorable than those of other cities east of Chicago. It is impractical to arrange so that rates will make and break at various widely separated points and be the same in the aggregate; and that is substantially what this case involves.

The allegations of the complainant are not sustained, and an order of dismissal should accordingly be entered.

FEYER, Commissioner.

With unimportant modifications the foregoing is the report proposed by the examiner and served upon the parties in the proceeding. The report and conclusions proposed by the examiner are approved and adopted as the report and conclusions of the Commission.

REPARATION ON POTATOES

CASE NO. 9093 (50 I. C. C. 528, 531.)

NORTHERN POTATO TRAFFIC ASSOCIATION VS. ATCHISON, TOPEKA & SANTA FE RAILWAY COMPANY ET AL.

Submitted May 14, 1917. Opinion No. 1122.

Complaint filed by the Northern Potato Traffic Association, a voluntary association of shippers and dealers in potatoes, against the Atchison, Topeka & Santa Fe Railway Company, et al., for unjust discrimination in the rates for the transportation of potatoes from Minnesota to Texas common points. The complaint alleges that the rates for the transportation of potatoes from Minnesota to Texas common points are unjustly discriminatory, and that the rates for the transportation of potatoes from Minnesota to Texas common points are unjustly discriminatory, and that the rates for the transportation of potatoes from Minnesota to Texas common points are unjustly discriminatory.

HALL, Commissioner.

Complainant is a voluntary association of shippers and dealers in potatoes. By complaint filed August 15, 1916, it attacks as unreasonable, unjustly discriminatory, and unduly prejudicial defendant's rate of 70 cents per 100 pounds on potatoes in carloads from certain points in Minnesota and Wisconsin, hereinafter called the Minnesota points to Dallas, Tex., and other points in so-called Texas common point territory designated in southwestern

lines tariff then in effect, or in subsequent issues. It asks reparation on behalf of members named in the complaint. The allegations of unjust discrimination and undue prejudice are based on the existence of lower rates, distance considered, on potatoes from points in Idaho, Colorado, and California, and are directed particularly against the delivering carriers.

The Minnesota points are on the lines of the Great Northern and Northern Pacific railways and lie to the north of Minneapolis, Minn., at an average distance of 65 miles. The defendants are the carriers participating in the transportation therefrom to Texas common points and, with the exception of the Atchison, Topeka & Santa Fe Railway Company, do not include the originating lines serving Idaho, Colorado, and California.

Shippers of potatoes from these three states intervened, as did also D. E. Ryan, trading at Minneapolis as D. E. Ryan Company, and seeking reparation. Rates are stated in cents per 100 pounds and do not take into consideration changes made on June 25, 1918, under General Order No. 28, as amended, of the Director General of Railroads.

Much evidence was adduced as to the conditions under which potatoes are shipped from the various states to Texas. Rated class C in western classification, they in many instances take lower commodity rates. The rate under attack is the same as from Minneapolis and is a joint rate based upon the class C differential, Minneapolis over St. Louis, Mo., of 12 cents, plus the commodity rate on potatoes in carloads from St. Louis, which was formerly 58 cents to all destinations covered by the complainant. In *Dallas Chamber of Commerce vs. A. T. & S. F. Ry. Co.*, 40 I. C. C. 619 (The Traffic World, Aug. 5, 1916, p. 337), we recognized the geographic position of points in the northeastern portion of Texas, of which Dallas and Fort Worth are representative, hereinafter termed the Dallas-Fort Worth group, and, among other things, required the establishment of a carload rate on potatoes from St. Louis to that group at least 5 cents less than the then existing rates. Under our order there the rate from St. Louis to the Dallas-Fort Worth group became 53 cents, effective October 15, 1916. A corresponding change in the through rate from the Minnesota points would have reduced it to 65 cents.

The following table sufficiently illustrates the rate adjustment:

From	To Dallas		To Waco, Tex.		Carload Minimum Pounds
	Distance, Miles	Rate, Cents	Distance, Miles	Rate, Cents	
Minneapolis, Minn.	1,951	70	1,471	70	24,000
St. Louis, Mo.	688	53	788	58	24,000
Greeneville, Ohio	887	54	944	58	24,000
Idaho Falls, Idaho	1,570	61	1,587	68	24,000
Stockton, Cal.	1,768	75	1,860	75	30,000

*A. T. & S. F. from June 1 to September 30.
*Approved from October 1 to May 31.

The rate on potatoes from Texas common points to destinations in Minnesota is 57 cents, subject to a carload minimum of 24,000 pounds. It is said that some of this northbound movement is in stock cars.

Potatoes for table use are seldom shipped from Minnesota to Texas except in times of crop failure in other states. Shipments from Minnesota to Texas are as a rule made early in the year, and consist of seed potatoes.

It is unnecessary in this proceeding to review the evidence concerning the equipment used, dunnage allowed, transportation of stoves and attendants, and other matters. They have frequently been before us.

Upon consideration of the record we are of opinion and find that the rate assailed was unjust and unreasonable for the transportation of potatoes in carloads from the Minnesota points to the Dallas-Fort Worth group to the extent that it exceeded 65 cents, which we find would have been reasonable. We are further of opinion, and find, that complainant's members named in the complaint, and D. E. Ryan, intervener, have been damaged and should be awarded reparation to the extent that the rate paid and borne by them exceeded 65 cents per 100 pounds on shipments of potatoes in carloads moving on and after August 15, 1916, from the Minnesota points to said destinations. Statements should be prepared showing the details of said

statements in accordance with rule V of the Rules of Practice and the date or dates on which the freight charges were paid, which statements should be submitted to defendants for verification. Upon receipt of the statements so prepared and verified we will consider the entry of orders awarding reparation.

The rate of 70 cents is not shown to have been unreasonable, unjustly discriminatory, or unduly prejudicial for movements to the other destinations in Texas named.

Evidence was introduced to the effect that in many instances the aggregates of the rates to and from intermediate points in Oklahoma or Louisiana were lower than the joint rate. These departures from the rule of the fourth section are similar to those considered in *Through Rates to Points in Louisiana & Texas*, 38 I. C. C., 153. (The Traffic World, Mch. 11, 1916, p. 536.) They should be eliminated at once where this has not already been done.

By General Order No. 28, May 25, 1918, as amended, the Director General of Railroads, in the exercise of powers conferred upon the President by the federal control act approved March 21, 1918, has initiated and directed the establishment on June 25, 1918, of rates exceeding those theretofore in effect, thereby fixing both the amount and the relation of the rates to be applied for the future on the traffic under consideration. The rates so increased are not subject to review by us upon the present pleadings.

By the Commission.

RATES ON WHEAT

CASE NO. 9721 (50 I. C. C., 483-486)

MESILLA VALLEY PRODUCE EXCHANGE VS. ATCHISON, TOPEKA & SANTA FE RAILWAY CO. ET AL.

PORTIONS OF FOURTH SECTION APPLICATIONS NOS. 6322 AND 671.

Submitted November 5, 1917. Opinion No. 5320.

1. Rates on wheat, in carloads, from certain points in Colorado, Kansas, Oklahoma, Nebraska, Illinois, Missouri and northern Texas, to Las Cruces, N. M., not shown to have been or to be unreasonable or unduly prejudicial. Complaint dismissed.
2. Fourth section relief denied.

BY DIVISION 3:

Complainant alleges that defendants' rates on wheat, in carloads, to Las Cruces, N. M., from various points in Colorado, Kansas, Oklahoma, Nebraska, Illinois and Missouri, shown on pages 31 and 37 of the Atchison, Topeka & Santa Fe Railway's tariff I. C. C., No. 7430, and from various points in Texas, shown on page 42 of the same tariff, are unreasonable, unduly prejudicial, and in violation of the fourth section of the act in that they exceed the rates contemporaneously in effect to El Paso and La Tuna, Tex., to which Las Cruces is intermediate over certain routes. Reparation and the establishment of reasonable and non-prejudicial rates are asked. Those portions of defendants' fourth section applications Nos. 622 and 671 covering the alleged fourth section departures, were heard with this case. Rates are stated in cents per 100 pounds.

The Atchison, Topeka & Santa Fe and the Rio Grande, El Paso & Santa Fe Railroad connect at La Tuna and form the Santa Fe system route through New Mexico to El Paso. Las Cruces is on the line of the former, about 45 and 25 miles north of El Paso and La Tuna, respectively. The gravamen of the complaint is the relationship of the rates to Las Cruces and to El Paso, and the prayer is for rates which shall not exceed those contemporaneously maintained to El Paso. The complainant does not contend that the present El Paso rates should be applied to Las Cruces, but would be satisfied if an equalization were effected by both increases and reductions.

Practically the only evidence submitted by the complainant consisted of comparisons of the rates assailed with rates from the same points to El Paso, where, it was stated, competing flour mills are located. Complainant was unable to state where these mills obtain their wheat. Rates on wheat in carloads from representative points of origin to Las Cruces and El Paso are shown below:

From—	To Las Cruces, Cents.	To El Paso, Cents.
Superior, Neb.	58	48
Kansas City, Mo.	65	42.5
Wichita, Kan.	58	42.5
Denver, Colo.	55	43
Fort Worth, Tex.	65	26.5

Complainant obtains the bulk of its wheat from territory adjacent to Las Cruces and apparently uses wheat from the origin territory only for blending purposes. Defendants' witness testified that the movement of wheat from that territory to New Mexico points, including Las Cruces, is light.

Defendants explain that while their rates from the Texas points to El Paso and La Tuna are lower than to Las Cruces, the former apply only intrastate, and that the rates from the Texas points to Las Cruces conform to the fourth section. They did not attempt to justify the existing fourth section departures which result from the charging of higher rates from other points of origin to Las Cruces than to El Paso and La Tuna, but stated that following Corporation Commission of New Mexico vs. Ry. Co., 34 I. C. C., 292 (The Traffic World, July 10, 1915, p. 56), they have been readjusting their rates to this territory, and are now prepared to establish rates on wheat from the points of origin, other than those in Texas, to El Paso not lower than to Las Cruces and other intermediate points. This adjustment contemplates increases in the rates to El Paso and material reductions in the rates to Las Cruces, those proposed to each of these points being 54 cents from Superior and 48.5 cents from Kansas City, Wichita and Denver. The fourth section applications protecting the departures above referred to will be denied to the extent that they are involved.

The only rates from Texas points specifically attacked apply from Fort Worth, Gainesville, and grouped points in northern Texas. Complainant presented no evidence with respect to the rates to Las Cruces from the Fort Worth and Gainesville territory and no movement of wheat from this territory to either Las Cruces or El Paso is shown. The only Texas territory referred to in complainant's evidence was the panhandle section, but rates from this section are not specifically brought in issue by the complaint. Complainant testified that if Las Cruces and El Paso were given the same rates on wheat from Colorado and from the panhandle of Texas this complaint would be satisfied. There was no showing as to the volume of movement from either of these territories of origin to the destinations mentioned. At present the rate on wheat from Amarillo, a typical point of origin in the panhandle section, to Las Cruces is 55 cents, and in connection with the adjustment above referred to defendants propose to reduce it to 38 cents. The intrastate rate to El Paso is 26.5 cents.

In Railroad Commission of Louisiana vs. A. H. T. Ry. Co., 41 I. C. C., 83 (The Traffic World, Aug. 19, 1916, p. 440), we prescribed reasonable rates to be observed as maxima for the transportation of various commodities, including wheat, between Shreveport, La., and points in Texas, and ordered the removal of undue prejudice found to exist against Shreveport. The intrastate rates from the Texas points to El Paso were established by the carriers to remove such undue prejudice. That case has been reheard and affirmed so far as the rates on wheat are concerned, 48 I. C. C., 312. These rates are based on a graded scale up to 250 miles for hauls in common point territory and on a set of differentials grading up to 300 miles for hauls in the western portion of Texas, known as differential territory. Under these scales the maximum rate on wheat for any haul in Texas where more than 300 miles thereof is in differential territory is 26.5 cents. The short line distances over defendants' lines from Fort Worth and Amarillo to El Paso, intrastate, are 615 miles and 650 miles, respectively, and include over 300 miles in differential territory.

Defendants contend that the 26.5-cent rate to El Paso which would apply for 301 miles, is unduly low for haul more than twice as long, and they therefore do not attempt to meet it by way of the interstate route through Las Cruces. While the difference between the rates from the Texas points to Las Cruces and to El Paso, intrastate, is large, it is our opinion that the mere existence of the intrastate distance rates to El Paso without a showing that any shipments ever moved thereunder affords no

asks for a condemnation of the interstate rates to Las Vegas.

We find that the rates assailed are not shown to have been so to be unreasonable or unduly prejudicial, and the complaint will be dismissed.

Appropriate orders will be entered.
(The fourth section order is No. 7024.)

REPARATION ON SEWER PIPE

CASE NO. 8693 (50 I. C. C. 531.537)
S. A. WILLIAMS COMPANY VS. PENNSYLVANIA COM-
PANY ET AL.
FOURTH SECTION APPLICATION NO. 2060

Submitted September 15, 1906. Opinion No. 1001

Rates charged on sewer pipe shipments from the Pennsylvania Company to various points in Wisconsin and Michigan, found not to be unreasonable or unduly prejudicial, and the complaint will be dismissed.

BY THE COMMISSION

The complaint is directed in buying and selling sewer pipe, fire lining, wall copings, fire brick, and other clay products with its principal office in Chicago, Ill. The complaint alleges that the rates charged on 109 carloads of sewer pipe from Akron, Richardson, Mich., and Parnell, Ohio, to various destinations in Wisconsin and Michigan, which moved between March, 1904, and October, 1904, were unreasonable, excessive, discriminatory and in excess of the maximum of the interstate rates set out in the act, and are prejudicial. There was no objection to the complaint with the complaint Fourth Section Application No. 2060 of

the Traffic World, April 17, 1909, p. 521, a joint through class rate of 29 cents was charged on vehicles from Lawrenceburg, Ind., to Milwaukee, Wis. There was at the same time a local class rate of 17 cents from Lawrenceburg to Chicago, and a local class rate from Chicago to Milwaukee of 12 cents, also a class rate of 5 cents from Chicago to Milwaukee applicable only on shipments originating east of the Indiana-Illinois state line. We held the 29-cent rate unreasonable and found that a reasonable joint rate should not exceed 25½ cents. With reference to the 5-cent rate, we said:

It is to be noted, however, that the latter rate was applicable only on shipments originating east of the Indiana-Illinois state line and was therefore not a local rate, but a proportional rate.

On page 9 we said:

We must resort again to the principle that in the absence of a local rate, a through rate in excess of the sum of the local rates is not unreasonable.

This was decided in 1909. Windsor Turned Goods Co. vs. C. & O. Ry. Co., 18 I. C. C. 162 (The Traffic World, April 22, 1910, p. 498), was decided prior to the amendment of 1910 to the fourth section of the act. Here it appeared that joint through rates from certain points in West Virginia and Kentucky to Windsor, Ohio, were in excess of the joint rates from the same points to Detroit, plus the arbitrary of 2 cents, and in some instances plus the local of 2½ cents, from Detroit to Windsor. On page 164 we said, after referring to *Lindsay Brothers vs. R. & O. S. W. R. R. Co.*, supra:

It has again become necessary, in order to do more complete justice, to extend the application of the rule so that, except in special and unusual circumstances, and respecting fully the limitations placed on these by the act, the rule of having proportional or uniform rates, the fair measure of the reasonableness of a joint through rate that exceeds the combined up to the point the same points on the same routes in and will have to be held to be the lowest combination that would lawfully apply if the joint through rate were cancelled.

These cases were decided prior to the amendment of section 4 of the act, which makes it unlawful—

to charge any greater compensation as a through route than the aggregate of the intermediate rates subject to the provisions of the act.

rates to be used in constructing through rates via the west bank crossings the initial carriers whose lines reach Chicago attempted to hold this trade to the Chicago gateway. At present the joint commodity rates in effect are made by combination with the local or proportional rates in effect beyond the gateways of a factor up to the gateway which is the same to Chicago as to the west-bank crossings and which is lower than either the local or the proportional rates to those crossings.

The defendants maintain that the limitation on the proportional rates was published in the manner described for the sake of economy in publication; that formerly they published so-called "equalizing" rates which applied whenever the rates beyond the gateways were such as to render equalizing necessary; that, for instance, if the rates from Chicago to points in Wisconsin were 10 cents and the rates to Chicago from a point in Central Freight Association territory were 12 cents the Chicago combination would be 22 cents, that to equalize this combination through Menominee a proportional rate to Menominee would be published applicable on traffic destined to points west of Menominee to which the rates from Menominee were the same as or higher than the rate from Chicago; that this method of publishing rates is now forbidden by the Commission, that the reason of the proportionals here involved is to equalize the total charge through different gateways and make as many routes as possible available; and that this limitation is plain and unambiguous and prevents them being considered as "intermediate rates" to the destinations involved in the sense in which the words are used in the fourth section of the act.

The complaint presents the following questions: (1) Are the proportional rates involved so definitely limited that they are not "intermediate rates" under the fourth section of the act? (2) Were the through rates in effect at the time these shipments moved unreasonable, in contravention of section 1 of the act?

Although with the amended fourth section it has not been necessary to invoke the rule announced in the Windsor Turned Goods Case, supra, as frequently as before the amendment, the rule is as sound in ascertaining the reasonableness of rates as when it was announced and has been so recognized in cases decided subsequently to the amendment.

In *Through Rates to Points in Louisiana and Texas*, 38 I. C. C. 153 (The Traffic World, March 11, 1916, p. 536), it appeared that certain joint rates from defined territories to destinations in Louisiana and Texas were higher than rates to intermediate points in those states plus the local rates from such points to ultimate destinations in the same state. While the latter rates were not specifically restricted to intrastate traffic it was the carrier's intention that they would be applicable on interstate traffic only where no specific joint rates were in effect. The Commission in deciding that these rates were intermediate rates within the meaning of the fourth section said, at page 164:

These rates now apply on through traffic to destinations in Louisiana and Texas where specific through rates are not published and would be applicable on traffic from the defined territories were the present through rates canceled. They apply for a portion of the haul which is included within the through haul from points outside the states of Louisiana and Texas to points within those states. Their function is essentially, therefore, that of intermediate rates and they clearly fall within the meaning of that term as used in the amended fourth section. In *Windsor Turned Goods Co. vs. C. & O. Ry. Co.*, 18 I. C. C. 162, we announced the principle that the fair measure of the reasonableness of a joint through rate that exceeds the combination between the same points via the same route will be held to be the lowest combination that would lawfully apply if the joint through rate were canceled, and to this view we adhere.

To the same effect was the Commission's decision in *Lafayette Chamber of Commerce vs. L. W. R. R. Co.*, 41 I. C. C. 297, and *Blackwell Lumber Co. vs. M. P. Ry. Co.*, 42 I. C. C. 746, 761. The state rates, which were one of the intermediate factors in those cases, were specifically limited so that they would apply on interstate traffic only in the absence of through rates.

In *Joseph Iron Co. vs. M. L. & T. R. R. & S. S. Co.*, 37 I. C. C. 591, and 40 I. C. C. 525, dated November 2, 1915, and June 29, 1916, respectively, it appears that there was a proportional rate from Houston, Tex., to New Orleans applicable only on traffic "destined to points beyond, to which no through rates are published." This attempted limitation on the proportional rates from Houston was held insufficient to bar its application in constructing a through rate to Chicago, although there was a joint through rate on scrap iron from New Orleans to Chicago. The tariff item carrying the proportional rate was objectionable because it practically compelled the shipper to look through every tariff on file with the Commission before he could be certain whether the proportional rate would or would not apply.

In the second report in *Joseph Iron Co. vs. M. L. & T. R. R. & S. S. Co.*, 40 I. C. C. 525, we said with respect to the rule in the *Windsor Turned Goods Case*, supra:

That rule is affirmed and it applies in the instant case. We adhere to our previous decision, and will accordingly reenter the order for reparation.

and with respect to the manner of restricting the proportional rates there under consideration:

The petition for rehearing was filed because certain carriers construed our decision as a ruling that all restricted proportional rates were to be considered in determining whether or not the through rate exceeds the aggregate of the intermediate rates. It is to be understood that we are dealing only with the facts in this case, including the fact that the proportional rate in question was not so properly restricted or limited as to make its application definite, clear or ascertainable, and what we have here held is not to be construed as applicable in cases where the use of proportional rates is properly defined.

In the case now at issue the application of the proportional rates from points of origin to Lake Michigan west-bank crossings was limited to traffic to those points "to which no through rates are published herein, or in I. C. C. No. 261." This definitely shows where the joint rates, whose existence precludes the use of the proportional rates, are to be sought; and does not merely make a general statement that if a joint rate exists in some tariff or tariffs not indicated, the proportional will not apply. In *Morris' agency tariff* I. C. C. 291 appear through rates to the points of destination involved, thereby precluding the ap-

plication of the proportional. Since the proportional rates referred to the tariff carrying the joint class rates, we cannot say that the proportional rates are intermediate rates which would become effective in the absence of the joint through class rates.

Although it is obvious that the method employed by the defendants is not the most precise or desirable way of indicating a limitation on the application of a rate, we cannot agree that the limitation is without lawful effect.

We are of opinion and find that the proportional rates from the points of origin involved to the Lake Michigan west-bank crossings are not intermediate rates to the destinations in question, within the meaning of the amended fourth section of the act, and consequently that no violation of section 4 by the defendants has been shown in this case.

Although the proportionals to the west-bank crossings cannot be regarded as intermediate rates within the meaning of the fourth section, the fact that the aggregates of these proportionals plus the rates beyond make less than the joint rates raises a presumption that the joint rates were unreasonable which, in the absence of evidence indicating the contrary, must be accepted as conclusive of their unreasonableness. These proportionals apply for identically the same service up to Milwaukee, and the locals or proportionals beyond apply for as great or greater service beyond Milwaukee than that which is performed on a through movement under the joint rates. The record contains a list of 63 points in Wisconsin and Michigan to which no joint rates were published. At the time of the movements in question sewer pipe or any other article rated sixth class in Official Classification shipped to any of these points would take the proportional rate up to the west-bank crossings. On traffic to many of these points lower rates would have applied up to the crossings than on like traffic carried through these points to more distant points to which joint rates were published. The proportional rates were also available on traffic to points west of the Mississippi River to which no through class rates were published.

The carriers had full opportunity to prove the necessity for charging less for the haul up to Milwaukee on traffic in connection with which the proportionals were applied than on traffic destined to points to which joint rates were published. This they have not done. We are therefore of opinion that the charges collected on shipments moving by way of the cross-lake routes were unreasonable to the extent that the joint through rates charged exceeded the lowest combinations composed of the sixth-class proportionals from the points of origin to the Lake Michigan west-bank crossings and the local or proportional interstate rates beyond in effect on the dates of movement. We further find that the complainant made the shipments as described and paid and bore the charges thereon herein found unreasonable; that it has been damaged to the extent of the difference between the charges paid and those that would have accrued at the rates herein found reasonable, and that it is entitled to reparation with interest. The exact amount of reparation due cannot be determined on the present record, and complainant should prepare a statement showing the details of the shipments in accordance with rule V of the Rules of Practice, also specifying the date on which the charges were paid, which statement should be submitted to defendants for verification. Upon receipt of a statement so prepared and verified we will consider the entry of an order awarding reparation. Any outstanding undercharges or overcharges should be included in the statement submitted.

By the Commission.

PREJUDICIAL PASSENGER FARES

CASE NO. 8706 (50 I. C. C. 436-438)
HERMAN W. GERSCH VS. NEW YORK, NEW HAVEN
& HARTFORD RAILROAD COMPANY.

Submitted October 19, 1916. Opinion No. 5321.

Defendant's fares between Providence, R. I., and Touisset, South Swansea, and Fall River, Mass., not shown to be unreasonable, but found to be unduly prejudicial as compared with the fares between Providence and Bristol, R. I. Undue prejudice ordered removed.

BY THE COMMISSION:

Complainant is a resident of South Swansea, Mass. By

complaint, filed March 4, 1916, he alleges that defendant's rates for the transportation of passengers between Providence, R. I., and Tonsset, South Swansea and Fall River, Mass., are unreasonable and unduly prejudicial as compared with the fares maintained by defendant between Providence and Bristol, R. I. The establishment of reasonable fares for the future is asked.

The stations in question are on defendant's Providence, Warren & Bristol branch line, a standard gauge railroad operated by electricity and extending from Providence to Warren, R. I., where it forks into two branches, one to Bristol hereinafter called the Bristol branch, and the other through East Warren, R. I., to Tonsset, South Swansea, and Fall River hereinafter called the Fall River branch. The distances from Providence to Warren, Tonsset, South Swansea, Fall River and Bristol are 11.56, 14.43, 15.86, 19.4 and 15.7 miles respectively.

Between Providence and points on both branches defendant maintains standard fares of substantially 2 1/2 cents per mile, 2 1/2 cent mileage book fares, and zone fares of 4 cents per zone of approximately 4 miles, or about 1 1/4 cents per mile. The zone tickets can be purchased in any quantity and may be used by anyone anywhere on or like at any time. For use between Providence and points on the Bristol branch, however, 60-trip commutation tickets and 40-trip tickets for school children also are sold, neither of which is available on the Fall River branch.

It is not seriously contended, and the evidence wholly fails to prove, that the fares to and from the points on the Fall River branch are in and of themselves unreasonable. The gravamen of the complaint is undue preference to points and travelers on the Bristol branch, by reason of the commutation fares and special fares for school children and undue prejudice to points and travelers on the Fall River branch, whereon the zone tickets afford the most available basis of fares.

The zone fare between Providence and Tonsset or South Swansea is 26 cents; between Providence and Fall River, 33 cents. While the commutation tickets necessitate a larger initial outlay by the passenger than do the zone tickets and are restricted to individual use between specified stations and for fixed periods, they and the 40-trip tickets for school children, afford lower fares than do the zone tickets on the Fall River branch. A 60-trip commutation ticket good between Providence and Bristol costs 1.25. Averaging the zone fares for 60 trips between Providence and Tonsset or South Swansea the fares are \$12 and between Providence and Fall River \$15. In other words, to go from Tonsset or South Swansea the fares are \$4.50 a trip, while the respective distances are 1.27 miles less and 1.16 miles more than to or from Bristol, to or from Fall River \$4.75 higher for a distance of but .37 miles more. A 40-trip ticket for school children traveling between Providence and Bristol is sold for \$1.00, whereas the lowest fares using the zone tickets for an equal number of corresponding trips by school children traveling from or to Providence to or from Tonsset or South Swansea would be \$5.00 to or from Fall River, \$11.50.

The 40-trip commutation fares for school children were not established voluntarily but upon an order of the Public Utilities Commission of Rhode Island over defendant's opposition. Of defendant's passenger revenues from the Providence, Warren & Bristol branch during the year ended June 30, 1915, 36.40 per cent was derived from zone fares and 1.25 per cent from the sale of commutation tickets, while in the ensuing six months' period the percentage of commutation revenues increased to 3.18 per cent, with little change in the zone fare percentage.

Upon all the facts of record we find that the fares as shown are not shown to be in and of themselves unreasonable, but that the maintenance of the commutation fares and special fares for school children between Providence and points on the Bristol branch lower than between Providence and the above named points on the Fall River branch for like distances is, and for the future will be, unduly preferential to points and passengers on the Bristol branch and unduly prejudicial to points and passengers traveling on the Fall River branch. In this connection attention is called to In the Matter of Parts Rate Tickets for School Children, 17 I. C. C. 144 (The Traffic World July 31, 1909, p. 185).

An appropriate order will be entered.

REPARATION DECISION MODIFIED

CASE NO. 5356.

(50 I. C. C., 538-539)

LOUISVILLE CEMENT COMPANY VS. LOUISVILLE & NASHVILLE RAILROAD COMPANY ET AL.

Submitted June 3, 1918. Opinion No. 5328.

Findings in the original report modified in accordance with decision of Supreme Court of the United States in Louisville Cement Co. vs. Interstate Commerce Commission, decided April 22, 1918, and reparation awarded in that portion of claim previously held barred.

BY THE COMMISSION:

On Oct. 7, 1913, after hearing, the Commission filed a report in this case, in an unreported opinion, awarding reparation to the complainant for part of its claim for an unreasonable rate charged and collected by defendant on shipments of coal billed from Woodbine, Ky., to Speeds, Ind., amounting to \$595.65, but denied reparation for the balance of the claim amounting to \$1,335.25. The facts were admitted and the only question in issue was whether the two-year limitation in Section 16 of the Act to regulate commerce had run against that part of the claim last mentioned. The Commission found that the rate charged and collected was unreasonable to the extent of 10 cents per ton on all shipments of coal made by the complainant over the line of the Louisville & Nashville Railroad between the points named during the entire period of time covered by the shipments. As the claim for this last payment was filed more than two years after the shipments had been delivered to the complainant, the Commission held that this part of the claim was "barred from our consideration," following our construction of the act in Blinn Lumber Co. vs. S. P. Co., 18 I. C. C. 430.

Thereafter the complainant instituted a proceeding in the Supreme Court of the District of Columbia, asking that a writ of mandamus issue against the Commission directing it to take jurisdiction of the claim which the Commission had held was barred by the limitation in the act. The writ was denied. On appeal to the Supreme Court of the United States, it was held by the court, Louisville Cement Co. vs. Interstate Commerce Commission, Opinion No. 70, April 29, 1918, that the cause of action accrues and the statute begins to run on the date the freight charges are actually paid. In this case the freight charges were paid Feb. 1, 1911, the claim for reparation was filed within 2 years thereafter, and under the ruling by the Supreme Court this Commission had jurisdiction and may award reparation for the balance of the claim made and proved by the complainant.

Thereafter complainant filed its motion for an order of reparation for the \$1,335.25, with interest from March 1, 1911. This proceeding was thereupon reopened and the motion served upon the defendant Louisville & Nashville Railroad Company, which has waived further hearing and interposes no objection to entry of the order as prayed.

We find that the complainant paid and bore the freight charges on the shipments in question; that it has been damaged and is entitled to reparation in the sum of \$1,335.25, with interest.

Following the decision of the Supreme Court in the opinion referred to, and upon motion of the complainant assented to by the defendant Louisville & Nashville Railroad Company, an order will be entered granting the reparation asked for.

RATES ON LUMBER

CASE NO. 9714

(50 I. C. C., 549-543)

PELICAN LUMBER COMPANY INCORPORATED, VS. VICKSBURG, SHREVEPORT & PACIFIC RAILWAY COMPANY ET AL.

Submitted April 1, 1918. Opinion No. 5329.

Mound, La., not found entitled to the same rates as Vicksburg, Miss., on hardwood lumber to points in Official Classification territory. Complainant dismissed.

Division 1. Commissioners McChord, Meyer and Aitchison.

Complainant operates a sawmill at Mound La., which is on the Vicksburg, Shreveport & Pacific Railway, about 8 miles west of Vicksburg, Miss. It is about 6 miles inland from Delta Point, La., which is directly opposite Vicksburg and reached by ferry from that point. Competitors of complainant are located at Vicksburg. To points in Offi-

and Chesapeake territory the rates on hardwood lumber from Mound generally range from 2 to 4 cents higher than from Vicksburg. Complainant alleges that the present adjustment is unreasonable and unjustly discriminatory because it does not afford Mound the same rates as Vicksburg. The general level of rates on lumber from the South has received the sanction of this Commission in previous cases, and the only question for our determination here is the propriety of the present relationship between Vicksburg and Mound.

The evidence respecting the rate structure in question is not very complete in detail. Some of the general statements made by witnesses are subject to exceptions which were not explained or are not fully borne out by the tariffs on file. It should therefore be understood that the statements herein made regarding the rates in question are only general. Most of the lumber produced in the South is yellow pine, and to points in Central Freight Association territory the adjustment of rates on hardwoods is controlled to a large extent by the adjustment on pine. The rates on pine from the blanket west of the Mississippi River, which includes Mound, are generally 1 cent higher than from the points in the blanket east of the river, which includes Vicksburg. The movement from Vicksburg consists mainly of hardwoods. While Vicksburg, on pine lumber, takes the same rates as other points in the blanket east of the river, it has rates on hardwoods generally from 1 to 4 cents lower than from other points in the blanket. Mound, however, does not as a rule enjoy lower rates on hardwoods than apply on pine from all points included in the blanket in which it is situated. The rates on hardwood from Vicksburg are lower than from any other point in that vicinity, because of the water competition on the Mississippi River. This competition is not very active; there is a large production of hardwood lumber at Vicksburg, but little, if any, is shipped from that point by water. However, there is potential competition, and its depressing effect upon rates has been repeatedly recognized by the Commission. The evidence unquestionably supports the defendants' view that higher rates from Vicksburg to Ohio and Mississippi river crossings and points in Central Freight Association territory than at present maintained would tend to drive the lumber traffic to the water routes.

Is the situation substantially the same at Mound? As already stated, Mound is 6 miles inland from Delta Point, which lies across the river from Vicksburg. However, at Vicksburg the river bends toward the northwest, and at Youngs Point, a recognized landing northeast of Mound, the river is only about a mile and a half away from complainant's plant. There is a wagon road between Mound and Youngs Point, and if complainant should provide itself with facilities for hauling and for transferring the lumber to boats at Youngs Point, as it suggested it may do, it would be able to avail itself of such water transportation as might be had. Assuming that under these circumstances it is proper to say that water competition is potential at Mound as well as at Vicksburg, the fact remains that the degree of potentiality is much less at Mound than at Vicksburg, for the difficulties complainant must overcome are obviously greater and its prospects for economy considerably less than those of its competitors at Vicksburg.

To Eastern Trunk Line territory the rates on hardwood from Vicksburg and the producing territory east of the Mississippi River are not made with reference to the rates on pine. They are made on the basis of a differential over the rates from Memphis, which in turn are based on a differential over the rates from St. Louis. The rates on pine from Vicksburg are the same as those from Alabama points. The rates on hardwoods from Mound and the producing territory west of the river are 2 or 3 cents higher than those from Vicksburg and the territory east of the river, being the same as on pine from the same points, which in turn, subject to certain exceptions due to fourth section complications in the east, are generally 2 cents higher than the rates on pine from Vicksburg and the producing territory east of the river.

It should be said in general that owing to the use of different methods for arriving at the rates to various points it happens occasionally that the rate from Mound is the same as from Vicksburg. This is true with respect to the rates to New York City and to Nashville, Tenn. It is also pointed out that Dermott and Lake Village, Ark, on the

St. Louis, Iron Mountain & Southern Railway several miles inland from the Mississippi River, are accorded the same rates as points on the river. These and several other minor inconsistencies, and the absence of a fixed or definite relationship between the rates on pine and those on hardwoods were stressed, but there is no suggestion that they operate to the injury of complainant. In any event this is not a case in which we could harmonize the various situations. The question here is the propriety of the charges that complainant must pay over and above those paid by its competitors at Vicksburg.

The complainant alleges that the lower rates from Vicksburg apply via Mound and that there is therefore a violation of the long-and-short-haul rule. Several fourth section applications were accordingly assigned for hearing in connection with the case, but it was brought out at the hearing that the tariffs show that route to be closed.

Complainant asks that we require the establishment of milling in transit at Mound. Complainant does not produce a sufficient quantity of low-grade lumber to justify the continued operation of a box shook factory, and a suitable milling-in-transit arrangement would probably be of great advantage in this respect, as it would enable complainant to bring in raw material from numerous other points. Milling-in-transit arrangements of one form or another are said to be provided for forest products quite generally in the South. The record does not make clear just what is desired, and no transit arrangement is in force at any other local station on the Vicksburg, Shreveport & Pacific.

The allegations of the complaint are not sustained, and an order of dismissal should accordingly be entered.

McCHORD, Commissioner:

The report in this case was prepared by the examiner and served on the parties. Exceptions were filed by the complainant, and have been considered. We find that the report is in compliance with the facts, and that on the facts the conclusions reached by the examiner are correct, and the report is adopted. An order dismissing the complaint will issue.

LATE DECISIONS

The Traffic World Washington Bureau.

In case 9298, Guyton & Harrington Mule Company against the L. & N., the Commission held that when the defendant changed its exclusive live stock depot from one point to another in Nashville it made a change that affected the value of the service rendered this complainant because the change forced it to drive its mules through the streets for a mile and a half and that the new stock yards depot is not adequate or safe for loading or unloading draft animals, but the Commission cannot make an order requiring the furnishing of safe facilities because there was no allegation of undue discrimination in favor of the receivers of animals for slaughter. Reparation is allowed for the cost of driving the mules through streets for the period during which the use of the old stock yards was denied to the complainant, notwithstanding that the tariffs named the old yards as the depot and did not mention the new one.

The Commission, in No. 9706, Lehigh Coal & Navigation Company against the Pennsylvania, authorized the Pennsylvania to pay the complainant the actual cost of barges and other equipment furnished by it to enable the Pennsylvania to make delivery of coal at points on the Delaware and Raritan Canal to which it published joint rates. The Pennsylvania failed to incorporate a provision for allowances in its tariffs and declined to pay unless authorized by the Commission.

SWITCHING CHARGES

In a tentative report on 9488, Aurora, Elgin & Chicago against the Indiana Harbor Belt, Examiner Burnside has recommended dismissal on a holding that switching

charges imposed on traffic interchange with the complaining electric line are not unreasonable, although higher than charges for other railroads. The electric road pays about the same as shippers for work of that kind. Mr. Burnside said higher charges to the trolley road were justified by its greater cost of the service performed by the belt road in interchanging traffic with the steam road, interchange being made on a track with sharp curves on which cars could not be placed except when the trolley road was able to send a motor to take away cars the minute the belt line engineer unhooked them.

DRESSING LUMBER IN TRANSIT

Attorney-Examiner Disque has submitted a tentative report on No. 1045, Mercantile Lumber Company vs. Illinois Central et al., recommending that the Commission find that the charge of two cents per 100 pounds for dressing lumber in transit at Jackson and Brookhaven, Miss., had been justified. The complainants are at a disadvantage because railroads other than the Illinois Central and those associated with it in making the charge do not assess anything for stopping lumber in transit for dressing, or because competing lumber companies dress their product nearer the forest and in that way get the advantage of the lumber rates on the lesser weight, almost for the entire distance.

CHARGE FOR ICING

In Docket No. 7069, National Poultry Butter & Egg Association vs. H. & O. S. W. et al., Attorney-Examiner Arthur R. Mackley has submitted a tentative report on rehearing in which he recommends a reversal of the finding in the original decision that the carriers in Official Classification territory had not justified as reasonable the class rates plus separate icing charges for the transportation of dairy products, and required that the separate icing charges be canceled and the traffic carried under refrigeration at a total charge not in excess of the class rates.

Immediately after the first decision those who had shipped under the class rates plus refrigerating charge filed reparation claims on all shipments moving between March 20, 1915 and June 1, 1917. The last mentioned day is the one on which the old basis of class rates with no extra charge for icing was restored. If the Commission adopts the Mackley recommendation it will hold that the present class rates are high enough to cover the whole service without extra charge for icing, but that the class rates between March 20, 1915 and June 1, 1917, were not high enough to cover transportation and icing.

The effect of the proposed decision would be to deny reparation, which would amount to between one and two million dollars.

WIRE LINES TAKEN OVER

(Continued from page 168)

struction held that possession and control were assumed June 20.

The possibility of the wire systems being broken up and junked by Mr. Burleson is contained in the provision authorizing him to release any system or "part thereof" at will. That gives the power to scramble so that unscrambling will be even more difficult than in the case of the railroads, especially in view of the fact that to any owner who objects to what Mr. Burleson offers may be tendered 75 per cent of such sum, the courts to settle as

to the rest. By paying rental Mr. Burleson can render the title of the present owners exceedingly shaky.

In view of Mr. Burleson's attitude toward the telephone company in Washington officials of the wire companies fear they have been placed in a more precarious situation than are the owners of short line railroads.

Burleson and Lewis think they can operate the wire companies of the country at a great saving for the United States. One of the things they are expected to undertake is the installation of automatic telephones in the District of Columbia. The telephone companies of the country have spent millions of dollars in experiments with automatic instruments and switchboards without being able to come to a conclusion that any one of them would prove a success in a city where more than 20,000 stations would be needed. The government itself in Washington alone probably has 20,000 stations. The War Department has the largest private branch exchange in the world, employing 75 or 80 girls. Messrs. Burleson and Lewis have been reported as expressing the belief that the change from manual to automatic switchboards could be made in about six weeks. Men who have been operating telephone systems laughed at such optimism. For the sake of argument they concede that the automatic telephones are an unqualified success.

Need for Government Control.

No one has made a concise or connected statement as to the necessity for control of the wires by the United States government. The only charge that the wire companies had broken down was made by Postmaster-General Burleson and he based that declaration on the fact that the Western Union had sent night telegrams from Washington to New York, Philadelphia and Baltimore by means of train messengers. Mr. Burleson caused their arrest just about the time that the Commercial Telegraphers' Union was threatening to call a strike on the Western Union lines, not because there was any dissatisfaction with the wages or hours of service, but because the union apparently did not like the refusal of the Western Union to allow its employees to become members of a union. Every man entering the employ of the Western Union is pledged that he is not a member of a union and will not become such while he continues in the employ of the company.

In the back of the minds of those who can see no call for government interference with the wire companies there are two ideas. The first is that the President yielded to the importunities of government ownership and control advocates, such as Postmaster-General Burleson and former Representative Lewis, to the extent of giving them an opportunity to try out their theories. The second idea is that the President became unduly alarmed by the talk of a strike and the possibility that organized labor might espouse the cause of the strikers, who, according to the officials of the Western Union, would have numbered not more than a handful in comparison with the number of employees of the Western Union.

President Wilson, so far as known, has never written anything concerning the reasons for the extension of government control to the property of the wire companies. He sent letters to members of Congress, both senators and representatives, urging them to support the joint resolution giving him authority to commandeer the property of the telephone and telegraph companies. In his letter to Chairman Sims, the President said: "I indorse entirely the inclosed letter of the Postmaster-General, which I herewith return, and think that the

reasons are stated by him truly and comprehensively." The Burleson letter addressed to Mr. Sims was sent by the latter to the President, with the request that he indicate what he thought on the subject of taking over the wire companies. The President indorsed Mr. Burleson's ideas and expressed the belief that the reasons for such control were set forth by Mr. Burleson "truly and comprehensively." The Burleson letter is as follows:

"Answering your inquiry requesting my 'opinion as to the desirability and the advisability of the immediate passage' of the Aswell joint resolution, H. R. 309, giving the President 'power if in his discretion it is deemed desirable' to assume control of the communicating systems by electricity 'in order to insure their continuous operation' during the occasion of war, and 'to guard the secrecy of military and governmental communications or to prevent communication by spies and other public enemies,' I beg to say that such power and discretion to act seems imperative to safeguard public interests.

"At this moment the paralysis of the large part of the system of electrical communication is threatened with possible consequences prejudicial to our military preparation and other public activities that might prove serious or disastrous. We are reminded that there is not a nation engaged in the war that intrusts its military or other communications to unofficial agencies.

"I deem it therefore my duty, not merely to approve, but to urge the passage of the resolution, in order that the President may act, if necessary, to safeguard the interests of the country during the prosecution of the war."

The paralysis which Mr. Burleson thought impended was that threatened by the strike of the handful of Western Union employees who had broken their pledges to the company and had become members of a union. The only evidence of paralysis that had come to the notice of anybody was the carrying of night telegrams by train messengers from Washington to New York, and other nearby cities in much shorter time than the post office would have carried them, but well within the period of time the contract of transmission between the sender and the Western Union called for. The arrest of the train messengers, at the behest of the Post Office Department, was regarded by many as evidence that the officers of the union with which the Western Union would not deal had been able to obtain the ears of the Post Office officials to such an extent that the old statute enacted so that the government might have a monopoly of postal business, was invoked against a telegraph company which sought to relieve its wires from the mass of ordinary routine telegrams sent by government officials for wire transmission and which could just as well have been sent by mail, or by the special messengers which the government employs to carry messages to the Fleet Corporation in Philadelphia and the quartermaster in New York because the postal service is not as satisfactory as that which those branches of the government are able to provide for themselves.

Postmaster-General Burleson, Secretaries Baker and Daniels and the president of the Western Union are the only ones who appeared before either the House or Senate committee on interstate commerce. President Carlton had an informal hearing after the interstate commerce committee, by an illegal vote, sought to shunt its duty of making a report from its own shoulders to the shoulders of the Senate. By a vote of 4 to 3 the committee sent the resolution back to the Senate without a

report or without affording Mr. Carlton the opportunity to say a word, although he appeared before the committee in answer to a notice that he would be heard if he desired. The Senate returned the resolution to the committee, and that is the only reason why Mr. Carlton had an opportunity to appear informally and have his statements taken down by a stenographer who had never before undertaken to do reporting of hearings.

THE NEW TRAFFIC COMMITTEES

The Traffic World Washington Bureau.

The names of representatives of shippers to serve on the regional and district freight traffic committees were made known late July 19 and formally announced July 22. At the same time changes in the personnel of the railroad parts of the committee were made public. Shippers' representatives are to serve without pay, only necessary expenses being paid. Director Prouty wrote to shippers' organizations asking them to allow their men to serve on the committees. Luther Walter wrote to them urging them to give their services and thus give the new departure in rate-making a fair trial.

The plan of having joint freight traffic committees is an experiment pure and simple. In its essence it is an attempt, by means of formal committee action, to obtain such agreement between the Railroad Administration on the one hand, and shippers on the other, as to make useless the Interstate Commerce Commission and all other regulating bodies, or at least reduce their work to a minimum.

In getting started on the new plan, the Railroad Administration smashed the traffic department of every railroad. The traffic department of a railroad has become a vermiform appendix. There is only one distinct difference between that part of a man's physical organization and the traffic department of a railroad. Nobody knows what function was performed by the vermiform appendix before it became merely a nuisance. Everybody knows what functions the traffic department performed.

The new committees are eyes and ears for Edward Chambers, the director of traffic. They perform some of the work of hands also, but not much. The director of traffic is the supreme man in traffic matters for all the railroads. All the railroads now constitute one system and there is only one traffic manager.

In another way of speaking, the committees are buffers between the traffic director and the men who pay the bills to enable the Railroad Administration mare to go. Mr. Chambers knows that he cannot know everything about every situation on every one of the parts of the system he is trying to operate. But sooner to get the united railroads operating as one system, it was believed that the traffic managers of the various parts should be deprived of their power to make rates.

While all railroads were operating independently, a traffic manager, no matter whether he was a vice-president in charge of traffic, or a general freight and passenger agent, or a general freight or general passenger agent, had the power to prescribe rates, subject to the laws, for application on the rails of that carrier. He was responsible to no one, in the matter of rates, except to the head of the corporation. But no traffic manager, for many years, has acted independent of his neighbors.

The railroads, to lessen the rigors of competition, long before there was any recognition of the fact that unrestrained competition ultimately meant either onerous monopoly or destruction for the competitors, organized

traffic associations, such as the Central Freight, Trans-Missouri, Western Trunk Line, Eastern Trunk Line, Southwestern Lines, Southeastern, and Mississippi Valley, to have supervisory power over competition in the territories in which they operated at the time the government took over the railroads. These territorial associations were formed to enable the carriers to act on each other in a restraining way, to prevent cut-throat competition. It was an effort of the carriers to save themselves from the effect of their experience had shown them their traffic managers would commit, if no restraining hand were laid on them.

In these association meetings the traffic men put into effect the rules of democracy. The majority of lines ruled by their votes, up to the point where some line gave notice that it thought its neighbors were foolish and that it would proceed in accordance with its own ideas. Such exhibitions have not been frequent. Fights have been more sectional than between roads in the same territory. The most easily remembered fight was that which took place when the southern lines decided to equalize export rates via Gulf ports and New York. That was done against the formal protest, carried in proceedings before the Commission, by the Central Freight Association.

Shippers heretofore have dealt with the traffic men of the lines which carried their freight. If they did not like the rates prescribed by the individual railroad or by the association, they raised the biggest storm they could, to the end that the individual line or association would make the change or changes desired by the objecting shippers.

Order No. 28 Was the Cause.

Immediately after the protests against the things ordered in General Order No. 28 began swamping the Railroad Administration it was announced that committees could be appointed to consider the informal complaints, make representations, or whatever the utterances of the shippers might be called, with a view to having the objectionable things eliminated. At the time the idea went abroad that these traffic committees would take testimony and order changes. Immediately the point was made that shippers would have no representation on these committees which were regarded (and still are) as rate tribunals, instead of as mere successors to the old rate associations. While the storm was at its height, on representations by Director Prouty and Luther Walter, it was decided to give representation to the shippers. That representation is minority. Otherwise a large part of No. 28 would probably be whittled away, because, as a rule, shippers are not convinced that the vast increase ordered in that document were warranted, even in the face of the wage increase, the increase in the cost of coal, equipment, engines and other things, without which a railroad cannot be operated.

Early in July the National Industrial Traffic League was asked to recommend representatives of the shippers to serve on these committees. The recommendations were made immediately, but the work of sifting suggestions was slow, and it was not until July 19 that the appointments were finally agreed on and not until July 23 that they were formally announced.

When the committees, as finally constituted, meet, an entirely new deal will have been achieved. Shippers will be sitting in the conferences that will result in rates as soon as Director Chambers has approved what a committee recommends, and he can issue the necessary order,

called by him a "rate authority," either passenger or freight, as the case may be.

While the roads were under the control of their owners the shippers had no access to the association meetings. If a shipper was big enough he told the traffic manager what kind of rate he would pay and, if the traffic manager did not obtain such a rate from the association or publish it himself, tonnage was diverted from him until he yelled. But the shipper had no way to make his voice heard in the association meeting. He spoke through the traffic man of the road he could punish, or not at all.

Now, however, shippers will engage in the debates that will lead to rates. They will be in the minority in so far as there is a conflict of interest between the man who pays and the man who receives.

Gain May Be a Loss.

This is not all clear gain. On the contrary, it may not be a net gain at all. Under the former order of things the Interstate Commerce Commission told the railroad traffic men to consult with shippers before bringing anything to it for publication. Consultation with shippers was inaugurated by the classification committees and its inauguration was due to the remarks Commissioner Meyer made in a classification report. He said that the making of rates and classifications was a great public function in which the public should have its part. The result of that was the preparation of dockets by the classification committees and hearings thereon in which the railroad proposing the change and the shipper approving or disapproving were heard.

When Congress passed the fifteenth section amendment, just about a year ago, requiring the railroads to obtain the permission of the Commission before filing advanced rate tariffs, the Commission put out rules requiring the railroads to inform shippers and state commissions, and to make a full statement of facts relied on by the applying line or association to justify the advanced rate.

The fifteenth section was amended because Senator Smith of Georgia thought that during the war there should be no advance in rates because, during the two years before America's entry into the war, the carriers made a larger profit than they had ever achieved. They had had all the benefits of two boom years. Whether the Commission was in sympathy with the Smith idea or not, the fact is that it prescribed a procedure under that amended fifteenth section that made it more difficult for the railroads to get an advanced rate case going. It required the railroads demands.

Now, all recognition of the state and federal regulating bodies is gone. Under circular 1-A, issued by Mr. Chambers, the rate-making committees are forbidden to file fifteenth or sixth section applications with any of them.

The committees are the successors, as near as possible, of the individual traffic managers and the rate associations. The members thereof recommend changes in rates, which become effective when and in whatever amount pleases Director Chambers. The state commissions do not even receive the courtesy of prior notification. The shippers, however, are supposed to get some of the recognition heretofore accorded to their representatives, the state and federal commissions.

At first the idea was that the committees should hear the objections of the shippers and recommend changes in rates. Now, however, it is coming to be recognized that the rate-recommending, either on complaint by a shipper or initiation by some member of the committee, is the function that was exercised by the individual road traffic

manager either acting by himself or as a member of the association. When there has been a complaint it involves consideration of what should be done, in the way of making new rates to supersede those in force. That is the only way new rates ever came into being. Higher rates were the outcome of complaints by carriers, lower ones the product of complaints by shippers.

No Pay for Shippers.

Representatives of the shippers are to serve for the safety of the cause. They are to be paid only necessary traveling expenses. Transportation will be furnished by the Railroad Administration. Presumably if they sever their connections with the shippers, they will ipso facto sever their connection with the committees. That, however, is a point that has not been settled. Director Prouty wrote to the organizations employing these shippers' representatives, telling the terms of their employment and suggesting that it was the duty of the organization to excuse the traffic man from his other duties long enough to sit in the committee meetings. Director Prouty would not listen to the suggestion that these men should be paid by the government, either directly or through the Railroad Administration. He never gave reasons for his opposition, but it is suspected that his desire was to have men on the committees who will be perfectly independent and will be actuated by self-interest to oppose advances the former employees of railroads suggest as the easiest way to meet drains on the treasury resulting from lack of reason for keeping down expenses. So long as the committeemen appointed to represent shippers continue on pay rolls other than those leading to the United States treasury, it is suspected, there will be real fighting in the committees for what is right. It may not always be successful fighting, but there will be fighting that will result in the making of a record on which the aggrieved shippers can go to the Commission, which, in the end, will settle rate disputes as it did before the territorial associations were indirectly abolished and their power transferred to much smaller bodies.

It may be taken as certain that when a shipper has reason to object to his rate adjustment, he will go first to the committee that can recommend relief. He will go there instead of to the individual road, as heretofore. He may have to go to a Pennsylvania man to rectify something peculiar to the New York Central, but that is the way unified control works and until Congress or the Director-General orders otherwise, that will be the way he will have to go whether he likes it or not, because his objections, when sent to Washington, will be returned to the committee.

There is a committee for each classification territory and one for each large city in the country. There is only one district committee that does not bear the name of a England committee.

Letter to Men Appointed.

No official appointment or outline of duties has been issued, but under date of July 20 a letter in the nature of a get-ready admonition, was sent as follows, to each of the men appointed:

When General Order No. 28 was issued it was anticipated that it would be necessary to make numerous readjustments for the purpose of carrying out the spirit of that order and at the same time avoiding inequality and injustice. To provide more fully for matters of this general character the committees below mentioned are appointed for the purpose of considering, reporting facts and recommending action as to all such freight traffic matters of carriers under federal control as are subject

to publication in lawful tariffs. The committees so appointed will supersede the freight committees heretofore appointed by officers of the United States Railroad Administration to deal with similar questions.

The railroad traffic officers on the Eastern, Southern and Western Freight Traffic committees (hereafter referred to as the General Committees) have been named by the regional directors and approved by the director, Division of Traffic; the railroad officers on the District Committees have been named by the railroad traffic officers on General Committees and approved by director, Division of Traffic; and the representatives of the shipping public on both the General and District Committees are appointed by director, Division of Public Service and Accounting.

The General Committees will have jurisdiction, respectively, over Official, Southern and Western Classification territories, and over the several District Committees as appointed in each of these territories. They will, when necessary, refer matters to the District Committees, or may consider such matters and report directly to Washington. They will also receive reports from the District Committees and transmit them to the directors, Division of Traffic and Division of Public Service and Accounting with their recommendation, sending each director a copy.

The District Committees will investigate the matters brought to their attention, those sent to them by General Committees or from Washington, or such as in their opinion require investigation and recommendation. They will report to the General Committees unless otherwise instructed in particular instances.

The committees hereby appointed are as follows:

Eastern Freight Traffic Committee—Official Classification Territory. B. Campbell, chairman; E. P. Bates, W. C. Maxwell, J. C. Lincoln, G. M. Freer, members; C. C. McCain, secretary, office 143 Liberty street, New York City.

New England District Freight Traffic Committee, Boston, Mass. G. H. Eaton, chairman; R. Van Ummerson, W. H. Chandler, members.

New York District Freight Traffic Committee, New York, N. Y. H. C. Burnett, chairman; H. R. Lewis, Chas. J. Austin, members.

Philadelphia District Freight Traffic Committee, Philadelphia, Pa. H. L. Eysmans, chairman; D. G. Gray, Geo. P. Wilson, members.

Buffalo District Freight Traffic Committee, Buffalo, N. Y. E. H. Croly, chairman; I. W. Gantt, J. E. Wilson, members.

Pittsburgh District Freight Traffic Committee, Pittsburgh, Pa. M. S. Connelly, chairman; J. B. Nessle, D. O. Moore, members.

Detroit District Freight Traffic Committee, Detroit, Mich. H. R. Griswold, chairman; P. G. Findlay, H. G. Wilson, members.

Cincinnati District Freight Traffic Committee, Cincinnati, O. C. L. Thomas, chairman; W. T. Stevenson, W. S. Groom, members.

Chicago Eastern District Freight Traffic Committee, Chicago, Ill. C. J. Brister, chairman; O. A. Constans, C. S. Bather, members.

East St. Louis District Freight Traffic Committee, East St. Louis, Ill. C. H. Stinson, chairman; C. B. Sudborough, P. M. Hanson, members.

Richmond District Freight Traffic Committee, Richmond, Va. (appointed jointly for eastern and southern territories). G. S. Rains, chairman; E. D. Hotchkiss, E. S. Goodman, members.

Southern Freight Traffic Committee—Southern Classification Territory. Randall Clifton, chairman; N. B. Wright, Joseph Hattendorf, H. T. Moore, J. S. Davant, members; L. E. Chalenor, secretary, Walton building, Atlanta, Ga.

Richmond District Freight Traffic Committee, Richmond, Va. (appointed jointly for eastern and southern territories). G. S. Rains, chairman; E. D. Hotchkiss, E. S. Goodman, members.

Louisville District Freight Traffic Committee, Louisville, Ky. J. M. Dewberry, chairman; J. M. Denyven, C. B. Stafford, members.

Atlanta District Freight Traffic Committee, Atlanta, Ga. E. R. Oliver, chairman; C. B. Kealhofer, S. E. Spivey, members.

Birmingham District Freight Traffic Committee, Birmingham, Ala. E. A. DeFunak, chairman; T. D. Geoghegan, O. L. Bunn, members.

Jacksonville District Freight Traffic Committee, Jacksonville, Fla. J. F. Mead, chairman; F. D. McConnell, W. D. Nelson, members.

New Orleans Southern District Freight Traffic Committee, New Orleans, La. R. C. Perkins, chairman; J. B. Banton, B. F. Martin, members.

Western Freight Traffic Committee—Western Classification Territory. A. C. Johnson, chairman; F. B. Houghton, S. H. Johnson, H. C. Bellow, Seth Mann, members; E. B. Boyd, secretary, Transportation building, Chicago, Ill.

Chicago Western District Freight Traffic Committee, Chicago, Ill. F. P. Eymann, chairman; H. E. Pierpont, S. G. Lutz, J. S. Brown, H. F. Sundberg, members.

St. Louis District Freight Traffic Committee, St. Louis, Mo. J. L. West, chairman; J. E. Johanson, P. W. Coyle, members.

New Orleans Western District Freight Traffic Committee, New Orleans, La. J. B. Payne, chairman; C. S. Fay, Carl Gressow, members.

St. Paul District Freight Traffic Committee, St. Paul, Minn. H. M. Pearson, chairman; Henry Buckley, W. P. Townsend, members.

Kansas City District Freight Traffic Committee, Kansas City, Mo. D. R. Lincoln, chairman; J. R. Koontz, R. D. Sankster, members.

Dallas District Freight Traffic Committee, Dallas, Tex. Gentry Waldo, chairman; F. Koch, G. S. Maxwell, members.

Denver District Freight Traffic Committee, Denver, Colo. Fred Wald, Jr., chairman; H. A. Johnson, F. W. Maxwell, members.

Portland District Freight Traffic Committee, Portland, Ore. F. W. Reardon, chairman; W. P. Schrier, F. D. Burroughs, J. H. Lathrop, C. O. Berger, members.

San Francisco District Freight Traffic Committee, San Francisco, Cal. W. G. Darrach, chairman; G. W. Lutz, H. K. Payne, H. E. Stocker, S. H. Love, members.

These instructions are only temporary and for the purpose of putting the work of these committees into operation. A little later their appointment and a more definite outline of their duties and method of operation will be issued by an order or circular, and this letter is sent to each of you in order that you may proceed at once to organize yourselves into committees as set out herein and continue without delay the work which has been done by the several freight traffic committees which are now superseded.

SHORT LINE SITUATION

The Traffic World Washington Bureau

E. C. Niles, president of the National Association of Railway and Public Utilities Commissioners, has accepted the management of the short line railroad section in the division of public service and accounting, U. S. Railroad Administration tendered to him by Director Prouty when Max Thelen of California declined the work. The public announcement of Mr. Niles' acceptance carried with it the second announcement that such a section had been decided on as necessary to handle questions arising in connection with the short lines the government had decided were not needed in the winning of the war. It is as follows:

Effective July 22, 1918, the Director-General has created a short line railroad section under the supervision of the director of the division of public service and accounting. Mr. E. C. Niles, chairman of the New Hampshire Public Service Commission and president of the National Association of Railway and Utilities Commissioners, has been appointed manager of the new section. This section will be charged with the duty of advising the short line railroads not under federal control the divisions of point rates, with roads under federal control, a reasonable car supply and protection against any undue disturbance in the routing of traffic.

This appointment raises the question as to whether the senators from the states where short lines abound will be satisfied with the way they have been treated. They asked Director-General McAdoo that they be heard on the subject before action and suggested a personal interview on his return to Washington. He will not be back until the early part of August.

So far as known, the short-line owners have no objection to Mr. Niles. They object, however, to being thrown out into the cold while the trunk lines are retained, when, as they read the law, the control statute requires the President to retain every short line that connects or competes with a trunk line. They have objected more than ever since the "direct routing" of freight has become an accomplished fact—not that they object to direct routing, but they object to the things that are being done to them in the name of direct routing, just as shippers have made observations about things that have been done to them on the theory that the doing thereof has been necessary to win the war. They do not object to things necessary in winning the war, but they object to what they think the false pretense under that slogan.

The only thing that has been pointed to in connection with Mr. Niles is that his work has been in a state in which there is not one recognized short line, although there are some that have a small mileage in comparison with the trunk lines. They are of the impression that, even if the Railroad Administration officials are determined to treat the short lines fairly, of which they are not convinced, time would have been saved if a man had been made manager of that section who would not have to be educated in the short line problem.

There is much perturbation among the owners of the short lines. Many of them fear that the government's attitude toward them means bankruptcy and bankruptcy means the scrapping of many thousands of miles. They have before their eyes the fate of the Colorado Midland, which is to be sold August 5 under a decree of the court. The government has indicated that it will buy the 328 miles of track as junk and use the material in laying railroads for military purposes in France. The Colorado Midland competes with the Denver & Rio Grande, and economists probably would say it should never have been built, because there was not enough business for two roads, either in existence or in prospect.

Short Line Committee.

Charles Donnelly, formerly general solicitor for the Northern Pacific; C. W. Hillman, accountant; Frank C. Wright, formerly of the Bangor & Aroostook; and E. C. Niles, head of the short line section, have been designated as a committee to deal with the short lines relinquished but which may succeed in persuading the Railroad Administration to make contracts with them. Mr. Niles, in addition, will deal with the short lines with which the government does not make contracts, with a view to giving them what the Administration thinks a fair deal in the matter of routing, divisions and car supply. Mr. Donnelly represents the law section, Wright, operation and traffic, Hillman, accounting, and Niles, the general subject of relations with short lines.

Distress of Short Lines.

On account of the acute financial distress caused by the relinquishment by the Railroad Administration of 1,700 short line railroads, Bird M. Robinson, president of the American Short Line Association, has called a meeting of the members to be held in Washington, August 7. The Director-General is expected back in Washington about that

The 25,000 miles of short lines representing an investment of more than \$2,000,000, still have hope that Mr. McAdoo will decide that it is not fair for the country to take the trunk line railroads under its protection and throw the short lines out into the cold. Therefore, they will probably appeal to him for a reconsideration of the cases which they believe were disposed of by John Barton Payne, chief law officer of the Railroad Administration, without adequate investigation and certainly without hearing on the part of the relinquished roads.

Congress twice indicated its desire that these roads should be considered as under federal control and have all the benefits bestowed on the trunk line railroads by the legislation enacted March 21. The second legislative enactment on that subject was vetoed by President Wilson. The short line owners and operators believe the President was misled into using his veto power. They so believe because the language in the veto message is almost identical with what John Barton Payne has used to them.

One of the points made by the President was that many of the roads are mere plant facilities—that is, short lines that tap lumber and coal areas, built by the owners of the coal or lumber and built primarily for the development of such natural resources. The Interstate Commerce Commission and the Supreme Court had to consider the charge that they were plant facilities. The former said they were with few exceptions, but the Supreme Court said they were common carriers so long as they held themselves out to carry freight for everybody, regardless of whether they hauled much or little for the proprietary interest; that the test was as to the offer to carry, not as to whether the freight consisted chiefly of the freight produced by companies the stock of which was owned by the men who also owned the stock of the small railroads.

So wretched has the condition of the short lines become in Georgia that at a meeting of Georgia lines, called by R. B. Coleman, general manager of the Georgia, Florida & Alabama, a resolution was adopted asking the Georgia legislature to establish a moratorium for a year so the question as to what shall be done with the short lines may again be considered by Congress. The short line men also asked the legislature to memorialize Congress on the subject. Georgia has the largest number of short lines and also the largest short line mileage, the small roads having been established to open the mines and forests of that state. That meeting, however, has no connection with the one to be held August 7.

The short lines are in a particularly hard situation, because the money of the country has been commandeered for war purposes. They cannot borrow money from the banks, because the latter know the government will make no contract with them. They also know what is more important—that the trunk line railroad managers now working for the government are stealing freight from the short lines. Not a carload of freight that can be hauled by a trunk line, it is asserted, is turned over to the short line, except at destination. For delivery at destination, the trunk line pays the short line \$2 per car, which is hardly enough to pay for the axle grease and the coal used by the locomotive switching the car.

Although the interstate commerce law gives shippers the right to route their freight via the short lines, the trunk line managers, now employed by the government, pay no attention to the routing instructions. They send the freight by the trunk line and often give trunk line delivery, forcing the shipper to dray his freight at from \$10

to \$20 per car higher than if the car had been set on a short line sidetrack.

The American Short Line Railroad Association, under date of July 17, sent a circular letter to its members saying that the executive committee appointed at the conference in Washington April 11 had practically completed its work, because there was nothing now to be done in behalf of the railroads that have been relinquished until Congress results its work, if then.

In its letter the association says that the one important thing for short lines that are retained under federal control is the contract to be made for the use of the property. It is the belief of the association that these contracts are vital and should be made only by competent persons who are thoroughly familiar with the situation in all its bearings.

"Contracts prepared by persons not fully posted may, and probably will, contain provisions that will be at least detrimental to the owners. If desired, we will aid members and others in negotiating and preparing contracts, but when doing so we will earnestly urge that the proposition as to compensation for the use of the property shall be fair and just, if not liberal, to the government.

"This association at all times has advocated earnestly the inclusion under federal control of all the short-line railroads engaged in the general transportation business which compete with or connect with a line or road under government control. That policy and effort were based on the belief that the best interests of all concerned—the government, the public and the roads in question—would be benefited by having under existing conditions all the roads in the country operated jointly.

"The association is not now in favor of and will not aid any line in any effort to place upon the government, in the form of rental or otherwise, any undue, unjust, or unfair burden; on the other hand, it will do everything in its power to aid in seeing that justice is done and that the roads in question will aid the country in winning the war."

PAYMENT OF FREIGHT BILLS

The Traffic World Washington Bureau.

Director Prouty's office July 25 reiterated the declaration that no blanket bond for "order notify" business will be accepted. Such bonds will be accepted only for designated car or cars. At the same time it reiterated the ruling that bills for ice and refrigeration need not be rendered more than monthly, as at present. When so rendered, the bills will have to be paid in accordance with General Order No. 25.

The Railroad Administration has prescribed a form of surety bond to be given by shippers who desire and have reason for obtaining credit for the freight bills they incur. In P. S. & A. Circular No. 19, Director Prouty announces that the law division has prescribed a form of bond, thereby relieving the "chief local officer of the individual carrier" of the duty in paragraph 2 of General Order No. 25. The circular is as follows:

In paragraph 2 of General Order No. 25 reference is made to the surety bond, either individual or corporate, the form of such bond to be prescribed by the chief local officer of the individual carrier. Suggestion has been made that a single form of bond might well be prescribed for use under General Order No. 25. The Division of Law has prescribed a form of bond to be used; the same is attached hereto and should be used in all cases where bond is required under General Order No. 25.

The form of bond is as follows:

KNOW ALL MEN BY THESE PRESENTS that _____ as Principal and _____ as Surety, are held and bound unto W. G. McAdoo, Director-General of Railroads, operating the following Railroad _____

and unto the following Railroad Company _____

as their respective interests may appear in the sum of _____ (\$ _____) dollars, the maximum liability hereunder, lawful money of the United States for the payment of which the said principal, and the said surety, and themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, bind by these presents.

Signed, sealed and dated this _____ day of _____ A. D. 1918

Whereas pursuant to the authority granted by General Order No. 25, by the Director-General of Railroads, it has been ordered that the said railroad company, or companies, and receive prepaid shipments from the principal, and will deliver to the principal shipments of which the transportation charges have not been prepaid, without first exacting payment of the charges thereon.

NOW THEREFORE, THE CONDITION OF THIS OBLIGATION is such that if the Principal shall, prior to the expiration of the credit period allowed by General Order No. 25, or by any amendment thereof, heretofore or hereafter made, pay, or cause to be paid to said Railroad Company, or Companies, all of such charges, then this obligation shall be void, otherwise to be in full force and effect, subject, however, to the following express conditions:

First: In event of a default by the Principal herein, in any payment for which the Surety shall be liable hereunder, the Surety shall give notice of such default to the Principal within sixty (60) days after such default, and shall make claim hereunder as promptly as may be convenient.

Second: The Surety shall not be liable hereunder for charges accruing after the expiration of thirty (30) days after the receipt by said Director-General and said Railroad Company, or Companies, of written notice from the Surety of its desire to withdraw its Surety for said Principal, and any claim hereunder against the Surety must be duly presented to the Surety within six (6) months after such termination of the Surety's liability.

Third: In event of payment by the Surety of any claim hereunder, the Surety shall be subrogated to all the rights of the obligee with respect to such claim, and the obligor shall execute the necessary assignment of the said surety.

ATTEST _____

ATTEST _____

Principal _____

Surety _____

COMPENSATION FOR CARRIERS

The Traffic World Washington Bureau

In a way of speaking the negotiations between the government and the railroads as to proper compensation during the period of federal control has become a contest between the government on one side and the owners of railroad securities on the other. The lawyers for the Railway Executives' Advisory Committee are still spokesmen for the railroad companies, but the National Association of Owners of Railroad Securities is pointedly calling their attention to what it considers the deficiencies in the tentative forms of contract which John Barton Payne and other representatives of the Railroad Administration have submitted.

The objections of the owners of the railroad securities, in a general way, have been outlined in *The Traffic World* more than once. The principal one is that the contract which the government wishes the railroads to sign gives no real assurance to the railroad owners that they will

receive anything from the government, because government officials insist on having discretion in the matter of ordering expenditures of money, and the rearrangement of the physical properties of the companies without recourse by the owners to damages in the event any are suffered during the period of federal control.

If the railroad companies signed contracts they would have no legal assurance that the government would give them anything. Whatever the railroad owners receive would be from the kindness of the government officials in charge of the properties during government control. In a recent communication to the lawyers for the Railway Executives' Advisory Committee, the association of security owners, of which S. Davies Warfield is president, said: "It (the contract) requires the carrier in advance of any knowledge of the changes which are to be made in the operation of its property to release the government from all claim for compensation for the abandonment of all or a part of its system of transportation, the severance of its connections and the destruction of its business, although nothing in the act of Congress contemplated that any such unreasonable demand should be made. It contains no assurance that interest as heretofore paid will continue to be paid, since, in addition to other deductions and expenses which will have to be paid out of the standard return before the companies can pay interest, there must be deducted by the government from the compensation the so-called 'excess maintenance,' which, in the discretion of the Director-General, may be placed on the property of the carriers, there being in the contract a provision by which the railroad may be excessively maintained and the cost of such excess maintenance be deducted from the compensation, even though such course should result in defaults of interest."

"It contains no assurance that payments of regular dividends heretofore paid will be continued; for, in addition to the expenses and deductions mentioned hereinbefore with regard to interest, there may also be deducted ahead of dividends all amounts necessary to reimburse the United States for additions and betterments, in uncontrolled amounts, which the government officials may place upon the property of the company (other than road expenses and additions and betterments made solely for war purposes).

"It contains no restriction on the amount of additions and betterments (whether for war purposes or road extensions or otherwise) chargeable against the roads' funds and corporate property."

These objections have heretofore all been summed up in the declaration, made by attorneys for the railway executives, that under the proposed contract the government would agree to pay something in the way of rent and would then require the owner of the property to spend that rent, at the behest of officials having no interest in the conservation of the property, and no limits upon their discretion, or lack of it.

It is admitted among those who have been carrying on the negotiations for the Director-General that the government does not want to bind itself to an agreement to pay interest or dividends during the war. It wants to be left free to default in dividends and interest in the event that those in charge of the government's physical operation decide that the public interest requires a temporary suspension of the payment of interest or dividends.

Broadly speaking, the government wishes to be left in possession of the property without any strict obligation

to be in the way of safeguarding the interests of the property owners, leaving all such questions of compensation and damage to be settled after the war by the court of claims judgments of which are paid when the government thinks it can afford to appropriate money to the creditors of the government. The theory is that the property of the railroad owners should be subjected to the hazards of war in as great degree as, if not greater than, the property of ordinary citizens.

It is a question whether the East Carolina or the Kansas City, Mexico & Orient will have the distinction of being the first to enter into a contract with the government for just compensation during the period of federal control. The former, through H. C. Bridges, its president, submitted a contract which John Barton Payne, chief law officer of the Railroad Administration, said was all right and should be entered into as soon as the East Carolina, which had been relinquished the week of June 22-29, had been returned to government control and operation.

Receiver Kemper, of the Orient, has accepted, by telegraph, a proposal that the government pay \$350,000 a year for the use of that property. The company will not have to ratify that agreement, but the federal judge who appointed Mr. Kemper to take charge of the property of the company will have the power of approval or disapproval. It is assumed that the receiver submitted the matter to the judge before he notified the Railroad Administration that its proposal of a rental of \$350,000 a year was acceptable.

The execution of the contract, now that the amount of the rent has been agreed on, will be a mere detail. In the case of prosperous roads, however, the contract is not in condition acceptable to the lawyers who have been doing the negotiating. The Orient and other financially embarrassed railroads may accept the contract clauses which give the government almost unlimited control over the rent paid by the government, without much fear of consequences. Inasmuch as they were not making anything at all prior to federal control, anything that they receive over and above operating expenses will be just that much "velvet." The Orient was not making \$350,000 a year over operating expenses, so, it has been pointed out, it can afford to allow the Railroad Administration to say how it shall spend most of that rent money. In the case of prosperous roads like the Norfolk & Western, Pennsylvania, and Burlington, such discretion on the part of the Railroad Administration might result in extensions, and improvements, and betterments, which, after the war and the presumptive return of the property to its owner, would result in subtraction instead of addition to the operating income. It is true that like additions and betterments made out of the \$350,000 which the government is to pay to the Orient may add to its deficits, but it is not likely.

In the case of the East Carolina, there is no question of a lump sum compensation. President Bridges and those interested in that property ask nothing from the government except that decent treatment from the trunk lines which Congress commanded when it enacted the act to regulate commerce. All it asks is a fair supply of equipment from its connections, the observance of routing instructions, and liberty for the agent of the East Carolina to solicit freight for routing over the tracks of that company. If the government will do that, the East Carolina believes it will continue as in the past to pay to the owners of the property a fair return upon their investment.

The contract between the East Carolina and the government is written in the alternative. If the government is not disposed to allow the trunk line connections of the East Carolina to follow routing instructions, pay fair divisions, and make an equitable distribution of equipment, then the government is to take over the property, operate it, and pay the owners one-half of what they would have received had they retained the property in their own name.

CONTRACT FOR COMPENSATION

At a conference of the men who are trying to draft the contract which the government is to make with the railroads and representatives of the financial committee of seventy of the National Association of Owners of Railroad Securities, held July 23, life insurance men and savings bank presidents tried to impress on the representatives of the Railroad Administration the importance of making a contract that will assure the maintenance of good prices for the securities held by the insurance companies as reserves against their outstanding policies, and by the savings banks as investments from which they obtain the money to pay the interest to their depositors. Commissioner Clark, of the Interstate Commerce Commission, presided at the conference. Those who addressed the contract committee were S. Davies Warfield, chairman of the above-mentioned financial committee; Wm. A. Day, president, Equitable Life Assurance Society; Forrest F. Dryden, president of the Prudential Insurance Company; Frederick H. Ecker, treasurer of the Metropolitan Life Insurance Company; John J. Pulein, president of the Emigrant Industrial Savings Bank; Henry A. Schenck, president of the Bowery Savings Bank and representing the Savings Bank Association of New York; Myron T. Herrick, former governor of Ohio, former ambassador to France, and president of the Society for Savings of Cleveland; Charles F. Adams, treasurer of Harvard University; Breckenridge Jones, president of the Mississippi Valley Trust Company; and G. N. Dahl, Chase National Bank of New York.

Chairman Warfield, in introducing the speakers, outlined the position of the Association of the Owners of Railroad Securities. He claimed that it represents the owners of four billion dollars' worth of railroad securities, including life insurance companies, marine, fire and surety companies, national, state and savings banks and trust companies, universities and individuals.

Mr. Day, claiming to speak on behalf of several million holders of life insurance policies, and particularly on behalf of 600,000 policyholders of his company interested to the extent \$250,000,000 invested in railroad securities, stated that a favorable contract is vital to the security on the lives of these people, as the insurance companies are in no sense speculative investors, but purchase bonds to hold them to maturity. He contended that negotiating the contract with the railroads the government is therefore dealing with its own people in that one-half the population is interested in the stability of credit of this class of investments. "We cannot have any great impairment in railroad bonds and expect the life insurance companies to fully protect their policyholders," he said.

Mr. Dryden stated that there are 35 million individuals insured in all the life insurance companies in the United States and that these people are vitally interested in this contract.

That the insurance companies would be confronted by a serious situation growing out of an unfavorable contract with the railroads was the contention of Mr. Ecker, who

explained that it would be impossible for the companies to absorb a shrinkage in railroad security values, as life insurance policies are contracted for on the basis of a fixed premium which decreases as the policies approach maturity. He said that the securities held by the companies are valued on an amortization basis so long as they pay interest, while if they default then they are valued on their market worth. He was afraid the contract in its present condition would not properly protect railroad bonds.

Mr. Pullen, speaking for ten million depositors in savings banks, decried a popular impression that groups of rich people own the railroads.

The importance of maintaining railroad credit was emphasized by Mr. Schenck, who stated that an unfavorable contract would be inimical to the interests of the savings banks.

While a few generations ago railroad executives practically owned outright the various systems of transportation, former Governor Herrick said this is no longer the case. Speaking for the savings institutions of the west, he said that railroad securities have been purchased on behalf of hundreds of thousands of small depositors. He stated that the proclamation of President Wilson taking over the railroads for the period of the war had allayed whatever suspicion existed concerning the stability of these securities, therefore he appealed to the representatives of the government to make permanent this feeling of safety by carrying out what the President had clearly stated would be done.

Mr. Adams, representing Harvard University, and on behalf of J. D. Grant, representing Leland Stanford University, who was present from San Francisco, stated that the credit of the railroads is essential to the educational program of the American people. He said that thirty per cent of the funds of Harvard is represented in railroad investments. The same ratio applies to other such institutions.

Mr. Jones, speaking for the trust companies, said that the financial outlook would be seriously affected by a disturbance of the value of railroad securities as collateral. He said that already refusals have been made by bankers to extend credit on railroad loans, owing to the uncertainty growing out of the contract negotiations.

Mr. Dahl spoke for the national banks and mentioned their great investment and interest in railroad securities. He said he did not feel the contract in its present shape gave the guarantees to which the banks felt entitled under the act of Congress covering the control of the railroads.

After the members of the committee had been heard Samuel Underwood, of counsel, with B. H. Inness Brown, outlined to the conference the objections to the contract and submitted the amendments that the association would ask.

AUCTIONING OF FREIGHT

The Traffic World Washington Bureau General Order No. 34, of the Director-General, is as follows:

Carriers subject to federal control shall sell at public auction to the highest bidder, with advertisement, carload and less-than-carload load non-perishable freight that has been refused or is to be returned by a consignee and has been on hand for a period of sixty days. The consignee, as described in the waybill, shall be given due notice by mail of the proposed sale.

Perishable freight shall be sold whenever in the judgment of the agent or other representative of the carrier it is necessary to do so, such reasonable effort being made

to notify the consignee as described in the waybill, as the circumstances will permit.

The place of sale of both non-perishable and perishable freight shall be determined by the carrier. The net proceeds, if any, after deducting freight and other legitimate expenses, will be paid over to the owner on proof of ownership.

Some objections are coming to this order. W. H. Chandler, of the Boston Chamber of Commerce, one of the first to point out the unwisdom of such a rule, directed attention to the fact that it opens the way for fraud, not only on the owner of the goods, but on the Railroad Administration, of a kind that would be hard to detect. In a letter to the Director-General he said:

"We are in sympathy with the general purpose of this order, but I know from personal experience that great injustice will be done in many cases unless the precaution is taken to notify the shipper as well as the consignee. Very frequently the shipper is not aware of the fact that goods have been rejected, and where the shipper's name is known, notice of the fact that the goods will be sold will, in many instances, not only save a great loss to the shipper, but will insure the railroad getting full revenue, not only from the original shipping point to original destination, but on the return movement. This, of course, cannot be followed very well in the case of perishables, but on general merchandise it seems to us, that the same plan should be followed in handling rejected freight shipments as is required by the express classification in handling rejected shipments by express.

"I have known of cases where the consignees did not take the shipment because they had been thrown into bankruptcy. They would not take the trouble to notify the shippers, and when the shippers made claim they found that their goods had been sold for a small fraction of their worth. I had one case of this kind called to my attention, a rubber company in Massachusetts shipped three hundred dollars' worth of rain-coats to Birmingham, Ala. These coats when sold at auction brought about one-tenth of the manufacturing cost. Certainly it is not to the interest of the railroads or of the public generally that such sacrifices should be made, and they would not be made in nine cases out of ten if the shippers had an opportunity to protect their interests.

"May I not suggest a modification of the order so that the shipper will be notified whenever it is possible to do so, before the sale takes place?"

In a letter to Director Prouty, inclosing a copy of his letter to Mr. McAdoo, Mr. Chandler said:

"I am sending you with this the original and supplemental briefs filed in the bill of lading case, and direct your particular attention to the reference to section 4 of the bill of lading, on page 6 of the original brief and to the same subject on page 16 of the supplemental brief.

"My attention has been called to the fact that public warehouses are required by a national law, which is uniform in all parts of the country, to advertise before selling goods. It seems to me that the railroads should do the same. The selling of goods without public notice, in my opinion, will result in a very much poorer attendance of purchasers and in very much smaller prices being paid for refused shipments. It seems to me that the order as drawn opens the way for unscrupulous agents who are advised of the character of goods contained in the cars to act in collusion with purchasers, and thereby obtain very much less than the goods would have brought if the sale were conducted as a bona fide auction sale, properly advertised.

"I know that it was a common practice some years ago for agents to have confederates to bid in certain shipments and to bid up others. There is every opportunity for collusion of this kind under Order 34, and for that reason, it seems to me all the more important that the consignee, if known, should be notified at least 15 days before the sale is to take place, in order that he may save himself from the loss which must inevitably occur when goods are sacrificed at public auction."

MOVEMENT YARN AND GAUZE

B. L. Winchell, regional director, has sent the following to lines in the southern region:

Attention is directed to probability of lines in southern region, as well as at stations small shipments which were placed in storage prior to date of instructions given in Circular Letter 229 pending the lifting of embargoes which prohibited movement at the time.

It is suggested that investigation be made by each line to ascertain what old shipments are on hand, and arrangements be made for consolidating same into solid cars to be moved through to one destination, if possible, or to some transfer station for consolidation into carloads.

Circular Letter 229 designates certain transfer points to which such shipments may be moved. By concentrating these delayed shipments at such transfer points, all of the old accumulation can be worked off. If found necessary, permits may be requested from the car service section.

Please give instructions for this to be done.

CONTROL OF CAPE COD CANAL

The Traffic World Washington Bureau.

President Wilson July 23 proclaimed his control of the Cape Cod canal, incident to the recent submarine attack off the New England coast. The canal, which connects Cape Cod and Buzzard's Bay, will be directed by the Railroad Administration, being an important coal route from the South to New England. It was taken over July 25.

The announcement of the Railroad Administration on the subject is as follows:

Director-General McAdoo to-day announced that the operation of the Cape Cod Canal between Buzzards Bay and Sandwich, Mass., a distance of eight miles, by the United States Railroad Administration under authority of the President's proclamation of July 23, will make possible the water transportation to New England consumers of a much larger tonnage of coal hereafter than would have been possible under the previous status.

The canal is now operated by the Boston, Cape Cod and New York Canal Company. Putting boats and barges through the canal means a saving of approximately 70 miles compared with the distance traveled by sea, and a much greater freedom from fogs.

While the present depth of 19 feet at mean low water will permit the movement of a large tonnage of coal and other freight, the prompt dredging of the canal under government auspices to its original charter depth of 25 feet will permit the safe and quick movement of all the vessels now engaged in carrying coal to New England with the exception of ten or twelve whose draft exceeds 25 feet, and it is estimated that out of the 12,000,000 tons of water-borne coal now moving annually to New England ports of destination north of Cape Cod a maximum of 10,000,000 tons can be moved through the canal after two months' dredging of the sand accumulation at the entrances of the canal and Sagamore Bridge.

The towage facilities which the canal company withdrew about a year ago will be immediately restored to a large extent by the Railroad Administration and pilotage service will be installed for the assistance of vessels of all types, steam, sail and barges. Additional terminal facilities will be promptly established near the west end of the canal, at which point the large ocean-going tugs bringing the barges from New York harbor, Philadelphia and Hampton Roads will turn over their barges, and a special towing service will be established from Buzzards Bay to Boston and other ports north of Cape Cod. Coal and other supplies for vessels will be available at these barge terminals.

The effort of the Railroad Administration will be to maintain the charter depth of 25 feet at all times, which will require the constant service of special dredgers.

It is the intention, as promptly as possible, to operate through the canal the vessels of the Ocean Steamship Company, Clyde Line, and Merchants & Miners Transportation Company, now operated between Boston and Philadelphia, Baltimore, Norfolk, Charleston, Savannah and Jacksonville. The daily passenger and freight service of the Eastern Steamship Company between Boston and New York will be continued through the canal as heretofore.

The development of traffic on the canal by the Railroad Administration opens additional interesting possibilities.

In good weather barges may move through Long Island Sound to Boston and other ports north of Cape Cod without breaking bulk. It will facilitate the delivery at all seasons, regardless of weather or submarine interference, of the fuel, food, cotton, wool, lumber, pig iron, copper and other raw materials originating in the south and so essential to New England's industrial activities.

An attitude of cordial co-operation has been evidenced by the United States Shipping Board, the United States Fuel Administration, the departments of Commerce, War and Navy, the New England Boat Owners and Towers Association, the Eastern Steamship Company, and many independent vessel owners.

MARKING GOVERNMENT FREIGHT

The Traffic World Washington Bureau.

In General Order No. 38 Director-General McAdoo prescribes minute rules for marking shipments of freight for government use. Unless marked in accordance with these rules such freight is not to have any special privilege on account of its intended use. The fundamental proposition is that it must be marked for the office or officer of the government department, not by name but by title, as "Supply Officer," "Naval Inspector," or "Constructing Quartermaster," and not "Lieut. John Smith, New York, care of John Brown, Contractor."

This is intended to break up the practice of consigning freight which might be intended indirectly for government use, to a fictitious officer of the army or navy, care of some contractor or manufacturer who might or might not use the material accorded privilege by reason of its being billed to an army lieutenant, real or mythical. Shippers are forbidden, unless authorized, to use any words on bills of lading calculated to give the impression that the freight is for government use.

Agents are forbidden to sign bills or shipping receipts which in any manner conflict with this order.

In a bracketed paragraph below McAdoo's signature the declaration is made that violation of the order is punishable by a fine not exceeding five thousand dollars or imprisonment for not more than two years, or both. No reference is made to any statute, but the penalties mentioned are those prescribed by the tenth section of the act to regulate commerce for false billing and fraud resulting in transportation for less than the published rate.

GENERAL ORDER NO. 37

The Traffic World Washington Bureau.

In general order No. 37 Director-General McAdoo prescribes the destination, appointment, and duties of treasurers appointed by federal managers or by general managers appointed in lieu of federal managers. The order says:

(1) The local treasurers appointed by federal managers or by general managers appointed in lieu of federal managers, shall hereafter be designated "federal treasurers" and are expected to devote themselves exclusively to the work of the United States Railroad Administration. They ought not to handle any funds for a railroad corporation or perform any other services therefor except in special cases, after obtaining express authority. The federal treasurers should be nominated by the federal manager (or general manager appointed in lieu of federal manager), and the nomination, when it shall have been approved by the regional director, should be transmitted to the director of the division of finance for consideration and final action. In cases where federal treasurers have already been appointed the appointments should be submitted promptly through the regional director with his recommendations for confirmation by the director of the division of finance.

(2) Immediately upon the appointment of federal treasurers the designation of the bank account subject to check

of such federal treasurers shall be "(name of railroad), (federal account)."

(3) (a) All cash representing receipts from the operations of its railroad since and including Jan. 1, 1918, now in the hands of the railroad corporation for whose railroad a federal treasurer has been appointed, or held for account of the corporation; and (b) any and all other cash now in the hands of such railroad corporation or held for its account for use in connection with the operation or improvement of its railroad, shall be at once transferred by the railroad corporation to accounts in the same bank in which it is now held, designated as prescribed in paragraph (2) hereof, which shall be subject to check by the federal treasurer.

(4) Federal treasurers shall draw on the new accounts thus to be opened and subject to their check only for (a) the payment of materials and supplies purchased since Dec. 31, 1917; (b) the payment of operating expenses and taxes (other than the war income tax and the excess profits tax) accrued since Dec. 31, 1917; and (c) the payment of such addition and betterment costs as may be approved by the federal manager or general manager appointed in lieu of the federal manager.

Federal treasurers shall not draw on such accounts for any other purposes except when expressly authorized to do so by the director of the division of finance and purchases.

(5) A specimen form of check which has been approved for use by all railroads under government control is attached hereto. In ordering checks for the use of the railroad the federal treasurer will follow as closely as practicable the general arrangement and language of the specimen form. The account with every check must be stated in the name of the railroad with the name "Federal Account" immediately following on the same line as shown in the attached specimen.

(6) Until further ordered checks signed by the treasurer should be countersigned according to the practice now in vogue on the different roads where regulations now call for such countersignatures.

McADOO MAKES STATEMENT

The following statement was authorized by W. G. McAdoo, Director General of Railroads, at San Francisco:

The Director-General's San Francisco conference covered a wide range of subjects. Economies to be obtained by common control of the railroads by the government and the common use of equipment were subjects of extended conferences and discussions.

With respect to California and the lines immediately tributary to it particular attention was given to these subjects. The facilities of the Southern Pacific and the Western Pacific, for example, will be so used to promote their highest efficiency in the public service. For a distance of 186 miles in Nevada the two railroads will be used as a double track. The Southern Pacific line to Ogden has heavier traffic eastbound, as a rule, than westbound, whereas the Western Pacific has much lighter traffic eastbound than westbound. Common use of the two makes it practical to do something to balance the tonnage—that is, by giving to the Western Pacific enough eastbound business to balance its westbound, which in turn reduces the overburden of tonnage on the Southern Pacific eastbound and so tends to balance the Southern Pacific tonnage. The two lines will thus be made to despatch the public business, while at the same time the costs of doing that business will be reduced by better use of engines and crews in both directions, together with other incidental savings.

It was decided that the Western Pacific would be used so far as possible for Salt Lake business, which avoids hauling freight through Ogden to get to or from Salt Lake. This will effect economy in the haul of such things as coal, lumber and ore. In all questions considered the instructions of the Director-General are that the yardstick of economy and despatch be the measure.

In California, as another example, the Western Pacific freight is now floated across San Francisco Bay. In future it will move via Southern Pacific Dumbarton bridge across the lower end of the bay and will be handled by rail to and from San Francisco in the same manner as the freight moving over the Southern Pacific lines, with resulting economies, which include the terminal service at San Francisco and distances with the use of the Western Pacific's bay floating equipment.

Another great change has already been indicated, in that Santa Fe, Western Pacific and Southern Pacific will use jointly the Southern Pacific's facilities at Oakland Pier. The only bay ferry line will serve the three companies for their passenger business. This will do away with the boat service now plying between Point Richmond and San Francisco and by the Santa Fe and between Oakland and San Francisco by the Western Pacific, and afford the public a more convenient service.

"The intention is to put the terminal facilities of the three companies to the best use at the least cost. The Santa Fe trains will continue to go through Richmond, reaching Southern Pacific tracks at the crossing of the two lines at Southern Pacific's Richmond main line. In other respects the Richmond local service will be adequately cared for.

"Little study is being made of the situation in Southern California. It is recognized to be the desire of the city of Los Angeles that freight business be taken off Alameda street if possible and the three terminal lines there are giving this subject close study under instructions of the Director-General. With respect to Southern California business, it has been found that there is a tendency to congestion on the Southern Pacific lines between Yuma and El Paso. This it is now proposed to relieve by using the El Paso & Southwestern and the Southern Pacific as double track lines for a distance of some forty miles east of Tucson.

It is a matter of common knowledge that the Key Route and Oakland traction lines are losing money without remedy in sight. This is the condition also of the Southern Pacific Transbay traction lines.

The Director-General instructed the officials for the government of the government-controlled lines to co-operate with the state railroad commission who are making an earnest study of the Key Route and the Oakland traction problems. It is the desire of the government to support every movement that promises to create a more wholesome condition.

"Consideration was also given to the large question of export and import traffic, with respect to the removal of any discriminations that may exist between the Pacific ports. As the government is properly expected to hold an even hand with respect to all competing points, while vigilant to promote the export and import traffic as a necessary part of our commercial marine.

It takes both export and import trade to balance our accounts with foreign nations and to give us markets for our large and various products. The fact has to be recognized, however, that the export and import trade of any port is governed by the number and capacity of the ships that sail to and from that port. San Francisco, for example, may be the nearest and the most convenient port for certain large shipments of cotton, but if the ships are not at San Francisco to take the cotton it will seek another port, even though more remote.

"The flow of business has to be continuous from point of origin to point of destination in order to develop busi-

business of export and import business is to be carried out within the state.

It is to be considered, however, that the railroad is to be allowed to consign freight to the point of destination, where it is export freight, that being the case for himself. For instance, if the cotton is to be shipped to Texas on the Imperial Valley, or elsewhere, and the shipper determines to send a shipment to the Orient, he determines to send it via San Francisco or any other port and the railroad company has no power to change the destination of such a shipment."

ERRORS IN NO 28

The Traffic World Washington Bureau.

Director Chambers has issued a blanket authorization to correct typographical and clerical errors in tariffs filed under General Order No. 28 in the form of Freight Authority No. 154, issued under date of July 16. It gives the man who is willing to say that he made a typographical or clerical error in preparing his tariffs authority to change rates on one day's notice to the public and to the Commission, without bringing the matter to the attention of Director Chambers. The authorization is as follows:

Freight Rate Authority No. 154. Subject: Correction of clerical or typographical errors in publication of rates under General Order No. 28.

This will authorize the publication of any changes in the rates established on June 25, 1918, under General Order No. 28, which are necessary to correct clerical or typographical errors and bring the rates in accord with the tariffs ordered to be published and made effective on June 25, 1918, by General Order No. 28.

It is to be noted with Interstate Commerce Commission one day's notice, under circular 1-A of July 1, 1918, and Freight Rate Authority No. 154 of July 16, 1918.

RATES ON GRAIN

The Traffic World Washington Bureau.

Officials at the Railroad Administration are inclined to resent the implied accusation that they have "foozled" the grain end of the rate proposition. They have received hundreds of telegrams of protest against the abolition of transit privileges and Chicago has done everything except take off the roof to show that it is ridiculous to have reshipping rates so high that the grain in Chicago elevators cannot be moved out except at an expense higher than would have been incurred had the grain moved straight through on joint rates. Reshipping rates and transit privileges were put in to equalize market conditions as nearly as possible.

The resentment is based on the fact, as stated by the railroad men, that the Food Administration asked that rates be made as they are—that is, that where grain does not move on a joint rate, each part of the combination be charged twenty-five per cent. Julius Barnes is represented as assenting to the exemption of grain from the new forbidding cumulative advances.

The protests in behalf of Minneapolis came July 22. At Director Prouty's office the telegraphic protests conveyed no meaning because, as the situation is understood there, transit privileges had not been disturbed. W. P. Trickett was asked to explain so as to enlighten that part of the Railroad Administration as to how the transit privilege had been taken from the Twin Cities. It was suspected that the supposed loss of the privilege was really the moving of joint through rates lower than the combination,

which, of course, resulted from the exemption of grain from the cumulative advance rule.

However, at Director Chamber's office it was unofficially said that favorable action on the matter would probably be taken within a few days. At that office there appeared to be some understanding of the situation about which Chicago and Minneapolis were complaining by wire.

ORDER NO. 28 PHENOMENA

The Traffic World Washington Bureau.

The probability is that no one will ever make a complete list of the quirks caused by the literal application of General Order No. 28. The attention of the Railroad Administration was drawn to one of them by F. E. Paulson, traffic manager of the Lehigh Portland Cement Company, not in a critical spirit, but with a desire on his part to have Director Prouty advised as to the creation of a rate adjustment which it was obvious the Railroad Administration would presumably not deliberately bring into being.

The adjustment was that at Mitchell, Ind., where the company for which Mr. Paulson is traffic manager, has a plant. The rate on crushed stone transported from a quarry about a mile away from the mill was increased from \$17.50 to \$317.50, or considerably more than 1,600 per cent. The first reports were that the daily freight bill had been increased from about \$37.50 to something like \$300 per day. The accurate statement would have been that the increase was from \$17.50 to \$317.50.

The traffic was carried under a "various commodities tariff" providing a rate of \$17.50 for a train of thirty cars if the cars were furnished by the shipper. When shipments had to be loaded in railroad-owned cars, the rate became \$2 for the use of each car, plus the \$17.50.

Under General Order No. 28, broken, crushed, or ground stone was made to bear an increase of one cent per hundred pounds. Therefore, under the blanket supplement scheme of changing rates, the effect on this traffic was the addition of twenty cents per ton. The cars, instead of being loaded 50,000 pounds, are loaded fifty tons, so that each car in the customary daily train of thirty would cost the shipper \$10. The whole train would cost \$10 for each car, plus the \$17.50.

Such an advance in charges was impossible, from an industrial point of view, hence the only way to avoid it was to close the mill until the Railroad Administration could make an adjustment that might be a violation of the technical language of General Order No. 28, but would be within the limits of reason. Under the terms of No. 28 the tariff-issuing agent could do nothing but publish the supplement which resulted in the enormous increase to which Mr. Paulson directed attention.

Another quirk that is also slowing up business, it is believed, has been found in Oklahoma, in which state, under General Order No. 28, the railroads applied, on state business, the class and commodity scales prescribed by the Commission in the Shreveport case. A Texas railroad man, during a visit to Washington a few days ago, said that one of the effects of that application of the Shreveport rates in Oklahoma is the creation of this kind of situation: It is now possible to ship live stock from Purcell, Okla., to Fort Worth, Tex., and then bring the resulting meat back to Purcell for just about the same as or perhaps a little less than the cattle can be sent to Oklahoma City, slaughtered, and the meat returned to Purcell. Fort Worth is 257 miles from Purcell, while Oklahoma City is only 67.

SALARIES OF RAILROAD MANAGERS

The Traffic World Washington Bureau.

American curiosity as to how much its public servants are receiving from the treasury has no immediate prospect of satisfaction so far as it concerns the salaries of the various administrators, regional directors, federal managers and federal treasurers of railroads. No announcement, either as to what is being paid to members of the various war boards—War Industries, War Export, Food and Fuel Administration—just to mention a few of them, has ever been made. Clerks and stenographers employed by the war time governing bodies are being paid liberally—in fact, measured by the pre-war standard, ludicrously high. Boys and girls of sixteen, seventeen and eighteen are receiving from \$60 to \$100 a month.

This competition by the government for clerical help has put private employers in Washington in an embarrassing situation. They cannot obtain the help they want except by paying just about double what they paid a year ago. A good many of them have taken the bull by the horns and hired back former employes, especially stenographers, at prices higher than offered by the government, the result being that private employers are obtaining the better ones and allowing the government to keep the poorer ones. The fact was formerly the other way about.

No such competition for the services of presidents of railroad companies to act as regional directors and federal managers is known to exist. Yet, according to belief, regional directors and federal managers are being paid as high as \$50,000 a year. Some are supposed to be paid \$40,000, some \$30,000, and others \$25,000. Federal managers who were vice-presidents are believed to be getting more now than they were while the railroads were in the hands of their owners.

Director General McAdoo, some time before he left Washington at the end of May, said he expected to give out the facts about the salaries of directors and managers in a short time, but he never got around to it. Some of his assistants have said that the question of salary has not been settled. That declaration is satisfying only in connection with directors and managers who have fortunes of their own. It is surprising in connection with men who are known to have been dependent on the pay car. Those who think they know something about the affairs of presidents and vice-presidents cannot believe they have been working for months without even knowing what they are to receive or what expense accounts they are to have. However, that is the official explanation.

ARMY TRAFFIC MEN

The Traffic World Washington Bureau.

Army officers who have been acting as traffic managers for the War Department, on August 1 will, as told in *The Traffic World* July 20, be merged in enlarged offices and in an extended service, under the control of civilian traffic managers. In that way military men, without experience in traffic matters, will be taken away from work of which they have only an imperfect understanding. The civilian heads of the various traffic offices, however, will have commissioned officers—captains and lieutenants—as assistants, so that, in course of time, the army will have a corps of officers who will know something more advanced about handling traffic than is represented by the careful instructions given at West Point about the proper way to load and treat a mule or how to get an army quartermaster's wagon out of a rut.

Traffic offices will be established in a number of cities. Which ones will be announced, together with the names of the traffic men in charge of the various offices, about July 29.

This enlargement and extension of the army transport service is being made under the direction and supervision of H. M. Adams, the inland traffic director assigned by the Railroad Administration to the War Department. It is no reflection on the army officers. It is a mere recognition of the wisdom of the old saying, "Let the shoemaker stick to his last." Army officers, primarily, are fighting men, not traffic managers. They were put in charge of traffic matters early in the war. It is the belief of many railroad and traffic men that the well-meant but confusing orders of such officers brought about the congestion that persuaded President Wilson that, for the purpose of stabilizing railroad securities and efficient operation of the railroads, it was his duty to take control of the railroads.

Officially these changes amount to an "extending of the service by opening additional offices of inland transportation, by designating civilian expert railroad men in charge of such offices." Not all offices will be in charge of civilians, because there are officers who know how to handle the business that comes to them and there are some offices where the services of expert railroad men are not needed.

STATISTICAL REPORTS

The Traffic World Washington Bureau.

After August 1 first class roads—those having an operating revenue of \$1,000,000 or more—will make operating statistical reports in accordance with forms distributed during the week of July 27, to the Operating Statistics Section, Southern building, Washington, D. C. Instructions with regard to the new system of accounts showing operations were sent out July 23, in the form of circular No. 15, from Director Gray's office. The figures are intended to show freight train performance, passenger train performance, locomotive performance, distribution of locomotive hours, freight car performance, locomotive and train costs, and a condensed income account and operating expenses by primary accounts.

With the exception of gross ton miles, rating in gross ton miles, net ton miles, train hours and distribution of locomotive hours, the basic information, most of the percentages, ratios and averages are now compiled and computed in meeting the accounting requirements of the Commission.

What effect these figures, if any, will have in rate controversies if and when the Commission comes to full vigor again, it is impossible now to say. The requirements of the circular have not been studied by statisticians who would look at them from that angle. Shippers were not consulted. Possibly there was no need of consultation with them. The Commission, however, before it decides on any statistical matter, holds hearings at which the views of statisticians employed by shippers to show costs, are obtained. The circular is as follows:

1. Effective with transactions which accrue on and after Aug. 1, 1918, all Class I roads under federal control (railroads having annual operating revenues in excess of \$1,000,000) will make monthly reports to the Operating Statistics Section, Division of Operation, 603 Southern Railway building, Washington, D. C., on the forms and in the manner hereinafter prescribed.

2. The objects of the standardized forms of reports are:
(a) To furnish the Director General, the director, Division of Operation, and the regional directors with the basic

and the standard averages, ratios of unit costs, which relate to or furnish indices of operating efficiency. In so far as it is practicable, the information on these items will be utilized in supplying, through the Operating Statistics Section of the Division of Operation, the statistical requirements of the several sections of the Division of Operation or of other divisions.

10. To provide uniform bases, methods and forms which will insure uniformity in practice, and avoid any question as to comparability in so far as bases and methods are concerned.

The reports on the standardized forms should be made (in duplicate) for each road (operating unit) as a whole, and for systems when such consolidation of statistics is now being made. The present practice of keeping the physical operating statistics (required by Forms O. S. 1 to O. S. 5, inclusive) by divisions and districts should be continued, and such divisional or district statistics should be kept in conformity with the standardized forms herein prescribed. The details by divisions and districts need not be reported to the Operating Statistics Section unless special request is made therefor, but in the case of a railroad which is under the jurisdiction of more than one regional director, it is desirable to make separate reports for each region, if such a course is practicable.

4. The desirability of separation in the physical operating statistics (required by Forms O. S. 1 to O. S. 5, inclusive) between the main lines and the branches is recognized, but such separation is not required at this time. Where the separation is now made by individual carriers, the practice should continue, so that the detailed information may be available if called for.

5. The forms standardized by this order are:

- Form O. S. 1, freight train performance,
- Form O. S. 2, passenger train performance,
- Form O. S. 3, locomotive performance,
- Form O. S. 4, distribution of locomotive hours,
- Form O. S. 5, freight car performance,
- Form O. S. 6, locomotive and train costs,
- Form O. S. 7, condensed income account and operating expenses by primary accounts.

6. With the exceptions hereinafter noted, the basic information, and most of the percentages, ratios and averages, are now compiled and computed in meeting the accounting requirements of the Interstate Commerce Commission. The exceptions are:

(a) Gross ton miles—the product of the tons of train behind the tender (cars, contents and caboose) and the miles moved.

(b) Rating gross ton miles—the potential gross ton miles which would have been produced had the train been loaded to one hundred per cent of the slow freight rating for normal weather conditions, taking account of changes in rating over sections of the run.

(c) Net ton miles—the product of the tons of revenue and non-revenue freight in the train and the miles moved. This is to be computed from the conductors' train reports.

(d) Train hours—the aggregate elapsed time of trains between the time of leaving initial terminals and arriving at final terminals, including delays en route.

(e) Distribution of locomotive hours—the number of hours employed by locomotives in freight, passenger, yard and other services, divided to show the percentages of time in useful service, held at terminals, held in engine-houses, and held in reserve.

7. Each form contains instructions, by footnotes, or by reference to Interstate Commerce Commission account numbers, which should insure uniformity in the compilation of the figures.

8. The conductors' train reports should be the source of the basic information for train miles, locomotive miles, car miles, gross ton miles, rating ton miles, net ton miles and train hours. As the conductor's train report now in use does not in all cases show the complete data (as, for example, the weight of the car divided between net and gross), it will be necessary in such cases to revise the form of the report so that it will include all of the basic information. If, under the present organization of the work, it is more convenient to use other sources of information (such as the train sheet for train hours, or the engineers' time slips for locomotive miles), the present practice may continue, provided that the data from

such sources correspond to that which would be taken from the conductors' train reports, if the latter were used.

9. In reporting the weight of cars containing less than carload freight, conductors may be instructed to use an arbitrary weight for net tons, such arbitrary to be specified by proper authority and to be based on the experience of the carrier. When carload freight is billed at estimated weights, conductors will report such estimated weights as the net tonnage.

10. All percentages and averages should be worked out to one decimal place. If the final remainder is equal to or exceeds one-half of the divisor, the decimal in the quotient should be increased by one. The same principle should be applied to ton miles and car miles when expressed in thousands. If the omitted figures are 500 or more, they should be regarded as 1,000. Expenses should be stated in even dollars, 50 cents or more to be counted as one dollar.

11. Where data called for by the forms are not now compiled, it will not be necessary to work up last year's figures for comparative purposes, but the comparison with last year by individual items should be made as complete as the existing reports and accounts will reasonably permit.

12. Forms O. S. 1 to O. S. 5, inclusive, are based entirely upon the conductors' train reports or other operating department data. It is recommended that the work of compiling the figures and making out these reports should be concentrated either in the office of the Car Accountant or in a similar office of the Operating Department, and that copies of these reports should be sent to the proper officer in the Accounting Department for use in compiling costs on Form O. S. 6.

13. Forms O. S. 6 and O. S. 7 call for operating expenses and unit costs. They should be compiled in the statistics section of the Accounting Department.

14. Forms O. S. 1 to O. S. 5, inclusive, are to be mailed to the Operating Statistics Section not later than the fifteenth day of the month following that to which the statistics apply. Forms O. S. 6 and O. S. 7 are to be mailed, as above, not later than the thirtieth day of the month following that to which the statistics apply.

15. It is the intention that the standardized forms, when completely in effect, shall take the place of many other statistical reports which are now being made. To that end, a careful survey should be made of all operating reports and statistics to ascertain how many of them are made unnecessary by the adoption of the standardized forms, and may, therefore, be discontinued.

16. A supply of the new forms will be distributed through the regional directors to all Class 1 railroads under federal control, and requisitions for additional copies should be made on the regional directors. In advance of the distribution of the working supply, three complete sets will be sent direct from this office, during the week ending July 27, to the federal manager or the general manager of each Class 1 road under federal control.

CARS FOR MOVING COAL

The Traffic World Washington Bureau.

Unless the situation reported July 22 by Regional Director A. H. Smith respecting the car situation in the anthracite coal field is an exception that proves the rule that, generally speaking, there are not enough cars to haul the coal that can be mined, the fuel problem has shifted from one of transportation to one of production. According to Mr. Smith, during the period from June 1 to July 19 the anthracite operators asked for 213,362 cars, received 223,274, and loaded only 169,328.

A short time after Director-General McAdoo's office gave out those figures it was stated that during the first fifteen days in July 118,368 cars were loaded with soft coal in the eastern district and that that was an increase of thirty per cent over the loading in the same period of last year. Nothing was said as to whether the railroads were able to furnish more than enough cars to fill the orders, or whether the demand was much greater than the supply. D. E. Spangler, general superintendent of transportation

on the Norfolk & Western, in commenting on the figures supplied by Mr. Smith, said that their counterpart prevailed in that part of the soft coal field with which he is familiar. By that he did not mean to say that every mine every day has as many cars as it can load, but that on an average that is the situation.

The coal mine operators thus far have been able to make it appear that practically every deficiency in the field supply has been due to the insufficiency of the car supply, or if not that, then to the inability of the railroads to furnish the motive power for pulling the loaded equipment. It is one of the most notorious facts in the railroad domain that mine operators think their capacity is greater than it really is and therefore railroad men take orders for cars with a grain of salt. They get to know the percentage of over-supply demanded by given operators. There are some who never over-estimate, while a few are able to load the extra cars if it so happens that a yard-master puts more cars on the tracks than are ordered as sufficient for the day's work.

Right now when the weather places no obstacles in the way of good railroad practice, the probabilities appear to be that the Railroad Administration will meet the coming winter with more "live" engines on its hands and more coal cars at its disposal than the transportation system of the country ever had at the beginning of the cold season. This is not to say there will be plenty of coal for everybody—merely that if there is coal to haul the railroads will be in better position to haul it than they were last winter.

Whether there will be as many cars and engines to haul coal and other commodities as there would have been had this country not gone into the war, and whether there will be as many as there would have been had the railroads been left in the hands of their owners, is not to be answered with these declarations of fact, however.

At this minute broadly speaking there are more cars ready to be filled with coal than there are tons of coal to be loaded. That is not to say that there are not mines or whole districts where more cars could have been used on the day this was written. It is a general declaration to the effect that on the day in question there were more cars than the mine operators could fill. That had been the fact for a week. During that week ships were at Hampton Roads waiting for the mine operators to send forward the supplies of coal they needed and for which there were cars.

This is not to be taken as meaning that from now on there will be more cars available for loading coal than the miners will be able to fill. It is merely to indicate that the desirable balance between supply and demand for cars, for a short time at least, has been right at hand.

Judging by appearances, there is a desperate rivalry between the fuel and the railroad administrations to see whether production or transportation shall be in the lead, and, for the moment, the Railroad Administration believes it is entitled to carry the broom, which it will gladly turn over to the Fuel Administration when it has been demonstrated that more coal is being produced than can be carried generally speaking. There will be times when a certain mine or a certain district will be short, just as there are people who die of starvation even in the years when the harvests are greatest and the store of food-stuffs is so great as to sicken those who have to pay storage thereon.

As to the engines, the central fact is that Frank McManamy, formerly border inspector for the Interstate Commerce Commission, now technical assistant to Transportation Director Gray, seems to know how to get the engines

into and out of the repair shops. In a given period of time he put through the shops 8,000 more engines than were put through in the corresponding period in 1917. That may have been good luck, but if it was, the effect will be noted in the larger tonnage next winter. The man who happens to obtain coal that would not otherwise have been hauled will feel just as good about the condition of affairs as if there had been no good fortune.

Engines are being sent to the nearest shops and are being used on rails without much regard for the initials on the rails or the initials on the engines. There is thorough scrambling in that respect and when the roads are returned to their owners there will be several thousand disputes as to whether the XYZ road is getting back its rolling stock and engines in as good condition as they were when the government took hold, but the probability of such disputes is not a deterrent on the men who are doing the scrambling. They believe they are improving transportation, and for the time being they can show a better outlook than there was a year ago at this time.

PROCEDURE AS TO COMPLAINTS

The Traffic World Washington Bureau

All cases before the Commission died when the railroad control act was signed, but by proper amendment, in accordance with the rules of the Commission and with proper notice to the Director General, they may be revived. That, in substance, was the position taken by R. Walton Moore, speaking for the Railroad Administration, at the hearing on the subject held by the Commission July 24. He was invited by Chairman Daniels to speak first because, the chairman said, when Mr. Moore had stated the position of the Railroad Administration, attorneys representing the shippers might be able to shorten the remarks they had prepared.

Mr. Moore carefully refrained from saying anything as to complaints in the future, other than that, of course, the Director General should be made a party, and that perhaps, for the sake of a record, the carriers involved in the transportation should be named, but that only the Director General should answer. As to reparation, Mr. Moore said that, of course, the Commission could proceed in that matter as usual, in cases involving transactions prior to January 1. His suggestion was that the Commission follow its own rule respecting amendments, in disposing of the 700 cases now on its docket. As to the four cases mentioned in the notice of hearing—namely, No. 8386, American Cement Plaster Co. vs. Michigan Central; No. 9922, Lake Charles Rice Milling Co. vs. Abilene & Southern et al.; No. 10023, El Paso Chamber of Commerce vs. Arizona Eastern; and No. 10118, L. & N. Coal Operators' Association vs. L. & N. et al., Mr. Moore suggested that the petitions for amendment be granted, thereby reviving them. In other words, he saw no reason why the amendments proposed by the attorneys in those cases would not fit them for disposition.

When Mr. Moore had finished, the Commission took a recess for twenty minutes to permit the lawyers for the shippers to consult as to the course they would follow.

The matter for discussion had been stated by the Commission in the following language:

Petitions having been received in the above-entitled cases for leave to amend pending complaints so as to add as a party defendant the Director General, United States Railroad Administration and to include allegations concerning rates initiated by the President through the said Director General, the Commission has set for argument on July 24, 1918, at 10:30 a. m. at its office in Washington,

D. C. by following question concerning the procedure to be followed in cases before the Commission:

"Must the justness and reasonableness of rates, fares, charges, classifications, regulations and practices initiated by the Director-General, under authority of the federal control act of March 21, 1918, be determined upon original complaints in new proceedings, or may such issues be properly raised by amendment to pending complaints wherein the rates, fares, charges, classifications and practices of the carriers superseded by those initiated by the Director-General, are assailed?"

The Commission invites argument by counsel, state commissions and others interested in the question outlined above.

Attendance at the hearing was large, but only the following entered appearances and asked for time in which to present their views: J. S. Burchioer, H. E. Kelley, R. W. Ropiequet, Frank Lyon, B. F. Martin, F. B. James, J. V. Norman, S. H. Cowan, Graddy Cary, S. H. West, F. M. Swacker.

Instead of arguing on the question as to whether complaints should be amended by adding the name of the Director-General, as proposed in the call for the meeting, the conference resulted in a discussion of the Commission's power under the act to regulate commerce as modified by the federal control act. Only one man had doubt about the power of the Commission to set aside rates made by the President. Samuel H. Cowan, of Texas, was inclined to think that the Commission could act only in an advisory capacity, notwithstanding the declaration of the control law that, after a hearing on complaint, it could issue any order authorized by the act to regulate commerce.

Clifford Thorne, although not specifically delegated by any state, flatly denied the power of the Director-General to make state rates, quoting from the Munn case, and from Ernst Freund's work on "The Police Power" to show that the courts ever have regarded the making of rates as an exercise of police powers. As he sees it, the state rates prescribed by General Order No. 28 are without any authority other than what they obtain from the tolerance of state commissions and the inaction of shippers.

The morning session was devoted to a discussion of the minor point raised by the Commission's question. There was no disagreement. R. Walton Moore, who with A. P. Humburg, represented the Railroad Administration, waived whatever legal right the Director-General might have to require proceedings de novo by saying the Commission should exercise the discretion it now exercises, on motions for leave to amend. The general power of the Commission was discussed at the afternoon session, those taking part in it being Francis B. James, S. H. Cowan, F. M. Swacker, Clifford Thorne, R. Walton Moore and H. E. Kelley.

In regard to amendments the shippers' attorneys present agreed to this:

"In all cases pending at the present time wherever complainant desires to file an amended or supplemental complaint against any rates initiated by the Director-General, permission shall be granted by the Commission. If further hearings shall be deemed necessary, the same shall be ordered in the discretion of the Commission in accordance with section 17 of the act to regulate commerce."

At the morning session John S. Burchmore said that the act to regulate commerce was still in effect, and the Commission had the same power it had before the control act was passed except as to President-made rates. He argued that where the case involved relationship, the same question existed under the advanced rates ordered by No. 28. As to cases challenging the reasonableness of the rate, it would be futile for the Commission to proceed

without amendment, because the rates had been advanced and a new case must be begun.

H. E. Kelley said it was desirable, from the shipper's point of view, to have the Director-General made a party because some day the Supreme Court would decide the question, and the shipper wanted to be in the position of having the judgment run against the Director-General as well as against the corporation.

"What good would a judgment against the Director-General do you?" asked Mr. Norman. Mr. Kelley said it was desirable to be on the safe side by having both the carriers and the Director-General respondents.

J. V. Norman laid it down as a fundamental proposition that the Commission now has exactly the same powers it had before government control except the power to suspend, pending a hearing, rates initiated by the President; that the Director-General is not a necessary party to any proceeding before the Commission or in a court; that in no suit of law or equity has anyone ever contended that the Director-General is a necessary party. He read from the control act to show that in each instance the law uses the language, "any carrier," and in no place alludes to a suit or proceeding being against the President or his representative. His idea is that where the shipper has a complaint in which a hearing has been had and the shipper desires to have that case decided on the record as made, he has a right to have this done and in such case the order would provide that the rates found to be reasonable were subject to the increase ordered in No. 28 and any further increase that the President may hereafter prescribe.

If, on the other hand, the shipper desires to attack the increases prescribed by the President, he must, of course, file an amendment to his complaint. Mr. Norman emphatically stated that it is the duty of the Commission to exercise all its functions just as heretofore, as the Commission is the sole hope of the shipper in these trying hours.

"If it does not proceed as heretofore, then we will have substituted the rule of men for the rule of law," declared Mr. Norman.

According to Frank Lyon, the Commission, in passing on the question of reasonableness of rates under the new law, must approach the problem from an entirely different angle. He said he had no idea as to what, under government control, constitutes a reasonable rate. The railroad traffic managers who are doing the work for Director-General McAdoo, he said, necessarily are influenced by the ideas they obtained while they were in the employ of railroad companies and received from ten to fifty thousand dollars a year as traffic managers.

"It is hard for a man to change his views," said Mr. Lyon, "but they are doing it, and in time they will realize that they are working for the shippers and not for the railroads. Mr. McAdoo is the representative of all the shippers, and he is the man to deal with. My idea is that a shipper should write to Mr. McAdoo and try to persuade him to adopt his (the shipper's) views as to the rates or practices in question. I sent him some complaints, but I confess the letters I have received have not been altogether pleasing. But I believe Mr. McAdoo is gradually coming around to the view that he represents the shippers, and the appointment of committees to consider complaints against rates is evidence that he is coming around. I don't know why he made this 25 per cent advance in rates, but I assume it was because he needed or thought he needed the money, and I suppose he thinks the rates are reasonable, else he would not have prescribed them."

R. W. Ropquet insisted that the law is the same now as it was prior to the enactment of the control law except that the Commission has lost the power of suspension and is limited in its work in one or two instances. He said the Director-General should be made a party to the proceeding. Answering a question by Commissioner Hall, he said that by analogy the Director-General could be held to be the same as the receiver or operating trustee and subject to all the penalties in the act to regulate commerce laid against receivers and trustees. Commissioner Aitchison wanted to know why, if the Commission's order was made to run against the Director-General, it might not as well be made to run against the President.

"For the same reason that I don't ask for an order against the Circuit Court when I want a receiver appointed by that court to do something," retorted Mr. Ropquet.

Rates on Coarse Grain.

A formal, sharp challenge of rates on coarse grains that is expected to raise all the jurisdictional questions about which commissioners and shippers have been debating in formality is being prepared by the National Council of Farmers' Cooperative Associations for which Clifford Thorne is attorney.

General Order No. 28 brought the rates on all grains up to the highest point ever known. The coarse grains were first brought to the level of wheat and flour (flour usually moving on the wheat rate), and then to that high level twenty-five per cent was added. The prices on wheat having been fixed by the Food Administration, the rates are of no interest to the growers. The prices are fixed so as to absorb the rates and the consumer of wheat is the only one interested.

That is not the fact respecting corn and grains other than wheat. Not have prices been fixed on the coarse grains. The rate therefore is of interest to the growers. The markets fix prices on the basis of Chicago and deduct the freight rate. Therefore every man having grain other than wheat is interested in this rate question.

Thorne intends asking the Commission to give him an expedited hearing with a view to having it decide the question in time for this year's crop of corn, which will be enormous.

The question, in the final analysis, is whether corn and other grains, being of a lesser value than wheat, should bear as high rates as wheat. Thorne is going to allege that at equal rates the coarse grains are called on to bear too large a part of the cost of transportation. In his argument to the Commission July 24, as to the powers of the Commission under the new order of things, Thorne called attention to the fact that the first section of the act to regulate commerce says that any "person," corporation, or association, engaged in transporting persons or property or persons and property, by rail, shall be deemed to be a common carrier by railroad.

Before the hearing Thorne asked R. Walton Moore and other former railroad lawyers whether Mr. McAdoo is engaged in transporting persons or property by rail. Of course, the answer is that he is doing just very thing. By the same token President Wilson is also engaged in doing that service for the public. The question might be raised as to whether the President, in his official capacity, is a person, but the intention of the ordinary man, it is believed, would be to say he is a person.

The conclusion Thorne draws is that the act to regulate commerce applied to Mr. McAdoo or to the President just as much as it does to John Smith when the latter buys himself rails and ties, lays them on the ground, provides

an engine and cars and holds himself out to transport persons and property by railroad, for hire.

The only limitation on the power of the Commission is that forbidding it to suspend President-made rates. All other parts apply notwithstanding language in the control act which seem to give the President power to issue orders that would render the act to regulate commerce inapplicable. Thorne called attention to the fact that that is a general provision which is limited in a later section by the rule that the rates prescribed by the President must be so and so, the language differing from that of the act to regulate commerce, but having the same general meaning as the language in the first four sections of the older law.

The complaint to be made on behalf of the farmers' co-operative associations, owning hundreds of elevators, will carry with it, it is believed, a certain weight that does not attach to the run of complaints even when filed by the largest corporations. The associations, in many instances, take part in politics and seek, when the courts and commissions do not agree with them, to have such courts and commissions undergo a change of personnel.

McADOO AND OKLAHOMA RATES

The Traffic World Washington Bureau

An explanation and justification of what has been done by and for him in the way of advancing rates may be made by Director-General McAdoo at Oklahoma City July 31, if he has a desire to explain or justify. The Corporation Commission of Oklahoma has cited him to appear before it on the day mentioned, in company with the Santa Fe, Rock Island and other roads operating in Oklahoma to show cause why rates within Oklahoma should be in all respects higher than rates for like service at equal distances in neighboring states, and in some respects fifty per cent higher than rates in adjoining states. There is a formal summons to "W. G. McAdoo, Director General of Railroads in the United States" issued in Cause No. 2465, In re Investigation of Class and Commodity Freight Rates Applying Within the State of Oklahoma. It is as follows:

Whereas, On or about March 15, 1918, certain orders theretofore promulgated by the Corporation Commission of Oklahoma and effective within the State of Oklahoma governing rates of freight on classes and commodities within the State of Oklahoma were permanently enjoined, annulled and set at naught by the District Court of the United States for the Western District of Oklahoma; and

Whereas, On or about March 25, 1918, by virtue of the injunction above referred to, a tariff was issued, filed and made effective by the railway companies securing said injunction prescribing new and higher rates on classes and commodities for application between points within the State of Oklahoma, said tariff being known as "Southwestern Lines Tariff No. 55-D," and being thereupon or thereafter adopted and made effective by all railway companies operating within the State of Oklahoma, said Tariff 55-D being made effective without application to or investigation by the Corporation Commission of Oklahoma, and establishing within Oklahoma rates in all respects higher and in some particulars more than 50 per cent higher than rates charged on corresponding classes and commodities by the same carriers in territory substantially similar within the adjoining states of Missouri, Kansas and Arkansas; and

Whereas, On June 25, 1918, pursuant to authority granted by W. G. McAdoo, Director General of Railroads in the United States, a further and additional increase in class and commodity rates of 25 per cent was made effective, which, when added to the already high and discriminatory Oklahoma rates, increased relatively the difference or spread between rates applying within the State of Oklahoma and corresponding rates applied by the same carriers upon the same commodities in substantially similar

inquiry in the adjoining states above referred to; and

Whereas, Prior to the date of the injunction referred to in the first paragraph hereof, to-wit, on January 23, 1918, the Interstate Commerce Commission prescribed a scale of rates and charges to govern transportation of class freight between points in the State of Texas and points in the State of Oklahoma, said proceeding of the Interstate Commerce Commission being known as "I & S. Docket No. 1016," and the scale therein prescribed being commonly known and referred to as the "1016 scale;" and

Whereas, Said "1016" scale was adopted and prescribed by the Interstate Commerce Commission after extensive investigation and consideration of physical traffic conditions, advancing costs of operation due to war conditions, and other facts then available contributing to a conclusion as to what rates were just and reasonable at that time, said "1016" scale on class freight prescribing rates 30 per cent higher than rates established by carriers involved in said I & S. Docket 1016 on the same classes in the states of Kansas and Missouri and 15 per cent higher than those so established in the State of Arkansas; and

Whereas, Prior to said June 25, 1918, the Corporation Commission of Oklahoma, on account of the alleged injustice done by said Tariff 55-D, effective March 25, 1918, and also realizing the impossibility of the Director General of Railroads being fully advised as to the detail of rate adjustments in all states or sections of the United States, made diligent effort to bring the facts in the Oklahoma situation to the attention of said Director General of Railroads to the end that relief therefrom might be secured; and

Whereas, The matter was referred for consideration to Mr. R. H. Aishton, regional director of railroads, at Chicago, Ill., by him referred to the Western Regional Freight Traffic Committee, and by said committee referred to "The St. Louis District Freight Traffic Committee," such district committee being composed of representatives of carriers defendant herein; and

Whereas, Said district committee after hearing statements and viewing exhibits offered by the Corporation Commission of Oklahoma and representatives of Oklahoma shipping interests, June 11 to 13, 1918, conceded that the existing rate adjustment involved discrimination against Oklahoma as compared with adjoining states and recommended:

(a) That as to a very few commodities the blanket 25 per cent advance of June 25 be waived;

(b) That as to certain commodities special rates be prescribed, in some cases less than existing rates;

(c) That as to all other commodities the 25 per cent blanket increase of June 25 be superimposed upon the advance effective in Tariff 55-D; and

(d) That intrastate rates based on the "1016" scale increased by 25 per cent be made effective on class freight traffic, to portions of which recommendations the Corporation Commission of Oklahoma and representatives of Oklahoma shipping interests refused to subscribe;

Whereas, More than thirty (30) days have elapsed since said conference at St. Louis, Mo., with no change in the situation, and with the alleged burdens, hardships and losses incident to such alleged unjust and discriminatory rate adjustment in Oklahoma daily increasing in volume; and

Whereas, Business interests large and small in the State of Oklahoma are represented to be by said rate situation unjustly and unfairly burdened, harassed, damaged, and threatened with bankruptcy; and

Whereas, It appears that the need for relief from said alleged unfair and unjust rate adjustment is immediate, essential and imperative,

Therefore, It is Ordered, That a proceeding in the nature of an investigation and inquiry be had, and the same is hereby instituted by the Corporation Commission of Oklahoma under authority of the constitution and laws of the State of Oklahoma for the purpose of developing and establishing information touching the full extent of the alleged discrimination now in effect against the State of Oklahoma as compared with adjoining states, and as a basis for such order or orders as the evidence may warrant; and each of you are hereby notified that the Corporation Commission of Oklahoma will conduct a public hearing at its office at the State Capitol at Oklahoma City, Okla., on the 31st day of July, 1918, at 10 a. m., at which

time and place you and each of you are directed to appear and at which time and place any and all persons, firms, corporations or governmental agencies concerned may appear for the purpose of introducing evidence touching the subject of rates applying on classes and commodities within the State of Oklahoma and rules and regulations governing the handling of said classes and commodities within said state.

Done in the regular course of business at Oklahoma City, Okla., this 13th day of July, 1918.

This citation was sent to the Director-General by registered mail. While nothing was known, at the time this was written, by the Director-General's staff in Washington as to what he would say about the matter, it was assumed that he will appear, by attorney, on the appointed day and say that, while the state commission has no jurisdiction over the acts of the Director-General, it is his intention to remove whatever discriminations may be shown to exist. Cabinet and other government officials are cited to appear in District of Columbia courts nearly every day. They never go in person, but appear by attorney—usually an assistant attorney-general—to deny jurisdiction or make whatever other defense is demanded.

The Oklahoma commission is on the road toward making a case to test the right of the President to prescribe rates for state application. Whether it will long continue therein, or whether if it continues it will handle the issue so carefully as to make sure the case will be disposed of entirely on its merits, remains to be seen. It will take the best legal talent procurable a long time to make certain on the point mentioned.

Whether Oklahoma desires to go that far can only be guessed. The shippers in that state are in a delicate position. They have the right, under the federal control law, to complain to the Interstate Commerce Commission. But if they go to that Commission about rates applying within the state, the state commission may take offense and suggest that they proceed without expecting help from the state commission.

Campbell Russell, member of the Oklahoma commission, said the citation was intended to indicate to the authorities concerned that the state of Oklahoma desires to do its full share in bearing the burdens of war, including the burden of maintaining the transportation system of the country as a war instrumentality, and will gladly keep pace in any "goose-step" that the situation seems to demand in the matter of high rates.

But, he says, Oklahoma is not willing to suffer the injustice of a rate situation imposing upon this state rates as much as 50 per cent higher than rates on the same character of traffic, prescribed by the same railroads, for application in territory different only in that it is situated in another state. If there is any power in the state tribunal to secure relief from the existing situation, he further says, Oklahoma is not going to "sit outside the office of the committee representing the Director-General, with her hat in her hand," any longer than it will take to complete the investigation and promulgate such order as seems to be warranted by the facts developed.

The rate department of the state commission, assisted by W. V. Hardie, manager of the Oklahoma Traffic Association, has in preparation a series of exhibits that are expected to demonstrate the injustice of the existing situation. The glaring instances of alleged discrimination which are declared to be proved by figures from the tariffs now in effect, it is explained, result from the action of the railroads in prescribing advances of from 25 to 100 per cent in March, immediately following the federal injunction against the Oklahoma commission rates, and the

superimposition upon the resulting rates of the government's blanket increase of 25 per cent effective June 25.

These figures indicate that cattle can be shipped from Purcell to Fort Worth, manufactured into meat and shipped back to Purcell, 342 miles in all, for 58 cents per hundred pounds, or only $7\frac{1}{2}$ cents more than the charge for shipping the cattle to Oklahoma City and the meat back to Purcell, a total distance of 67 miles. If the cattle be shipped from Wayne, Okla., instead of Purcell, Wayne being 40 miles from Oklahoma City and 164 miles from Fort Worth, the freight charge will be, according to the figures, $1\frac{1}{2}$ cents per hundred pounds less if the slaughtering is done at Fort Worth than if done at the packing plants. Paula Valley can use meats slaughtered at Fort Worth, 150 miles from home, $7\frac{1}{2}$ cents per hundred pounds cheaper than slaughtered at Oklahoma City, 55 miles from home.

On class rates averaging all distances up to 400 miles Oklahoma rates are 25.5 per cent higher than Kansas, 25.1 per cent higher than Missouri, and 14.1 per cent higher than Arkansas. On actual movements the difference is greatly increased by the numerous "exceptions" which apply in the tariffs of the other states mentioned, but which have been wiped out in Oklahoma.

On lumber shipments the Oklahoma intrastate rates for distances up to 25 miles are 43.7 per cent higher than either Kansas or Missouri and 32.3 per cent higher than Arkansas rates for same distances. Averaging all distances up to 100 miles, Oklahoma rates are 34.7 per cent higher than Kansas or Arkansas and 36.6 per cent higher than Missouri. Averaging all distances up to 400 miles Oklahoma is 12.9 per cent higher than Kansas and 30.9 per cent higher than Arkansas or Missouri.

On ice, Oklahoma rates up to 25 miles average 44.5 per cent higher than Kansas or Missouri, 41.3 per cent higher than Arkansas and 37.4 per cent higher than Texas. Averaging all distances up to 100 miles, Oklahoma is 23.5 per cent higher than Kansas or Missouri and 27.2 per cent higher than Texas or Arkansas (very little ice moves more than 100 miles).

On wheat, corn, oats and other products taking same rate, for distances up to 25 miles, Oklahoma is 29.8 per cent higher than Kansas, 17.4 per cent higher than Arkansas or Missouri, and just the same as Texas. Averaging all distances up to 100 miles, Oklahoma and Texas have the same rates, which are 35.3 per cent higher than Kansas, 16.8 per cent higher than Missouri, and 13.3 per cent higher than Arkansas. Averaging all distances up to 400 miles, Oklahoma is 49.6 per cent higher than Kansas, 29.8 per cent higher than Missouri, 32.8 per cent higher than Arkansas, and 11.3 per cent higher than Texas.

On live hogs, for distances up to 25 miles, Oklahoma is 39.6 per cent higher than Kansas or Arkansas, 22.5 per cent higher than Missouri, and 18.1 per cent higher than Texas. Averaging all distances up to 100 miles, Oklahoma rates are 21.1 per cent higher than Kansas, 33 per cent higher than Missouri, 12.7 per cent higher than Arkansas, and 12.1 per cent higher than Texas. Averaging all distances up to 400 miles, we find Oklahoma 23.6 per cent higher than Kansas, 59.3 per cent higher than Missouri, 7.3 per cent higher than Arkansas, and 31.5 per cent higher than Texas.

On fresh meat, in peddler cars, comparing the Oklahoma rates with the I. C. C. rates (plus 25 per cent) which apply generally throughout the southwest (except in Oklahoma), up to 25 miles we find the Oklahoma rates 73.9 per cent higher than the I. C. C. rates. Averaging all

distances up to 100 miles, we find the Oklahoma rates 65.4 per cent higher. Averaging all distances up to 400 miles, Oklahoma rates exceed the I. C. C. rates by 65.6 per cent.

NEW ENGLAND'S PROTEST

The united protest of New England over the treatment accorded that section of the country in the matter of freight rates will be presented to the Railroad Administration at Washington in consequence of a two days' hearing before the commissions of the New England states.

In what manner the commissioners will present the case to the Railroad Administration was to be determined at a private sitting July 26. A representative committee of the commissioners will probably go to Washington in the immediate future to support the plea already presented in the form of a telegram sent by Chairman Macleod of the Massachusetts commission after the hearing. This telegram also contained a protest against the proposed elimination of the Canadian differential rates and requested a hearing on the matter. The telegram was as follows:

"The commissions of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont feel very strongly that elimination of the Canadian differential rates would work grave injury to New England and is in no way demanded by war conditions. Retention of these rates on certain commodities and their elimination on others would be discriminatory and objectionable. Before orders are issued on this matter the commissions respectfully request a hearing. The whole New England rate situation was considered in joint conference on Tuesday and Wednesday, and this conference will be continued next week. Important readjustments in rates appear vitally necessary, and the New England commissions wish to bring these to your attention at an early date."

New England's grievances were set before the commissions by many shippers and transportation experts. Chairman Harriman of the New England Transportation Conference showed the burden which New England is carrying while other competing sections of the country are relatively free from rate oppression. New England asks no partiality, he stated, but seeks only to compete with other industrial centers on the fair basis previously existing.

Mr. Harriman stated that New England's geographical disadvantage in relation to raw materials and other manufacturing sections has been greatly accentuated by the imposition of three freight rate increases within a comparatively short time. The first was the 15 per cent increase, the second the Anderson increase, averaging 40 per cent on short hauls, and the third the McAdoo increase of 25 per cent. He pointed out that other sections were not given the C. F. A. scale increase. He stated that the Conference felt that the increase to C. F. A. scale in local rates was entirely adequate to meet railroad needs without the addition of the McAdoo increase.

In addition, Mr. Harriman said that the Conference regretted the abolition of the general differentials and the decision to substitute differentials on certain commodities. The Conference believes, he said, that still further effort should be made to show the Railroad Administration the need of maintaining the general differentials, both rail and water and all rail.

"If the proposed elimination of exceptions to classifications is carried out," he continued, "New England, with its smaller number of classes, will suffer much more than

the northern and western territory, which have a greater number of classes and fewer exceptions."

He said that Boston has a differential rate of 85 cents on first class freight to New York as against the standard inland rate of 90 cents. The abolition of this differential will place Boston at an unfair disadvantage as regards Baltimore and Philadelphia.

Regarding export freight, the first class rate to Boston is 97 cents, as compared with 90 cents for New York, 88 cents for Philadelphia and 87 cents for Baltimore. The Interstate Commerce Commission has made Boston's export rate the same as New York, and if this does not continue Boston will be under a handicap.

Mr. Hartman's opinion was that the C. F. A. scale increase which only the New Haven has put into effect in New England, should be suspended by that company until the other roads are ready to establish that rate.

William H. Chandler, manager of the transportation bureau of the Boston Chamber of Commerce, made a forceful argument, in which he demonstrated how New England has been handicapped by the decisions of the Administration. He particularly protested against the abolition of the Canadian differentials, over which a tremendous amount of New England freight is carried. Baltimore, he stated, does a large amount of business over these lines, yet that city is not affected by the proposed Canadian revision.

Mr. Chandler declared that the western business man will not pay a premium for having his goods shipped by way of Boston when he can obtain a lower rate through New York, Philadelphia or Baltimore. The 25 per cent increase is sufficient to meet the revenue needs of the railroads, but when the differentials are abolished at the same time the result is ruinous to New England. The differentials will not materially add to the railroad revenue. It will merely hurt New England's industries.

He argued that the application of a flat 25 per cent increase would place New England industries at a disadvantage in competition with the west. Instead, he said, the increase should be on the basis of cents-per-hundred pounds after the 25 per cent increase was applied to the "key commodity," so that the same difference in cents per hundred pounds would prevail between the New England rates and those of other sections.

William F. Garcelon, of the Arkwright Club, emphasized two particular points. First, the differential rate is a base rate so far as New England's industries are concerned, and should so be regarded by the Railroad Administration, which has treated it as a preferential rate. Secondly, the rate-making authorities at Washington were surprised when it was shown that the differentials were not a railroad expedient to meet competition between roads, but were established essentially to meet competition between industries.

He pointed out several instances of injury to New England industries if the differentials are abolished. He also urged caution on the part of the commissioners in opposing efforts to change classifications from a low to a high basis.

Frederick M. Ives of the New England Pulp & Paper Traffic Association declared that the railroads would receive \$7,500,000 next year under the new tariffs for carrying coal from the mines. He said that this was too great by \$2,500,000.

Commissioner Eastman expressed the opinion that if the increased rates for carrying coal were eliminated entirely and the increases applied to other commodities the

whole country would reap the benefit, while the revenue to the railroads would be the same. He said that all industries depend on coal, and any increase would be injurious to all alike.

SHIPMENT FRUIT AND VEGETABLES

R. H. Aishton, regional director, has sent to northwest-ern railroads the following Supplement No. 15 to Circular No. 75, concerning a reconsigning and diversion bureau, fruits and vegetables:

To provide facilities for transmission of information to shippers and receivers and for handling of diversions or reconsignments of fruits and vegetables in transit on the Great Northern and Northern Pacific railways from points west of Spokane, a Reconsigning and Diversion Bureau has been established at Room 1402, 58 East Washington street, Chicago (telephone Randolph 141), in charge of Mr. J. B. Crawford.

Agencies have also been established in offices of Great Northern and Northern Pacific railways, as follows: Great Northern Railway—Spokane, St. Paul, Havre, Mont., Minot, N. D. Northern Pacific Railway—Spokane, St. Paul, Laurel, Mont., Mandan, N. D.

Originating line will instruct all billing agents, effective August 1, to promptly mail copies of waybills covering all carloads of fruits and vegetables to Reconsigning and Diversion Bureau Agency, Spokane.

Eastbound trains, having one or more cars of fruit or vegetables, will be given a block number at Spokane by the Reconsigning and Diversion Bureau Agency. Telegraphic reports showing contents of blocks will be sent from Spokane to Agency at St. Paul and to the bureau at Chicago, as indicated by Exhibit I. Confirmation of these reports, as indicated in Exhibit II, will be mailed from Spokane to the following points:

Great Northern Railway.
Reconsigning and Diversion Bureau, Chicago.
Reconsigning and Diversion Bureau Agency, St. Paul.
Reconsigning and Diversion Bureau Agency, Havre, Mont.

Reconsigning and Diversion Bureau Agency, Minot, N. D.
Northern Pacific Railway.

Reconsigning and Diversion Bureau, Chicago.
Reconsigning and Diversion Bureau Agency, St. Paul.
Reconsigning and Diversion Bureau Agency, Laurel, Mont.
Reconsigning and Diversion Bureau Agency, Mandan, N. D.

Telegraphic passing reports of blocks will be sent as indicated in Block Report (Exhibit III) from following points:

Great Northern Railway.
From Havre, Mont., addressed to agencies at Spokane and St. Paul and to bureau at Chicago.

From Minot, N. D., addressed to agencies at Spokane and St. Paul and to bureau at Chicago.

From St. Paul addressed to agency at Spokane and to bureau at Chicago.

From Chicago addressed to agency at Spokane.

Northern Pacific Railway.
From Laurel, Mont., addressed to agencies at Spokane and St. Paul and to bureau at Chicago.

From Mandan, N. D., addressed to agencies at Spokane and St. Paul and to bureau at Chicago.

From St. Paul addressed to agency at Spokane and to bureau at Chicago.

From Chicago addressed to agency at Spokane.

All requests for diversions or reconsignments in transit will be handled entirely by the Reconsigning and Diversion Bureau at Chicago or its agencies at St. Paul or Spokane and a report will be forwarded immediately by mail to Mr. J. B. Crawford, 58 East Washington street, Chicago, in the form and containing information indicated in Exhibit IV.

It will be necessary for each road to establish a system to enable the Reconsigning and Diversion Bureau Agencies at points named above, except Chicago, to receive information as required on telegraphic passing reports of blocks indicated in Block Report (Exhibit III).

THROUGH EXPORT BILLS OF LADING

The Traffic World Washington Bureau

Nothing has happened in the matter of through export bills of lading, except talk, since the issuance of the notice that they would be discontinued September 30. Director Chambers handled that matter personally with a number of Chicagoans. It is believed he is also learning what he can about it while on the Pacific coast, but as matters are now the notice of cancelation for September 30 stands unmodified because the railroad position is that the rail carriers cannot enter into contracts based on the assumption that a ship will sail from any port within a reasonable time after the arrival of the goods. They have already lost thousands of dollars, they declare, in raw-holing exports moving on through bills from storage yards to docks and back again, because, after the cars have moved towards the docks, the government has commandeered a ship or changed the destination of one that has not been taken over. The shipping business is too uncertain for the carriers to make contracts of that kind, they say.

MILEAGE ON TANK CARS

The Traffic World Washington Bureau

Abolition of tank car mileage, as of January 1, was announced July 19 in circular No. C. S. 19, by Manager Kendall. In a notice to all railroads he said:

Effective as of Jan. 1, 1918, the requirement that loaded and empty mileage on tank cars be equalized is suspended on railroads under federal control, and no charge will be made by such railroads for the movement of empty tank cars except for new or newly required cars moved empty to home or loading point by order of the owners, on which established tariff rates will apply.

Any provisions of our service rule No. 14 of the American Railroad Association in conflict with the above are hereby suspended. The director of traffic is arranging to have existing freight tariffs amended accordingly.

DOUBLE-DECKED SHIPMENTS

The Traffic World Washington Bureau

With a view to a larger utilization of car capacity, W. C. Kendall, manager of the car service section of the division of operations, has published in bulletin form (No. 14) for the benefit of all railroads, the result of a check made on linseed oil shipments from the Twin City district. From that check he drew the conclusion that undoubtedly shipments of linseed oil in barrels, as well as barreled petroleum products, can be safely transported when double-decked, "providing necessary dunnage is used and barrels are properly braced."

The bulletin is as follows:

Recent investigation for a period Jan. 20 to April 12, 1918, with reference to double-decking of linseed oil in barrels by the Twin City district discloses the following:

Total cars shipped, 44

Total packages shipped, 5,727

Total net weight shipped, 4,629,934 pounds

Total capacity cars utilized, 2,000,000 pounds

Total barrels damaged showing total loss reported as 844 pounds

Average, 19.6 barrels per car

Average, 50.1 lbs. pounds per car

Average car capacity, 67,272 pounds

Average per cent of utilization, 89 per cent

Average barrels per car damaged or lost sustained, 61.6 pounds per car does not include some losses, amount of which were not determined

Unquestionably, shipments of linseed oil in barrels, as well as barreled petroleum products, can be safely transported when double-decked, providing necessary dunnage is used and barrels are properly braced.

We trust that an active campaign is being carried on with the shippers of these commodities so as to get them to double-deck their shipments.

INCREASED WAGES ORDERED

The Traffic World Washington Bureau

Wages of railroad shopmen were increased to 68 cents an hour July 24 by Director-General McAdoo, in supplement 4 to General Order No. 27, with proportional advances for assistants and miscellaneous classes in mechanical departments.

The new rates, which are retroactive to last January 1, are from 5 to 13 cents an hour higher than wages paid these men in most shops under the general wage advance allowed two months ago by the Director-General, but are somewhat less than the labor organizations sought.

Beginning August 1, eight hours will be recognized as a standard working day, and overtime, Sundays and holiday work will be paid for at the rate of one and one-half times the usual rate. Back pay will be given the men as soon as it can be calculated.

The advances apply to about 500,000 men and apply flatly to all sections of the country, despite local differences prevailing heretofore. The addition to the aggregate annual pay roll is estimated as nearly \$100,000,000.

The advance is the first extensive modification of the new wage scale and was made on recommendation of the commission on railroad wages and working conditions, following representations of shop crafts that high wages paid machinists and other mechanical workers in shop yards resulted in discrimination against railroad shop employees.

CANAL FAST FREIGHT SERVICE

Under the direction of the United States Railroad Administration, New York Canal Section, there will be immediately inaugurated on the improved canals of New York state a fast freight carload and less-carload canal service between Buffalo and New York City, serving the following intermediate points: Niagara Falls, Tonawanda, Leekport, Rochester, Syracuse, Rome, Utica, Little Falls, Amsterdam, Troy and Albany.

This service has been instituted by the federal canal authorities at the request of New York state officials and various commercial organizations in the state, and is expected to prove of material benefit to the average shipper in the municipalities along the line of the canal, as well as to be of considerable interest to the shippers at lake ports and throughout C. F. A. territory.

Local class and commodity rates based on approximately 75 per cent of the rail rates have been published and tariffs are in preparation naming joint rates with lake lines. The canal and lake rates are on a differential of from 10 to 3 cents under the rail-and-lake route. Joint canal and coastwise and lake, canal and coastwise rates will ultimately be published on a differential basis.

In point of service it is expected the time of delivery between New York and Buffalo will be about five or six days, with proportionate time to intermediate points. Terminals are provided at every point where service is offered, an agent is in charge, and uniform practices will prevail.

Twelve boats will be placed in service originally and this fleet will be augmented from time to time as the need is seen. The service will also be extended to other

New York state points when sufficient additional boats are secured.

This is the first attempt to maintain a carload and less carload packet freight service on the canal system of New York state and it is hoped that if it is supported by shippers, interests generally it will be the means of establishing an all water route between seaboard and the middle west that will prove of permanent benefit to shippers.

The movement of traffic via the New York canal system is under the jurisdiction of the United States Railroad Administration: G. A. Tomlinson, Room 1964, 50 Church street, New York City, is general manager of the canal section of the Railroad Administration, and L. W. Lake, at the same address, is traffic manager of the canal section. Information required by shippers will be furnished either by General Manager Tomlinson or by W. W. Wotherpoon, New York state superintendent of public works.

RAILWAY REVENUES

The Traffic World Washington Bureau.

The result of railroad operations in May published by the Commission July 18 shows an increase in the operating revenue from \$345,904,378 to \$378,242,104; expenses went up from \$238,686,946 to \$285,522,303, resulting in an operating income of \$76,978,941, as compared with \$92,775,128 for May, 1917.

In the eastern district the revenue rose from \$155,892,963 to \$176,382,111; expenses from \$112,669,412 to \$135,697,429, and there was a fall in the operating income from \$37,412,551 to \$34,348,219.

In the southern district the revenue climbed from \$50,326,574 to \$59,729,909; expenses from \$34,686,817 to \$43,984,671, resulting in an operating income that rose from \$12,441,347 to \$14,431,626.

In the western district, the revenue increased from \$139,081,751 to \$142,130,084; expenses from \$91,330,717 to \$106,789,303, and there was a fall in the operating income from \$41,921,230 to \$28,199,096.

For the five months' period ending with May, the revenue for the country as a whole increased from \$1,548,726,077 to \$1,689,635,916, and expenses from \$1,118,733,244 to \$1,380,965,468. The operating income fell from \$359,366,010 to \$308,249,477.

In the eastern district, the revenue increased from \$691,250,436 to \$743,456,817; expenses from \$531,190,066 to \$606,539,080, and the income fell from \$131,442,987 to \$57,089,339.

In the southern district, the revenue increased from \$207,874,785 to \$278,891,551; expenses from \$161,262,762 to \$206,196,680, and the income fell from \$65,954,462 to \$61,575,184.

In the western district the revenue increased from \$619,608,556 to \$667,281,548; expenses from \$426,280,416 to \$518,229,708, and income fell from \$162,746,410 to \$117,777,939.

SUMMER DELIVERIES

B. L. Winchell, regional director, in his circular to roads in his jurisdiction on the subject of summer deliveries of next winter's supplies, writes as follows:

Will you please have a complete canvass made of your line, to see which industries can, and should, store as much as possible during the next three months, of such supplies as fuel, raw material and storage stocks, with a view of meeting their needs during the winter months when transportation encounters bad weather and the relatively heavier war requirements?

Every effort should be made to induce all classes of

shippers, and more particularly the industries, to follow the policy of stocking up during the remaining months of good weather, when the flow of transportation is the easiest and the demands are relatively lightest. There is no doubt but that industries in general, for economic reasons, have avoided carrying stocks, relying upon the railroads to meet their current needs from day to day, or week to week, but it is clear that if there is an explanation made of the great demands which the carriers will have to meet during the winter and the difficulties of transportation that are likely to occur (not merely because of the total volume of traffic, but the preference that must be given to war requirements), the probable shortage of equipment, etc., they will be willing to stock up for their own protection. Many plants operating heavily, perhaps, have not much in the way of surplus storage facilities; they should be induced to provide same in some manner. The question of expense for these may, at the moment, seem large, but the possibility of having to close down for lack of fuel and material may cause a loss of a far greater amount.

I recommend that you at once instruct all of your freight service men be placed at this task, with directions to personally visit every industry, etc., on your line. At cities where there are local service men of two or more railroads, the task should be divided among them, so that efforts are not duplicated.

Shippers will, perhaps, indicate difficulties confronting them; the proper officer of your line should personally review these statements, having in mind endeavoring, if practicable, to aid in overcoming such difficulties.

From time to time I will be glad to have reports from you, indicating the tangible results of this campaign.

RAILROAD EXPRESS SERVICE

R. H. Aishton, regional director, issues the following to northwestern railroads:

It is desired that the railroads shall give their utmost co-operation in making the service of the American Railway Express Company prompt, efficient and satisfactory.

Please give consideration to the following:

1. Is all express being loaded currently on proper trains at important terminals and transfer points? If not, how much is being left over and for what reasons?

2. If trains are being held for loading of express, what is fixed maximum time?

3. Are there sufficient employees provided by the express company for the expeditious handling of express matter? If not, at what points and to what extent deficient and what action taken with express company to improve situation?

4. What study has been made of the situation generally, either independently or jointly, with express representatives respecting this service, and particularly with view of giving express company maximum service with minimum detention to trains, bearing in mind the necessity of keeping passenger trains on time, especially the more important trains?

5. Are certain trains designated to handle express business and is proper effort being made to confining express tonnage to these trains, both as to local and through service?

NEW YORK STORE-DOOR DELIVERY

(Remarks made by W. J. L. Banham, general traffic manager, Otis Elevator Co., before the New York Merchants' Assn., July 15.)

There has been a great deal said recently regarding the proposed store-door delivery of less-than-carload freight in the City of New York. This has been brought about by the continual delay of trucks at the delivery terminals, due to conditions entirely beyond the control of the teamsters.

The speaker, among a great many others, has been convinced for some considerable time that the present method of handling less-than-carload freight has resulted in a tremendous waste of truck equipment and has placed on the merchants of New York an expense which does not rightfully belong to them. The speaker has been looking into this matter with a view to finding out the

reasons for these delays and extra expense and to place the responsibility where it rightfully belongs.

One condition impressed upon the speaker is that the City of New York has not kept in step with the new increased business conditions, and we are trying to handle freight shipments on the same basis which covered freight delivery conditions twenty years ago. The teaming companies in the City of New York are entitled to more consideration at the present time and have just cause for complaint. Their teams are delayed by reason of the congestion of teams at the various piers and are further delayed on the pier on account of the number of trucks endeavoring to take delivery of less-than-carload shipments and the congested condition of freight on the piers which makes it practically impossible to locate a less-than-carload shipment without a serious delay.

The merchants of New York are also suffering from a tremendous increase in teaming charges. Last winter the cost of teaming less-than-carload shipments increased in a great number of instances over 300 per cent on account of the delays now complained of. The carriers also found themselves in the same condition, as far as financial loss is concerned, on account of the immense amount of less-than-carload freight left on their piers for days at a time which could not be removed on account of lack of teaming equipment or that it could not be located by the receivers of freight on the pier. This resulted in the less-than-carload freight being held in the cars in Jersey and other points and the tying up of considerable railroad equipment which could not be used for other purposes.

The question asked today is, "How are we going to change this condition and bring about the desired results?" The scarcity of men and equipment at the present time makes it imperative that a change be made at an early date which will eliminate the present criminal waste of time brought about by the present conditions.

War is teaching this country the necessity of saving, not only saving money but also saving labor and material. Mr. Harlan has developed a plan which makes this saving possible. An old proverb can well be repeated at this point which states, "He that would the procession see should not in the procession be." We in New York have been in the procession for a number of years and have apparently become accustomed to the congested conditions of freight and have reconciled ourselves to the extent that we believe that the conditions exist in New York because the general conditions in New York are entirely different to those existing in other cities, when it comes to handling freight.

I do not agree that the conditions in New York do in any way differ from any other cities; as far as handling less-than-carload freight is concerned. The conditions we find in New York are brought about on account of lack of system, lack of organization and lack of co-operation on the part of all concerned.

Store-door delivery, in my opinion, will bring about the results we desire in the shortest possible time. It will accomplish the prompt delivery of less-than-carload freight without any great additional expense at the present time. It will move the freight from the carriers and teamsters to the shippers' warehouse in the shortest possible time. Thus, I believe, is all that we are trying to do at the present time.

I need not dwell at length on the terrible conditions which existed in New York last winter. It was practically impossible for a team to secure less-than-carload freight in less than one-half day, and in a number of instances

trucks were delayed at various piers from half a day to three or four days at a time.

I think we will all agree that a delay of this kind amounts to a criminal waste and should be stopped. Store-door delivery will not eliminate all delays at once, but tends to do more to eliminate delays than any other known.

What we need, however, is the loyal support and the close co-operation of the teamsters, carriers and the shippers. If this can be accomplished, there is no reason why the teamsters cannot secure larger revenues from their teams by reason of the fact that they can haul more freight per unit, and their corresponding revenue should be increased.

The merchants of New York, under the store-door delivery, will be in position to receive their less-than-carload shipments not only more promptly by using a teaming company handling a number of less-than-carload shipments for the same vicinity, as it will eliminate the necessity of sending a truck for a single shipment.

The carriers, under store-door delivery system, should be able to handle at least 50 per cent more less-than-carload freight over their piers with their present equipment and they should also be able to forward cars promptly from Jersey containing less-than-carload shipments for prompt unloading in New York, which have heretofore been held in Jersey, due to pier congestion.

The City of New York is to be congratulated in being chosen by the government as the first city to adopt the store-door delivery system. I feel confident that the same system will be adopted in all large cities in the near future. Cannot we say to the government that the carriers, teamsters and shippers are in accord in this matter and will do everything possible to remedy the present unfortunate conditions? The government has chosen well in authorizing a man of Commissioner Harlan's caliber to come to New York, and I feel, with his assistance and co-operation, store-door delivery will be a success.

The City of New York also owes a debt of gratitude to Mr. Chapin and his associates for their efforts to dispose of less-than-carload freight. They are helping New York solve a problem and to bring about a result which is of tremendous importance to us at the present time.

Let us stand close to the government and Commissioner Harlan and his associates in this matter. They need our assistance and we need relief. All this can only be done by us if we pay less attention to minor details and more attention to the general principles which cover this particular case.

SUPPLEMENT TO C. S. 1-A.

In supplement No. 4 to C. S. 1-A, Manager Kendall of the car service section said:

In order to provide against interference with the movement of refined copper, lead, zinc and brass, these commodities should be included under paragraph "B," code word "Emblem," in circular C. S. 1-A, which as revised will read as follows:

Emblem (a)—Coal, coke and charcoal.

Acids, alcohol, ammonia, ammoniacal liquor, light, oil (benzol and toluol), naphthalin, petroleum and its products.

Empty tank cars.

Empty metal, glass, or jacketed oil, acid, gas, or ammonia containers.

Refined copper, lead, zinc and brass.

Please issue necessary instructions to all concerned pending a revision of this circular, which, when made, will provide permanently for this change.

Legal Department

In this department legal experts answer simple questions relating to the laws of interstate transportation. If desired, readers desiring answers to their questions may obtain privately written answers to their inquiries by the payment of a small fee.

Address: Legal Department, The Traffic Service Bureau, Colorado Building, Washington, D. C.

Delivery Upon Private Siding.

Ohio.—Question: On Jan. 9, 1918, a car was loaded and taken to line on whose tracks the plant was located had a good bill of lading signed the switching receipt, upon presenting our bill of lading and switching receipt to the bill of lading carrier, we were advised there was an embargo and they declined to sign the document. Car was held on our sidetrack awaiting lifting of the embargo from day to day and on the twenty-third of the month a fire took place at the plant, which damaged the car and the contents. However, within fifteen minutes after fire had started our plant traffic manager 'phoned the man in charge of the yards of the switching carrier, asking that the car be removed to the safety zone. No attention was paid to his request.

Carrier now declines to entertain claim for repairing damage to the contents of the car, claiming that, inasmuch as bill of lading was not signed, shipment had not been accepted by the carrier. We contend that the signing of the switching receipt by switching carrier constituted delivery.

Answer: Where a loaded car is on a switch provided for the shipper's convenience and no bill of lading has been signed, there is no sufficient delivery and acceptance. In interstate shipments moving under the uniform bill of lading it is expressly provided by section 5, paragraph 3 thereof, that property "when received from or delivered on private or other sidings, wharves or landings, shall be at owner's risk until the cars are attached to and after they are detached from trains." By the U. S. Supreme Court holding in the case of *Ga., Fla. & Ala. Ry. Co. vs. Bush Milling Co.*, published on page 1054 et seq., of the May 29, 1916, issue of *The Traffic World*, such a stipulation becomes a contract between the parties under which the shipment is made pursuant to the federal act, and cannot be changed or ignored by the parties, or be affected by any local law to the contrary.

* * *

Refrigeration L. C. L. Shipments.

Wisconsin.—Question: Four L. C. L. shipments of stacked cured beef were made from point A to point B during the months of May and June, 1917. This commodity is not exactly of a perishable nature, and yet it requires refrigeration during the summer months. Shipper did not state on bill of lading that goods were perishable or that they required refrigeration. The goods were correctly and accurately described on the bill of lading, however, and the goods accepted and bill of lading properly signed by the agent at destination. Goods moved out of point A under refrigeration and in due course of time arrived at destination B in a box car in very poor condition. The meat was very badly molded, due to the change in temperature from the refrigerator car to the box car. Consignee refused to accept the goods. They were then inspected by an agent of the delivering carrier, who instructed the consignee (verbally) to accept the goods, trim off that part which was moldy and salvage all that was possible, and then to file claim for that portion of the meat which could not be salvaged, together

with the labor charge for handling in this manner. Consignee acted in accordance with these instructions and duly entered claim, which has now been refused by the delivering carrier. They base their refusal on the fact that bill of lading did not contain icing instructions and that no revenue was provided for such refrigeration. My contention is that, regardless of the absence of icing instructions, the accepting of the goods for shipment and the signing of the bill of lading consummates the contract between shipper and carrier according to the terms of which the participating carriers are bound to deliver the goods in the same condition as they were in when shipped. With regard to the revenue, my understanding of the Exceptions to the Official Classification published by Eugene Morris is that carriers are obliged to furnish such refrigeration as is necessary for L. C. L. shipments at their own expense. In giving your opinion as to the above I would greatly appreciate it if you would furnish specific references, either legal or I. C. C.

Answer: Where a carrier receives perishable goods for shipment at a season when a refrigerated car is the only reasonably safe means for carrying them, and ships in an ordinary unventilated box car, it is liable for the damages resulting therefrom. Many carriers now publish in their tariffs the conditions under which they accept and transport perishable goods, which have received the approval of the Interstate Commerce Commission in the case entitled "Protection of Potato Shipments in Winter," 29 I. C. C., 504 (*Traffic World*, March 14, 1914, page 504). In these tariffs the carriers offer the shipper an alternative service, one in which the carrier assumes all risk in shipping perishable goods, and the other in which the shipper, for a reduced rate, becomes his own insurer against weather or damage, except those which are the direct result of the carrier's negligence. In addition, the Commission has said that it is doubtful whether the act required the carriers to furnish a refrigerator car regardless of the ultimate destination of the shipment and the real necessities of traffic. *Florida Citrus Exchange vs. A. C. L. R. R.*, 39 I. C. C., 329. Again, that volume of traffic must be considered in determining the propriety of compelling carriers to install refrigeration equipment. *Lake & Rail Butter & Egg Rates*, 29 I. C. C., 51.

So that the matter of furnishing refrigeration service is one governed almost wholly by the published tariff regulations of the carrier, and that when the traffic is sufficient and requires such service, that the published conditions are in the nature of an added special service, for which the carrier may justly impose a reasonable charge against the shipper.

* * *

War Tax Applicable to Reconsigned Shipments.

Illinois.—Question: This company receives a number of cars of freight each day from a point in Canada and which, on reaching the outer yard at Chicago, is reconsigned to various freight houses and warehouses. Under the new reconsigning rules, effective May 1, a reconsigning charge is assessed on such cars. Will you kindly advise me, through the columns of *The Traffic World*, whether or not a war tax of 3 per cent can legally be assessed on such reconsigning charges?

Answer: Understanding from the above question that the shipments do not move under a through rate from Canadian points to ultimate freight houses and warehouses in Chicago, and are not therefore subject to the ruling in article 29 of Treasury Department Regulations No. 42, reading in part, "As a general rule, to govern the collection of taxes in all such cases, it is held that the

tax must be collected on the charges to the transit point at the time such charges are collected, and that whatever parts of readjusting the charges is used at the time of reshipment or at destination, such tax must be collected by the carrier adjusting the charges as remains to do upon the net taxable charge assessed on the shipment from point of origin to destination, including the charges for the in transit privileges." yet that the ruling in article 32 and would govern, which reads in part as follows: "If, however, property while so passing through the United States, be re-consigned to a destination within the United States, the tax applies to the transportation charges thereon from the point of place of entry to such destination."

Measure of Damages Shipment Cornmeal.

Indiana.—*Question.* Some time ago we received a shipment of cornmeal. This cornmeal was in good condition when unloaded from the car at the freight house. However, the truckmen piled the same onto some hay. We accepted this shipment and, wishing to comply with the Food Administration law, took the matter up with them and they allowed us to remove the same and sell as soon as possible. This we did and used empty grain bags for transportation, which we had in stock. We were very conservative in our claim for loss and only claimed a short age of 17 pounds. We changed the railroad company with the seven empty grain bags at 15 cents each. The price we paid for the bags. They now decline to pay the \$1.16 for grain bags, stating that we should have added this price to our price of cornmeal to cover cost.

Answer. The carrier's bill of lading contract was made to carry and deliver safely to destination the quantity of cornmeal indicated as it for transportation and, failing in whole or in part to do so, to pay for the loss or damage on the basis of the value of the property at the place and time of shipment. Therefore, if only 15 pounds of the cornmeal was lost or damaged by reason of the careless unloading of a shipment by the carrier's agents, then the value of such 15 pounds of cornmeal at the time of shipment from point of origin represents the amount of damage for which the carrier is liable. Your gratuitous arrangement with the Food Administrator by which you furnished additional sacks for the purpose of securing the cornmeal, the cost of the same to you cannot be assessed against the carrier in the sense of changing its actual liability as established by the bill of lading.

The prudent course would have been to sell the cornmeal exactly as received from the carrier and to have held the carrier liable for the difference between the proceeds of such sale and the value of the cornmeal at place and time of shipment.

See the recent case of *Keeny vs. C. R. & Q. R. R. Co.*, 167 N. W. Reporter 475, in the Supreme Court of Iowa.

What Constitutes Delivery to Consignee.

Ohio.—*Question.* We will appreciate your answering, through the columns of your journal, what constitutes delivery by carrier to consignee on railroads. The specific instance we have in mind represents delivery of a car of spelter placed on the interchange tracks by railroad company, who claims at the time of placing car on said joint interchange tracks the seats of the car were intact and that such delivery upon joint interchange tracks constitutes delivery to ourselves.

This car when taken from interchange tracks and placed on our private siding and checked was found to be short, covering which we filed claim for loss, which the railroad company declined to pay offering as their reason that delivery as made by them on interchange tracks constituted delivery to ourselves, and their responsibility ceased upon delivery on said interchange tracks.

We operate under the average demurrage agreement and under the rules of demurrage, we understand, cars placed on interchange tracks are in effect delivered to us, the placement on our private tracks being made as ordered from the point interchange tracks.

Answer. In the absence of any contract to the contrary, a carrier is responsible as an insurer for the safety of the goods entrusted to it for transportation and is liable for any loss or damage thereto until a legal delivery or tender of delivery has been made. There is no delivery of the goods so as to discharge the carrier from liability, so long where it still has control of the goods and no one else may move them without its consent, or where they are inaccessible to consignee, or where something remains to be done to complete delivery and acceptance; an actual acceptance in such instance being necessary to relieve the carrier from liability. However, a delivery by the carrier at the place specified in the bill of lading or a delivery at the place where it is customary for the consignee to receipt and accept shipments will be sufficient to discharge the carrier from liability for its safety, provided that 48 hours' notice of arrival has been given prior to the loss or damage to the shipment, except that when the shipment is delivered on a private track or other siding, it will be at the owner's risk after the car is detached from the train. See section 5, paragraphs 1 and 3, of the uniform bill of lading.

We understand from the above inquiry that the shipment in question was not actually delivered on the private siding of the carrier and that the loss occurred while the car was standing on the industrial interchange tracks of the carrier, at which place it was not customary for the consignee to accept shipments. If so (unless the consignee could not accept delivery on his sidetracks, in which event notice of arrival should have been given), then there was no legal delivery or tender of delivery of the car in question.

Loss and Damage Decisions

Cases Recently Decided by State and Federal Courts

(Digests taken from Reporters and Digests of National Reporter System, published by West Publishing Co., St. Paul, Minn. Copyright, 1918, by West Publishing Co.)

CHARGES AND LIENS.

Loading Charges:

(Supreme Court, Appellate Term, 1st Dept.) Where defendant, suing for increased loading charges, did not claim

that there was any fraudulent concealment by defendant of the fact that under the tariffs duly filed with the Interstate Commerce Commission, such an allowance was granted to shippers who loaded the cars themselves, it

was immaterial when plaintiff discovered that no such allowance had been made.—*Cuneo Importing Co. vs. New York Cent. R. Co.*, 170 N. Y. Sup. 940.

Time to Sue:

(Supreme Court, Appellate Term, 1st Dept.) Where a shipper had no running account with a carrier, its action for so-called loading charges on shipments loaded on the carrier's cars, brought more than eight years after the right of action accrued, could not be maintained, unless plaintiff showed that defendant had made a part payment.

—*Cuneo Importing Co. vs. New York Cent. R. Co.*, 170 N. Y. Sup. 940.

In such case, where plaintiff's claims each constituted a separate debt, defendant's payment of part of the claims could not be considered a part payment upon all of plaintiff's claims, or a waiver of the bar of the statute of limitations as to enforcement of the claims which the defendant specifically refused to admit.—*Ibid.*

SHIPPING DECISIONS

Breach of Contract:

(Circuit Court of Appeals, 2d Circuit.) Plaintiff firm was a dealer in coal at Mexican ports, and prior to 1912 had made shipments on vessels of defendant steamship company. At that time the parties entered into a contract by which defendant, for a term of three years from Jan. 1, 1913, agreed to furnish vessels for carrying all the coal shipped by plaintiff, which was to be sent from certain ports of the United States at specified rates of freight. Shipments were made during the first part of

1913, when, owing to the unsettled political and business conditions in Mexico, plaintiff ceased further shipments and suspended its business, except for the sale of coal on hand. In 1915 plaintiff demanded five ships under the contract, which were refused. It made no effort to obtain transportation by other vessels and practically abandoned further shipments. Held, in an action for breach of the contract, that an instruction that plaintiff was entitled to recover as damages the difference between the contract rate and the current rate of freight was erroneous; that assuming the validity of the contract, in the absence of evidence of loss in plaintiff's business, resulting from the breach, and the amount of such loss, there was no basis for the recovery of substantial damages.—*Munson S. S. Line vs. Grimwood et al.*, 249 Fed. Rep. 722.

It is presumed that, in making such contract, the parties contracted with reference to the quantity of coal reasonably required by plaintiff to carry on its established business.—*Ibid.*

MISCELLANEOUS TRAFFIC DECISIONS

REGULATION OF COMMON CARRIERS.

Unreasonable Rates:

(Circuit Court of Appeals, Eighth Circuit.) Where a shipper has paid a rate afterward declared by the Interstate Commerce Commission to be excessive, he may recover as damages the difference between the excessive rate and the rate declared to be just and reasonable by the Commission, without proof of actual injury.—*Atchison, T. & S. F. Ry. Co. et al. vs. Spiller*, 249 Fed. Rep. 677.

The Open Forum

A Department for the Discussion by Patrons and Friends of THE TRAFFIC WORLD of Transportation Questions of Interest to Traffic Men Who Keep in Touch With the Times—Contributions are Welcomed

NEW ENGLAND CRITICISM

Editor The Traffic World:

A recent issue of the Boston Herald contains a long telegram from Washington which states that New England is now in the "In Bad" class because it has criticized the mistakes of the Railroad Administration and that business may be withheld from New England and sent elsewhere for this reason.

We presume that we should assume the attitude that the state can do no wrong, accept without murmur whatever is handed out and suffer discrimination and other wrongs without complaint. And if this can be done to New England it can be done to other sections of the land—other industries or communities.

This reads like a piece of Hun propaganda and can have no other effect than to undermine loyalty. Moreover, it is a violation of the constitutional provision which grants to the people the fundamental right to peaceably assemble and petition the government for redress of wrongs. When that provision is nullified by the fear that business—our livelihood—may be taken away, what becomes of the relations between the governing and the governed?

It is earnestly hoped that this information is wrong. We find it difficult to believe that it has the ring of authority, as we know it has all the earmarks of poor

judgment. The necessity to win the war is the paramount issue to-day. Toward this end New England keeps pace with every other section of our country.

All we ask is a square deal. To accept less without complaining is cowardly, to demand more is unworthy.

J. D. Hashagen.

Boston, Mass., July 22, 1918.

RETURN LOAD BUREAUS

Editor The Traffic World:

Rising freight rates and expanding embargoes now—and will continue to—emphasize the need of adoption of motor truck freight and passenger transportation as against steam and electric railroads. Three cents per mile and \$5 per ton look profitable to motor vehicle owners and the volume of the movement so handled within a 25-mile zone is ballooning. If the railroad management wanted to jettison the short-distance suburban and inter-urban traffic, they have found the way in the adoption of the 3c per mile passenger and 25c scale freight tariffs.

Motor truck makers will have to hump themselves to keep pace with demand for trucks.

Regarding the "Return Load Bureau" scheme: Early in March last a meeting was held at the Providence Chamber of Commerce of representatives from various cham-

ers of commerce throughout New England, at which an organization styled Highways Transport League of Southern New England was launched. A second meeting occurred April 18, at which the name was changed to New England Highways Return Load Association and officials and committees chosen. Since then little has been done to co-ordinate the activities of the various chambers of commerce and state councils of defense, all of which are active in trying to promote the return load idea, but the whole scheme lags because of failure to co-ordinate and consolidate the different bodies so that they may pull together and function unitedly toward finding a way to get at the truck owners and the shippers that want transportation and connect them up.

This chamber established its return load bureau April 2, being the pioneer in Massachusetts, since when the work of registering the truck owners whose service is purchasable, and getting information as to freight available from manufacturers and shippers, has progressed to point where we are now able to get them together. We send this kind of advice to shippers.

Empty or Partly Empty Motor Truck Movements.

Where		Kind		Owner	
To	From	When	Capacity	Body	Owner
Boston	Brookton	Wed.	5 Ton	Stake	John Doe

Send address and phone call

To look out properly for long distance movements it would seem necessary for each bureau to notify every other within a prescribed zone daily of any empty truck or goods movement for that or subsequent days. This, of course, would involve a toll-free phone charge, and perhaps one way to reimburse bureaus for such necessary expense would be to assess it upon the truck owner who secured the load.

Thus far all the labor of this chamber in its return load bureau has been free to all. The Boston Chamber of Commerce plans for the establishment of a return load bureau which, they figure, will, according to the committee who have investigated the matter, call for an expenditure of \$3,000 a year. The success of the whole scheme in New England now appears to hinge upon in one way picking up the bureau, the State Public Safety Commission, the U. S. Bureau of Agriculture, Council of National Defense and numerous other bodies now monkeying with the problem, so that they may work together with a pull in the same direction.

In the meantime the private truck owners and the rapidly expanding volume of parcels post matter will educate the rural population to an appreciation of what highway transportation means, and their tax bills will teach them what it does to their roads.

Wm. M. Chase.

Traffic Director, Brookton Chamber of Commerce,
Brookton, Mass., July 23, 1918.

EXPRESS RATES IN MISSOURI.

Exception is taken to the statement in the Washington correspondence of The Traffic World, July 20, that Missouri was one of the states that had not complied with the request of the Railroad Administration to allow a ten per cent advance in express rates. It is explained that the Missouri commission promptly wired Director Brady that it would permit advanced rate tariffs to be filed, subject to suspension if unforeseen matters should develop, and that the American Railway Express Company then filed regular application for the ten per cent advance on less than statutory notice. The filing of the tariffs was authorized in Authority No. 623, June 29.

ROUTING FREIGHT IN WESTERN TERRITORY

(Address by F. P. Townsend, vice-president, M. & St. L. R. R., and assistant to J. G. Woodworth, traffic assistant to Regional Director R. H. Ashton, before the Traffic Club of Chicago, July 23.)

I have been asked to speak on the subject of Routing Freight in the Western Territory, and because our plans for this important work were inaugurated before the division of the Western Territory into three operating regions, I will outline to you, in a brief way, what we have tried to do in Western Territory as a whole, although, as you know, there are now three operating regions in the west under three Regional Directors.

The Food Administration and the various departments of the Government have asked you to economize, and rigid rules have been laid down as to the use of many food products and many commodities required for manufacturing purposes. These economies are necessary to the end that all of our resources may be devoted to winning the great war.

The slogan of the day is: "Don't Waste," and this same slogan may be applied to transportation as well as to food and other commodities. The Railroad Administration does not expect to adopt rigid rules that will handicap you in your business affairs, but does ask you to help to save transportation; to economize in transportation in the same way that you have in food, in clothing, in shoes and in all other commodities.

In the past the selection of routes was influenced by many considerations other than the desire to ship via the shortest and most economical routes. It is now desired that in the routing of your shipments, you select the direct and economical routes affording the best service and avoiding the long, circuitous routes, which are wasteful. The Railroad Administration is meeting with the most hearty response from shippers in the matter of routing freight, and I know the results will fully warrant your co-operation. If the loaded car mileage and the empty car mileage can be reduced, it means increased transportation with the present facilities. If routes can be selected that avoid the use of expensive terminals, it means increased facilities for handling traffic which must move to and through those terminals. If in the end the movement of traffic can be speeded up so as to assure you more prompt delivery, your efforts and ours will have been well repaid.

During the winter and the early spring every possible effort was being directed to the movement of traffic and there was very little time for a careful study of preferred routes which would minimize the cost of operation and which would afford better service to the public. During this period such traffic was routed in the Western Territory to avoid congestions and embargoes, and only during the last four months has it been possible to make progress in a constructive way. It is a big undertaking, but the results obtained so far warrant the assurance that the extension of this work will result in much better service to the public and at the same time decrease the operating costs of the railroads.

On December 26th, 1917, President Wilson issued his proclamation under which the Government took over the operation of the railroads and on and after twelve o'clock midnight of the twenty-eighth day of December, 1917, all transportation systems were placed under the control of Mr. W. G. McAdoo, who was appointed Director-General of the Railroads.

On December 7th, 1917, Mr. McAdoo issued General Order No. 1 which provided among other things that:

All traffic on the systems covered by said proclamation shall be routed on a direct system of transportation, and no traffic shall be routed on any other route, except in cases of emergency or of supposed corporate advantage. All traffic shall be routed on the shortest and most economical route, and no traffic shall be routed on any other route, except in cases of emergency or of supposed corporate advantage.

The selection of routes by shippers is to be disregarded, and the efficiency of transportation service may thus be improved.

Interchanges between carriers must not be permitted, except with explicit consent.

Routes which have not heretofore been established, except where experience and efficiency of traffic will be promoted and if difficulty is experienced in such routes, notice thereof shall be given by carriers or shippers, and be given at once to the Director, by wire.

The first step taken in the Western Territory to apply these principles to all traffic was the appointment of a Freight Routing Committee, of which Mr. J. G. Woodworth was Chairman and district committees were organized at St. Paul, Portland, San Francisco, Houston, Denver and Kansas City. The first instructions issued by this committee provided:

1. That distance shall be the original measure, and following the direction prescribed by the Interstate Commerce Commission, any route representing distance more than 115 per cent of the shortest available route shall be considered impractical; distances in distances 25 miles or less may be disregarded.

2. Exceptions to the foregoing rule will be considered justifiable:

(a) When by reason of grades or other operating conditions the longer route is more economical.

(b) When congestion or blockade conditions may be thus avoided.

(c) When important consideration of public policy demand the use of another route.

These exceptions should in every case be reported to this committee with full explanation.

Following the issuance of these instructions, much traffic was rerouted in the Western Territory, but due to the congestions at important gateways and at many large terminals the progress was slow and it was not until after the congestion had been relieved that the railroad administration in the west was able to secure the best results in diverting traffic to the short and economical routes. It was also found, to insure the best results, that it was necessary to adopt plans for direct supervision of routing at important points and at various gateways, so that a study could be made of traffic moving from and to these various points, and routes selected which would afford good service to shippers and economical operation to the carriers. This plan was first put into effect at Minnesota Transfer and later extended to include Peoria, Kansas City, Omaha, Ogden, Portland, El Paso and various points through which there was heavy movement of traffic. The plan in effect at Minnesota Transfer is typical of the general plan. At that point the carload freight billing for incoming trains is checked before the trains are broken up and switched out, and shipments are rerouted where necessary under the direction of an experienced traffic man. By rerouting traffic immediately, upon arrival of trains all unnecessary switching is avoided. Short routes to principal points from Minnesota Transfer have been selected to which the traffic is diverted. For the period, May 25th to July 15th, there was rerouted at Minnesota Transfer a total of 2,725 carloads, which resulted in a saving of 326,682 loaded car miles, or an average reduction in the haul of 120 miles per car. A few illustrations of rerouting at Minnesota Transfer will be of interest. Traffic moving through Minnesota Transfer to Des Moines, Ia., has, during the past, moved via several different routes, via which the mileage varies from 263 miles via the C. R. I. & P., which is the short route, to 597 miles via the C. R. & Q. R. R., which is the long route. Shipments

for Des Moines moving through Minnesota Transfer are now being rerouted via the direct routes. Traffic for St. Louis, Kansas City and the southeast was in some instances moving via Chicago and this traffic has been turned to the direct routes, resulting in a reduction in the haul and avoiding the use of the Chicago terminals. Similar results are being obtained at other points where this plan for direct supervision of routing is in effect and the plan is being extended to cover all important terminals.

The fruit and vegetables from Southern California, which in the past has largely moved via the Southern Pacific through Roseville to Ogden and points east, were rerouted via Colton and the L. A. & S. L. R. R. For the months of April and May 810 carloads were rerouted, resulting in a reduction of 376,650 loaded car miles, or an average saving of 465 miles per car.

In one instance a large movement of wheat, amounting to 1,093 carloads, from points on the C. W. R. & N. Ry. to Minneapolis, which had formerly moved via Omaha was rerouted via direct lines to Minneapolis, resulting in a reduction of 452,335 loaded car miles, or an average of 414 miles per car.

Traffic from Southern California moving through El Paso to destinations in Texas and the east, which had formerly moved via the Southern Pacific lines, was rerouted via direct routes from El Paso, and for the period March 1st to June 4th a total of 631 carloads were rerouted, resulting in a reduction of 160,230 loaded car miles, or an average saving of 239 miles per car.

Recently two train lots of bean oil, amounting to 67 cars, moving from Richmond, California to Cincinnati, Ohio, routed via Southern Pacific Ry. to New Orleans, care of the Southern Railway, were rerouted via direct lines resulting in a reduction of 56,548 loaded car miles, or an average reduction in the haul of 844 miles per car.

Oil from the new oil fields at Casper, Wyo., moving to Regina, Alberta, has in the past moved via routes varying in distance from 969 miles to 1,257 miles. This traffic has been diverted to the short routes. Based on the total movement of 2,659 carloads to Regina, Alberta, during the year 1917, this would result in a reduction of 632,206 loaded car miles, or 234 miles per car.

The first report made to Washington covering the traffic rerouted in the Western Territory shows a total of 4,644 carloads rerouted and a saving of 1,235,654 loaded car miles.

These are only a few specific cases, but from them you can readily appreciate the results that can be obtained by directing traffic to the proper routes. In addition to rerouting of carload traffic, empty equipment moving to the west is sent via the short routes, regardless of whether the lines hauling the empty cars are to participate in the loaded movement or not.

In rerouting traffic many questions have arisen where agents and shippers were in doubt as to the rates to be applied when shipments move over routes not specified by shippers and to prevent misunderstandings and insure uniformity, a circular was issued on May 7th by the Regional Director for the Western Lines, which embodied the ruling of the Interstate Commerce Commission as covered by the order of April 26th. This circular provides that:

Where shipper specifies a route to which under the tariffs transit privileges and terminal rights apply, when such route is not under embargo, the transit privileges and terminal rights must be protected without additional cost to shipper should his routing be disregarded by the railroads for efficiency reasons.

When traffic is forwarded by the railroads for efficiency reasons via a route to which a higher rate applies than over

The application of the National Retail Coal Merchants' Association for a rehearing in I. and S. No. 1050 has been denied by the Commission.

Personal Notes

George F. Leinang, newly appointed traffic commissioner of the Sandusky (Ohio) Chamber of Commerce,



entered railway service January 7, 1886, as messenger in the general freight and passenger office of the Valley Railway (now Baltimore & Ohio Railroad) at Cleveland, Ohio. He was successively statistical clerk, voucher and claim clerk, rate clerk and chief clerk, during the reorganization of the Valley Railway, C. T. V. Railroad, and its purchase by the Baltimore & Ohio. He was transferred to Sandusky, Ohio,

September 1, 1889, as chief clerk, division freight office, being promoted to division freight agent, September 1, 1911, which position he held up to the time of his acceptance of his new place.

Regional Director Markham has appointed Key Compton federal manager of the Baltimore Steam Packet and Chesapeake Steamship Lines, with office in Baltimore, Md.

H. G. Benedict, for the last four years general eastern agent of the Atlanta, Birmingham & Atlantic Railway Company at New York, is now with Hoyden, Stone & Co., New York.

A. J. Chapman, formerly freight traffic manager of the Alabama & Vicksburg and the Vicksburg, Shreveport & Pacific railroads, has been appointed general agent of the Southern Railway lines at New Orleans as the representative of the Railroad Administration, to succeed T. F. Steele, who has retired from all connection with the operation of the property or its management, but still retains his connection with the corporation as an officer and representative of the company's financial interests.

N. D. Maher, regional director, announces that the jurisdiction of Geo. W. Stevens, federal manager, office at Richmond, Va., is extended over the Ashland Coal & Iron Railway.

Hale Holden, regional director, announces the appointment of W. S. Palmer as general manager of the Northwestern Pacific Railroad, with office at San Francisco, Cal.

T. T. Webster is appointed general traffic manager of the G. H. Mead Company, Dayton, O. He will have supervision over traffic from the mills at the following points: Chillicothe, O., Dayton, O., Edmuniston, N. B., Espanola, Ont., Iroquois Falls, Ont., Kingsport, Tenn., Port Arthur, Ont., Sack Ste. Marie, Ont., Sturgeon Falls, Ont.

H. D. Driscoll, secretary and traffic manager of the Waco Chamber of Commerce, has been elected president of the Texas Industrial Traffic League. Other officers are: J. A. Morgan, Houston, first vice-president; H. S. L'Hommond, Orange, second vice-president; A. W. Reeves, El Paso, third vice-president; Ed P. Byars, Fort Worth, secretary; and F. E. Potts, Texarkana, treasurer. The new executive committee consists of F. A. Lallier, Galveston; S. C. Griffin, Sugarland; C. C. Murray, Lufkin; Joe McConnell, Houston; C. A. Bland, Beaumont; and Hamlin Palmer,

Amarillo. G. S. Maxwell of Dallas, the first president of the league, and U. S. Pawkett of San Antonio, retiring president, are also members of the executive committee under the by-laws of the organization.

R. A. Brand, vice-president of the Atlantic Coast Line, at Wilmington, N. C., has been appointed traffic manager; James Menzies, freight traffic manager at Wilmington, has been appointed assistant traffic manager—freight; J. W. Perrin, assistant freight traffic manager, at Wilmington has been appointed general freight agent.

George S. Hobbs, second vice-president of the Maine Central, with office at Portland, Me., has been appointed traffic manager.

C. L. Thomas, freight traffic manager of the Baltimore & Ohio, at Cincinnati, O., has been appointed traffic manager, western lines, with office at Cincinnati.

The Southern Railway announces the appointment of J. A. Baumgardner as freight claim agent at Washington D. C.; George Greaves, freight claim agent at Cincinnati and H. T. White, freight claim agent at Chattanooga.

J. A. Craig is appointed freight claim agent of the Georgia Southern and Florida Railway and St. Johns River Terminal, at Macon, Ga.

C. H. Markham, regional director, announces that the jurisdiction of A. W. Thompson, federal manager for the Baltimore & Ohio Railroad (east of and including Parkersburg and Pittsburgh), Cumberland Valley Railroad, Western Maryland Railway, Coal & Coke Railway, Cumberland & Pennsylvania Railroad, and Wheeling Terminal Railway, is extended over the Staten Island Rapid Transit Railway.

A. H. Rowan, assistant to vice-president, traffic department, New York Central Lines, has been appointed major Engineer Reserve Corps, U. S. Army, assigned to the Thirty-sixth Engineers, and leaves immediately for service overseas. The Thirty-sixth Engineers is a traffic regiment and will perform duties in connection with the military railways in France.

REASONS FOR WIRE CONTROL

(Continued from page 166)

the President his way without much examination into reasons and expected results.

The Literary Digest of July 20, without bias and without, apparently, any purpose except to present in its customary manner, by quotations from the public press, the prevalent ideas as to an important matter, is illuminating by reason of the almost entire absence from these quotations of any convincing or adequate reason for the taking over of the wire companies. Some publications argue for or against the plan, but their arguments are their own. They do not represent the ideas of the administration or Congress. We have the phenomenon of the government, under the guise of war-time necessity, taking over the telegraph and telephone companies of the country without the country knowing what necessity the action is intended to meet and without its even being told (except for the formal language of the law and the proclamation) that there is any such necessity.

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DIVISIONS TO SHORT LINES.

The tentative report in the case of the McGowan-shue Lumber Company against the Florida, Alabama & Gulf and others (printed in full elsewhere this issue) is especially interesting on account of widespread concern just now in the question of divisions to short lines.

The big fact that all the short lines relinquished on government control have to face is that there now no competition among their trunk line connections and that there will be none until the government lets go of them. As a war measure the government has suppressed the competition which pre-war policy commanded and enforced with drastic penalties on the theory that the suppression of competition restrained trade.

On the liberality of the Railroad Administration and the Interstate Commerce Commission in prescribing divisions to short lines will largely depend the question of their survival. If the government adopts the theory that, there being no competition, it need pay only small divisions to the roads it has relinquished, then the owners of the short lines are likely to lose their property and it will pass into the hands of the junk dealers or of men with money enough to hold it to a better day or to a day when they can sell it with advantage to the government or to the trunk lines.

The effect on the short line owner, unless the government recognizes that an originating carrier is entitled to much more than a mere mileage proportionate, will be the same as if the consolidation of the trunk lines had been brought about in defiance of the anti-trust laws—with the difference that if the

consolidation had been made in defiance of the anti-trust laws, the owners of the short lines, damaged by such defiance, would have the legal right to recover treble the amount of damages suffered by reason of such violation of the anti-trust statute, whereas no such legal right could be asserted against those making the consolidation of parallel and competing lines in the name of the President of the United States in the exercise of powers conferred by a statute of later date than the anti-trust laws.

As the maker of public policy Congress is the only source of relief for the owners of short lines, if the Railroad Administration and the Interstate Commerce Commission act on the assumption that, competition having been eliminated, the division to a short line need be made no higher than the officials of the Railroad Administration and the Commission think it would have been made by a single trunk line connection of that short line.

FREE TRANSPORTATION.

Whether we like government operation of the railroads, as at present generally conducted, or not, it is at least accomplishing some things that it would have been difficult, if not impossible, to accomplish under the old system of private operation and which, even though they may not be generally admitted to be necessary or wise, are favored by many students of transportation problems to the point where they deserve consideration and where the trial they are now having is at least a desirable economic experiment.

One of these things is the abolition by the Director-General of express "franks" for railroad and express company employes—or, more especially, the abolition of railroad passes for railroad employes that, it is announced, is expected to follow. We do not know whether this expectation is based on anything more than logical sequence or not, but that would appear to be enough, for, if express franks are considered improper, surely railroad passes are in the same category.

We have previously taken the position that it was not good business method for one line to grant free transportation to employes of another line traveling over it on business, perhaps for the very purpose of getting traffic away from the line over which they were traveling; that there was no good reason for granting free transportation privileges to employes of one line traveling on pleasure or personal business over another line; and that there was merely a sentimental reason for giving passes to employes traveling over their own line on personal business or pleasure. Many railroad men agreed with us, but there were difficulties in the

way of bringing about a reform, and nothing was done.

Now the roads are under common control and are operated by one head for the public benefit. No road can be embarrassed in its dealing with another road because there is no such thing in any but a physical sense. There is no question of employees of one line traveling on business for their line over another road because the business of soliciting traffic and so on no longer exists. Railroad men no longer travel on railroad business except the common business. There is still a question, of course, as to whether, when they travel thus, they should do so free or should pay their fare, but that is more or less a detail of mere bookkeeping since their expenses are paid ultimately, not by the road on whose payroll they still appear, but by the Railroad Administration. The only problem here is the proper allocation of expense, just as in the case of a railroad man all of whose time is taken up with service on a committee under the orders of the Railroad Administration, serving all the roads and the entire public instead of his own line, on whose payroll he is.

As to free transportation for pleasure or personal business either over one's own line or over another line, we think there can be no question in this war-time, when every effort is being made to conserve facilities and to discourage travel by higher rates and poorer service. Whatever sentimental reason there might have been before the war—and we admit its force—for this kind of thing, it exists no longer. It has vanished with the business considerations which made the reform we have been discussing difficult under the old methods.

We commend the action of the Railroad Administration in abolishing express "franks." Anyone who has anything to ship by express should pay a fair rate, not only because the express company needs the revenue but because in this time of conservation of facilities no one ought to expect the favor of free express transportation. The same argument applies to railroad transportation and we are sure the Railroad Administration will see it. If such a plan is put into effect it may well be one of the things developed by government operation that will be thought worth preserving in the permanent scheme after the war.

REVIEW OF STATE RATES.

Assuming, for the sake of argument, that under the federal control act the President has the power to initiate state rates, or at least that his power to do so will not be contested and that he will continue to exercise it, how will one who feels himself injured by such state rates proceed to get them

changed? Although the federal control act give the Interstate Commerce Commission power to review interstate rates initiated by the President, we presume no one will say that that act or any other authority gives a state commission power to review an intrastate rate so initiated. The only recourse then, would be in the Interstate Commerce Commission. But does the federal control act give the Commission power to review intrastate rates? There seem to be those who hold that it does. Whether they are right or wrong from a legal point of view, at least it would seem that their theory is the only one that promises a way out of the dilemma.

This is one of the complications arising out of the new system of rate regulation. It is to be considered and dealt with, of course, but there is danger of making too much of it. It is to be hoped that the freight traffic committees appointed by the Railroad Administration will iron out inequalities in President-made state rates, just as in the case of President-made interstate rates, before many such cases reach the stage where it is deemed necessary to take them to the Commission. At least that is the theory. And certainly it is to be expected that the necessity for appeal to the Commission will arise no more often in the case of state rates than in the case of interstate rates.

SAILING DAYS TO BE ADOPTED

Current Affairs, the publication of the Boston Chamber of Commerce, in its issue of August 5 will say:

The New England roads will shortly inaugurate the sailing day plan on shipments to points west of the Hudson River. This action is taken at the suggestion of Regional Director A. H. Smith, who holds out the promise of much improved service through the loading of cars direct to destination instead of to transfer stations.

The sailing day plan, which has been in effect in New England for some months, has worked so satisfactorily the carriers have decided to extend it to points west of the Hudson River, as far west as San Francisco and as far south as New Orleans. It is understood that the present plan contemplates a large increase in loading of straight cars to destinations now served through transfers. These cars will be forwarded from Boston as often as the business demands—in some cases daily, in other cases three times a week, or where the amount of traffic is quite light, less frequently.

The plan contemplates that business for certain stations shall be sent over one railroad as a rule. Where two railroads handle freight for the same point, the sailing days will be arranged so as to give a daily service out of Boston over one road at least, or if not a daily service, the receiving days for the different roads will be so arranged as to give as nearly as possible a daily service. This plan should result in much better service and should obviate the necessity for tracing a large number of less-than-carload shipments. It will also prevent freight from going astray, as there will be no rehandling at transfer stations, which to-day are badly overcrowded.

Where there is not sufficient business for a given point to warrant a straight car, shipments either will be loaded in one of the direct cars going in the direction of the final destination or will be loaded to the farthest transfer point possible.

Current Topics in Washington



Review of President-Made State Rates.—The next big argument before the Commission may be as to whether it has jurisdiction over President-made rates applicable to intrastate transportation. Memoranda, brochures, and notes on that subject are in circulation among the commissioners now. The question will be raised by a shipper or some representative of a state commission, or possibly in behalf of

them all. There is a considerable body of opinion among men in the Commission that the control law does confer jurisdiction on the Commission to consider the reasonableness of state rates initiated by the President. Those who think that way lay down the proposition that the congressional mandate to the President was: "Operate the railroads as a unit, make their rates and do everything needful in their management you think is necessary to win the war, with review of what you do in the way of making just and reasonable rates resting in the Interstate Commerce Commission." Most of the discussion consists of more or less pertinent dissertation on the "war power of the government" instead of on the specific point as to whether Congress, in the railroad control law, in the exercise of its almost unquestioned war power, told the President to disregard the ratemaking power of the states. The answer to that question, it is believed, must be made so clear that the effect will be to show that the limitation Congress set in the fifteenth section of the control act has no relation to the making of rates by state commissions, subject to the limitation that they must not interfere with interstate commerce. That section, in terms, preserves all state laws and police regulations that do not interfere with or affect the transportation of troops, government materials, and war supplies, except those relating to the issue of stocks and bonds. If a state rate interferes with the transportation of troops or war supplies, of course, it is unlawful. If a law declaring that 24,000 pounds shall be a carload minimum for lumber in Indiana interferes with a Quartermaster-General who is trying to get a battery of 4.7-inch guns from Fort Riley to Fort Benjamin Harrison, it must be removed. Otherwise the fifteenth section seems to say that that part of the rate law of Indiana shall stand. The question is not as to whether the war power of Congress can amend or repeal state rate laws, but whether Congress has done that thing.

Food and Fuel Control Law Differs From Railroad Law.

The Lever food and fuel control law, under which the government is operating to prevent runaway markets in food and fuel, contains no limitation of any kind. In it the lawmakers admittedly conferred the full war power possessed by them on the President for use in making war. As to matters committed to his care by that statute, it is suggested, the President occupies the field fully. If anyone raised any question about the lawfulness of things done by Hoover or Garfield on the ground that the transaction was a matter wholly within a state, a sufficient answer, it has been pointed out, would be that where the national power exists, it dominates—that is to say, it excludes

any other power. The Lever law makes no saving of state laws or police regulations pertaining to food or fuel such as the railroad control law makes in behalf of state laws and police regulations relating to all phases of railroad regulation, except taxation, issuance of stocks and bonds, and things that might affect the transportation of troops, government materials, or military supplies. A point has been made that if the President had not authority over state rates he might not obtain sufficient funds wherewith to operate the railroads, and thus would be defeated the main purpose of the control law. That contention, it is believed, answers itself when one remembers that rates insufficient to maintain a railroad are unconstitutional, a point that could be made by the Director-General acting as the receiver or trustee for any railroad corporation the property of which has been entrusted to him by contract or under the law of August 29, 1916, if no contract has been made with the owners of the property. It is not necessary for a railroad company to charge the government anything for hauling freight. If the Director-General desired, he could instruct all railroad agents to bill government freight free and loan money to the companies transporting the materials free, out of the funds in the treasury. A dispute about rates has never stopped transportation. So long as the government has an army and the right to take supplies for that army it can operate the railroads, and thereby carry out the primary object of the legislation regardless of rates.

New Method of Doing Business by Wire.—From this time forward the man who has had to transact business by wire because a special delivery letter has been only a little faster than the other kind, will begin finding out whether the elimination of competition between privately controlled telegraph companies and privately controlled telephone companies is good for him. So long as there were two telegraph companies wire-users, in big cities especially, were able to play one company against the other in the matter of service. Loss of business at a particular office always drew the attention of the higher officials to that office. They inquired why Smith & Jones were giving all business to the hated rival, and if the fault lay with the local manager attention was given to his case. In the case of the wire companies, the competitive system worked fairly well. The cost of superintendence, it is admitted, was greater than would have been the fact had there been only one organization instead of two, but often it has been found that two organizations are cheaper, in the end, than one, because the striving of each organization to get a share of the business has created speed and efficiency for which there will be no incentive when there is only one. The government can never be hurried except by the slow process of political action and that is so dubious a method that no one has ever conducted a political campaign on the platform that, if elected, he would put speed into the work of his department. Economy has often been the campaign slogan, but only two or three times in the history of the country has the government found it necessary to reduce taxation because cost had not developed as fast as income grew.

The Commission's Social Efforts.—The Commission, under the direction of Secretary McGinty, is doing a good deal to make the members of its staff, especially those from outside of Washington, feel that they are welcome in Washington and that it believes well founded the rule that all work and no play makes Jack a dull boy. Committees have

been appointed to enable the Commission, among the members of its staff, to provide a method for becoming socially acquainted and develop an esprit de corps. There are committees on dancing, tennis, swimming, boating, shooting and plain walking. Every Thursday evening, in one of the big rooms in the Commission building, there is a dance for those who count Terpsichore a goddess worthy of attention, or think joints inclined to creak should be ignored instead of pampered. Washington, for the young people without friends among the people of long residence, is a dreary place, especially for the young woman who has responded to the government's alluring advertisements and come to Washington to help in the stupendous war tasks. Efforts such as the committees of the Commission have made are believed to bridge over that hard time of "getting acquainted" in Washington.

Work for Theodore Brent.—Theodore Brent, formerly a member of the U. S. Shipping Board and before that traffic representative of New Orleans commercial organizations, has undertaken to organize the Mississippi and Black Warrior barge project in so far as the traffic end is concerned. He is to be traffic manager, with offices in St. Louis and branches at other points along the proposed transportation system. The Railroad Administration some time ago placed M. J. Sanders of New Orleans in general charge of the project, which is to develop a barge service on the two rivers, especially with a view to getting coal transported from the Alabama and other fields contiguous to these streams. The determination to spend money on such a system is the result of appeals made to the Director-General by the senators and representatives who have been prominent in the Rivers and Harbors Congress, of which Senator Ransdell of Louisiana has long been president. While Sanders is procuring the tugs and barges, Brent, as traffic manager, will have to figure out where the tonnage is to come from and the rates it should pay—whether just as much as all-rail, when allowance has been made for the more costly transfer, or whether a shade under the all-rail so as to relieve the rail carriers of the burden of carrying coal during the war. The inclination of the Railroad Administration ratemakers is to say that a shipper shall pay as much for water transportation as for all-rail and that there shall be no differential routes—the latter on the theory that the value of a service depends on whether the freight can move by the long or differential route—hence the proposal to cut out the differential routes from New England via Canada and make the rates applicable via them as high as the routes through the United States.

A. E. H.

CLASSIFICATION HEARINGS

(By a Staff Correspondent.)

Boston, Mass.—The hearings on the proposed consolidated freight classification opened in Boston August 1, according to schedule, with Attorney-Examiner Disque presiding and J. C. Colquitt, the Commission's classification agent, who sat with the committee that prepared the consolidated classification, in attendance. A staff of expert stenographic reporters and an assistant attorney accompany the examiner to summarize each day's testimony on the day of its taking. The thought is that by January first the Commission and Director-General McAdoo can decide what should be done and then give ordinary notice of the effective date.

In advance of the hearing New England seemed to be

making its hardest protest against the change in mixing rule No. 10 as causing too big an advance on its specialties. Hardware and engine specialties were next in interest. The undertone throughout was that New England had received about all the rate advances it could stand.

At the opening of the session Examiner Disque made the following statement:

Each party who desires to offer testimony should obtain from the reporter and fill out one of the printed appearance blanks, and state on the bottom margin thereof the number of the classification rule or the name of the commodity in which he is particularly interested, and the approximate amount of time which his testimony will require. If interested in more than one rule or commodity each one should be stated. In all cases the page reference and the rule or item number should be given. Appearances on behalf of parties represented by counsel should be filed by counsel and not by witnesses.

The main purpose of the hearings in this case is to gather facts and information that will be helpful to the Commission in making its recommendations to the Director-General of Railroads, regarding the changes and additions contemplated by proposed consolidated freight classification No. 1.

The hearings are not for the purpose of taking testimony as to items that are not proposed to be changed.

Applications by shippers for changes in and additions to the classification that are not covered by the proposed consolidated classification should be made to the respective classification committees direct, or complaint filed with the Commission. The former method is generally employed in the first instance.

A representative of the classification committee will take the witness stand first and proceed to outline in a general way what has been done in the proposed classification, particularly with regard to the items which he deems are of the most importance to shippers in this part of the country. After that, the various protestants may be heard. Testimony in justification of the changes and additions against which protestants offer testimony will generally follow the completion of all protestants' testimony on each classification provision. Where several parties are interested in the same matter it is hoped that some one representative will be authorized to testify for all wherever practicable.

It will necessarily be our aim to keep the testimony on each subject together at each city where hearings are to be had. Generally speaking, a party interested in several subjects cannot be heard on all of the subjects at the same time or successively, but will be expected to wait until his respective subjects are taken up. It may, accordingly, be necessary for a witness to take the stand several times during a hearing. Testimony on any of the subjects involved may be introduced at any point where hearings are scheduled.

As each witness for the shippers takes the stand, he will please hand his name and address in writing to the reporter. After being sworn, he should state his name, address, and business occupation, refer by page and item number to the matter in which he is interested, explain his objections, and then proceed with his testimony in support thereof. All testimony should be made as brief and concise as possible.

Any party in the case may file a brief based upon the facts in the record on or before November 1. There will be no reply briefs. All briefs must be printed and served in accordance with rule XIV of the Commission's rules of practice. It may be well for parties interested in the same subject matter to present their case in joint briefs.

The Commission's new rule of procedure, involving the service of the examiner's report upon the parties, will probably not be followed in this case.

Whether or not oral argument will be had before the Commission at Washington has not been decided; but parties who desire to be heard in argument, if oral argument be granted, must make their request on the record or in a letter to the Commission on or before October 15.

Cases now pending before the Commission respecting classification matters will be decided on their respective records, but without prejudice to the making of different

(Continued on page 228)



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Decisions of Interstate Commerce Commission

REPARATION ORDERED

The Commission, in a supplemental report on Docket No. 2205, S. A. F. & Co. vs. T. & P. Ry. Co. (50 I. C. C. Opinion No. 5541, 50 I. C. C. 597, 598) has brought to a conclusion its decision in the original order and has awarded reparation on certain named shipment of green suited nuts from Ft. Worth, Tex., to London, and Marlinton, W. Va., for the amount of the three cents overcharge which was assessed in each case. These charges were assessed on joint through rates which were in excess of the sum of the locals.

RATES ON SAND AND GRAVEL

Reversing its decision in Docket 874, Anderson Theobald Company vs. Vandavia R. R. Co. et al. (46 I. C. C. 412), the Commission, in Opinion No. 5449, 50 I. C. C. 595, 597, has dismissed a complaint for reparation. The original report found that the rates on sand and gravel in carloads, from Anson, Branch, Ill., to certain named points in Indiana were not justified and to certain points prescribed maximum rates for the future, not to exceed the rates from Hammond, Ind. Subsequently the interstate rates from Hammond were increased by 5 to 10 cents per ton under an authority granted by the Public Service Commission of Indiana. The Commission holds in the respected case, that the rates from the Anson Branch of the Vandavia Road were not unreasonable and set aside its original order.

WALNUTS AND ALMONDS

In a decision by Division No. 3 the Commission has dismissed the complaint of the California Walnut Growers Association et al. vs. Aberdeen & Rockfish et al. (Docket No. 5572, opinion 544, 50 I. C. C. 578, 571). This complaint attacked the rates on walnuts and almonds, C. L., from producing points in California, to points in Colorado east of the Rocky Mountains to the Atlantic seaboard territory. It was contended that the rates were unjust and unreasonable in and of themselves, that they were unduly prejudicial in favor of shippers at intermediate points, and that they were violative of the provisions of the fourth section.

The complaint was filed by the California Walnut Growers Association and the California Almond Growers' Exchange, the two associations handling about 75 per cent of the walnuts and almonds shipped out of California, which are sold in competition with nuts from Europe, China, and other. Prices of American nuts are based, to a large extent, on the foreign propositions and foreign prices rather than on cost of production, the price being on that of foreign nuts in New York with the addition of the freight rates. There is a keen competition between American and foreign nuts in all markets in the country, about 75 per cent of the imported nuts being distributed east of the Mississippi River.

The rates on nuts like those on many common California products are bracketed from the Rocky Mountains to the Atlantic seaboard except with the territory east of

the Mississippi River and south of the Ohio. The rate to the Atlantic seaboard is \$1.40 and to southeast the rates range from \$1.42 to Nashville up to as high as \$1.69 at Waycross, Ga.

The fact that rates on walnuts were higher than those on some other California commodities does not constitute unjust discrimination, in the view of the Commission. "It does not appear that the higher rate on nuts has been a source of advantage to the shippers of the other commodities, or that there is any real and substantial competitive relation between nuts and the other California products."

As pointed out by Commissioner Hall, the rates which have been established under General Order No. 78 will exceed those which were under discussion in the consideration of the complaint and are not subject to review in these proceedings.

RATE ON BOX SHOOKS

In a report on No. 5507, Anderson Tully Co. vs. Alabama & Vicksburg et al., opinion No. 5502, 50 I. C. C. 553-4, the Commission finally disposed of an old case. In 20 I. C. C. 714, it decided that a rate of 20 cents on box shooks from Vicksburg to Port Arthur, Tex., via the V. S. & P., Kansas City Southern and Texas & N. & P. Smith was unreasonable, and ordered reparation. It was held unreasonable because it exceeded a combination of 16 cents on Delta, La. When the shipments had been checked the defendants declined to certify that the shipments were box shooks. They contended that they were box material on which the combination was 18 cents. Another hearing was had. The railroads introduced no testimony at that time. The dictionary quoted by the Commission confirmed the testimony of the witnesses for the complainant as to what are shooks. Box shooks are not separately defined. The billing was box material, but the Commission said that box material includes shooks. So did the dictionary. The reparation is for \$1,000, with interest from March 14, 1912.

CHARGE FOR CLEANING CARS

CASE NO. 9239.

(50 I. C. C., 578-590)

NATIONAL LIVE STOCK EXCHANGE VS. ABILENE & SOUTHERN RAILWAY COMPANY ET AL.

Submitted Nov. 16, 1917. Opinion No. 5518.

Charges of \$2.00 for cleaning and disinfecting single stock cars, \$3.00 for double stock box stock cars, including two states, when required by federal state, county or municipal authorities or upon the request of shippers, found not to be excessive and the amount of the charges are shown by defendants to be no more than reasonable. Complaint dismissed.

Division 2, Commissioners Clark, Daniels and Woolley.

It is alleged in this complaint that defendants' charges for cleaning and disinfecting livestock cars, in addition to rates for transportation, subject shippers and receivers of live stock throughout the United States to the payment of charges which are unreasonable, in violation of section 1

of the act, and that such charges subject shippers of live stock to the payment of greater compensation for service rendered than is charged other shippers of carload freight under substantially similar circumstances and conditions, in violation of section 2 of the act. The Commission is asked to require defendants to cease and desist from the alleged violations of the act and to furnish, upon request, to all shippers of live stock throughout the United States safe and suitable livestock cars, cleaned and disinfected as may be required by regulations of federal, state, county, or municipal authorities without imposing a charge therefor in addition to published rates for transportation.

The Board of Railroad Commissioners of the State of Iowa; State Corporation Commission of New Mexico; National Society of Records Associations; Railroad Commission of the State of Nevada; Corn Belt Meat Producers' Association; Henry Knight & Son; National Live Stock Shippers' Protective League; American Live Stock Association, and Minnesota Railroad & Warehouse Commission intervened.

Previous to the year 1915, except in the southern part of the country, hereinafter referred to, no charges were published by defendants for cleaning and disinfecting livestock cars. In February, May, and June of that year charges of \$2.50 for cleaning and disinfecting single-deck cars and of \$4 for double-deck cars were published by the defendants and have since been maintained. The wording of defendants' schedules with respect to the service is not identical, but so far as the amount of the charges and the purpose for which they are made is concerned they are the same. It is sufficient here to show the provision of two schedules as illustrative. Southwestern Lines Committee schedule contains the following:

CLEANING AND DISINFECTING CARS.

The published tariff rates for the transportation of live stock do not include the expense for disinfecting cars made necessary by federal, state, county or municipal regulations or orders of shippers.

When such regulations require cars which have been or are to be used in the transportation of live stock, to be cleaned and disinfected, or when shippers order cars disinfected, the following charges will be made for such service and will be assessed against the shipment on account of which such cleaning or disinfecting is performed:

For each single-deck car.....	\$2.50
For each double-deck car.....	4.00

Western Trunk Line Committee schedules contain the following:

CLEANING AND DISINFECTING CARS, CHARGES FOR.

The published rates of the carriers, parties to this circular, as amended, for the transportation of live stock or any shipment in which live stock is included, do not include the expense for disinfecting cars, made necessary by federal, state, county or municipal regulations, or order of shippers.

When such regulations require cars which have been or are to be used in the transportation of live stock, or any shipment in which live stock is included, to be cleaned or disinfected or when shippers order cars disinfected, the following charges will be made for such service and will be assessed against the shipments on account of which such cleaning or disinfecting service is performed.

When cars are cleaned and disinfected under federal, state, county or municipal regulations the following charges will be assessed against the inbound shipment, which made necessary the cleaning and disinfecting of the cars, and collected from the consignee of such shipment.

When disinfected cars are ordered by shippers for new shipment, thus making it necessary to disinfect the cars, not under federal, state, county, or municipal regulations the following charges will be assessed against and collected from the consignor of such new shipment:

For each single-deck car.....	\$2.50
For each double-deck car.....	4.00

The material facts in the case are not in dispute, except as to the cost of cleaning and disinfecting cars, and may be briefly summarized as follows: Upon arrival at terminal live-stock markets, or other points where government inspectors are located, any car that has contained animals infected with a disease, regarding the prevention of which the Bureau of Animal Industry of the Department of Agriculture has published regulations, is "carded" by the inspector. Before the car can again be used in interstate commerce it must be cleaned and disinfected in the manner and with material approved and designated by the Bureau of Animal Industry. Cars so carded are switched to cleaning yards located at various points on lines of defendants. The work must be approved by the inspector, who affixes cards to the cars indicating that they have been properly cleaned and disinfected at the time and place shown thereon.

Rules of the Bureau of Animal Industry, made under authority of federal laws, which forbid the interstate transportation of animals afflicted with certain infectious diseases, have been in effect and enforced for many years. Briefly, the rules require that cars loaded with cattle, hogs, or sheep from certain districts or regions of the United States, or with animals suffering from certain diseases, shall be thoroughly cleaned of bedding, manure, and litter and saturated with disinfectants. Not only is the disinfectant to be applied in manner, quantity, and quality to satisfy the government inspector, but the preliminary cleaning of the car is also under his supervision. Every particle of refuse material must be removed and the floor and sides of the car scraped and thoroughly cleaned, and it is sometimes required to be washed. Disinfecting material is applied usually with a hand force pump through a rubber hose. Where the hand force pump is not used, the disinfecting material is forced through the hose from an engine.

The authorities of some states prohibit the movement of live stock into their states for feeding, breeding, or stocking purposes except in cleaned and disinfected cars.

In the fall of 1914 there was an outbreak in this country of what is known as the "hoof-and-mouth disease," an exceedingly virulent and destructive infection affecting cattle. From the fall of 1914 until May, 1916, the disease spread to an extent never before known. There had previously been spasmodic appearances of the disease, chiefly from imported stock, which were readily confined to limited areas. In 1915 the malady was found in 21 states of the union. National and state authorities co-operated to adopt methods to cure the disease and prevent its spread to uninfected regions. Herds of cattle were ordered slaughtered and their bodies buried or burned during the time the disease was prevalent. Practically all live-stock cars in which cattle had been, or would be, transported were required to be cleaned and disinfected. The record does not show the total number of cars cleaned and disinfected throughout the country during the entire period, but it does show that during the calendar year 1915 a total of 323,985 live-stock cars were cleaned and disinfected by defendants, and that during the fiscal year ended June 30, 1916, 136,580 cars were so treated. The last period includes six months of the year 1915, but the figures indicate a marked decrease in the number of cars required to be cleaned and disinfected during the latter period.

Complainant asserts that the labor now performed in cleaning and disinfecting cars is no greater than it was before charges were published for the service in 1915 and is not materially different. Except for the fact that inspectors were somewhat more exacting and vigilant during the epidemic of hoof-and-mouth disease, there is no evidence submitted by defendants to refute complainant's assertion. The rules of the Bureau of Animal Industry now require, and have required for many years, that cleaning and disinfecting of live-stock cars shall be thorough. There is no showing that there has been any change in the rules in this respect in recent years. The hoof-and-mouth disease was eradicated in this country by the 1st of May, 1916, and since that time conditions with respect to cleaning and disinfecting live-stock cars have been substantially the same as prior to the outbreak of the disease in the fall of 1914. No general infection of live stock has required that any substantial proportion of the cars of defendants shall be cleaned and disinfected. It is shown that the number of cars required to be cleaned and disinfected by reason of certain diseases specified in government regulations have decreased as compared with the years previous to 1914. For example, cleaning and disinfecting cars which have carried animals affected with what is known as "scabies" has practically ceased because of the eradication of the disease; there have been large sections of the country freed from cattle "ticks" by the efforts of the government, and these sections are no longer in prohibited territory; and the almost complete cessation of export movement of live stock has reduced the work of cleaning and disinfecting formerly required of carriers reaching the seaboard.

It is the practice of defendants to furnish clean live-stock cars when demand therefor is made by shippers. No charges are, or have been, made for the service. The cleaning process is materially different from that required

when disinfecting is necessary. It consists merely in moving the refuse from the floor of the car with a pitchfork or shovel. It is frequently done by section men at a point of shipment upon order of the local agent. Shippers seldom demand a clean live-stock car. A certain amount of refuse in the car is desired by them as bedding. Some of the defendants clean their live-stock cars occasionally at their convenience. Some of the eastern carriers clean their cars every trip, but this is done it is asserted, to meet competition at the Chicago market. One of the western carriers cleans its cars every trip if they are not in active demand. But cars can not be disinfected except unless they are thoroughly cleaned, that is to say, disinfecting a car includes cleaning it in a manner satisfactory to a government inspector. A car cleaned for shipment of live stock is simply one from which the refuse has been removed from the floor space.

Comes of the report and orders of the Canadian Board of Railroad Commissioners in proceedings involving cleaning and disinfecting live-stock cars were submitted by complainant. These show that the Canadian board disallowed charges of \$2.50 for single-deck and \$4 for double-deck cars, published by carriers in Canada, and ordered that not to exceed 75 cents should be charged for the service of cleaning and disinfecting all cars. The complainant also submitted as an exhibit a copy of a report and order of the Public Utilities Commission of the State of Illinois. The order issued by the Illinois commission requires the defendants subject to its jurisdiction to charge not to exceed 75 cents for cleaning and disinfecting single-deck and \$1.25 for double-deck cars. The order was appealed from by the defendants and is now pending in the state supreme court.

The complainant concedes that where shippers knowingly or willfully infect a car with a prohibited disease they should pay a reasonable charge for disinfecting only, but that such charges should not be made in case cattle are shipped from the "hook" zone, which always entails subsequent cleaning and disinfecting of the cars in which they were transported or in case of epidemics, where all cars are by order of national or state authority required to be cleaned and disinfected. It is the contention of complainant that in case of a general epidemic carriers should stand their share of the expense as producers do when their herds are condemned or sacrificed at a fraction of their value.

Defendants assert that they disinfected cars without charge previous to May, 1915, when quarantine regulations were fewer, less widespread, and more easily complied with, and that so far as the foot-and-mouth disease is concerned there was not such an amount of cleaning and disinfecting as to be unduly burdensome until the epidemic occurring in 1914. It is argued by defendants that, although there was no separate charge for many years for cleaning and disinfecting cars in which had been transported cattle from the "hook" infected sections of the south, the question is not what has been done but what should be done, and that an unjustifiable concession to shippers could not be found reasonable merely because it had been long continued.

It is contended by complainant that in the transportation of live stock as with other freight the carriers' unquestionable obligation to furnish safe and suitable cars is not fulfilled when a car that will merely confine the stock is furnished for the car must be safe for the transportation of the stock, which should be protected from injury from any cause that might be reasonably anticipated, and that precautionary measures must be taken to prevent the exposure of live stock to infectious or contagious diseases.

Many of the rail carriers in the territory east of the Mississippi and south of the Ohio rivers, since early in the year 1914, have provided for charges when the services of cleaning and disinfecting live-stock cars is necessary, under the requirements of the Department of Agriculture or because of federal, state, county, or municipal regulations. The question of the lawfulness of the charges was considered by the Commission in New Orleans Live Stock Proceedings vs. I. & N. R. R. Co., et al. (C. C. 1049, The Traffic World, Feb. 26, 1914, p. 752). The Commission found that the published charge of \$2.50 for cleaning and disinfecting a single-deck live-stock car had not been shown to be unreasonable or otherwise unlawful. At page 63 the Commission said:

The carrier's tariff rates are presumed to provide reasonable charges for the service ordinarily or normally required and performed. If the shipper or receiver demands an additional service, the carrier has a right to assess a reasonable charge therefor. If because of the nature or condition of the shipper's freight the federal government or the state finds it necessary or appropriate to require extra precautions in connection with such shipments, which precautions impose upon the carrier an additional service it is entitled to a reasonable compensation for that extra service. All such charges, in addition to being reasonable, must, of course, be free from unjust discrimination.

It is argued by complainant that the defendants by making a charge for cleaning and disinfecting a car in addition to the rate of transportation are requiring the shipper to pay for a service which is included in that rate; and that regulations requiring the adoption of certain measures of protection afford such protection to all shippers, and since the cleaning and disinfecting service was being performed without charge before the present high rates of transportation were published live-stock shippers are paying for the service in the rates.

In *Hammond, Standish & Co. vs. M. C. R. R. Co.*, 42 I. C. C. 102 (The Traffic World, Dec. 16, 1916, p. 1253), schedules of a number of carriers engaged in transporting live stock to Detroit, Mich., from various stockyards were under consideration. The schedules provided for charges of \$2.50 for cleaning and disinfecting single-deck and \$4 for double-deck cars, under similar circumstances and conditions to those here under consideration. The charges there considered became effective February 1, 1915. In that case the Commission found the charges for cleaning and disinfecting cars carrying interstate shipments of live stock to Detroit, Mich., in compliance with regulations issued by the United States Department of Agriculture to prevent the spread of contagious, infectious, or communicable diseases, were lawful, and that the published charges were reasonable. At page 103, the Commission said:

The complainants attack the tariffs as unlawful on the theory that the cost of the disinfecting service is already included in the transportation rate. It is contended that carriers of live stock are under obligation to furnish clean cars and that the cost of any service necessary for this purpose is included in the transportation rate. It appears that prior to the regulations and tariffs here under consideration certain southern cattle cars and cars containing shipments of hogs were cleaned and disinfected at Detroit under federal regulations without extra charge, and this fact is relied on as tending to support complainant's contention.

• • • We do not think the fact that a similar service had been for a time performed without charge, with respect to southern cattle cars and cars containing shipments of hogs, is of particular value as tending to prove that the cost of the service now required is already provided for in the transportation rate. Formerly the service was not so extensive as under the orders and regulations covering the foot-and-mouth disease, which embraced in quarantine a very large part of the middle western territory. The fact that a similar service was for a time performed to a limited extent and without extra charge furnishes no good reason why a proper charge may not be imposed when the nature or condition of the shipment makes the service necessary.

On brief the defendants contend that the Commission having found in the two cases above referred to that charges for disinfecting should be borne by shippers of live stock, there remains for disposition in this proceeding the question whether the published charges for the service are reasonable.

The defendants submitted evidence and exhibits showing the results of tests to determine the cost of cleaning and disinfecting live stock cars at the principal markets of the country. In making the tests substantially the same methods were used by each of the defendants submitting evidence. The cost of labor, materials, etc., was divided into principal items, and actual tests were made and records kept of the cost of each item. The items are as follows:

1. Cost of labor—cleaning
2. Cost of labor—disinfecting
3. Cost of material—disinfecting
4. Cost of tools—cleaning and disinfecting
5. Cost of extra engine service
6. Cost of per diem—car detention
7. Cost of destroying refuse
8. Cost of other items

The actual time of the men engaged in the work under the different items was determined from time books or by putting separate gangs of men to work on lots of cars; cost of materials used in disinfecting was determined with respect to each car; the additional switching re-

cost of the extra service was fixed by actual tests. The proportionate cost of tools and appliances and the cost for detention of cars and the other charges were ascertained from records. The per diem charges were 15 cents or 45 cents per day, as during most of the year the records were kept the charges were 45 cents per day for reciprocal car detention, and for the remainder of the year 15 cents.

It was not necessary to set out the exhibits of each defendant. It will suffice to give a summary of them as submitted by defendants on brief, as follows:

Carrier	Place	Date of Test	Single-deck cost	Double-deck cost
B. & O. S. W. Ry.	Chicago	Dec. 1 to Dec. 28, 1915	\$2.52	\$3.65
	Kansas City	July 1 to Dec. 31, 1916	*2.97	
	Denver	July 1 to Dec. 31, 1916	*2.88	
	Wichita	July 1 to Dec. 31, 1916	3.12	
	Oklahoma City	July 1 to Dec. 31, 1916	3.61	
A. N. W. Ry. Co.	Leburne	July, 1915, to June, 1916	2.81	
	West Chicago	Dec. 1 to Dec. 15, 1915	2.70	
C. M. & St. P. Ry. Co.	Chicago	Nov. 28 to Dec. 28, 1915	2.41	
	Savannah	Dec. 1 to Dec. 6, 1915	2.78	4.12
Illinois Central	Chicago			
	Wildwood	January, February, June, November, 1915	3.67	
	Hawthorne Yard	January, February, June, November, 1915	2.48	
Northern Pacific	East St. Louis	January, February, June, November, 1915	3.02	
	Canton, Miss.	January, February, June, November, 1915	6.22	
	St. Paul	January and March, 1916	2.39	
C. P. & Q. R. R. Co.	Galesburg, Ill.	January, 1916	2.46	
	Eola, Ill.	January, 1916	2.75	4.16
	South Omaha		6.35	7.04
Western	Wymore, Neb.	July 1, 1916, to March 1, 1917	4.93	
	Allamore, Neb.		3.25	
	Montgomery, Ill.		6.46	7.75
Union Pacific	East St. Louis, Ill.	February, April, July, November, 1916	2.45	7.95
	St. Louis, Mo.	February, April, July, November, 1916	2.57	3.16
	South Omaha, Neb.	11 months of 1915	2.65	3.80
M. K. & T. Ry. Co.	Kansas City, Mo.		*3.19	
I. & N. R.	Paterson, Kan.	April 1 to 15, 1917	3.34	4.78
	Louisville, Ky.		2.65	
B. & O. S. W. Ry.	Cincinnati, O.	April, July, November, 1916	3.05	
	Terre Haute	February, April, July, November, 1916	3.21	4.70
B. & O. S. W. Ry.	Lindale, O.	November, 1916	4.28	4.68
	Karner, N. Y.	Nov. 15, 1914, to Feb. 29, 1915	5.06	8.07
N. Y. C. Lines		March 1, 1915, to May 28, 1915	3.91	5.77
	Elkhart, Ind.	July and August, 1915	2.84	8.25
		November and December, 1914	3.99	5.57

*Per hour, at 75 cents.

The defendants assert that at the time most of the tests were made in 1915 the cost of materials and labor was much lower than during the year 1916 and up to the date of the hearing.

In determining the cost per hour of operating a switch engine items of repairs, interest, depreciation, insurance and taxes, wages paid to the crew, fuel, water, lubrication, other supplies, roundhouse expenses, the proportion of yardmasters and clerks, yard switch and signal tenders, yard supplies and expenses of supervision, and the proper proportion of claims and damages were considered. For example, the Illinois Central on the basis stated computed the cost of operating a switch engine per hour to be about \$5. This basis was used by each of the defendants in fixing the cost of the extra engine service.

Complainant's witnesses testify that the labor necessary to clean and disinfect the ordinary car can be done in a few minutes, and that the cost of disinfecting material should not exceed 23 cents per car. No actual test of all items of expense was made by complainant. The witnesses testified from observation while the work was being done. Reference was also made to the fact that when the defendants contracted for the service it was done at rates much lower than those given.

Complainant insists that little credence should be given to the cost figures presented by the defendants. It is alleged by complainant that most of the tests were made in the winter months when the cost of cleaning and disinfecting is materially greater than in the warmer months because of the frozen condition of the refuse and the necessity for heating the disinfecting material before application. It is also shown that the marked variance between the total cost, for example, at Canton, Miss., and Montgomery, Ill., as compared with that at Chicago and Galesburg, Ill., is unaccounted for.

The defendants insist that the differences in the various tests, and the great cost is one proof of the credibility of the figures, that the conditions under which the carriers work differ, and that the figures show with reasonable accuracy what it cost the carriers to perform the service at

representative places in the country where the work must be done, and where the cost of labor and materials are different.

Each item of cost is considered and discussed in detail by complainant on brief. No good purpose would be served by taking these up separately. It is enough to state that complainant concludes that all the cost figures have been grossly overstated. For example, complainant analyzes the car detention items and shows that the charges range from 45 cents to \$3.30. Complainant previous to the hearing requested defendants to furnish detailed information as to the live-stock car detention, but no such

information was furnished. It is insisted that the question of car detention can only be settled by consideration of car performance, and since the defendants refused access to that information, argument must be made from disclosed facts, which show that no increase of live stock equipment was necessary to enable the defendants to handle the greatest volume of live stock shipments in the country's history during the year 1916. Some of the lines show fewer stock cars in operation and some more, but as a whole the supply is practically stationary; and there is no tenable ground for defendants to charge per diem when their cars were earning more revenue than ever before. On the other hand, it is insisted by defendants that the detention charges are exceedingly low and favorable to the shippers, since they by no means represent the value of the use of the car.

Complainant also insists that no attention need be paid to "Item No. 8" in the cost tests of defendants which is alleged to include "other items" because every conceivable item that may properly be considered is included in items 1 to 7. The complainant has examined all the cost exhibits submitted by defendants and ascertained from them the minimum cost of the service as follows, not including items 6 and 8:

Item	Cents	Carrier
1.	24	B. & O. S. W. at Cincinnati, O.
2.	6	I. C. R. R. at E. St. Louis, Ill.
3.	7	C. M. & St. P. at Chicago, Ill.
4.	1.1	N. Y. C. at Karner, N. Y.
5.	15.3	C. B. & Q. at Eola, Ill.
6.	00	Not properly chargeable.
7.	1.2	N. Y. C. at Elkhart, Ind.
8.	00	Not properly chargeable.
Total	54.6	

It is contended by complainant that the actual cost may properly be presumed to never exceed the minimum figure thus ascertained, and that it is not unreasonable to insist that this small amount shall be included in the rates of transportation, as had been the case previous to the year 1915.

the allegation by defendant of the Wisconsin Central Railroad Company that it handled coal in large volume from Manitowoc, and was able to compete with coal dealers shipping from Duluth, that since that time, owing to the increased rates from Manitowoc to the twin cities, and on account of other factors, they have gradually lost business through the Manitowoc gateway.

In justification of the rates assailed defendant's witness testified that beginning about 1900, there was a heavy inland movement of flour, in box cars, from the twin cities to eastern points by way of Manitowoc. There was no tonnage of importance originating at Manitowoc for westbound movement and to secure a return load it was necessary that the Wisconsin Central equalize the rates on coal to Minneapolis from Manitowoc with rates on coal from Duluth, the lake rates from Lake Erie ports to Manitowoc at that time being practically the same as the rates to Duluth and other Lake Superior ports. The conditions which influenced the former low rates from Manitowoc have changed; the movement of flour eastbound through Manitowoc has greatly decreased; coal now moves more expeditiously to the twin cities from docks located at Superior and Ashland, Wis., points taking the Duluth rates, and less distant from the twin cities; there is at present no regular movement of dock coal from Manitowoc, but the coal moves all-rail from the mines by way of Manitowoc in foreign gondola equipment subject to per diem charges; and practically all of this equipment returns empty.

Defendant compares the rate assailed with rates of \$1.60 on bituminous coal and \$2 on anthracite coal from Chicago and Milwaukee to the twin cities, which rates have been increased since the hearing to \$1.75 and \$2.15, respectively. The total freight charges on bituminous coal from the mines, over defendant's line by way of Manitowoc, are lower than the charges by way of Milwaukee or Chicago.

Defendant contends that the rates assailed are lower than the general basis of rates on coal in western trunk line territory, and cites rates ranging from \$1.40 to \$2.08 on bituminous coal and from \$1.85 to \$2.35 on anthracite coal from Milwaukee, Chicago, Manitowoc and Duluth to points in Minnesota and Iowa, for distances ranging from 314 to 321 miles. The class rates to the twin cities from Manitowoc are the same as the class rates from Chicago and Milwaukee. Manitowoc is 310 miles, and Duluth is 153 miles from St. Paul over defendant's line. The \$1.50 rate from Manitowoc produces 4.84 mills per ton-mile. The \$1.11 rate on bituminous coal from Duluth produces 7.2 mills per ton-mile and the \$1.35 rate on anthracite coal from Duluth yields about 9 mills per ton-mile. It was stated for the defendant that the rates from Duluth to the twin cities were prescribed by the Minnesota Railroad Commission, effective May 15, 1914, and are known as the Cashman scale. By applying the Cashman scale from Manitowoc to the twin cities, the rates would be \$1.57 on bituminous coal and \$1.96 on anthracite coal.

We find that the defendant has justified the rates assailed, and the complaint will be dismissed. That portion of Fourth Section Application No. 4654, filed by the Minneapolis, St. Paul & Sault Ste. Marie Railway Company, by which authority is sought to continue rates on coal from Manitowoc to the twin cities which are lower than the rates contemporaneously applicable on like traffic from or to intermediate points, was heard with this case. Defendant offered no evidence in justification of the fourth section departures, and the application will be denied to the extent that it is involved.

Appropriate orders will be entered.

(The fourth section order is No. 7336.)

PAYMENT OF UNDERCHARGES

CASE NO. 9776

(50 I. C. C., 571-572)

JOHN P. WILSON VS. PENNSYLVANIA RAILROAD COMPANY ET AL.

Submitted Feb. 7, 1918. Opinion No. 5335

Complaint alleging that, in demanding the payment of undercharges on a carload of peaches from Ridge Springs, S. C., to Philadelphia, Pa., after he had sold the peaches on commission and remitted the proceeds to the consignor, is discriminatory in favor of other commission merchants who received correct freight bills before remitting to the consignors. We are asked to order the defendants to cease demanding from complainant charges in excess of the amount named in the original freight bill. Rates are stated in cents per 100 pounds.

BY DIVISION 2

The complainant alleges that defendants' demand upon

him for the payment of undercharges due at the legally published rate on a carload of peaches shipped July 5, 1915, from Ridge Springs, S. C., to Philadelphia, after he had sold the peaches on commission and remitted the proceeds to the consignor, is discriminatory in favor of other commission merchants who received correct freight bills before remitting to the consignors. We are asked to order the defendants to cease demanding from complainant charges in excess of the amount named in the original freight bill. Rates are stated in cents per 100 pounds.

The shipment consisted of 560 crates of peaches, moved over defendants' lines and was delivered to complainant, the consignee, July 7, 1915. On July 8, 1915, complainant having sold the peaches on commission, remitted to the consignor the proceeds less his commission and \$213.81 for freight. The original freight bill was based upon an estimated weight of 25,200 pounds, "subject to correction," at a rate of 60.4 cents, \$152.21, plus charges of \$61.60 for refrigeration, and was paid by complainant on July 15, 1915. About July 20, 1915, a revised freight bill was presented to complainant which showed \$240.35 as the correct charges, made up of \$178.75, 23,520 pounds at the legal rate of 76 cents, plus refrigeration charges of \$61.60. The correct rate was shown in the bill of lading, the original freight bill and the bill for undercharges. The undercharge of \$26.54 is due from the party legally responsible therefor.

It appears that the purpose of this proceeding is to have the Commission determine whether or not the complainant is the party legally liable for the payment of the undercharges. The complainant contends that the act does not compel the collection of undercharges from the consignee, who had received the goods as agent for the consignor, after his relation as agent had ceased, and that the consignor, the true owner of the goods, alone is liable. The defendants contend that the act merely requires the carrier to collect the legal charges and does not alter the principles of law governing liability for the undercharges; that the consignee, having received the goods, without notice to the carrier of his agency, is legally liable; and that ownership of the property when transported does not determine the liability of the parties to the transportation record for the payment of freight charges. In our opinion this issue is not within our jurisdiction or within the scope of the act to regulate commerce. *Y. & M. V. R. R. Co. vs. Zemurray*, 238 Fed., 789; Conf. Ruling 314.

An order dismissing the complaint will be entered.

CHARGES FOR TRAP-CAR SERVICE

CASE NO. 8480

(50 I. C. C., 555-557)

MACEY COMPANY ET AL. VS. PERE MARQUETTE RAILROAD COMPANY ET AL.

Submitted Dec. 1, 1917. Opinion No. 5333.

Charges for trap-car service from complainants' plants to the Pere Marquette R. R. freight station at Grand Rapids, Mich., found to have been and to be unreasonable to the extent that they exceeded or may exceed \$3 per car. Reparation awarded.

BY THE COMMISSION:

Complainants are Macey Company, Kindel Bed Company and Wilmarth Show Case Company, corporations engaged in the manufacture of furniture at Grand Rapids, Mich. In our original report, 42 I. C. C., 593, we found that the charges of the Pere Marquette Railroad, hereinafter called the defendant, for trap-car service from complainants' factories to defendant's freight station at Grand Rapids had not been fully justified. The defendant was given an opportunity to submit for our consideration and approval a schedule of trap-car charges on a per car basis consistent with the carload switching charges at Grand Rapids, and in conformity with our suggestions in *Trap or Ferry Car Service Charges*, 34 I. C. C., 516. The question of reparation was reserved. On May 7, 1917, the defendant established certain trap-car charges covering this service. We have previously declined to suspend the operation of these schedules on protest of complainants, but in so doing did not pass upon the reasonableness of the charges. The case was reopened for further hearing in order to give the defendant an opportunity to justify the charges, and to develop a record which would enable us to determine what would have been and would be reasonable charges.

Prior to May 7, 1917, the defendant's charges for switching less-than-carload shipments in trap cars from complainants' factories to defendant's freight station at Grand Rapids was 50 cents per ton, minimum 10 cents per shipment, subject to certain minimum weights, or \$2 per car in cars containing freight weighing less than the prescribed minima. The charges established on that date were applicable under the following tariff provisions:

When cars contain less than 10,000 pounds for road-head movement, or when they are loaded as to require reworking at the shipping point, either to obtain correct weights or to correct or increase destination, a charge for cover switching and handling will be made as follows:

1st When the distance from the industrial tracks to the point of distribution warehouse is two miles or less, \$3 per car.

2d When the distance is over two miles and not exceeding five miles, \$4 per car.

These provisions are still in effect except that paragraph (c) now provides the \$4 charge per car for distances over 2 miles but not beyond the switching limits.

For the defendant it was stated that in fixing 2 miles as the maximum distance for which the \$2 charge would apply it was understood that the complainants' industry tracks were included within that distance, but that measurements have since disclosed that the distances from these industry tracks range from 1.75 to 2.22 miles. A willingness was expressed on defendant's behalf to amend the tariff by eliminating the \$4 charge and establishing a uniform charge of \$2 from all three of the factories, as was originally intended.

The evidence introduced for defendant as to the cost of performing this service, outside of showing that the cost had increased, is not materially different from that introduced at the former hearing. Without setting forth this evidence in detail, it is sufficient to state that, by providing for trap-car charges on the per car basis, certain objectionable features of the former method of stating such charges referred to in our original report have been eliminated, and the record fairly shows that the \$2 charge, which defendant now seeks to justify, is not excessive for the service performed. Defendant points out that \$2 is the lowest switching charge maintained at Grand Rapids, either for reciprocal switching between connecting roads or for switching to or from industries.

The complainants renew the contention made upon the original hearing that the assessment of charges for this service is unjustly discriminatory in view of the fact that the defendant furnishes substitution facilities which are available to other furniture manufacturers located in other sections of Grand Rapids and which make it unnecessary for them to use the trap-car service. This contention was fully considered in our original report and found to be without merit in so far as the trap-car charges in issue are concerned, and no additional evidence has been introduced which would justify a different conclusion. Usage costs, concerning which evidence was also introduced, do not determine the reasonableness of defendant's charges for trap-car service.

We find that the trap-car charges legally applicable were, are, and for the future will be unreasonable to the extent that they exceeded or may exceed \$2 per car. We further find that charges in excess of \$2 per car were collected on numerous trap cars containing one or more interstate shipments forwarded from complainants' industry tracks to defendant's freight station at Grand Rapids between Sept. 22, 1914, and May 6, 1917, inclusive, that the complainants paid and bore the charges thereon, that they have been damaged to the extent of the difference between the charges paid and those that would have accrued on the basis herein found reasonable, and that they are entitled to repayment with interest.

The exact amount of repayment due cannot be determined upon the present record and complainants should prepare statements showing as to each trap car concerned the date of movement, car initials and number, contents, points of origin and destination thereof, weight, charge applied, amount of charges and date collected, charge found reasonable and legal and charges applicable thereunder, and the amount of repayment due under our findings herein, which statements should be submitted to the defendant for verification. Upon receipt of statements so prepared and verified we will consider the entry of an order awarding repayment. The \$2 charge was assessed on all of complainants' trap cars forwarded on and after

May 7, 1917, but, based on the distances above referred to, some of these shipments appear to have been undercharged. If so, the collection of these undercharges may be waived.

An appropriate order will be entered.

PAY FOR COAL EQUIPMENT

CASE NO. 9706

(50 I. C. C. 543-545)

LEHIGH COAL & NAVIGATION COMPANY VS. PENNSYLVANIA RAILROAD COMPANY ET AL.

Submitted December 3, 1917. Opinion No. 5330.

Refund of the actual expense incurred by complainant, under an agreement with the Pennsylvania Railroad Company, in furnishing barges and other equipment for the delivery of anthracite coal at destinations on or reached via the Delaware & Raritan Canal, authorized.

Division 1, Commissioners McChord, Meyer, and Aitchison.

The examiner proposed the following report:

This is a proceeding brought to recover the cost of certain transportation facilities furnished by complainant in the movement of anthracite coal from mines in the Lehigh region in Pennsylvania to destinations on the Delaware & Raritan Canal and the Delaware River between April 1, 1913, and May 7, 1915. The facts, which were first brought to the attention of the Commission informally September 28, 1915, are as follows:

For a number of years defendant Pennsylvania Railroad Company, in connection with the Central Railroad Company of New Jersey and the Lehigh & New England Railroad Company, has maintained joint rail and water rates on anthracite coal from mines in Pennsylvania to destinations on or reached via the Delaware & Raritan Canal. Under the arrangement in effect between the carriers participating in the through routes the expense of the water transportation is assumed by the Pennsylvania Railroad Company, hereinafter called defendant. That carrier in order to provide for the movement by water, employed an independent contractor who was paid for the use of the barges from Conport (Trenton), N. J., to destination and for team towing on the canal and steam towing on the river.

Some time prior to 1908, the exact date not appearing of record, complainant undertook to avail itself of the joint rates established by defendants for transportation via the Delaware & Raritan Canal, but found upon investigation that the barges offered by defendant through its agent exceeded 100 tons capacity and were too large to reach the terminal facilities of certain of its consignees. Complainant thereupon applied to defendant for permission to substitute smaller barges, and, this being assented to, engaged an independent contractor to perform the water transportation at the rate paid by defendant for the same service. Under the arrangement then entered into it was agreed that if the complainant assumed the cost of the transportation on the canal and river defendant would reimburse it to the extent of the amount that the latter would have been required to pay for that portion of the through movement.

In May, 1915, the above arrangement was ordered discontinued as the tariffs made no provision for the payment of the allowances in question. In investigation of the records developed that defendant had previously refunded to complainant the sum of \$844.06, representing the amount the latter had paid for the water transportation between April 1, 1913, and December 1, 1914. At the request of defendant this amount was returned to it. Between April 22, 1915, and May 7, 1915, complainant had shipped 50 cars of coal paying thereon, in addition to the tariff rates, the sum of \$684.66 for boat freight, team towing and steam towing. Payment thereof was declined by defendant.

Complainant contends that reimbursement of its actual expenses incurred in furnishing a transportation facility which defendants were under obligation to supply, under the circumstances hereinabove related, may properly be made under section 15 of the act, and that the refusal of the defendant to make refund has been occasioned solely by its neglect to incorporate in the tariffs the fact and the amount of the allowance. These contentions are admitted in defendant's answer.

The provision of section 15 applicable hereto is as follows:

If the owner of property transported under this act directly or indirectly receives any service connected with such transportation, or if he uses any instrumentality used therein, the charges and allowances therefor shall be no more than is just and reasonable, and the Commission may, after hearing, on application of an interested party, determine what is a reasonable amount of the charges to be paid by the carrier or carriers for the services so rendered or for the use of the instrumentality so furnished, and fix the same by appropriate order, which order shall have the same force and effect and be enforced in like manner as the orders above provided for under this section.

There is no question in this proceeding of the reasonableness of the amount involved. It represents in the aggregate the precise sum that the defendant would have to pay if it had transported the shipments through to destination, and its payment would in no way inure to the pecuniary advantage of the shipper. As the matter now stands defendant has in its possession the sum of \$1,022.72 which it was not contemplated should be retained by it, and complainant has sustained an expense of a like amount in rendering a service and furnishing an instrumentality included in the rate paid for transportation. The circumstances show that complainant is clearly entitled to the reimbursement of its actual expenses in this connection, and the Commission sees no objection to the adjustment sought.

No order authorizing the refund appears to be necessary herein. If such allowances are to be made in the future, however, they should be duly authorized by tariff in accordance with section 6 of the act.

McCHORD, Commissioner:

The foregoing proposed report was served under rules of procedure providing for the filing of exceptions thereto within 20 days. No exceptions were filed.

Upon consideration of the record we approve and adopt the proposed report. An order will be entered dismissing the complaint.

COST OF DRIVING MULES

CASE NO. 9298 (50 I. C. C., 546-553)
GUYTON & HARRINGTON MULE COMPANY VS.
LOUISVILLE & NASHVILLE RAILROAD COMPANY ET AL.

Submitted April 11, 1918. Opinion No. 5331.

1. For many years prior to March 21, 1916, defendants' exclusive live stock depot in Nashville, Tenn., was the old stockyards, on Seventeenth Avenue. No tariff effective at the time showed that fact. About that date the location of the exclusive live stock depot of the defendants was changed to the new stockyards, on Second Avenue, but no tariffs showed that fact until September 15, 1916. During the interim a tariff of one of the defendants became effective July 25, 1916, which showed the location of its exclusive live stock depot as the old stockyards, on Seventeenth Avenue. The change in location of defendants' exclusive live stock depot made it necessary for complainant to drive mules a mile and a half through the city between the old and new locations during the period from March 21, 1916, to December 21, 1916. From late in 1914 until September 15, 1916, both defendants in their filed tariffs had shown complainant as an industry located at and entitled to be served through the old stockyards on Seventeenth Avenue. Held: The denial of service to complainant at the old stockyards prior to September 15, 1916, was the taking away of a privilege or facility granted by tariff and was a rule, regulation, or practice which changed, affected, and determined the value of the service rendered to the complainant as shipper and consignee.
2. The new stockyards were constructed and are maintained mainly for the handling of animals intended for slaughter, such as cattle, sheep, and hogs; they were not and are not adequate or safe for the receipt, handling, or delivery of draft animals, such as horses and mules but, in the absence of a claim and showing of unjust discrimination or undue prejudice, the Commission has no power to require defendants to provide either adequate or safe stockyard facilities.
3. Complainant is entitled to reparation for the charges paid and borne by it for the driving of mules between its yards and barns, adjoining the old stockyards, and the new stockyards during the period from March 21, 1916, to September 15, 1916, because the act of the defendants in denying complainant the services at the old stockyards offered by their tariffs was illegal. Other claims of complainant for reparation disallowed.

AITCHISON, Commissioner:

A report in this case was proposed by the examiner to which exceptions were taken. We have reviewed the record and in the light of the report, the exceptions thereto, and argument thereon, find as follows:

Complainant deals in mules and horses and within the territorial limits of Nashville has yards and barns for the

handling of such animals. Its plant adjoins and is connected by leads and alleys with the yards and barns of the Union Stock Yards at Seventeenth Avenue and the Nashville, Chattanooga & St. Louis Railway, hereinafter referred to as the old stockyards.

For many years prior to March 21, 1916, the defendants maintained their exclusive live stock depot in Nashville for the receipt and delivery of all kinds of live stock at the old stockyards. On or about that date the new stockyards at Second Avenue and Whiteside Street were opened as their exclusive live stock depot and the old stockyards were closed to local traffic. The distance through the city between the old and the new stockyards is about one mile and a half.

Both the old and the new stockyards were and are owned and controlled by the Union Stock Yards Company, a corporation which acts as agent for the carriers and through which, and its predecessors, the defendants provided and provide facilities for the receipt, delivery, and handling of live stock at Nashville. The Union Stock Yards Company intervened on behalf of the defendants at the hearing.

The complaint alleges that complainant many years ago established its plant adjoining the old stockyards and convenient thereto; that since March 21, 1916, defendants have refused to permit it to use the old stockyards and have compelled it to drive such mules as it has handled in its own yards from and to the new stockyards, through the streets of Nashville, at great expense, and with inconvenience to itself and danger to the public; that the old stockyards and complainant's plant are each entirely adequate and more accessible than the new stockyards, which latter are in certain respects inadequate and unsafe for the handling of horses and mules; that the establishment of the new stockyards as the exclusive live stock depot of the defendants at Nashville antedated notification by tariff and was, therefore, illegal; and that although the old stockyards appeared in the tariffs up to September 15, 1916, as the live stock depot of the defendants, the defendants refused, after April, 1916, and prior to September 15, 1916, to receive from complainant mules shipped in interstate commerce to be delivered at the old stockyards and insisted, notwithstanding the provisions of the tariff, that such mules be delivered at the new stockyards, although the defendants were still using the old stockyards for feeding and watering mules in transit and although defendants well knew that delivery at the new stockyards would, and did, entail great expense to complainant for leading said mules through the streets.

It also sets forth that complainant had a contract to supply the British government with many thousands of mules; and that representatives of the British government, because of the inadequacy of the new stockyards and dangerous condition thereof, required complainant to deliver such mules at Columbia, Tenn., instead of at Nashville, thereby entailing extra transportation costs to complainant of \$16 per car.

Complainant prays that the defendants be required to receive from and deliver at the old stockyards or at complainant's location at Seventeenth Avenue and the Nashville, Chattanooga & St. Louis Railway all mules shipped in interstate commerce by complainant. It also claims reparation for the expense of leading mules through the streets of Nashville; for the additional costs of transportation on all cars required by British agents to be delivered at Columbia; and for the extra cost of feed at Columbia.

By amendment, offered at the hearing, it is alleged that complainant was subjected to undue prejudice and disadvantage in that the defendants, in violation of their tariffs, received and delivered horses and mules at the state fair grounds that were not for exhibition purposes or connected with the state fair association, although refusing to receive or deliver shipments of mules under similar circumstances and conditions at the old stockyards or the yards of complainant.

The record shows that defendants maintained their exclusive live stock depot for the city of Nashville at the old stockyards location, Seventeenth Avenue north and Railroad, for about 30 years, but no tariff ever attempted to show such location as the exclusive livestock depot of either of them until on August 24, 1915, when the Nashville, Chattanooga & St. Louis Railway issued a tariff in

which this was proposed. This tariff, however, made certain alterations in the switching charges applying within the limits of Nashville and for that reason was suspended in Live Stock Switching at Nashville, Tenn., a proceeding consolidated with and decided as a part of the matters before us in Nashville Abattoir, Hide & Melting Association vs. L. & N. R. R. Co. 4 I. C. 134 (The Traffic World July 8, 1916, p. 87). In compliance with the order vacating the suspension, that tariff became effective July 25, 1916. The actual change in location of the exclusive live stock depot of the defendants took place March 21, 1916, more than four months prior to the effective date of the first tariff making this and locating as the exclusive live stock depot of the defendants. By a tariff effective September 15, 1916, the defendants specified the location of their exclusive live stock depot at Nashville as Second Avenue north and Whitehall. Starting the matter again, the tariff notation was as follows: "During and between the two stockyards acts used as the exclusive live stock depot of the defendants the tariff showed that from March 21, 1916, to September 15, 1916, the new stockyards located at Second Avenue north and Whitehall were used as the exclusive live stock depot of the defendants without tariff notice, and during the 22 days that the tariff at the Nashville, Covington & Sevier Railroad showed the location of the exclusive live stock depot as Second Avenue north and Railroad, the notation was erroneous in that the stockyards were not used for bona fide traffic and the animals received and delivered were shipped at Nashville as usual through the new stock yards located at Second Avenue north and Whitehall."

By tariff effective December 21, 1916, the defendants re-opened the old stockyard and announced for the handling of horses and mules. A note stated:

"The arrangement provided herein is intended to provide for the use of the old stockyard for the handling of horses and mules only. It is not intended to provide for the handling of other animals."

By subsequent tariffs the defendants have been permitted to alter their tariff and stock yard office.

The above set of tariffs makes it clear that the defendants, through the exclusive live stock depot of the defendants, their tariffs, however, for some time had among the privileges and facilities granted the public and the complainant, and putting aside questions asked by them with respect to their right to demand compensation or change rates, we have found that the tariff notation we shall consider concerning the location of the stock yard of the Nashville, Covington & Sevier Railroad and the location of the Nashville, Covington & Sevier Railroad effective from March 21, 1916, to December 21, 1916, showed the location of the exclusive live stock depot as Second Avenue north and Railroad, on the Union Stock Yards track and announced the Union Stock Yards as located at Second Avenue north and Railroad on the Union Stock Yards track. These notations remained in effect until September 15, 1916.

By section 1 of the act of October 3, 1917, entitled "An act to amend an act to regulate the rates of every kind used or necessary in the transportation of property of property, having as its object the removal of the act of October 3, 1917, as amended, as used in the act of October 3, 1917, subject to the act and required to file with the Commission, providing, among all terminal charges . . . , all provisions in tariffs created or altered, and any rules or regulations made by any wise change, effect of definition and part of the magnitude of such proposed rates, fares and charges, or the value of the service rendered by the carrier, or the character of the service."

The terms and delivery of live stock, having as declared in the act of the old stockyard at the nineteenth Avenue north and Railroad were primary and facilities shown in tariffs of the defendants with September 15, 1916. The denial of the use of these facilities between March 21, 1916, and September 15, 1916, was a discrimination or practice of discrimination of defendants' tariff provisions which did increase or alter the value of the service rendered to the complainant or complainants and sections, because of the use of certain thousands of pounds having in interstate commerce, some delivery between the new and old stockyards of complainants as well as which it paid and there in addition to the published freight rates. We have previously suggested that where location and handling of animals shipped results from automobile

acts, misconduct, or default of carriers in failure to make proper delivery of shipments, the shipper is entitled to recover from the carrier at fault damages in the sum of the actual or fixed, but not more than the reasonable, costs of making such delivery. Sterling & Son Co. vs. M. C. R. R. Co., 21 I. C. C., 451 (The Traffic World, Sept. 16, 1911, p. 460); National League of Commission Merchants vs. P. R. R. Co., 49 I. C. C., 85 (The Traffic World, March 30, 1918, p. 681). It is not an answer to say, as was urged at the hearing, that the proper tariff notations were not made because the tariffs themselves were suspended. Suspension proceedings would be of little value if carriers could, without changes in tariffs, accomplish what the suspended tariffs proposed to do. Nor is it of importance that the particular reason for the suspension was an increase in switching charges, not changes in the privileges and facilities allowed to the public at the old stockyards, for the tariffs were suspended by entire schedules, and the object of the suspension was to maintain the status until the investigation was completed.

A large part of the record deals with complainant's contract with the British government. It is asserted that because of the removal of defendants' exclusive live stock depot from the old stockyards to the new, that because mules driven through the streets between complainant's yards and the new stockyards became overheated, were injured and injured, whereas no similar driving would have been necessary from the old stockyards to complainant's yards, and that because the new stockyards were inadequate and unsafe for the loading and unloading of mules; the agents of the British government declined to inspect or to buy mules to be loaded or unloaded at the new stockyards and demanded that the animals be submitted for inspection at Columbia. On these grounds complainant asks as reparation certain alleged extra costs of transportation from Nashville to Columbia, together with certain additional costs of feeding at Columbia.

The contract with the British government is not set forth in the record, nor is its omission material. Losses or expenditures and anticipated expenses resulting from the refusal of the British agents to inspect or accept delivery of mules at the new Union Stock Yards are not such damages as are cognizable in this proceeding. The complainant is not entitled to reparation in any amount for losses so incurred. Its remedy, if any, is to be had through recourse to the courts.

The proof offered to show undue prejudice and disadvantage to complainant rests upon the fact that live stock deliveries were made at the state fair grounds contrary to the tariffs, whereas from March 21, 1916, to December 21, 1916, deliveries to complainant at the old stockyards or at complainant's yards were refused. The defendants admit that such deliveries were made at the state fair grounds in sporadic instances and confess that they were not justified by unusual conditions. In view, however, of the further fact that complainant was not in competition with shippers and receivers so illegally favored, it has suffered no damage by these acts of the defendants, and, as the tariffs have been amended to provide for the reasonable requirements of the public at the state fair grounds, we shall not further consider the matter of discrimination.

We come now to the main issues of this proceeding. Were the defendants entitled to maintain an exclusive live stock depot at Nashville? And, if they were so entitled, were the facilities of the new stockyards adequate and safe?

Putting aside all matters pertaining to tariff notation or exclusive live stock depots, as not necessary for determination in this proceeding, we take it that the affirmative answer to the first of these questions is reasonably well settled by the decision of the Supreme Court in the familiar case, Covington Stockyards Co. vs. Keith, 139 U. S. 128.

In Nashville Abattoir, Hide & Melting Assn. vs. L. & N. R. R. Co. supra, we said:

"The fact that a carrier has entered into a contract to make a particular stockyard its sole terminal for delivery and receipt of live stock cannot be controlling. Such a contract, in connection with all other private contracts, must be disregarded if it runs counter to transportation or conflicts with any provision of the act. It is a matter of common knowledge that in many places live stock is delivered and received at two or more stockyards in the same city. No rule of universal application can be laid down. Each case must be determined ac-

...the circumstances and conditions presented. The power of the public or of a substantial part of the public to contract must be duly considered. There is no showing that public necessity or convenience would be promoted by requiring the establishment of a stock yard terminal in Nashville.

The defendants were entitled to maintain an exclusive live stock depot at Nashville either directly or through agents or to contract for the maintenance of such a depot by their agents.

With respect to the second question, viz., that of the adequacy and safety of the new stockyards for the handling of horses and mules. It would serve no useful purpose to review in detail the facts of record. It will suffice to say that they clearly show that the new stockyards were neither adequate nor safe for such purposes. It is further shown—in fact admitted in the testimony of the president of the Union Stock Yards Company—that the new stockyards were constructed primarily for the handling of cattle, sheep, and hogs, and that little regard was paid to the requirements of draft animals. The facilities at the new stockyards were not safe or adequate for the handling of horses and mules. But it appears, *supra*, that the defendants have amended their tariffs so as to provide for the loading and unloading of horses and mules at the complainant's yards during the exigencies of the existing war, and no further relief need be considered at this time.

It is contended by defendants that the power to require carriers to furnish facilities of the kind here in question has not been conferred upon us by the Congress and that we have not undertaken in the past to exercise such power. That we have no power to require the carriers to furnish safe and adequate facilities for the handling of horses and mules at Nashville or prescribe their character is no longer an open question, in the light of the court's holding in *United States vs. Pennsylvania R. Co.*, 242 U. S., 208. We do not have before us a case of a claim and showing of unjust discrimination or undue prejudice.

Upon all the facts and circumstances shown of record, we find that during the period from March 21, 1916, to September 15, 1916, certain mules shipped in carload lots in interstate commerce were, as a result of defendants' wrongful acts, driven between the new stockyards and complainant's barns by complainant at costs which complainant paid and bore in addition to the transportation charges, and that complainant is entitled to reparation in an amount equal to the sum of such additional costs. Complainant is not entitled to reparation upon the other grounds upon which it claims.

Complainant should prepare a statement showing the details of the extra costs paid and borne by it during the period from March 21, 1916, to September 15, 1916, for driving mules, moving in interstate commerce, between its yards and barns adjoining the old stockyards, and the new stockyards, which statement should be submitted to defendants for verification. Upon receipt of a statement so prepared and verified we will consider the entry of an award of reparation.

In respect of the other issues the complaint will be dismissed.

By the Commission.

STEEL CONTAINER CASE

If the tentative report proposed by Attorney-Examiner George T. Bell is accepted by the Commission as its decision, the Pneumatic Scales Corporation, Ltd., will have lost each of the claims for which it made strong protest in Docket No. 10048.

Two points were particularly stressed in complaint and argument, in the effort to bring transportation regulations to the point where they include collapsible steel containers on substantially the same conditions and terms as those quoted other kinds of containers for package freight—first, that the rate charges on commodities shipped in such steel containers and on the return movement of such contained collapsed are unjust, unreasonable, unjustly discriminatory, and fully prejudicial, in violation of Sections 1, 2 and 3 of the act, and, second, that such container is an instrumentality

of transportation furnished by the shippers to the carrier, for which the shipper is entitled to an allowance under Section 2.

All the principal railroads of the country were made defendants in the complaint, and they opposed the relief sought both in their replies and in the argument by their counsel. The report goes extensively into the loss and damage problem and the cost sustained by the railroads. It was contended by complainant's counsel that as an offset to these loss and damage claims the carriers will obtain a new revenue from the returned collapsed containers of approximately \$8,000,000 annually. The report holds that this is too largely conjectural to be used, especially in view of the fact that the carriers contend that the return ratings asked for are so low that they will produce no profit whatever. The specific findings proposed by the examiner are as follows:

1. The general use by shippers of a steel container will reduce the loss and damage claims of the carriers due to certain causes. This fact is not sufficient to justify a rule requiring the carrier to compute freight charges on commodities shipped in such containers at the net weight contents.

2. Rates and rules applicable on shipments in steel containers as compared with the rates and rules applicable on shipments of the same commodities packed in or protected by other appliances, not shown to be unjust, unreasonable, unjustly discriminatory or unduly prejudicial.

3. Rates on steel containers returned collapsed not shown to be unjust, unreasonable or unjustly discriminatory.

4. The loss and damage problem of the carriers commented on and suggestions made to the end of reducing the claim payments on account of it and the waste resulting from it.

STORAGE ON SALMON

In a tentative report on Case No. 9964, Frank B. Peterson Company against the Santa Fe, Examiner Graham recommends a dismissal on the holding that storage charges on salmon on through export bills of lading from San Francisco to London at New York and Newport News had not been shown to be unreasonable because the shipper, as a bill of lading condition, guarantees the payment of storage charges. No discrimination, the report says, was shown. This report is without prejudice to the pending bill of lading investigation.

LUMBER MINIMUM WEIGHTS

In a tentative report by Examiner F. H. Barclay on Docket No. 10080, R. T. Feltus Lumber Company vs. Great Northern Ry. Co. et al., four findings are proposed. The complaint was filed by two lumber dealers, one in Chicago and the other in St. Louis, and a sawmill company operating at Chehalis, Wash. The contention was that the tariff rules governing carload minimum weights on lumber shipped from points in Oregon, Washington, Idaho and Montana to destinations in other states east of the Rocky Mountains and which were to have taken effect under Countiss tariffs September 24 and November 12, were either null and void or else were violative of sections 1, 2 and 3 of the act. The request was made that the tariffs in question should be stricken from the files of the Commission.

The Examiner suggests the following findings without prejudice to the conclusion which may be reached by the commission in the pending investigation in "Lumber Carload Minima," Docket No. 10128:

"That the full cubical capacity minimum weights are shown to be unreasonable or otherwise in violation of the act.

"That defendants justify the elimination of minimum weights on cars of less than 1,651 cubic feet capacity, the increase minimum weights provided November 12, 1917, or visible capacity loading and the restrictions as to sizes of cars for which orders from shippers will be honored, all have not justified the cancellation, effective September 24, 1917, of the minimum weights applicable to visible capacity loading.

"That in practical operation and apart from the fact that it is not definite, the provision concerning the minimum weight which defendants will protest in connection with a large car furnished at their convenience in lieu of a smaller car ordered by a shipper is unreasonable and unjustly discriminatory.

"The case should be retained on the docket pending the submission by defendants, for consideration by the Commission, of rules so revised as to remove the unlawful features above pointed out, copies thereof to be served on complainants and intervenor, or pending such further proceedings as may be found necessary on the premises."

DIVISIONS TO SHORT LINES

CASE NO. 9146.

McGOWAN FOSHEE LUMBER COMPANY VS. FLORIDA, ALABAMA & GULF RAILROAD COMPANY ET AL.

Reasonable division to the Florida, Alabama & Gulf Railroad Company, out of joint rates presented on yellow-pine lumber, in carloads, from Falco, Ala., to destinations on and north of the Ohio River and to points on the Louisville & Nashville Railroad in Tennessee and Kentucky, found to be 3 cents per 100 pounds.

Report Proposed by Examiner W. M. McGehee on the Question of Divisions.*

There is a large yellow-pine blanket which comprises all points on the so-called trunk lines and points on some short lines in the states of Louisiana, Mississippi, Alabama and Florida east of the Mississippi River south of a line drawn from Vicksburg, Miss., through Jackson and Meridian, Miss., Selma, Montgomery and Opelika, Ala., to the Chattahoochee River and west of the Chattahoochee River to the Gulf of Mexico, a lumber-producing territory approximately 400 miles east and west and 150 miles north and south. The Florida, Alabama & Gulf Railroad, hereinafter termed the Alabama & Gulf, extends from Falco, Ala., 26 miles southwardly to Galliver, Fla., to which point it connects with the Louisville & Nashville Railroad, its sole connection. Rates on yellow-pine lumber from Galliver are and long have been on the blanket basis. Prior to the Commission's report in the original proceedings, McGowan-Foshee Lumber Co. vs. F. A. & G. R. R. Co., 43 I. C. C., 581, joint through rates were published on yellow-pine lumber from Falco to Ohio River crossings and to points on the Louisville & Nashville in Kentucky and Tennessee on the basis of an arbitrary of 3.25 cents per 100 pounds, which was the local rate from Falco to Galliver, over the rates from Galliver, and to destinations north of the Ohio River, east of the Mississippi River, and west of and including the so-called Buffalo-Pittsburgh zone, on the basis of an arbitrary of 2 cents per 100 pounds over the rates from Galliver. No joint rates were published from Falco to points in trunk-line territory and through rates from Falco to that territory were constructed on the Galliver combinations. The Commission's report, and the order entered thereon, required the carriers to

establish rates on yellow-pine lumber, in carloads, from Falco to the Ohio River crossings, to destinations in Kentucky and Tennessee on the Louisville & Nashville Railroad, to destinations north of the Ohio River east of the Mississippi River and west of and including Buffalo-Pittsburgh territory, and to Eastern Trunk Line territory not in excess of the rates contemporaneously maintained on like traffic from Galliver to the same destinations. In other words, the carriers were required to apply the blanket basis from Falco. Upon supplemental petition filed by the Alabama & Gulf and its receiver, alleging in substance that in compliance with the Commission's order joint rates had been published from Falco on basis of the rates from Galliver but that the carriers had been unable to agree upon divisions, the proceeding was reopened for the purpose of receiving such evidence as would enable the Commission to prescribe just and reasonable divisions of the joint rates thus established. The prayer of the petition is that divisions be established which will give the Alabama & Gulf 3.25 cents per 100 pounds on shipments from Falco to all of the destinations involved. However, at the hearing the Alabama & Gulf asked that it be accorded a division of 4 cents. The Louisville & Nashville is willing to allow the Alabama & Gulf a division of 2 cents per 100 pounds on shipments to Nashville, Tenn., and points beyond, and 1 cent per 100 pounds on shipments to points in Tennessee south of Nashville. Rates are stated in cents per 100 pounds.

In compliance with the Commission's order, the joint rates established from Falco to Louisville, Ky., Indianapolis, Ind., Buffalo and New York, N. Y., which are representative, were 19, 25.5, 32 and 31 cents, respectively. On the basis of an allowance of 2 cents to the Alabama & Gulf, on shipments to Louisville, the Louisville & Nashville would receive 17 cents for its haul from Galliver to Louisville, 692 miles. Shipments from Falco to Indianapolis move over the Louisville & Nashville from Galliver to Louisville and shipments to Buffalo and New York over that line from Galliver to Cincinnati, 802 miles. Allowing the Alabama & Gulf 2 cents and the lines beyond Cincinnati the divisions which they received at the time of the hearing on lumber from other points in the blanket territory, the Louisville & Nashville will receive a division of 15.1 cents on shipments to Indianapolis, 19.5 cents on shipments to Buffalo, and 16.1 cents on shipments to New York.

The Alabama & Gulf is a common carrier and has been operated as such since its construction in 1911. Its equipment consists of three locomotives and two passenger coaches, but apparently two of the locomotives are no longer serviceable. The rails with which its tracks are laid are leased from the Louisville & Nashville. It has been in the hands of a receiver since February, 1914. Its principal tonnage consists of yellow-pine lumber, the movement of which is fairly constant. Formerly it moved from 200 to 250 carloads of naval stores per annum, but, as a result of the territory contiguous to its line having been practically exhausted with respect to naval stores, the movement at the present time is less than 25 carloads per annum. An exhibit filed by the Alabama & Gulf shows that during the six months ended July 31, 1917, which is said to be a representative period, it handled 486 carloads of lumber, all of which originated at Falco, and 385 carloads of which moved to the destinations here involved. The total operating revenue of the Alabama & Gulf for this period was \$12,954.95, provided its division on the 385 carloads of lumber just mentioned is 2 cents. Based on the 2-cent division its revenue from these shipments was \$4,211.46. Its operating expenses for the same period were \$15,107.18, so that its net operating deficit was \$2,152.33. It is contended by the Alabama & Gulf that it is necessary for it to receive a division of at least 4 cents on shipments to the destination territory under consideration or else it cannot continue to operate. On this theory the amount of the Alabama & Gulf's division would necessarily have to be increased in proportion as its lumber traffic decreases. The divisions accorded the Alabama & Gulf cannot be predicated solely on the amount necessary to insure its successful operation.

Much evidence was adduced with respect to the divisions which the Louisville & Nashville is willing to accord the Alabama & Gulf as compared with the divisions which it accords other originating lines in the same general terri-

*This case was heard by Attorney General Lathrop but the report has been prepared by Examiner McGehee in order to expedite the presentation of the case to the Commission. Attorney General Lathrop concurs in the proposed conclusions.

any out of joint rates on lumber to the destinations here involved. From points on the Appalachian Northern, Marianna & Blountstown, Atlanta & St. Andrews Bay, and the Birmingham, Columbus & St. Andrews Bay railroads, short lines which connect with the Pensacola & Atlantic division of the Louisville & Nashville extending from Pensacola through Galliver to River Junction, Fla., the Louisville & Nashville shrinks its junction-point rates 1 cent on lumber to points on its line south of Nashville and 2 cents to Nashville and points north thereof. However, the rates from points on these short lines are made certain arbitraries over the rates from the junction points so that the short lines receive divisions which range from 3 to 6½ cents for hauls ranging from 22 to 102 miles. In no instance does the Louisville & Nashville shrink its rates from junction points with short lines in Alabama more than 1 cent on shipments to points south of Nashville and 2 cents on shipments to Nashville and points beyond. But this is not the situation in the western portion of the blanket. The Louisville & Nashville participates in the blanket basis of rates from points on the Gulf & Ship Island; the Mississippi Central; the New Orleans Great Northern; the New Orleans, Mobile & Chicago; and the line of the Pascagoula Street Railway & Power Company. From points on these connecting lines it shrinks its junction-point rates 7, 9, 7, 6 and 3 cents, respectively. The Louisville & Nashville insists that the circumstances and conditions which prompted it to allow the lines just named divisions in excess of those which it is willing to accord the Alabama & Gulf are entirely different from those obtaining in connection with the latter line. It is insisted that in considering the divisions of the rates from points in Mississippi Valley territory it should be borne in mind that the Louisville & Nashville is not the rate-making line from this territory; that its routes therefrom are circuitous; that each of the lines above named have two or more trunk-line connections; and that in order to participate in the lumber traffic from points on connecting lines in this territory, it must allow the initial lines divisions equal to those accorded them by competing trunk lines with shorter routes to the destination territory involved. This is illustrated as follows: The Gulf & Ship Island extends from Gulfport, Miss., the junction with the Louisville & Nashville, to Jackson, Miss., at which point it connects with the Illinois Central Railroad. The distance from Jackson to Evansville, Ind., for example, is 513 miles in connection with the Illinois Central, while the distance from Gulfport in connection with the Louisville & Nashville is 710 miles. The Illinois Central allows the Gulf & Ship Island a division of 6 cents and the Louisville & Nashville must make the same allowance on shipments via Gulfport or else relinquish the business. Again, the line of the Pascagoula Street Railway & Power Company extends from Pascagoula, Miss., at which point it connects with the Louisville & Nashville, northward 6 miles to Moss Point, Miss. The Mobile & Ohio Railroad in connection with the Alabama & Mississippi Railroad, which extends from Vinegar Bend, Ala., where it connects with the Mobile & Ohio, 76 miles to Pascagoula, established the blanket basis from points on the line of the Pascagoula Street Railway & Power Company and allowed the originating line a division of 3 cents. In order to meet this competition the same basis was established by the Louisville & Nashville. It is also shown that the Gulf & Ship Island, the Mississippi Central and the New Orleans & Great Northern each have approximately 5 freight cars per mile of road and contribute a fair share of the cars in which the lumber from points on these lines move. As above shown, the Alabama & Gulf does not own any freight cars. The Louisville & Nashville earnestly insists that the divisions which it allows the Gulf & Ship Island and other originating lines in Mississippi Valley territory result from strong competitive conditions, as above shown, which do not obtain as to the Alabama & Gulf, and therefore do not afford a proper standard whereby to measure the divisions which should be accorded the Alabama & Gulf.

Exhibits were submitted by the Louisville & Nashville showing the divisions received by various short lines, connecting with trunk lines other than the Louisville & Nashville, on lumber to the destinations involved. It was shown, for example, that the Flint River & Northeastern, the Georgia Coast & Piedmont and the Ocilla, Pinebloom & Valdosta railroads, short lines operating in the south-

ern portion of Georgia and connecting with the Atlantic Coast Line Railroad, receive divisions of 2, 2.5 and 2.5 cents, respectively, for hauls of 24, 27 and 89 miles.

With respect to the rates to Central Freight Association and Eastern Trunk Line territories, the Louisville & Nashville urges that the division which the Commission prescribes for the Alabama & Gulf should be prorated between the Louisville & Nashville and the lines north of the Ohio River on a revenue basis. It is urged that the more favorable traffic and transportation conditions north of the Ohio River precludes the lines north of the river from demanding higher proportions in the divisions of joint rates for a given haul than accrue to lines south of the river for a like haul; and that if the Louisville & Nashville is compelled to shrink its rates from Galliver 2 cents or more on lumber from Falco to points north of the Ohio River, it will receive considerably less, in proportion, than its northern connections. None of the lines operating north of the Ohio River was represented at the hearing. It appears that in all instances where the blanket basis applies from points on short lines like the Alabama & Gulf, their trunk-line connections shrink their proportions to the Ohio River in an amount equal to the division accorded the short line. However, the record in this case affords no basis for determining what would be fair divisions as between the Louisville & Nashville, on the one hand, and its northern connections, on the other. Therefore, only the division of the Alabama & Gulf, to which most of the testimony was directed, will be prescribed. If other carriers are unable to agree on the divisions of the proportions remaining after deducting the division herein-after prescribed for the Alabama & Gulf, they should present the matter to the Commission for determination.

Upon all the facts of record the Commission should find that 3 cents per 100 pounds is a reasonable division to the Florida, Alabama & Gulf Railroad Company out of the joint rates heretofore prescribed by the Commission on yellow-pine lumber, in carloads, from Falco to the Ohio River crossings, to destinations in Kentucky and Tennessee on the Louisville & Nashville Railroad, to destinations north of the Ohio River, east of the Mississippi River and west of and including Buffalo-Pittsburgh territory, and to Eastern Trunk Line territory, this division to take effect as of June 30, 1917, the effective date of the Commission's order prescribing such joint through rates.

Effective June 25, 1918, the rates prescribed by the Commission were increased by the Director-General of Railroads and the increased rates are now in effect. The order of the Commission fixing the division of the Alabama & Gulf should therefore be made to cover only the period from June 30, 1917, to June 24, 1918, inclusive.

CLASSIFICATION HEARINGS

(Continued from page 216)

findings where provisions as to the same subjects are proposed to be changed in the consolidated classification.

Mr. Joseph C. Colquitt, the Commission's classification agent, is on hand and will be pleased to give information and advice regarding classification matters to anyone that may consult him.

The intensity of the interest in the consolidated classification hearings was indicated by the fact that at the first sitting the court room was filled with shippers, only a few of whom have appeared often enough before the Commission to make their views on disputed propositions well known.

R. N. Collyer, chairman of the Official Classification Committee, was the first witness. He made a statement concerning the work now to be submitted to the test of criticism by shippers. He outlined the history of the movement toward uniformity and then what has been done at the request of Director-General McAdoo since February.

One point made by him was that while many increase symbols have been used, not all really indicate advances. Many are merely eliminations of never-used carload ratings. Similarly, he said, one added carload rating may neutralize four L. C. L. increases.

In an apparently incidental manner, important facts and

opinions relating to the legal effect of the classification committee's work were brought out at the first day's hearing. Mr. Collier said the Railroad Administration was not bound by committee's work. Mr. Colquitt caused Mr. Collier to say that the railroad men on the committee alone were responsible for the proposed ratings—that while Colquitt helped prepare the uniform descriptions, he took no part in making the ratings. Therefore, the Commission is not responsible, even by inference, for proposed higher charges brought about by higher ratings.

C. R. Hillyer illuminated the situation still farther by getting Mr. Collier to say that Mr. McAdoo's instructions did not require the committee to insert ratings in the proposed consolidated book. Answering a question by Mr. Colquitt, Mr. Collier assented to the proposition that the committee could hardly have done its work without inserting the ratings.

Edgar J. Rich shed still more light by asserting, without anyone undertaking to dispute him, that this proceeding so far as government-controlled roads are concerned, amounts to no more than a mere conference, binding no one and to an irregular fifteenth section proceeding for non-controlled roads.

At the afternoon session August 1, the witnesses began taking up details. All objected to higher rates involved because Director General McAdoo in his Order No. 28 made liberal provision for operating expenses, maintenance and dividends.

Andrew B. Comstock of Providence objected to higher rates on dried beef in glass. George F. Hochborn said the U. S. Rubber Company had to pay an advance of two and a quarter million dollars because of No. 28 and the proposed ratings would impose at least half a million more. Mr. Pease, for New England box makers, asked for the retention of the present minimum because a standard car will not load to the proposed minimum. H. W. Wheeler, Refined Sugar Refiners, asked for the retention of the 30,000 carload minimum on sugar and protested against a higher rating on sugar in single bags. C. B. Baldwin, United Shoe Machinery Corporation, wanted the carload rating on cycles retained so as to retain the carload mixing privilege. Edgar J. Rich asked for a hearing in Washington because some of his clients had not had time to prepare for either Boston or New York. Ralph B. Currie opposed an increase in L. C. L. iron pipe fittings in southern territory from sixth to fourth. Chas. E. Buttman opposed an increase on candy from Rule 25 to second class. C. H. Tiffany opposed the attempt to bring about uniformity on gummed cloth strips by raising Southern Classification from second to first class.

The hearing the morning of August 2 developed nothing other than objections to increased rates on cotton and cordage waste materials used in paper making and similar protests against advances in rates on paper in its multitude of forms.

At the afternoon session, W. H. Chandler objected to remodeled rule No. 7. He said it would seriously impede the flow of grain and feed to New England because it forbids the forwarding of shipments consigned to order unless the party to be notified is at the billed destination—that is, Smith may not consign a shipment to himself, notify Jones, unless Smith is at the billed destination. Delays in transportation, he said, make such being necessary to assure a steady flow of grain and feed. Witnesses in the morning were Henry McGroady, American Cotton Waste Exchange; L. C. Southard and J. O. Hill, International

Purchasing Company, and plants using old rope and twine; C. H. Tiffany, New England Paper, and J. J. Devine, Continental Paper Bag Company. Each objected to advances brought about by increased ratings on waste products used as new material for paper and on paper products especially.

CLASSIFICATION PROTESTS

The Traffic World Washington Bureau

Judging from letters that have been addressed to Secretary McGinty, the consolidated classification hearings which began at Boston on August 1 and continue in accordance with the schedule heretofore published, will be largely attended by shippers. Inquiries have come to the Commission from the smaller shippers in larger number than from the big ones. They are not so well acquainted with the procedure at such hearings and many of their letters were of inquiry rather than protest. A number of protests, however, have been received. The following are believed to be typical.

The Carey Salt Company of Hutchinson, Kan., reiterated the objections heretofore made in its informal complaint No. 64986 with regard to a medicated salt for live stock. It objected specifically to third class on medicated salt bricks at third class L. C. L. The specific point made by the Carey company is that it is unjust to put third class rating on an article that sells for less than ten cents a pound whereas other articles selling at 600 per cent greater price take fourth class.

The Pennsylvania Tank Car Company objected to Rule 25 in that part defining a newly acquired car. That note was not carried in Southern or Western Classification and its publication in the consolidated book will affect the rate throughout those territories.

The Foster Specialty Company of Ithaca, N. Y., expressed the opinion in a letter to the Commission that the proposed rating on super-heaters for boilers other than locomotive, as shown in the new book, on L. C. L. shipments is too high.

The National Poultry, Butter & Egg Association gave notice that it wished to be heard in reference to the proposed rates on dairy products at the Chicago hearing Aug. 12.

The Union Petroleum Company of Philadelphia gave notice that it desired to be heard on items concerning estimated weights on petroleum and its products carried on pages 304 and 305. The proposal is to increase the estimated weight from 6.6 pounds to 7.4 pounds per gallon.

Objection was made by the Kentucky Wagon Manufacturing Company of Louisville to items 1, 8 and 9 on page 294 having the effect of advancing the L. C. L. rate on farm wagons in Southern Classification from fourth to first class.

"This is such a preposterous proposal that it is hard to believe anyone gave it serious consideration before incorporating it in the new classification and we are very much surprised to see that this Note No. 1 reference does not appear in connection with items Nos. 1, 2, 3, 4 and 5 under the general tin plate hearing, as all tin plate andterne plain embossed, perforated, crystalized, decorated, lacquered, japanned or finished, in any other manner is packed alike for shipment." That is what the Phillips Sheet & Tin Plate Company of Weirton, W. Va., says about Note No. 1 under item 8 on page 379, item 5, under the heading "Tin Plate, Plain in Boxes, C. L. and L. C. L." The note to which such objection was taken reads as follows: "Boxes must be reinforced with continuous straps

of band iron or steel not less than one half inch in width passing round the top, bottom and ends, and must be securely nailed to the side rail or drawn taut to prevent slipping and fastened with a steel rivet or sleeve made of metal other than lead."

The Hershey Chocolate Company notified the Commission that it is interested in the ratings on candy in Official Classification, cocoa in each of the three territories and chocolate coating in Southern.

The Majestic Manufacturing Company of St. Louis notified Secretary McGinty that it desired to be heard in regard to malleable iron ranges. It understands that the National Association of Stove Manufacturers intends being heard on the subject, but manufacturers who are not members of the association also desire to be heard.

The Republic Metalware Company of Buffalo desires to be heard on the ratings covering sheet iron and steel ware as set forth on pages 347 to 349, as well as the proposed new mixed C. L. rule (Rule 10), and several other items.

Objection is made by the Union Starch & Refining Company of Edinburg, Ind., to the proposed change of rating on tin cans from fourth to rule 26. The company buys its cans from the Southern Can Company of Baltimore and paid a rate of 37.5 cents per 100 lbs. The 25 per cent increase sent that rate up to 47 cents. It expressed the opinion that the revenue obtained without the change in rating was adequate.

P. E. Sharpless Company of Philadelphia says the proposed consolidation of classifications is "nothing more or less than a rate increase so far as most canned commodities are concerned, especially canned condensed milk." It protests also against increase in rating on tin cans on the ground that the proposed increase in rating will have the effect of still further advancing the rates already advanced 25 per cent.

A protest against "the unfair classification now attempted by the railroads to class cottonseed meal as Class D instead of fertilizer material," is made by the Brookhaven (Mississippi) Cotton Oil & Fertilizer Company.

In behalf of the Fruit Despatch Company, New York, W. A. Schumacher asks to be heard either at New York or New Orleans on rating on bananas, cocoanuts and cocoa beans.

The American Chain Company of Bridgeport, Conn., protests against the proposed advance on iron chain made of material less than 3-16 in. in Official Classification territory.

The Rome, N. Y., Soap Manufacturing Company protests against the proposed classification of soap and soap powders in barrels or boxes, L. C. L., on page 355, items 14 and 16.

The Southern Can Company objects to the increase in ratings on empty tin cans in Official Classification territory and expects to be heard at New York.

A. M. Todd Company, Kalamazoo, protests against specifications providing for peppermint and spearmint oil in metal cans, in boxes or barrels, at 1½ times first class as discriminatory in favor of the same articles when shipped at first class in bulk in barrels.

E. E. Tomlinson, traffic manager, W. C. Richie & Co., Chicago, protested against increasing the Official Classification basis from first to double first and from one to one and a half times first in Southern and Western on cans, N. O. I. B. N., fiberboard, paper, pulpwood or strawboard.

The Sidway Mercantile Company of Elkhart, Ind., said it was interested in the ratings applying on children's

vehicles, particularly in item 1, page 391, Official Classification, and desires to be heard at Chicago.

The Associated Cooperage Industries of America notified Mr. McGinty that it was interested in items on page 77 15 to 20, inclusive, and page 78, items 16 to 21, inclusive.

The Dahlstrom Metallic Door Company notified the Commission that it would be represented at New York to offer testimony against the unreasonably high ratings in proper description, regulations, and minimum weights on several of the items under the heading of Building Sheet Metal Work, from Item 18, page 101, to item 12, page 103, inclusive.

POWER OVER STATE RATES

The Traffic World Washington Bureau.

Although friction between the Railroad Administration and various state commissions over the question as to whether Congress, in the exercise of the war power, authorized the President to prescribe state rates, has been deprecated by the state commissions, the question as to whether Congress did or did not do that thing is being forced on the consideration of state officials. It has come forward so prominently that the special war committee of the National Association of Railway and Utilities Commissioners called a special meeting for July 29 and 30 to consider questions growing out of the government operation of the railroads, the government's control of the telephone and telegraph systems; the application of the street and electric railways to have the federal government fix their rates, and the tentative proposal by the Fuel Administration to fix 528 B. T. U. as the standard for commercial gas.

Every one of the propositions brings forward the question, first, whether Congress has the power to deprive the state of the police power to fix maximum rates, and, second, whether it did deprive them of that power in the Lever food law, the federal control act, and the wire control resolution.

State commissioners, desiring to avoid friction and to give the federal administration all the support it possibly could demand of the most patriotic citizen, have not challenged the rates prescribed by the Director-General in General Order No. 28. They have even gone to the length of giving the newly organized American Railways Express Company a ten per cent advance in rates almost pro forma to show their desire to co-operate with the Railroad Administration. That action does not directly raise any part of the question of the suppression of the police power of the states, because the Director-General has not taken over the express company, and has therefore not prescribed its rates. The states allowed the increase on the showing made by the express company and the desire to help the Director-General carry out his contract with the express company.

South Dakota, Iowa and Nebraska are the only exceptions to the statement and conferences probably will be held shortly to settle the questions in them. Kentucky and Missouri have allowed the higher rates to be filed and they will probably become effective, without suspension.

Declarations by attorneys for shippers at the hearing before the Interstate Commerce Commission July 24 are taken as indicating that, generally speaking, men who have made their living by practicing before regulating bodies, hold that section 15 of the control act is an indirect declaration by Congress that it has the power, in the exercise of the power to make war and to delegate that

power to the President, to amend, repeal, impair or affect the existing laws or powers of the states in relation to taxation or the lawful police regulations of the several states—but that it had expressly refrained from so doing, because in that section it tells the courts, the executive and the administrative officers that "nothing in this act shall be construed to amend, repeal, impair or affect the existing laws, or powers of the states in relation to taxation, or the lawful police regulations of the several states, except wherein such laws, powers or regulations may affect the transportation of troops, war materials, government supplies or the issue of stocks and bonds."

There are those who deny the power of Congress to do any of the things mentioned even when it declares war and directs the President to use all the resources of the nation to bring the war to a successful conclusion. There is, however, no such question involved in the state of affairs considered by the state commissioners war committee order of Congress that nothing in the act shall be construed as amending or repealing the laws of the states, or in setting their powers in relation to taxation or the lawful police regulations of the several states.

The state commissioners are fortified in their contention that Congress intended to preserve the laws and powers of the states by their knowledge of what took place during the consideration of the legislation. They know the elements they were fighting desired to deprive the states of the ratemaking power and the House of Representatives passed the bill in a form that would have afforded almost conclusive argument that the states had suffered such amputation. The shippers and the state commissioners, however, forced amendments in the Senate and in the conference committee, so that the fifteenth section of the control act took the form in which it now stands.

A clerk in reporting the agreement of the conferees, made a mistake and inserted in the bill the language that had been ordered out. That created a furor of excitement and immediate action by the state commissioners to have a correction made. All those who had anything to do with the matter knew well what the fight was about and the state commissioners know that they defeated those who favored a centralization of power. Even those desiring the uniformity, if they kept in touch with the legislative steps resulting in the creation of the federal control act, know that the states rights men and the shippers, desiring to retain the rates made by state commissioners and escape the federal administration's supposed predilection for higher rates, won the fight that revolved around the fifteenth section.

That knowledge may not be of a kind that can be brought to the attention of the courts so as to show the intent of Congress, but the men who believe litigation is near at hand do not believe they need rely on anything other than the language of the fifteenth section and the history of the legislation as shown in documents that would be accepted in court, to show that even if Congress has the power of amendment or repeal of state laws, it specifically refused to use it in the control law.

The question of the power of the states over rates will be more acutely raised by the government's control over telephones and telegraphs, the proposal to establish the low B. T. U. standard, and the request of the electric and street railroad lines to have the federal government fix their rates, than by what Director-General McAdoo did in No. 28. There is a twilight zone between state and interstate rail rates. There is no such zone in the matter of a standard for gas and the fare on a trolley or street car

line. No one ever claimed any such power for the federal government. Now, however, the Fuel Administration is claiming that under the mandate to conserve food and fuel, carried by the Lever law, it should be allowed to fix the standard for gas. State commissioners attended a conference with the Fuel Administration officials in June at which it was thought an agreement had been reached respecting the standard for commercial gas. Something has happened since that time to make some of the state commissioners sorry they participated in the conference. Charles E. Elmquist, the Washington representative of the association, who issued the call for the meeting, when asked about the supposed change of fact or view, said there was nothing to be said at that time.

Street railway fares have always been regarded as the undisputed thing on which local or state utility boards can act. The street railway companies, when they asked the labor war board to act on plans to increase their revenue, added to the irritation that exists in many cities and communities where the local feeling is that the public utility corporations, at all times, earn enough on their real investment and that asking for higher rates now is but a request to be relieved from any of the burdens of war. But the utility companies, according to the Treasury Department, are in a bad way and are in need of help.

Mr. Elmquist, in his capacity as secretary of the war committee of the association, has asked the state commissions to keep him advised as to suits, in state or federal courts, involving the rights of shippers and the powers and duties of state commissions. "At the proper time," says Mr. Elmquist's request, "it may be expedient for state commissions to ask leave to intervene for the purpose of presenting briefs and arguments upon the question of the power of the states over rates and service during the war period."

The secretary has also asked the state commissions to give him information that will help him to disprove the implied charge that the state utility boards have not dealt or cannot deal fairly with the utility corporations. That is one reason for the appeal to the war labor board. He has asked the commissions to answer the following: "How many applications for rate increases were made in 1916, 1917 and 1918, stated by years? How many increases were allowed and how many disallowed? How many applications are now pending before your commission? Are you acting promptly upon these applications? What is your practice in dealing with rate increases at this time? Are the local authorities able and willing to make rates that will permit utilities to be maintained efficiently during the war? Should the national government assume to fix the rates of local utilities? Would the public favor government control of the rates of local utilities?"

In a letter to the President July 30, the war service committee of the National Association of Railway and Utilities Commissioners said it had no objection as a war time measure to the appointment of an electric railway administrator or board of three to have power to confer, advise, and recommend changes in rates or service to state commissioners or city authorities, when the latter have control, either under statute or charter, over street and electric railway rates.

The letter is signed by Charles E. Elmquist, as president of the association, because E. C. Niles has resigned as president on account of his acceptance of the short line section managership.

The committee met Postmaster-General Burleson July 30 to talk over the telephone situation as it will exist under

Barleson's idea seemed to be that of having the telephone and telegraph offices in nearly every town in the country and give more service for less money instead of, as in the case of the railroads, less service for more money.

The meeting July 29 was not limited to members of the committee. All state commissioners were invited to participate in the discussion, which officially took place only among Joseph B. Eastman of Massachusetts, chairman; Edward C. Niles, New Hampshire; Travis H. Whitney of New York; Frank H. Kunk of Illinois; Christopher B. Garrett of Virginia; Paul T. Haynes of Indiana, and Carl D. Jackson of Wisconsin, the members of the committee.

Letter to the President

Following is the letter of President Elmquist and the special war committee of the National Association of Railway and Utilities Commissioners to the President, under date of July 30:

"We understand that you are now considering ways and means for assuring the maintenance of adequate rates and service of street and electric railways during the war period. The subject is of such importance that the War Committee of the National Association of Railway and Utilities Commissioners has given it thorough consideration at a session held in Washington this week.

"This letter will outline for you a plan and procedure for dealing with the problems of these utilities on a basis of affording emergency relief where needed and at the same time conserving the essential public service rendered by them. The members of the War Committee realize keenly the public importance of the situation as to the electric railway utilities. The Committee is earnestly desirous, as also are, we believe, the public service commissioners of the various states, of co-operating in every practicable way with you and with other public authorities who may be charged with the duty of seeking a solution of this problem in a manner which shall do no unnecessary violence to our concepts of governmental control. The Committee fully recognize, as must every open-minded analyst of the conditions confronting public utility service, that the war has brought sharp advances in operating costs, a necessity for readjusting wage scales upwards and severe inroads upon the revenues ordinarily applied to the upkeep of the property and the payment of some degree of return to the investors. The requirements of the war situation have in many instances made abnormal demands upon the facilities and resources of the local electric lines; almost everywhere it is true that the maximum efficiency of the nation in wartime industry would be menaced by breaking down or abridgment of service.

"The members of the War Committee recognize that, during the period of the war, you and your representatives have a right to concern yourselves with the maintenance of these local public utilities at high operating efficiency, and that, therefore, you have a right to urge upon the companies and upon the proper state and municipal authorities the mutual adoption of such measures as may seem most likely to avert the dangers which in many instances threaten.

"It would seem clear that, whatever action is taken, under federal auspices or otherwise, should properly recognize that each application for an increase in rates or a curtailment in service should be considered separately and determined on its own merits by a tribunal representative of the public interest. Not every application should be granted nor every rate increased above the figure charged

before the war. No way should be opened whereby the existence of a wartime enterprise could be made a cloak or cover for an effort to rehabilitate enterprises unprofitable and foredoomed to failure before the war started. No federal action should seek to prompt an increase greater than is commensurate with the burdens placed upon the particular utility by the war.

"It would seem equally clear that the need of an electric railway for a rate yielding more revenue than that afforded by the rate permitted in the existing franchise does not of itself establish that, through Federal recommendation or otherwise, such a change in the franchise rate should be brought about without change in other franchise terms. That, again, is a question as to which the merits and equities of the particular situation ought to be weighed and determined by those most competent to know of them and to deal with them. When the companies acquired valuable, and often priceless, rights in public streets, and other advantages which they eagerly sought, they in many instances bound themselves in return never to charge more than indicated maximum rates. The highest courts of many states have held that franchise covenants limiting rates may not be changed at the instance of the company without the consent of the municipality or other franchise-granting authority, and then only on such terms as may be mutually agreed upon. The failure of the electric railway companies to obtain from the various municipalities of the country the rate increases sought may have been due, in large measure, to the failure of the companies to recognize the contractual nature of their obligations.

"Generally speaking, the situation as to the regulatory power over the rates of these utilities falls into three classes:

(a) States in which the public service commissions have comprehensive control over the rates of street and electric railways.

(b) States in which the commissions are limited in their control over rates by statutes, franchise contracts, or ordinances prescribing maximum charges.

(c) States where commissions have no control over these rates and where rates are prescribed by municipal authorities.

"A majority of the state commissions have adequate authority over the rates and service of these utilities, and have with few exceptions acted favorably upon meritorious applications for rate increases for the war period. They are keenly alive to the emergency which confronts these utilities, and have proved a readiness to act promptly in giving necessary relief. Your Committee is of the opinion that no just complaint could be made, by utilities or by others, as to the action taken by state commissions in dealing with these matters during the war.

"In the other circumstances mentioned there is a degree of difficulty, and perhaps an added reason for some kind of advisory federal action during the war period.

"The Special War Committee is of the opinion that there is no provision of statute or decision which can be construed to empower the federal government to fix the rates of these utilities except where they are taken over and operated by the government as a war measure, and even in such cases the final authority of the national government to fix intrastate rates would be open to question. But at this time we are considering methods of administration rather than questions of authority. As the War Committee view the matter, there is nothing objectionable in the suggestion that you appoint a National Administrator

of Street and Electric Railways, whose power and duty shall be the crystallizing and expression of the national view and interest as to wartime conservation of this essential public service. One administrator or a board of three administrators could accomplish a very useful and, we believe, almost completely effective service in this regard by cooperating with the various public utility commissions, railway commissions and public service commissions in the various states.

In some of the states the necessary increases, wherever found warranted, could be brought about by action of the state commission alone, with the advice and counsel of the Federal Administrator. In other states, the consent and cooperative action of the municipalities or of the legislature would be requisite. Under either situation we believe this essential principle and plan of action is workable and would be effective.

Therefore, we respectfully advise:

1. A National Administrator or Board of three, with power of recommendation, advice or request to the state and municipal authorities.

2. No disturbance of the rate and service powers of the state commissions or the contractual powers of the municipalities, except as the state or local authorities may subordinate these to the federal recommendations for the wartime emergency, as we believe would almost uniformly be done.

3. Use of the state commissions by the federal administrator or board for all purposes of inquiry, investigation, ascertainment and report of facts, and co-operation in recommendations, where needed, to the local authorities.

Any increases granted at federal instance should, of course, be for the war period only. The foregoing machinery as to increases in rates should be available also to accomplish betterments in service to meet the needs of workers in war industries or for the general public.

STATE COMMISSIONERS ON RATES AND PROCEDURE

The Traffic World Washington Bureau

Under date of July 31, Charles E. Elmquist, president of the National Association of Railway and Utilities Commissioners, and J. B. Eastman, chairman of its special war committee, wrote a letter, as follows, to the Director General of Railroads with relation to the revisions of rates as prescribed by General Order No. 28.

We have been given to understand that the United States Railroad Administration contemplates somewhat extended revisions of the railroad rate structure throughout the country, both passenger and freight, for the purpose of securing greater uniformity and of avoiding what appear to be inequalities or discriminations. How accurate this information may be we do not know, but it is of such importance, if it be true, that we venture to offer, on behalf of the National Association of Railway and Utilities Commissioners, certain suggestions for your consideration. These are as follows:

1. Your General Order No. 28 was issued in the midst of the depression caused by the discouraging returns for the winter season and provided for general increases in rates to a degree of cost which had theretofore been granted or indeed sought by the companies in many cases. The comparative effect of these increases has been greater than you would probably anticipated. On the other hand, the returns in recent months have been much more favorable than during the winter. In view of these circumstances we feel that we are justified in urging the desirability of avoiding any upward revision of rates. If revisions are to be made, it is clear that they ought, we believe, to lower rather than raise the general rate level.

2. We desire to urge upon you the necessity, if such revisions are to be undertaken, of giving careful consideration to local conditions. However imperfect the present rate structure may be, it is upon this structure that the business of the country has developed, and sudden or violent changes are likely to do more harm than good. Our experience leads us to believe, also, that there is no single yardstick, no universal rule, by which railroad rates can be wisely measured. We again strongly urge that, before making any widespread revisions, you consult the local commissions as well as the shippers, and ascertain their views.

3. We further urge, if such changes are to be made, the desirability of following the long established procedure by filing them with the Interstate Commerce Commission and the state commissions, subject to the usual power of supervision, investigation or other procedure provided by law, in order that the people of the country may have advance notice and an opportunity to be heard before the changes become effective. While the President was given power in the federal control act to initiate rates, so that an emergency relating to railroad revenues might be properly met, and the possibility of a drain upon the federal treasury in war time avoided, this power should, we feel, be exercised only when an emergency exists imperatively requiring the use thereof.

If revisions are to be made for the purpose of equalizing or improving the rate structure, rather than for the purpose of increasing revenues, there is, it seems to us, no good reason why they cannot follow the usual course so that full opportunity may be given to shippers and the general public to have the question of the reasonableness of the proposed change heard upon its merits.

In conclusion, we desire to again assure you of the desire of the state commissions to cooperate with you and to do anything in our power to make the national administration of railroads a success, and these suggestions are offered with that end in view.

STATE COMMISSIONERS ON WIRE CONTROL

The Traffic World Washington Bureau

After a conference, July 30, with Postmaster-General Burleson, Charles E. Elmquist, president of the National Association of Railway and Utilities Commissioners, and Joseph B. Eastman, chairman of its special war committee, wrote him the following letter:

Confirming our conversation with you this afternoon, the Special War Committee of the National Association of Railway and Utilities Commissioners, in behalf of that association, desires to offer you its cooperation in your new task of directing the affairs of the telephone and telegraph properties of the country. We wish federal administration to be an unqualified success in the public interest, and if we can help in achieving that result, we want you to feel that you can call upon us at any moment. In making this statement we are assured that we are merely recording the sentiments of every state public service commission in the country.

In all but four of the states these commissions have supervision over telephone and telegraph rates and service, and they have built up special departments for the handling of this work. Outside of the companies themselves, we think it safe to say that the state commissioners have more extensive and more expert knowledge of these properties and of the public problems involved in their administration than any group of men in the country. This knowledge is at your command so far as you may desire to avail yourself of it.

We realize that you have not as yet had time or opportunity to determine upon definite plans for the carrying on of your new work. For the present, therefore, beyond our general offer of cooperation, we have only one or two suggestions to make. In many states there are a very large number and variety of telephone companies, conducting in many instances a strictly local business. Confusion is likely to arise as to the status of these and other companies under the new dispensation. Until you have time to canvass the situation thoroughly, which will in itself prove no easy task, we suggest that confusion can be

...and the carriers preserved by announcing that it was the policy of the companies should continue to observe the existing regulations and respond to the supervision of the state commissioners in the same manner as they have heretofore done. To do this, we fear, may lead to misunderstanding on the part of both the companies and the public, and interfere with the proper functioning of the system of public control which has been established in this country for the protection of the public interest. Such an announcement would, as we understand the intention of the entire record with the spirit and intent of the resolution of Congress, dated July 16, 1918, and of the recommendation of the President issued thereunder.

Under the existing system of public control, it is a very general provision of the status that all rates must be filed with the commissions and that no changes may be made without due notice to the public, subject to the power of objection by the commissions pending investigation. If, after your study of the situation, you should be inclined to the view that the national interest in the present emergency demands some change in this established mode of operation, the only other suggestion that we now have to offer is that you should consult with representatives of the state commissions before reaching any definite conclusion. In view of our knowledge of local conditions and our past experience we feel that we may be in a position to help you to avoid possible errors into which you might otherwise unwittingly be led.

REGULATION OF STATE RATES

W. M. Barrow, assistant attorney-general of Louisiana, has written the following, under date of July 26, to R. Walton Moore, assistant general attorney of the Railroad Administration:

The Railroad Commission of Louisiana has requested me to reply to your telegrams of July 17 and July 22, addressed to Hon. Shelby Taylor, chairman:

At a meeting of the Railroad Commission of Louisiana, held in Baton Rouge on July 23, your telegrams were discussed and the attitude of the state commission in the matter of hearings and investigations on complaints filed with it relative to Louisiana intrastate rates, was given careful consideration.

The Railroad Commission of Louisiana, as you are aware, has at all times been anxious to do everything possible to help win the war, and it has been thought that the closest cooperation between the state and federal governments was necessary, and this thought has been made the practice of the commission. This policy on the part of the Louisiana commission will be strictly adhered to. There are many state rate situations that will from time to time be brought to the attention of the state commission, in which the Railroad Commission of Louisiana desires to intelligently and promptly advise the Railroad Administration of its views. They do not desire to raise any jurisdictional questions. Should such questions be raised, they will come from the carriers opposing procedure before the Louisiana commission.

In order to make helpful suggestions to the Railroad Administration the members of the Louisiana commission must of necessity make investigations. On hearing complaints facts are developed which frequently suggest a remedy, and the plan which the Louisiana commission proposes is, that they proceed with their investigations as temporarily and that they make their findings in the form of a recommendation to the Railroad Administration. In these investigations before the Louisiana commission both the shippers and the carriers will be heard, and in adopting a tentative report the Louisiana commission would, I believe, be able to aid the government materially in solving many local complaints.

In a letter addressed to me under date of July 10, 1918, Director Charles A. Prouty advised as follows:

"I do not intend that matters pertaining to changes in rates, rules, regulations, etc., affecting Louisiana interstate and intrastate traffic should be handled exclusively with the state commission, but that, in addition to the former method of handling direct with the traffic officers of the various Louisiana lines, this additional method has been created. Nor is it the intent of the circular to foreclose the public in appealing to the Railroad Commission of

Louisiana as heretofore. New committees are under consideration and an announcement with respect to these committees will shortly be made. It is proposed to have on the district committees representatives of shippers with equal authority and power of the railroad representatives on these committees.

"The Administration is glad indeed to have the cooperation and assistance of the Railroad Commission of Louisiana, and will be glad at any time to have you make such suggestions or recommendations as may suggest themselves to the Louisiana commission as being of mutual benefit."

The letter from Director Prouty was in reply to a letter of mine dated July 3, in which attention was called to a circular distributed by the Louisiana sub-committee of the St. Louis District Freight Traffic Committee, from which the impression generally prevailed that the sub-committee intended to disregard entirely the Louisiana state commission in the hearing of complaints and the recommendations which it would make.

In recent press reports it has been observed that the Railroad Administration has appointed, or is preparing to appoint, numerous rate committees, these rate committees to be composed of three railroad traffic men and two traffic men to be selected from shippers' organizations. These committees, it is understood, will hear shippers' complaints and make recommendations to the regional committees in the region in which they are located, and if the regional committees approve of the recommendations of the local committee, then the recommendation as approved is forwarded to Washington for further review and for filing with the Interstate Commerce Commission. These regional committees will of necessity hear many complaints affecting local rates within the respective states. The suggestion which is made in Director Prouty's letter of July 10, 1918, is a subject for very serious consideration by the Administration, and I believe if the state commissions are permitted to proceed with the consideration of state rates without any questions of jurisdiction being raised, and their recommendations are then forwarded to the proper division of the Railroad Administration, the state commissions can be of great assistance.

I can conceive of no good reason why this should not be done. Repeated assurances have been given by the Railroad Administration of the desire to co-operate with the state commissions, but I do not see any opportunity of co-operating unless the state commissions are to continue to consider complaints, make investigations, and, upon the results thereof, to submit recommendations to the Railroad Administration.

It was after Director Prouty's letter of July 10, 1918, was received that the Railroad Commission of Louisiana determined to proceed with the investigations into the complaints concerning state rates then before them.

I do not believe it is possible for any freight committees selected by the Railroad Administration to make more thorough investigations than the state commissions. It must be borne in mind that the members of the railroad commission are paid officers of the state government, owing no obligations to particular employers. They are sworn officers of the law, whose duty it is not only to perform their functions as outlined in the state statutes, but to uphold the constitution and laws of the United States. Certainly, no state commissioner is going to do anything to interfere with the winning of the war, but there are so many questions constantly arising affecting local rates and service, which have no bearing whatever upon the movement of war traffic, that may be properly investigated and passed upon by the state commissions, tentatively at least, that there should be no fear on the part of the Railroad Administration that these officers will not perform their duties fairly and impartially.

These suggestions are made for the consideration of the Railroad Administration, and we hope that it will not be insisted that rate hearings concerning strictly local rates be canceled, or that the filing of just and proper complaints be discouraged. Following the plan which I have outlined the state commissions will be afforded the fullest opportunity of performing their functions, aiding the government, and relieving, to a large extent, the pressure which will be placed upon the district traffic committees in the investigation and settlement of complaints between shippers and carriers.

Assuring you, and through you, the Railroad Administra-

tion, again of the desire and purpose of the Louisiana Commission to heartily co-operate in bringing about satisfactory conditions, both as to transportation and investigation and settlement of shippers' complaints, I am, with respect.

ANOTHER RATE REVISION?

The Traffic World Washington Bureau.

Another general revision of rates, to be made effective before formal complaints are made against rates established by General Order No. 28, is believed by some usually well-informed shippers likely to follow the return of Director-General McAdoo and Director Chambers to Washington. The latter, it will be remembered, was summoned to the Pacific coast and arrived about July 15. This revision, it is expected, will seek to put rates practically on a mileage basis. That is the goal toward which the men in Mr. Chambers's division have been working.

The fact that they are working on mileage scales is not new, however. They were working on such scales long before No. 28 was put out.

Ever since General Order No. 28 was promulgated there have been hints that perhaps in October the Director-General would make a general reduction in rates because, perhaps, by that time he could have completed a check enabling him to determine whether his first thought as to the amount of money that would be required had been confirmed by the trend of receipts under the new rates. At the time the June 25 rates were put into effect there was talk about changes that would have the effect of putting competitors back on more nearly the same levels they held prior to the stiff advance.

The tariff men in Director Chambers's office know that some day the work they have been doing in checking in rates on mileage may be used, but just which set of tentative tariffs will be used is as much of a secret from them now as it was last spring, when they began doing that work. Until the order making the twenty-five per cent advance was actually in course of preparation there was skepticism among shippers as to the possibility of the Director-General being persuaded to make a percentage advance.

Mileage or graded transcontinental rates are being checked in so as to remove some of the burdens put on the Pacific coast by the percentage increases made under General Order No. 28. Rates from Spokane were blanketed as a result of the Commission's fourth section decisions recognizing the fact that water competition had disappeared. The twenty-five per cent increase decreed by No. 28 placed the coast on a pinnacle and tended to intensify the business difficulties caused by the war strain, which has the effect of concentrating the government's war expenditures in the east. The west is obtaining high prices for its war materials, but the distribution of money to manufacture those raw materials is taking place in the east, so that in many lines of business in the inter-mountain and coast country there is a slowness that is being intensified by the disturbed relationship caused by the percentage increase in rates.

Rate situations that, in ordinary times, would be intolerable exist in all parts of the country. They have been referred to as quirks. That is a euphemistic way to refer to a state of facts that is costing some shippers a good deal of money, either in the way of money paid out on out-of-line rates or through inability to operate plants. The rates decreed by General Order No. 28 have been in effect a month. While a month is not a long time, in acute rate matters it may seem like eternity.

Quirks that hurt a large number of shippers have been removed by means of supplemental orders, interpretations and letters of instruction or freight rate authorities, but the ones that hurt a comparatively small number of shippers remain.

New England shippers believe they have found a quirk for which there is no adequate adjective. They have found that if the orders of the Commission and the Railroad Administration are kept in effect, the first class rate from Boston to New York will be 62 cents, while the first class rate from Boston to Philadelphia will be 52—a violation of the fourth section and an absurdity. That situation is the apparent result of the importation into New England of zone B Central Freight Association class scale rates permitted by Commissioner Anderson's permissive report and General Order No. 28.

Director Prouty July 26 asked all in the Railroad Administration having anything to do with the proposed abolition of differential routes from Boston to withhold action until he returns, July 29. That was his answer to a telegram from his assistants transmitting a request from New England interests asking for a hearing before action looking toward abolition.

Announcement was made by Luther M. Walter of the Railroad Administration that the order instructing the New England carriers to advance these rates to the same basis as the standard all-rail rates had been ordered held in abeyance pending a conference between Director Prouty and Director Chambers.

Mr. Walter in his telegram stated that if the people of New England desire a hearing on this matter they should make application to Director Prouty of the Railroad Administration.

Interstate Commerce Commissioner Anderson suggested that the New England shippers be informed of this action, in view of the large number of complaints that had been received by the Railroad Administration against its proposed abolition.

The commissions of New England, particularly the Massachusetts commission, are now preparing an argument against the proposed advance.

Another situation is the creation of rates in Official Classification territory, particularly eastern trunk line, higher than rates on the same commodities in western trunk line territory. Generally, the east, by reason of greater traffic density, is supposed to be entitled to lower rates than the territory immediately west of the Mississippi River, although there are some thinkers on the subject who are beginning to wonder whether the high terminal costs in the east are not warrant for higher charges in the west.

Preparation and application of mileage scales might have the effect of removing some, if not all, the quirks that have not been cured by amendments to No. 28, interpretations, and so forth. Many thought that the better way to obtain the revenue Director-General McAdoo believed he needed would have been to add a specific sum to every rate, as was done with some commodities, with results that are not at all pleasing where the hauls, as, for instance, at Mitchell, Ind., were on a switching basis, of so much per train of thirty cars, regardless of the lading.

J. B. CAMPBELL APPOINTED

J. B. Campbell, whose revival of the Spokane case resulted in a denial of all fourth section relief on transcontinental rates, has been appointed on the Portland freight

the carrier as the shipper's representative, C. O. Rogers, also of Spokane, being unable to serve.

G. O. NO. 15 CONSTRUED

The Traffic World Washington Bureau.

In a construction of General Order No. 15, pertaining to the construction and maintenance of sidetracks used by shippers, Regional Director A. H. Smith, under date of July 25, said: "A track or portion of a track on railroad right-of-way used wholly or partly for the purpose of loading freight from and to cars to and from an industry and not in use at the same point as a public delivery track, is to be regarded as an industry track within the meaning of General Order No. 15, and the cost of maintenance thereon shall be borne by the industry, except that where the track or portion of track so used by the industry is also used for passing cars to and from other industries, or other tracks of the carrier, the expense of maintenance should be apportioned between the carrier and the industry or industries affected, in proportion to the amount of use of the track for the industry and the passage of cars for other purposes."

Application of that principle, it is believed, would result in putting the cost of maintaining some peculiarly situated team tracks on the shippers as a charge separate and distinct from the charges provided in the tariffs. It would amount, it is believed, as to them, to a reversal of the principle laid down in the Los Angeles case and in effect would impose a separate charge for delivery on a sidetrack on every shipper or receiver of carload freight located on them.

Ultimately, it is believed, the Commission and the courts will have to pass not only on General Order No. 15, but on this interpretation by Regional Director Smith.

It is assumed that the construction made by Mr. Smith is the one that will be made by other regional directors. Copies of the construction were received in Washington by those who are on Mr. Smith's mailing list.

PROCEDURE AS TO COMPLAINTS

The Traffic World Washington Bureau.

Almost as soon as the hearing on the subject July 24 had been completed, there was a settled conviction among those interested that the Commission will hold that, by means of amendments to pending complaints other than those initiated by itself and which are generally called investigations, rather than complaints, such complaints can be made vital again, even if they were killed by the legislation of March 21. Whether they were killed or not, the feeling is that there can be no doubt about the legality of what is done, after the pleadings have been amended so as to make the Director-General a party and to indicate clearly the matters it is proposed to put in issue.

"A duly served order upon the person, corporation or official conducting the transportation is the only effective means of redressing the wrong and enforcing the rights of parties and is the purpose of every proceeding, whether on complaint or by the Commission on its own initiative," a conclusion stated by Francis B. James in his remarks to the commissioners July 24 seems to have been accepted by every man engaged in the discussion. Therefore, Mr. James said, "as to all pending proceedings, both complaints and those initiated by the Commission, it is necessary to make the Director-General a party as the person conducting the transportation, because on him alone can operate

an order quasi-legislative in character, and leave should be granted to file an amendment making him a party. As to presidential rates, the Director-General must be a party and carriers may be made parties because of the future."

As to whether the Commission will follow the James advice in disposing of its own initiated proceedings, there is nothing definite. It has recently discontinued some of its own investigations, not, however, because of the change in conditions brought about by the rates ordered in No. 28, but on account of facts growing out of that and the things done under it. For instance, July 25 it discontinued No. 10145, "Southeastern Lumber Rates," because the railroads have withdrawn their fifteenth section application for permission to make advances. They withdrew the application either because the rates ordered by No. 28 are high enough or because the Railroad Administration, in carrying out the policy shown in circular 1-A, is determined to have no dealings with the Commission about tariffs and rates in advance of their effective date.

There is not much importance to be attached to Commission-initiated investigations, because the time has gone when a shipper is afraid to complain about rates. The power to initiate proceedings was given to the Commission when the railroads made it uncomfortable for those complaining about rate situations, so that it could inquire into a matter on information given by the shipper, without his appearing in the open as the complainant. Latterly the Commission has been ordering investigations so as to keep down the number of formal complaints. By so doing it could often cure trouble without putting complainants to the expense of conducting formal complaints. By means of a general investigation it could cover the whole subject, while if it proceeded on a specific complaint it would be limited to the issues raised therein.

Attorneys who participated in the discussion as to the course the Commission should take in respect of complaints now that the federal control law is in effect are pointing to a paragraph in Commissioner Anderson's report on No. 9953, "Proposed Increases in New England," as throwing some light on the thought of the commissioners on the point in question, held by them prior to the argument July 24. The paragraph is as follows:

"The federal control act of March 21, 1918, provides, in substance, that the Interstate Commerce Commission shall continue to make investigations and orders concerning rates, so far as not inconsistent with the provisions of the new federal control act or any other act applicable to such federal control or with any order of the President. The determination of the pending case is not 'inconsistent' with any act of Congress or with any order of the President. It is, therefore, our duty now to determine it."

COMPENSATION CONTRACT

The objections to the form of contract proposed by the Railroad Administration to be made with the railroads under government control, as summarized by Samuel Untermyer, counsel for the National Association of Owners of Railroad Securities, are as follows:

The security holders will not permit their representatives, the company executives, to surrender in the contract all claims for damages for the destruction of their property and the diversion of traffic and loss of good-will which may result from measures taken by the government.

The right of the Director-General claimed in the contract to charge the roads with maintenance expenses greatly exceeding the normal maintenance charges of the

companies, and deduct these charges ahead of fixed charges or dividends, is not only contrary to the intent of the railroad control act, but would permit the Director-General to take away a road's entire rental, to the point where it could be thrown into bankruptcy, without redress.

Additions, betterments and extensions made by the government for war purposes should not be charged against the companies, but paid for by the government, and if of a character permanently to increase the value of the property when returned to the company, paid for it by it then at its fair value.

The Interstate Commerce Commission, no matter how fair or well acquainted with the merits of any controversy, should not be made the sole and final judge of every question raised between the companies and the government, as this would deprive it of its right of court hearing and review.

The companies should not be compelled to turn over their cash, labor and material to the government and then have current liabilities paid out of their rental without at least receiving interest on their cash balances with the government equivalent to the interest they were formerly receiving from the banks. If not allowed to offset their cash, labor and material advances to the government against the government's payment of current liabilities.

RATES OF WIRE COMPANIES

The Traffic World Washington Bureau

There will be no interstate rate complications in the management of the wire companies, physical control of which passed into the hands of Postmaster-General Burleson on August 1. Congress never amended the act to regulate commerce so as to make either telephone or telegraph companies subject to the sixth section of the act to regulate commerce. The wire companies, as a matter of information, have filed tariffs and, so far as anybody knows, have adhered to the published rates.

Wire rates have been and will continue to be subject to change without notice. Changes, however, have been made only after ample advertised notice. Most of them have been made downward during the last few years in the form of more service for the same money. About the only exception to that rule was when, several years ago, the big telephone company abolished the distinction between day and night telephone messages. There is nothing to indicate now that Mr. Burleson will make any change in the form of publication of rates. Both he and his assistant, David J. Lewis, have been telling the public and committees of Congress that if they were placed in control of the wires they would render more service at lower rates.

No provision is contained in the control resolution fixing the maximum of just compensation. That will be left to the discretion of the corporation officials and the postmaster general, subject to review by the courts if they cannot agree.

REPARATION FOR NO. 28 RATES

The Traffic World Washington Bureau

It is possible that before long the Railroad Administration will make some kind of announcement respecting reparation to shippers who forwarded goods under General Order No. 28 rates that were charged almost as soon as they were made effective. The subject is under discussion among men having to do with claims in both the Railroad Administration and the Interstate Commerce Commission. At first the Railroad Administration men were inclined to take the position that inasmuch as General Order 28 was a general revision of rates, there should be no reparation. They thought of it as a general revision made under orders from the Interstate Commerce Commission. When revi-

sions of rates are made under orders of the Commission, that regulating body takes the view that the carriers could not have foreseen what it would order and that therefore it would not be just to direct them to make refunds to a basis of rates which could not be foreseen.

Men who have the handling of claims for the Commission pointed out that revision made by General Order 28 was a voluntary act on the part of the carriers and changes made therein amounted to a confession that the rates originally ordered were unjust and unreasonable. That point was perceived almost as soon as made, and it would not be surprising if the Railroad Administration came to the conclusion that the reasonable thing to do would be to notify shippers that they would have returned to them the difference between the rates originally ordered and those put into effect by supplements to No. 28.

However, nothing official, or even unofficial, has been done. This is merely the impression as to what may be done that has been gathered by those who have made inquiries. The superior officers of the Railroad Administration, so far as known, have not yet considered the subject.

EXPRESS FRANKS ABOLISHED

The Traffic World Washington Bureau

Under instructions from Director-General McAdoo, the American Railway Express Company has canceled all express franks, thereby requiring express and railroad officials to pay express rates, the same as the general public, because no new franks are being issued. It is presumed that this will be followed in time by the abolition of railroad passes now issued to officials and employees, although Director-General McAdoo has issued passes for members of the Railroad Administration to be used while traveling on official business.

The text of the announcement is as follows:

Under instructions from Director-General McAdoo, the American Railway Express Company (the new company established under the contract between the Director-General and the four principal express companies of the country) has cancelled all express franks previously in use and adopted the policy of issuing no new franks.

In the past free service was given by the express companies to a large number of people, not only express officials and employees, but also the officers of railroad companies and others. As a result of this practice a great many express franks were in existence and a large quantity of goods was carried free of charge.

After careful consideration, the Director-General decided that it was proper and wise to eliminate this free service entirely, and as a result all matter now carried by express is paid for.

RATES ON COARSE GRAIN

The Traffic World Washington Bureau

In the complaint of the National Council of Farmers' Cooperative Associations against the bringing of rates on coarse grains up to the level of those applying on wheat and flour, Clifford Thorne, counsel for the complainant, places Director-General McAdoo at the head of the list of respondents, or, as he calls them, defendants. The complaint has not been formally docketed by the Interstate Commerce Commission, hence it has no number. Apparently Thorne has taken the list of railroads on which the Commission serves notice as defendants, although it may be that the list used by him is that used in connection with General Order No. 27 and supplements thereto relating to wages to be paid to employees of federal-controlled roads.

Doubt as to which list Thorne used is raised by the fact that the Alabama & Vicksburg appears at the head of the

operations. Usually a general complaint begins with either the Aberdeen & Rockfish or the Aberdeen & Southern. It is a certainty that some roads which have heretofore been reported as having been relinquished appear in the list of defendants. According to the ordinary notion about procedure, now that the government controls most of the roads, a general complaint lodged with the Commission should be directed not only against the Director-General, but also against every railroad.

After setting forth the facts about the President taking over the railroads, the issuance of General Order No. 28, the filing of tariffs thereunder, and various amendments thereto, Thorne said that the effect of the order was to disturb a long-standing relationship between the rates on wheat and the rates on corn, oats, rye and barley voluntarily established by the carriers defendants therein based on the difference in transportation conditions and circumstances surrounding the traffic.

The complaint says that while the effect of General Order No. 28 and supplements thereto was to make a 25 per cent increase in rate generally, the increases on coarse grains vary from 33 to more than 60 per cent. As typical cases the complaint recites that by reason of grain being excepted from the combination rule, the advance from Missouri River to New York amounts to 9c per 100 and from Salina, Kan., to New York City to 13.5c per 100 pounds.

Probably the strongest allegation of unjust discrimination is in the ninth paragraph of the complaint in which it is asserted: "Unlike shippers of many other commodities, the shipper of corn, oats, rye and barley is compelled to absorb the increases in freight rates resulting from the aforesaid General Order No. 28 and is unable to pass the burden or any part thereof to others by reason of the fact that the price of grain at the point of shipment is determined by the price at the terminal market less the cost of transportation to the said market. Not only, therefore, is the shipper of corn, oats, rye, and barley compelled himself to bear the burden of the increased rates instead of passing it on to the consuming public, as many others may do, but in addition, by reason of the increase of his rates to the wheat basis and the application of a different rule to govern combination rates, is required to stand a further increase than that generally applied, thus inequitably charging him for that increased cost of operating the railroads of the country as compared with the burden of such increased costs placed by the order in general upon the people as a whole."

Another allegation is that the making of these sweeping and excessive advances in the rates on coarse grains "ranging from 30 to 50 per cent in amount" was accomplished without any public hearing as to the reasonableness thereof; that neither the petitioner, its members, nor any other representative group of grain shippers in the principal grain belt of the United States received any opportunity to hear evidence offered in support of the advances, to cross-examine witnesses, or to offer any evidence whatsoever in rebuttal.

"That because of the excessive character of the aforesaid advances in the rates on corn, oats, rye and barley the ordering of the same without hearing, the large volume of traffic involved, and the early prospective movement of this year's crop, this matter assumes an importance which justifies an application for expedited procedure as an emergency measure, analogous to that granted matters of large importance by this Commission and other tribunals, and similar to that followed by the Director-General in dealing with this very same subject. The present

emergency conditions justify similar procedure in regard to some cases precipitated by the aforesaid General Order No. 28. This action here commenced constitutes one of such cases and it is earnestly urged that the same be set down for immediate investigation at some centrally located point in the grain belt, and that the ordinary rules of procedure be suspended in order that a speedy conclusion of the investigation and an early conclusion upon its merits may be had."

The allegation is that the rates made on coarse grains by reason of General Order No. 28 violate the first three sections of the act to regulate commerce and the tenth section of the federal control act of March 21, 1918. The prayer is for reasonable, just and non-discriminatory rates, not exceeding those in effect prior to June 25, by more than 25 per cent.

IRON ORE RATES

Anson G. Betts & Co., Asheville, N. C., wrote to C. A. Prouty of the Railroad Administration, under date of July 26, as follows:

This matter (iron ore rates, Starbuck, N. C., to Rockwood, Tenn.) has been before the railroad representatives, who are the representatives of the Railroad Administration, since March 26, 1918. It has been the subject of letters from you, dated June 5, July 3 and July 9, 1918. You advise that shippers must exercise some patience. This has been done by us. You suggest we endeavor to adjust with Mr. Randall Clifton, chairman, Southern Freight Traffic Committee. We have done this with no results. In case of failure in securing what we consider a reasonable adjustment, we are directed to complain to you. This we now do.

The miles, rates and earnings before June 25 were:

	Miles.	Rate.	Mills, ton-mile.
From Starbuck, N. C., to Middlesboro, Ky., via Southern, Asheville and Knoxville, thence Southern to destination.....	314	\$1.10	3.50
From Starbuck, N. C., to Rockwood, Tenn., via Southern, Asheville and Knoxville, thence Southern to destination.....	306	1.40	4.57

This business should move, under orders as publicly announced by Director-General McAdoo, via the short line which on rates in force before June 25 will show:

	Miles.	Rate.	Mills, ton-mile.
From Starbuck, N. C., to Middlesboro, Ky., via Murphy, L. & N. R. R. to Knoxville, thence Southern to destination.....	226	\$1.10	4.42
From Starbuck, N. C., to Rockwood, Tenn., via Murphy, L. & N. R. R. to Knoxville, thence Southern to destination.....	218	1.40	6.43

Since June 25 these rates are advanced 30 cents per ton.

The traffic is still moving via Asheville, and is an economic waste of an 88-mile haul, with consequent flagrant and at this time indecent, misuse of coal.

The transportation department of the Southern Railway assure us it is their desire to handle via Murphy, in order to economize in use of this coal, but tariffs do not provide for such routing, and they are powerless until tariff department acts.

Our specific complaint is that the rate to Rockwood is unjust and unreasonable and in violation of section 1 and places us on this traffic to an undue and unreasonable prejudice and disadvantage, in violation of section 3 of the act to regulate commerce.

We specifically complain to you now in the expectation of obtaining immediate results rather than to await a decision from a formal complaint before the Interstate Commerce Commission.

We have stated and we repeat that: "We favor such adequate revenue for the carriers as will enable them to properly perform their function of transportation during this war."

We have stated and we repeat that there is neither equity, justice, sound rate-making principles or other reason on top of this earth, why a rate on iron ore from

Starbuck, N. C. to Rockwood, Tenn., should be greater by 30 cents per ton than to Middlesboro, Ky., when the distance is 8 miles less.

We have stated and we repeat that the continuance of this readjustment for one day longer than June 25 is a violation of the first principle of elementary justice. It has now been continued for more than 30 days.

We now state that the failure to correct this rate is a demonstration of power equaled only by the leaving of tribute on the at present defenseless civil population of Belgium by the iniquitous temporary occupants of the territory.

We now state that the continuance of this rate of 30 cents more per ton for an eight-mile less haul, where the circumstances and conditions surrounding the transportation is not so dissimilar as to warrant any difference whatever, is no more just than would be the contribution by the citizens of the United States of purchasing goods made in Germany.

The representative of the Railroad Administration, who was and is an officer of the Southern Railway, states as one reason for not having previously made this adjustment is that the transportation from Starbuck to Rockwood is a "twisting haul."

The Southern Railway have for years, and now do join a "twisting haul," which produces so much less per ton mile than "straights" that figured retroactively it would result in a material reduction. That we do not now ask.

We do ask, and because we have the right demand that this injustice be removed forthwith.

We are making this case from which other iron is produced an essential proceeding to the government at this time. The continuance of this arbitrary, unjustified and unjustified seriously interferes with our power to increase production.

We respectfully submit that ample time has elapsed since June 25 in which this rate should have been adjusted and that we are now entitled to a "Yes" or "No" answer—that it will or will not be done.

If the answer be "No" and we are denied the same rates to Rockwood as applied to Middlesboro, we ask that just one single transportation reason be assigned for such denial of our just demand.

Carriers on this route, including the Southern Railway, join in very much lower rates on iron ore than the rates for which we are contending. Many instances can be cited, two are shown below.

	Miles	Rate
From Middlesboro, Tenn. to Rockwood, Tenn.	8	\$1.15
From Chattanooga, Tenn. to Rockwood, Tenn.	12	\$1.15

Further, we are entitled by all rules of equity to be paid for the haul from Starbuck to Rockwood on iron ore now being mined in North Carolina, rates which are more than three times as much per ton-mile as are being paid on iron ore shipped from South Carolina and Georgia points to Baltimore in the north, other than Rockwood.

We are not producing two carloads per day. As fast as is possible, with the available iron power and machinery, we produce from this mine to ship ten cars or upward per day. These cars should average 40 tons per car. The difference of 30 cents per ton amounts to \$15 per car or \$150 per day. This is too great a penalty to impose on the business and will result in a less production of the marketing of ore elsewhere than at Rockwood.

All of which is respectfully submitted with the hope and expectation that an immediate reasonable decision shall be rendered or failing so to do, that an excuse be made for a continuance of this injustice. Inquiry to get the work done cannot be successfully offered as such excuse, for the reason that the rate can be produced without delay. Will it or be published?

THROUGH EXPORT BILLS

The Merchants' Association of New York, through J. C. Latham, its traffic commissioner, has written to Luther Walter of the Railroad Administration, pointing out, as follows, some objections to the rule abolishing through export bills of lading after September 30.

"You will recall that during the course of the conference we had with you at Washington on July 1 and 2, the notice issued by the transcontinental lines that the issuance of through export bills of lading would be discontinued after Sept. 30, 1918, was informally discussed and those present at the conference expressed that this was a change that should not be made, as it would seriously interfere with not only the movement of our export traffic, but the development of our far eastern trade, and we were given to understand that we would be afforded an opportunity to be heard.

"As I understood the matter, the principal objection to the issuance of through bills of lading was the fact that the freight was allowed to accumulate at the Pacific ports for indefinite periods without compensation to the carriers for the use of their facilities, after a reasonable time had elapsed within which the freight should have been delivered to the steamer.

"I am making some investigation with respect to this matter in preparation for the conference.

"It is necessary for exporters to investigate many things in connection with the handling of their business, including financial questions, such as credits, etc., and they would like to know what is going to be done. I feel, therefore, that some definite announcement should be made at the very earliest date possible."

INLAND TRAFFIC SERVICE

The Traffic World Washington Bureau

The era of civilian traffic managers in charge of the movement of material and supplies, at many points, for the War Department, with commissioned officers as assistants where there is need of help, planned by H. M. Adams, chief of the Inland Traffic Service in the War Department, came into existence August 1. On that day Mr. Adams formally announced the extension of the inland traffic service that has heretofore been discussed in these columns. He announced the establishment of branch offices, with an assistant chief in charge at each, at Atlanta, Boston, Chicago, New Orleans, New York, Pittsburgh and St. Louis, district offices reporting to the chief in Washington, at Baltimore, Norfolk, Philadelphia, Portland, Richmond and San Francisco, district offices, reporting to the different branch offices, at Albany, Buffalo, Birmingham, Cleveland, Cincinnati, Charlotte, Dallas, Detroit, Indianapolis, Jacksonville, Kansas City, Peoria and Toledo.

Mr. Adams has drawn into the service such well-known railroad traffic men as C. H. Morrell, assistant freight traffic manager of the St. Louis-San Francisco, A. S. Edmonds, assistant traffic manager of the Missouri Pacific, J. F. Dalton, general freight and passenger agent of the Norfolk Southern.

The branch offices, in charge of assistant chiefs, are as follows: A. S. Edmonds, Forsythe Building, Atlanta, with supervision over the district offices at Charlotte, Jacksonville and Birmingham; J. E. McGrath, No. 25 Houghton avenue, Boston; R. B. Robertson, Southern Pacific Building, 35 W. Jackson boulevard, Chicago, with supervision over the district offices at Detroit, Peoria and Toledo; N. C. Barnett, New Orleans, with supervision over the district office at Dallas; B. M. Flippin, No. 45 Broadway, New York, with supervision over Albany and Buffalo district offices; J. E. Waller, Chamber of Commerce Building, Pittsburgh, with supervision over the district offices at Cleveland, Cincinnati and Indianapolis.

The district offices reporting to the chief in Washing-

in charge, are: Capt. S. A. Tushman (acting), New York Building, Baltimore; J. F. Dalton, Norfolk; J. B. Trimble, Weidner Building, Philadelphia; W. C. Dibblee, Portland, Ore.; G. A. Craig, Richmond, Va., and F. L. Hanna, Southern Pacific Building, San Francisco.

The district offices, and those in charge, reporting to branch offices are: C. E. Harris, P. O. Building, Albany, N. Y., reporting to New York; A. P. Wakefield, Federal Building, Buffalo, reporting to New York; R. M. Dozier, Birmingham, Ala., reporting to Atlanta; Leonard Smith, Cleveland, reporting to Pittsburgh; W. H. Connor, P. O. Building, Cincinnati, reporting to Pittsburgh; C. Sanderson, Mint Building, Charlotte, N. C., reporting to Atlanta; John B. Gowin, Dallas, reporting to New Orleans; A. J. Dutcher, Detroit, reporting to Chicago; G. W. Smith, P. O. Building, Indianapolis, reporting to Pittsburgh; Willis Callaway, Hurd National Bank, Jacksonville, Fla., reporting to Atlanta; J. L. Hohl, Kansas City, reporting to St. Louis; Charles Shackell, Peoria, reporting to Chicago, and P. B. Doddridge, Ohio Building, Toledo, reporting to Chicago.

In his circular No. 2A, superseding and cancelling No. 2, Mr. Adams says:—

The services of the Branch and District Offices are available to all bureaus of the War Department alike and their activities will be exercised in connection with property of all such bureaus without preference or prejudice. Direct communication with representatives of the Inland Traffic Service is authorized.

The duties of those in charge of Branch and District Offices with respect to the transportation of troops are as follows:

A. The movement of troops is directed from the Office of the Chief, Inland Traffic Service, through the Troop Movement Section of the United States Railroad Administration. Therefore, Branch and District Offices will have no duties in connection therewith except such as may be delegated by special instructions issued from time to time. They will, however, render assistance at all times when required by the officer in charge and will promptly report to and await instructions from the Chief, Inland Traffic Service, in any case of importance coming to their notice, requiring advice and instruction.

The duties of those in charge of Branch and District Offices with respect to the transportation of property are as follows:

A. To represent the Inland Traffic Service in all matters within its jurisdiction, subject to the established rules and regulations.

B. To promptly and effectively respond to all requirements of the War Department, pertaining to the transportation of War Department property, inland and coastwise.

C. To respond, with respect to matters within their jurisdiction, to requests from Officers and Representatives of the United States Railroad Administration and the individual carriers, including water lines.

D. To perform all duties pertaining to the transportation, inland and coastwise, of all property of the War Department moving by express, freight or otherwise, and the routing thereof, beginning with the ordering of cars or other vehicles for use in shipping the property, also including all matters pertaining to expedition or preference in movement, tracing, checking of railroad yards, instructions to carriers with respect to the movement of War Department property, including the disposition of shipments on arrival at destination, all other relations with the carriers, switching service and questions pertaining to transportation as distinguished from the concentration and shipping of the property and the acceptance or storing or otherwise disposing of it on arrival at destination; will require prompt acceptance of the property, unloading of cars and accomplishment of bills of lading.

E. To exercise special supervision over the shipment of property by express and to substitute freight service when practicable.

F. To inform themselves with respect to the service available by inland and coastwise waterways, and the rates applicable, and to encourage the movement of the maximum amount of property via such routes when safe and

practicable and the expense therefor is not in excess of the expense for movement by rail, including cartage and considering land grant deductions. Any departure from the latter rule must be approved by the Chief, Inland Traffic Service.

G. To confer with Officers and Agents of the Carrier, to insure the prompt movement to its destination of all property of the War Department being delayed en route; to report to the consignee and to the Chief, Inland Traffic Service, through the proper channels, the action taken in all such cases, and for such other purposes as may be necessary.

H. To keep themselves informed at all times with respect to the conditions at important railway centers and junction points, transfer depots, etc.; to prevent, so far as possible, delay in the movement of War Department property; and to promptly report any congestion of facilities resulting in delay in the movement of such property, and, if known, the causes therefor.

I. The United States Railroad Administration having established at Washington (19th street and Virginia avenue) a card record bureau wherein the shipment, interchange, junction passing and arrival at destination of Government shipments in carloads are recorded, that record will be resorted to in so far as may be practicable in the tracing of delayed shipments.

The Inland Traffic Service maintains in connection with this record and in the same building its tracing section, with which direct communication is authorized.

J. Branch and District Offices may, when necessary and expedient, trace delayed shipments through local railroad offices within their respective territories or districts. It is especially directed, however, that preference be given to the handling of all tracers for both carload and less than carload shipments through the Washington Office.

K. Expediting the movement of important shipments shall at all times be distinguished from the matter of tracing and effecting delivery at destination of shipments delayed in transit. Branch and District Offices are authorized to arrange direct with the proper officers of the carriers interested for the movement of such shipments when moving wholly within the territory assigned to the Branch in which the shipments originate. All other requests must be submitted to the Office of the Chief, Inland Traffic Service, Washington, for transmission to the Car Service Section of the United States Railroad Administration.

L. To give especial attention to the conditions at the ports of export, to insure prompt delivery of all property to the consignee upon arrival, prompt unloading of cars, prevent the incurring of demurrage charges or the accumulation of property in excess of the facilities available to store or otherwise care for it, obtain reports from the carriers of all shipments held for disposition and to inform the Chief, Inland Traffic Service, periodically as required, as to the situation, including advice as to the ability of the responsible Officer to accept and unload property on arrival.

M. To exercise such other functions and perform such other duties as may be prescribed by the Chief, Inland Traffic Service, War Department, or by his authority, from time to time.

N. To report to the Chief, Inland Traffic Service, through the proper channels, all failures to observe the orders, rules and regulations of the Inland Traffic Service.

The following territorial assignments are made: Assistant Chiefs in charge of Branch Offices, will have general supervision over all territory assigned thereto and will also have direct charge of the details of operations in the territory assigned to their respective branches and not assigned to districts therein.

Atlanta Branch

Tennessee, North Carolina, South Carolina, Georgia; Florida, east of Chattahoochee River; Alabama north of Louisville & Nashville Railroad, running west from Flomaton to Mississippi State Line; Mississippi on and north of the line of the Southern Railway, Columbus, Miss., to Greenville, Miss.

Birmingham District

Alabama, north of L. & N. R. R. running west from Flomaton to Mississippi State Line; Tennessee west of line of L. & N. R. R. Guthrie to Nashville, and N. C. & St. L.

Nashville to Alabama State Line; Mississippi north of Southern Ry., Columbus, Miss., to Greenville, Miss.

Charlotte District

North Carolina and South Carolina, except Charleston, S. C. and Port Royal, S. C.

Jacksonville District

Florida, east of Chattahoochee River; Georgia on and south of Seaboard Air Line Railroad running from Montgomery to Savannah, Ga., also latter port, Charleston, S. C., and Port Royal.

Boston Branch

Rhode Island, Connecticut, Massachusetts, Vermont, New Hampshire and Maine, Canada, east of line of Grand Trunk Railway, Rousses Point, north to but not including Montreal.

Chicago Branch

Ohio, on and north of line of Lake Erie & Western R. R., Sandusky, O., to Indiana state line; Indiana, on and north of line of L. E. & W. Ohio-Indiana state line to Lafayette, Ind., thence on and north of Wabash R. R., to Illinois-Indiana state line near Danville; Illinois on and north of Wabash Railroad, Illinois-Indiana state line near Danville through Springfield to Hannibal, Mo.; Iowa, North Dakota, South Dakota, Minnesota, Wisconsin and Michigan; Canada, Province of Ontario, west of line of Grand Trunk from Goderich, Ont., through London to Lake Erie.

Detroit District

Michigan, except that part lying on and south of L. S. & M. S. Railroad, Indiana-Michigan state line near White Pigeon through Adrian to Lake Erie near Monroe; Canada, Province of Ontario, line west of line of Grand Trunk Railway Goderich to Lake Erie through London.

Peoria District

Illinois, on and west of line of Illinois Central Railroad, Decatur, Ill., through La Salle to Freeport and Wisconsin State Line; and north of the line of the Wabash Railroad, Jamar to Hannibal, Mo.; State of Iowa except points on Missouri River.

Toledo District

Ohio, on and north of line of Lake Erie & Western R. R., Sandusky, O., to Indiana state line; Indiana on and north of line of L. E. & W. from Ohio state line to Lafayette, Ind., and east of line of Monon, Lafayette to Michigan state line; Michigan on and south of line of L. S. & M. S. R. R., Michigan-Indiana state line, near White Pigeon through Adrian to Lake Erie near Monroe.

New Orleans Branch

Florida west of Chattahoochee River; Alabama on and south of the line of Louisville & Nashville Railroad, running from Phenixton to Mississippi state line; Mississippi south of Southern Ry., Columbus, Miss., to Greenville, Miss.; Louisiana, Oklahoma, Texas and New Mexico.

Dallas District

Texas on and west of line of T. & P. extended from Stephenville to Langewies, thence I. & G. N. to Rockdale, thence S. A. & A. P. to Corpus Christi; Oklahoma and New Mexico.

New York Branch

State of New York, New Jersey on and north of line of Pennsylvania Railroad, Trenton to Sea Girt; Canada on and west of line of Grand Trunk Railway, Rousses Point to Montreal and on and east of line of Grand Trunk Railway, Goderich to Lake Erie.

Albany District

Province of Quebec on and west of Grand Trunk Railway, Rousses Point to Montreal; Province of Ontario on and east of line of Canadian Pacific Railway running from Renfrew, Ont., to Kingston, Ont.; New York east of the line of Northern Central Railroad, Sodus Point to Elmira, N. Y., thence Delaware, Lackawanna & Western Railroad to Binghamton, N. Y., thence Delaware & Hudson Railroad to and including Albany and Troy, N. Y.

Buffalo District

New York, on and west of line of Northern Central Railroad, Sodus Point, N. Y., to Elmira, N. Y.; Province of Ontario lying west of line of Canadian Pacific Railway from Renfrew to Kingston, Ont., and east of line of Grand Trunk Goderich south through London, Ontario, to Lake Erie.

Pittsburgh Branch

Pennsylvania, west of line of Pennsylvania R. R. running from Elmira, N. Y., to Harrisburg, Pa., thence west of line of Cumberland Valley R. R., Harrisburg to Maryland state line; West Virginia, west of the Maryland state line and Western R. R., to Elkins, West Virginia, thence on and north of the Coal & Coke R. R., Elkins to Charleston; thence C. & O. Ry., to Kentucky state line; Kentucky; Ohio, south and east of Lake Erie & Western R. R. from Sandusky to Indiana state line; Indiana, south of Lake Erie and Western Indiana state line to Lafayette, and Wabash Ry., Lafayette to Illinois state line; Illinois on and east of Big 4 R. R., Cairo to Indiana-Illinois state line.

Cincinnati District

Ohio on and south of the C. H. & D. Indiana state line to Hamilton; on and east of the B. & O. R. R., Hamilton to Piqua, on and south of the Pennsylvania Line, Piqua to Columbus, and T. & O. C. R. R., Columbus to Ohio-West Virginia state line; Indiana on and south of the Southern Ry., Louisville to Illinois-Indiana state line near Mount Carmel, including Jeffersonville, Illinois, on and east of the Big 4, Illinois-Indiana state line to Cairo; Kentucky.

Cleveland District

Ohio south and east of the Lake Erie & Western R. R., Sandusky to Lima; east of B. & O. R. R., Lima to Piqua; north of the Pennsylvania R. R., Piqua to Columbus, and T. & O. C. R. R., Columbus to Ohio-West Virginia state line.

Indianapolis District

Indiana south of the L. E. & W. R. R., Ohio-Indiana state line to Lafayette, and Wabash Ry.; Lafayette to Illinois state line, and north of the Southern Ry., Louisville to Illinois state line near Mount Carmel; Ohio west of the B. & O. R. R., Lima to Hamilton and north of the C. H. & D. R. R., Hamilton to Indiana state line.

St. Louis Branch

Illinois south of line of Wabash R. R., from Indiana state line near Danville to Hannibal, Mo., through Springfield, Ill., and north and west of Big 4 R. R., Cairo to Illinois Indiana state line, Missouri, Nebraska, Kansas, Arkansas, Colorado and Wyoming.

Kansas City District

Nebraska, Kansas, Colorado and Wyoming; also Missouri River ports, including St. Joseph, Mo., Atchison, Leavenworth, Kansas; Omaha and South Omaha, Nebraska, and Council Bluffs, Iowa; Missouri on and west of Missouri Pacific R. R. from Kansas City through Butler and Lamar to Arkansas state line.

Washington, D. C.

District of Columbia, Virginia, West Virginia, east and south of line from Elkins, W. Va., to Charleston, W. Va., via Coal & Coke Ry., thence to Kentucky state line via C. & O. Ry., comprising Richmond and Norfolk Districts, Maryland, Delaware, Pennsylvania on and east of line of Penna. R. R. running south from Elmira, N. Y., to Harrisburg, Pa., thence on and east of Cumberland Valley R. R. to Maryland state line; New Jersey south of Penna. R. R., Trenton to Sea Girt, comprising Philadelphia and Baltimore Districts; California, Utah, Nevada and Arizona, comprising San Francisco District; Oregon, Washington, Idaho and Montana, comprising Seattle District.

Baltimore District

Maryland, Pennsylvania on and east of line of Cumberland Valley, Maryland state line to Harrisburg, on and west of line, Northern Central Railroad Harrisburg to Maryland state line, not including Harrisburg.

Norfolk District

Newport News, Norfolk, Portsmouth, Phoebus, Hampton, Big Point, Cape Charles, Port Norfolk and vicinity.

Philadelphia District

Pennsylvania on and east of line of Pennsylvania Railroad running south from Elmira, N. Y., to Harrisburg, Pa., thence east of Northern Central R. R., to Maryland state line, Delaware; New Jersey south of line of Penna. R. R., Trenton to Sea Girt, N. J.

Richmond District

Virginia, West Virginia east and south of the line from Elkins, W. Va., to Charleston, W. Va., via Coal & Coke

Ry. Route to Kentucky state line via C. & O. Ry., except Newport News, Norfolk, Portsmouth, Phœbus, Hampton, Big Point, Cape Charles, Port Norfolk and vicinity.
 San Francisco District
 California, Nevada, Utah and Arizona.
 Seattle District
 Oregon, Washington, Montana, Idaho.

TRAFFIC LEAGUE ON FREIGHT CLAIMS

A special committee of the National Industrial Traffic League has sent to John Barton Payne, head of the legal department of the Railroad Administration, the following communication with regard to the payment of freight claims:

The attention of the Executive Committee of the National Industrial Traffic League has been called to your letter of May 24, 1918 (The Traffic World, June 8, 1918, p. 1260), addressed to Regional Directors Smith, Markham and Aishton, transmitting suggestions made by one of the claim agents of the carriers, for the consideration of claim agents and traffic representatives and directing that these and other helpful suggestions be discussed to the end that uniformity and definite co-operation be brought about to prevent claims arising.

Objection was voiced by the members of the Committee to many of the suggestions made as being unfounded and unwarranted and it was resolved: One, that your letter should be reproduced and sent to all members of the League with request that they give careful consideration to the matter and make suggestions or recommendations as to what representations should be made regarding the different commodities mentioned in your communication. Two, that a special committee be appointed and authorized to handle the matter.

The letter was sent to the members as directed and the many replies received indicate a wide divergence of views from those expressed by the claim agent who was your informant, not only as to the conclusions reached and recommendations made, but as to the actual facts. The thought was expressed by many that the suggestions and recommendations of the claim agent referred to were not directed so much toward the prevention of claims as to the prevention of their payment.

We respectfully ask that consideration be given to the attached observations received from our members.

Grain Claims

Your letter deals only with claims on so-called clear record cars. This is but one class of the many kinds of grain claims. Clear record claims are, of course, very important to the grain merchants.

Without going into any criticism of the proposed ruling, we will merely point out at this time that the grain merchants are firmly of the opinion that the carriers cannot escape their liability for the delivery of all the grain placed in the car at point of origin, even though the freight claim agent may think a car has a clear record. The evidence in the hands of a freight claim agent as to loss of grain in transit is too often no evidence at all.

The Interstate Commerce Commission on its own motion entered into an investigation of claims for loss and damage on grain. Investigation was conducted under Docket No. 9009, and the Commission's report is contained in 48 I. C. C. 530.

The Commission said, page 540:

"But generally speaking, official weights are obtained under conditions which inspire confidence in their reliability and as a practical matter they are perhaps about as accurate as can be secured. The principal difficulty arises in connection with unsupervised weights at points of origin on shipments from the country to terminal markets."

Page 537:

"Merely because there is no record of leakage or other loss in transit, or of defects in the cars, or of other conditions which might have permitted a loss, it does not necessarily follow that none occurred, for the movement is not under such constant and close surveillance that losses or defects are invariably noted."

The Commission said, page 575:

"The carriers and shippers will be expected to arrange promptly for a conference of their representatives with a view of an agreement upon rules and practices to be observed in filing investigation and disposition claims."

Progress in conformity with the Commission's suggestions for a conference is being made.

Fruit and Vegetables

The fruit and vegetable shippers, distributors and receivers throughout the United States have already submitted to the Director General of Railroads a brief, outlining their position on freight claims. We understand that this brief has been subscribed to by all of the fruit and vegetable associations in the United States, the membership of said associations controlling approximately 90 per cent of the fruit and vegetable business.

Shippers and receivers of fruit and vegetables feel that the carriers should in all cases adjust claims in accordance with their legal liabilities, as they did prior to the time the roads were taken over by the United States Government.

The fruit and vegetable industry as represented in The National Industrial Traffic League concur in and will co-operate to make effective your recommendations as follows: "So far as possible carriers should endeavor to determine the condition of fruit and vegetables when they are shipped as well as the condition at destination."

We feel strongly that every effort should be made by the carriers by prompt and careful handling of fruits and vegetables to prevent waste of food and if proper measures are taken by the carriers with the co-operation of shippers and receivers the number of claims will be greatly reduced and what is of more importance the food supply will be augmented.

Livestock.

Under the suggested order the shipments might reach destination the date they are scheduled to arrive, but too late for the market of that day. These trains are ordinarily due at market points during the early morning hours, yet this would permit arrival any time before midnight of that day without affording shippers an opportunity to recover their losses. Livestock is always forwarded by the shipper to reach the market upon what is considered the best day for marketing that particular kind or grade. When the trading starts orders are rapidly filled and when the buyers' needs are supplied they would be foolish to take on a surplus of late arrivals to hold over, knowing that shrinkage is bound to occur. The so-called normal shrinkage is merely a loss in weight in a form of waste matter from bladder and intestines. This occurs the first few hours en route and any further shrinkage is a tissue shrinkage not easily replaced, and something materially affecting the appearance and value of the stock.

Tissue shrinkage cannot be overcome until normal surroundings and feeding have been restored for several days. The amount of shrinkage of course varies according to the kind of feed used in finishing, and each case would have to be considered on its merits. Any soft feed such as distillery slop, etc., would cause an animal to show heavier shrinkage than hard feed such as corn. Stock held over night at the market never show up well in comparison with the new arrivals. Only in cases of extreme shortages will buyers bid prices comparable with fresh stock. Meat from stock handled under these conditions is inferior in quality and appearance to meat from animals retaining normal tissue elements. A nervous, excited or frightened animal is never in condition for slaughter.

It is suggested that it is the policy of the Food Administration to encourage increased production. Failure to make good to the livestock producers the losses which are due to the carriers' fault or inefficiency, will have a tendency to discourage the production of livestock. It is respectfully submitted that nothing should be done by the United States Railroad Administration that will bring about this result.

Fresh Meats and Packing House Products

The packers do not feel that a proper opportunity is now offered for going into details with respect to each item set forth, but think it is timely to say something on

the general principle enunciated in the following statement:

"A carload of meat delayed 24 or 48 hours between the Missouri River and Pittsburgh and another car traveling in the same train for Boston, Mass., it taking 48 to 50 hours longer for that car to reach its destination, and arrives at its destination (Boston) in good condition, certainly the delay to the Pittsburgh car could not have caused damage, otherwise meat shipments could not be made clear across the continent, or to Boston, as per example above."

A carload of fresh meat may be safely transported, for example, from Salt Lake City to Boston if under proper refrigeration and moved within a reasonable time and the same shipment could not be transported without damage from Salt Lake City to Omaha within the same amount of time used to transport the Boston shipment, using the same rail stations. There must be evident because the intervals in time would necessarily become so great as to make proper refrigeration impossible. Another way to illustrate the principle which you apparently have in mind is to call attention to the fact that shipments of fresh meat must be safely moved from East Worthy to Boston under proper refrigeration and within reasonable time, but the same shipment would not be fit for human consumption if shipped from East Worthy to St. Louis with out proper packing, the reason is the essential thing and distance and time are secondary.

The packers desire to file an emphatic denial of the statement made relating to compensation of claims on fresh meat and packing house products. It has never been the practice to file a claim merely because the carrier failed to make the scheduled time between rail stations, either by a small or a large margin, nor has it been the practice to file a claim even on account of unreasonable delay in transit, where and where, either in reaching an intermediate station or in reaching destination, did not result in actual damage to the goods, for which it was believed that the carrier was liable under the established principles of law. The packers have never filed claims to recover financial losses resulting from unreasonable delay in cases where the goods were not damaged, because it is thought that they would have legal justification for so doing.

It has not been the practice of the packers to file claims that they did not think collectible, nor have they brought in court, but in this connection it is necessary that some claims should be filed on the first instance in order to meet the requirements of bill of lading conditions as to the time limit for filing claims, and at the present time, where there is a prima facie showing of responsibility upon the part of the carrier it is necessary to file a claim in order to have the matter investigated and in order that both shipper and carrier may determine responsibility by means of the fact that the carriers have chosen to adopt the practice of refusing to furnish detailed information as to handling in transit, except in cases where claims are filed. When it develops that the carrier is without fault, such claims are withdrawn. It is well in this connection to bear in mind that all interstate shipments of meat food products must be prepared and shipped under federal supervision and that the product shipped must be whole, some and fit in all respects for food purposes, and it must be in the same condition when offered to the consuming trade. The distribution of consuming points is under federal state or municipal inspection and regulation, and whatever happens to cause the goods to be contaminated or subject to deterioration, processing, etc., must have happened in transportation. Notwithstanding this, the packers have never laid upon the railroads their full responsibility as carriers. Further in connection with this feature of excessive conservatism in fact, not an infrequent occurrence, that the through movement from western packing centers to the Atlantic seaboard is on the so-called schedule, but shipments delayed between Youngstown, Pa. to be exact, to Reading, Penna. beyond the danger point, thereby damaging the product. It is also possible that some meat shipments may have entirely lost the car or are it properly, or have not even been detected, as in cases of a total shipment. These factors and other aspects of the freight contract as a rule, be developed without the filing of claims.

Finally, the amount of claims paid by the carriers for damage to fresh meats and packing house products is almost negligible, when the volume of the movement is

considered, and is almost too small to compute when compared with the value of the product transported; or again, when compared with the freight charges assessed against this great volume of traffic. There is no other food article that moves in such volume, so highly perishable in character, that is handled with so little loss to the railroads. This is to a large extent due to the co-operative measures adopted by the shippers in attempting to supervise the en route being, and working with the railroads to avoid undue delay or exposure to the traffic.

The packers much regret the statement above quoted, and that it was given publicly. If it in fact is a correct copy of the statement issued by the general counsel for the United States Railroad Administration, believing that such a statement, having the great authority of that office behind it, would tend to very much retard and delay the settlement of just and meritorious claims, at a time when the reverse seems so badly needed. The packers maintain that so far as they are concerned the railroad claim business is handled on a broad and fair business basis, and they will welcome an opportunity to go into the subject more extensively with the Railroad Administration.

Coal, Coke and Ore Loaded in Open Equipment.

We take direct issue with the statement that coal and low grade ore and other such commodities are shipped in open cars more for the convenience of the loading and unloading public and that on account of exposure to theft and the falling off from overloaded cars the shipper or receiver should assume any loss due to these conditions.

Carriers as a matter of law are required to provide suitable equipment for the transportation of freight, and open top cars are the only suitable equipment for the transportation of coal which the carriers are able to furnish. Many receivers would prefer to get their coal in box cars, but the carriers will not and cannot furnish box cars for this service. Some so-called "general service" cars, with openings in the tops for loading and drop bottoms for unloading coal and similar bulk freight, are in service and are acceptable to many shippers and receivers, in fact preferred, but such cars are very few in number.

It is impracticable to handle the enormous coal tonnage in box cars. Carriers do not have enough cars to take care of other freight which requires protection from the weather. Open top cars are less expensive and cost less to maintain, carriers would not if they had the cars carry their own fuel in closed equipment. Modern coaling stations as well as modern equipment for coaling engines in yards require open top cars. Neither the railroads nor the shipping and receiving public would stand for the delays and inconveniences incident to the use of closed cars for the transportation and handling of coal.

As to overloading of cars and consequent loss from dropping off in transit, the carriers have it in their power to prevent such overloading by taking proper measures. It should be remembered, however, that heavier loading of all commodities is demanded in the exigencies of the times, and carriers have insisted upon loading to above the marked capacity.

Coal operators have gone to large expense to the end that cars should be properly loaded and trimmed. This has resulted in enormous saving to the carriers through the full utilization of equipment and must be continued. The loss of coal from this source, that is, from falling off cars, is trifling. Shortages at destination are due either to defects in cars or to pilferage. It is well known that it is the common practice of railroad employees to take coal from cars for heating yard and crossing houses, cabin cars, etc., and it is not unusual for a shipper's coal to be taken for the carrier's own engine use. It is the duty of the carriers to protect the property in their possession whether loaded in open or closed cars, and they should properly police their terminals. Carrying coal in box cars would not prevent theft. Differences in weights due to variations in scales or weighing are taken care of by the tolerances provided under the weighing rules. If upon reweighing at destination a shortage develops regardless of whether there was visible evidence of loss the carrier should pay for the coal not delivered.

We are informed by receivers of coal that frequently when an inspection has shown no evidence whatever of loss upon reweighing the car loaded and light a shortage has developed running from one to seven tons. To say that in such cases when there is no visible indication of loss

the subject for the time the burden is the rankest sort of injustice and a vicious and unworkable proposition.

The Federal Fuel Administrator for Nebraska says: "Now that the United States Government controls the production of coal, the mine weights and prices and the transportation to destination, the liability of the coal dealer should be limited to the net weight of the coal actually delivered at destination. He has refused to allow any liability to cover loss or shrinkage of coal in transit from mine to destination and holds that such loss is chargeable to the carrier. He further says that weights should be ascertained under government supervision, cars should not be loaded beyond their capacity and pilfering from cars should be penalized to such an extent as to stop the practice."

Conclusions

We firmly believe that in the consideration, discussion and adjustment of these matters the shippers of the country should have a part, and that no regulations should be made or rules adopted with reference to the adjustment of shippers' claims until after conference with the shippers and a free and full discussion on all the points involved, and we recommend that in the formulation of a uniform code of rules as to the adjustment of claims by the United States Railroad Administration an opportunity be given to each class of shippers interested to express their views as to such rules before they be made effective.

The very serious situation now existing because of the rapid accumulation of claims on all classes of freight, and the enormous capital tied up in such claims demand a fair and uniform policy ensuring prompt handling and settlement. This can only be secured by joint action as suggested.

This committee is in sympathy with the Administration's plan of requiring the prompt payment of the shippers' obligation to the carriers and respectfully suggest that the same rule should be applied in the settlement of the carriers' obligations to the shippers, and that a reasonable time limit be established for the payment of such obligations.

The National Industrial Traffic League through its Secretary offers its services to the Administration as a medium for notifying the shippers of the time and place of hearings where consideration will be given to these subjects. The League will co-operate in any way desired to the end that all shippers and receivers of freight shall have a voice in the determination of these matters.

Yours very truly,

THE SPECIAL COMMITTEE O. F. BELL, Chairman;
F. B. MONTGOMERY, A. W. McLAREN, N. H. KENDALL,
J. S. BROWN, L. N. CHRISTENSEN.

OFFICIALS NOT IN GUIDE

The Traffic World Washington Bureau.

The separation of the corporate and operating organizations of the railroad companies is even to the extent that the names of corporate officials are not to appear in the Official Guide, unless the publishers make arrangement with the corporate officials for publishing their names, not under the names of the companies of which they are officers, so as to show a complete staff of, for instance, the Pennsylvania Railroad Company, in one place. The publisher of the Guide has been told that he may make arrangements for publishing the information about the corporate officers in a separate section.

Information as to the policy of the Railroad Administration on that point is contained in the following letter from A. H. Smith to the federal managers and general managers of roads in the eastern region:

The Manager of the Official Guide has been advised that during the period of Government control the practice of showing the names, titles and addresses of corporate officers in connection with the time tables and other informative matter published in the Guide should be discontinued and that only the names, titles and addresses of the operating officers should be included. Further, that if the various companies desire to have a showing of their

corporate officers made, there is no objection to their doing so in a section of the Guide set apart for that purpose and in the understanding that the cost for this showing will be paid for by the companies. The manager of the Guide was requested to correspond direct with the railroads with a view to revising the official rosters accordingly for the August number of the Guide.

PAYMENT OF FREIGHT BILLS

Following is Director Prouty's P. S. & A. Circular No. 20, referred to in the Traffic World, July 27, p. 182:

Consideration has been given to several inquiries concerning the practical application of General Order No. 25, as affecting certain long established practices of the carriers and paragraph 5 of the order is amplified to read as follows:

Freight consigned to "order" or to "order notify" shall be delivered only upon surrender to the agent of the carrier of the original bills of lading for such freight, and the payment of the freight charges thereon as herein provided. Provided, however, if such a bill of lading be lost or delayed, the freight may be delivered in advance of surrender of the bill of lading upon receipt by the carrier's agent of a certified check, for an amount equal to one hundred and ten (110) per cent of the invoice, or upon receipt of a surety bond, either individual or corporate, acceptable to the treasurer of the carrier in an amount for twice the amount of the invoice. When conditions require it, a blanket bond may be accepted, but such blanket bond may only cover shipments received at one station on one railroad. If shippers desire to arrange for the delivery of their "order notify" shipments to consignees on shipper's written or telegraphic orders without the surrender of bills of lading, a blanket bond in satisfactory amount must be filed with the treasurer of the initial carrier, and reference to this bond must be shown on shipping orders. Initial carrier will notify all interested lines and show reference to bond on each waybill.

When shipments from foreign countries move on "order notify" bills of lading, delivery may be made to final consignee upon presentation of custom house certificate indicating deposit of endorsed bill of lading with the customs officer at port of entry, or upon presentation of customs permit indicating that consignee has filed bond with customs officer guaranteeing production of bill of lading.

Fruit and vegetables consigned to shipper on "straight bill of lading—original—not negotiable" shall be delivered only upon surrender of consignor's written or telegraphic order for such freight to the agent of the delivering carrier, and the payment of freight and other charges. In such cases, a blanket bond, in satisfactory amount, indemnifying the railroads against the delivery of shipments on fraudulent orders, must be filed with the treasurer of the initial carrier, and reference to this bond must be shown on shipping orders. Initial carrier will notify all interested lines, and show reference to bond on each waybill.

Care should be exercised to differentiate between the forms of bonds required by the order. The bond applicable to freight charges, provided for by paragraph 2, is not available in compliance with the provisions of paragraph 5. To protect the carrier in the delivery of "order notify" shipments or straight consignments to be delivered on shipper's order, a separate form of bond must be executed; such form of bond has been approved by the Division of Law and is hereto attached:

Know all men by these presents that as principal, and as surety, are held and firmly bound unto W. G. McAdoo, Director-General of Railroads, operating the following railroad, and unto the following railroad company as their respective interests may appear, in the sum of (\$.....) Dollars, the maximum liability hereunder, lawful money of the United States, for the payment of which the said principal and the said surety, bind themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

Signed, sealed and dated this day of A. D., 191 ..

Whereas, Pursuant to the authority granted by General Order No. 25 of the Director-General of Railroads, it has been agreed that the said railroad company or com-

panies will deliver "order notify" shipments from the principal to parties designated in written or telegraphic orders from the principal without surrender of bills of lading and will deliver shipments from the principal on "straight bills of lading - original - not negotiable" upon written or telegraphic order from the principal without surrender of bill of lading.

Now, therefore, the condition of this obligation is such that if the principal shall upon demand of the Director-General of Railroads, or any railroad under federal control, pay, or cause to be paid, to said railroad company or companies, all loss or damage incurred by said Director-General or any railroad under federal control, by reason of the delivery of such shipments without surrender of bills of lading then this obligation shall be void, otherwise to be in full force and effect, subject, however, to the following express conditions:

First. In event of a default by the principal hereon, in any payment for which the surety shall be liable hereunder, the obligee shall give notice of such default to the surety within ninety (90) days after such default, and shall make claim hereunder as promptly as may be convenient.

Second. The surety shall not be liable hereunder for monies accruing after the expiration of sixty (60) days after the receipt by said Director-General, and said railroad company or companies of written notice from the surety of its failure to withdraw as surety for said principal, and any claims hereunder against the surety must be duly presented to the surety within nine (9) months after such termination of the surety's liability.

Third. In event of payment by the surety of any claim hereunder, the surety shall be subrogated to all the rights of the obligee with respect to such claim, and the obligee shall execute the necessary assignment of the said subrogation.

Attest:

Attest:

Principal

Surety

MEETING FOR SHORT LINES

The Traffic World Washington Bureau.

The call for the meeting of the American Short Line Railroad Association, to be held in Washington, August 7, has been broadened so as to include all short lines, whether they are members of the association or not. Two calls have been sent out, one addressed to the members and the other to non-members, both signed by President Johnson. The call to members is as follows:

A meeting of the American Short Line Railroad Association is hereby called, and will be held Wednesday, Aug. 7, 1918, at 10:30 a. m., in the office of the Bureau of Railway Economics, Room 429, Homer building, 13th street, Northwest, between F and G streets, Washington, D. C. The meeting is called for two general purposes:

First. To carefully and fully consider the emergency which now confronts the great majority of the short line railroads.

Second. To alter or amend the articles of organization and by-laws in any way and to any extent that may be deemed necessary, to adopt financial plans and policies for the future, to elect officers and necessary committees; to consider and act upon any proposition or suggestion that may be offered.

The government control of all main or trunk lines, including their short line subsidiaries, and the exclusion from such control of the great majority of the independently owned short lines is having a most distressing and disastrous effect.

President Wilson and other officials have stated that the short lines are to be treated fairly, but so far nothing has been done that has been effective in affording necessary relief. The enforced absence of the Director-General

has no doubt delayed matters to some extent. We are now advised that he will return to Washington on August 5 and will soon thereafter approve standard forms of contracts to be made with any and all railroads taken under federal control.

We are advised that no contract has been made by the government with any railroad company, and that no contract will be made until after the Director-General returns and reports.

We are of the opinion that it would be best for all concerned for the short lines to defer any attempt to negotiate a contract or to make permanent arrangements until the meeting of the association on August 7; that every short line, whether retained by the government or relinquished, should be represented in that meeting, and that the delegates should then adopt such policy and recommendations as may to them seem wise, just and proper.

This association has not at any time, and does not now, approve of any arbitrary, unfair or unjust demands upon the government; on the contrary, it has favored and now advocates doing everything possible to aid the government in solving the serious problem involved, in a way that will do the greatest good for all concerned. We have frequently tendered our services to the Administration with that object in view, and will recommend that the coming meeting not only earnestly renew that offer, but that it openly condemn any road that is shown to be guilty of attempting to obtain an unfair advantage. The proposed delay in attempting to negotiate contracts would probably aid the Administration, as it would enable them to settle many questions that must be determined before any contracts are made.

War conditions during the past fifteen months have prevented the association from having meetings in due course. Notwithstanding a continuation of such conditions, we believe it is necessary for the members to meet and consider the situation.

The members should elect officers and necessary committees, should adopt necessary financial plans, and should consider and act upon any changes that may be found necessary in the articles of organization and by-laws.

Present conditions are such that the meeting herein called ought to be, and probably will be, the most important short line meeting ever held.

We urge you most earnestly to either be present or be properly represented.

The call to non-members says:

A special meeting of the American Short Line Railroad Association will be held on Wednesday, Aug. 7, 1918, at 10:30 a. m., in the office of the Bureau of Railway Economics, Room 429, Homer building, 13th street, Northwest, between F and G streets, Washington, D. C.

We extend you a most cordial invitation to be present and participate.

The meeting will consider at length the relations of the independently owned and operated short lines with the government and the lines controlled by it, and will take such action in connection with that matter as may seem best for all concerned. The problem confronting the short lines and the government is a most important one. It should be settled in such a way that justice, exact justice, will be done to all concerned. You can, if you are interested and in accomplishing that necessary result. You should, in my opinion, join in every effort to accomplish that object, regardless of any affiliations.

If you attend the meeting you will be welcome and be permitted to join in the discussion and participate in any action that may be taken on that all-important subject.

ADVANCES TO RAILROADS

The Traffic World Washington Bureau.

Thirty-seven railroads in July called on the railroad administration for advances, or loans, as partial payments of government compensation, or to help them pay back wages due employees. The aggregate of these advances was \$43,265,000, the railroad administration announced July 31, making the total distributed to railroads since January 1 \$263,714,000.

The entire sum, it was announced, came from the gov-

of the fund, except \$23,155,000, which was paid out of the \$30,777,869.61 deposited with Director-General McAdams on April 1 by thirty-three roads from their surplus funds.

Of the advances in July, \$23,269,000 was allowed to pay demand loans \$14,607,000 as demand loans at 6 per cent interest and \$6,328,000 as partial payments of government obligations.

The advances were made as follows:

Chicago, Milwaukee & St. Paul.....	\$5,725,000
Rock Island.....	5,500,000
New York Central.....	5,000,000
Southern.....	3,695,000
Utah Valley.....	3,500,000
Rock Island.....	3,000,000
Missouri, Kansas & Texas.....	2,420,000
Chicago Central.....	2,000,000
Denver & Rio Grande.....	1,400,000
Atchafalaya.....	1,350,000
Seaboard Air Line.....	1,350,000
Missouri Pacific.....	1,000,000
Hudson & Manhattan.....	1,000,000
Central of Georgia.....	750,000
Chesapeake & Ohio.....	750,000
Chicago & Alton.....	600,000
Terminal of St. Louis.....	525,000
St. Louis Southwestern.....	500,000
Galveston, Harrisburg & San Antonio.....	500,000
Chicago, Indianapolis & Louisville.....	325,000
Indiana Harbor Belt.....	220,000
San Antonio & Aransas Pass.....	200,000
Chicago Junction.....	200,000
Buffalo, Rochester & Pittsburgh.....	200,000
Norfolk Southern.....	190,000
Atlanta, Birmingham & Atlantic.....	189,000
Belt Railway of Chicago.....	155,000
Duluth, South Shore & Atlantic.....	150,000
New York, Chicago & St. Louis.....	132,275
New Orleans Great Northern.....	120,000
Kansas City, Mexico & Orient.....	120,000
Chicago & Western Indiana.....	115,000
Minneapolis & St. Louis.....	100,000
Ann Arbor.....	75,000
St. Louis-San Francisco.....	60,000
Washington, Brandywine & Point Lookout.....	50,000
Detroit, Toledo & Ironton.....	38,775

The \$30,777,869.61 deposited with the Director-General between April 1 and July 31 by various railroads from their surplus funds was received from the following railroads:

Atlantic Coast Line and Louisville & Nashville.....	\$6,000,000.00
Southern Pacific Lines.....	3,500,000.00
Atchafalaya, Topeka & Santa Fe Ry.....	3,000,000.00
Denver & Rio Grande Railway.....	2,150,000.00
Chicago, Burlington & Quincy R. R.....	1,500,000.00
Norfolk & Western Railway.....	1,500,000.00
Northern Pacific Railroad.....	1,500,000.00
Hudson & Manhattan Railroad Company.....	1,100,000.00
Missouri Pacific Railroad.....	1,000,000.00
Colorado & Southern.....	850,000.00
Illinois Central Railroad.....	750,000.00
St. Louis-San Francisco Ry.....	750,000.00
Fort Worth & Denver City.....	700,000.00
Alabama Great Southern R. R.....	691,195.07
Chicago & Northwestern Railway.....	500,000.00
El Paso & Southwestern System.....	500,000.00
Galveston, Harrisburg & San Antonio Railway.....	500,000.00
Kansas City Southern.....	500,000.00
Long Island & Eastern.....	500,000.00
Chicago Great Western.....	400,000.00
Duluth, Marquette & Northern.....	400,000.00
Grand, New Orleans & Texas Pac. Ry.....	386,674.54
St. Louis Portland & Seattle Railway.....	300,000.00
Houston & Texas Central.....	300,000.00
Central of Georgia Railway.....	300,000.00
Gulf Coast Lines.....	200,000.00
Albany, Shreveport & Pacific.....	200,000.00
Chicago & Vicksburg Railway.....	200,000.00
St. Louis & Great Northern.....	150,000.00
New York, Ontario & Western.....	150,000.00
St. Louis & Northern.....	100,000.00

Louisville, Henderson & St. Louis.....	100,000.00
Duluth & Iron Range.....	100,000.00

In accordance with the provisions of the Director-General's General Order No. 37, issued under date of June 19, the working balances of all railroad companies under Government control are being transferred from the corporate treasurers to the Federal treasurers and practically all railroad operating bank accounts will hereafter be kept in the name of the United States Railroad Administration.

FREE OR REDUCED FREIGHT RATES

R. H. Aishton, regional director, in a circular to northwestern railroads, says:

Owing to many requests for freight rate concessions and the need of uniformity in such matters, the following ruling has been announced:

(1) As the proceeds of transportation service are a matter of revenue for the federal government, there would seem to be no justification for granting free or reduced rates for the transportation of freight traffic account of charity, particularly, as to do so in one instance would require a similar policy toward all, as, of course, there can be no discrimination between one state or section and another.

(2) It has also been decided that there is no good reason why the federal government should assume any part of the burden of either a city, county or state government, and that special rates for the transportation of building and highway material for such purposes should not be granted.

Please be governed accordingly, and in case any commitments have been made in the past not yet fulfilled, submit detailed report to cover.

COURTESY TO THE PUBLIC

Regional directors are issuing circulars to railroads on the subject of courtesy to the public. The following is the circular put out by C. H. Markham in the Allegheny region:

It has come to the attention of the Railroad Administration in various ways that there appears to be, in a great many instances, a disposition on the part of employees and subordinate officers of the railroads of the country to be lacking in attentiveness and courtesy in dealing with the reasonable needs of the public. Doubtless this is due in part to the feeling that competition has been discontinued and that efforts to please the public are therefore not needed for the purpose of obtaining business for the railroad. Perhaps in part also this condition is due to a mistaken feeling that the government is in a sense paramount to the public, especially in time of war, and hence that there is no occasion for solicitude as to the public attitude.

Any such views are wholly wrong. The Director-General feels very strongly that the Railroad Administration has been created for the purpose of providing the public not only with an adequate service, but with a comfortable service, so far as this is consistent with the paramount necessities of the war. An essential part of adequate and comfortable service is considerate and courteous treatment, the saving of every individual from unnecessary hardship and discourtesy.

This matter is regarded as of paramount issue. The Director-General desires that special and continuing efforts be made by officers and employees generally towards the necessity of showing the greatest possible consideration and courtesy to the public in all respects. This can only be accomplished through getting every railroad officer and employee thoroughly imbued with the necessary spirit of public accommodation and all constantly on the alert to see that considerate and courteous service is rendered and that discourtesy or lack of consideration is strongly condemned.

It is hoped that by persistent attention to this matter, and particularly through getting all officers and employees thoroughly alive to the importance of it, a continuing improvement can be made in a direction where at present many things seem to indicate a serious tendency in the wrong direction.

HANDLING EMBARGOES

H. A. Worcester, district director, has written the following to railroads in the Ohio-Indiana district:

I am very glad to say that at present the freight movement on all the lines in the Ohio-Indiana district seems to be easily handled and in general the situation is normal. I wish, however, to call your attention to a very important matter, which will have to be considered seriously probably within a few weeks, and that is the question of handling embargoes.

My observation in the last two years has been that a number of roads have been so possessed with the thought that they should secure all the traffic possible for themselves that they have even at times taken freight from eastern connections and through western gateways that they know at the time was embargoed, storing this freight upon their own lines, probably with the hope that the eastern connections would clear away and they would have this freight to move.

To my mind this is an entirely wrong principle. We are one thing that we should bear in mind first of all, that the greatest efficiency of these lines is best served by keeping them in a free operating condition, and storing several thousand embargoed cars does not permit of this condition.

Therefore, bear in mind that you are expected to see that embargoes are applied promptly when the conditions indicate that there is going to be difficulty in passing freight over your lines to eastern connections, and under no circumstances should any line consent to take in a quantity of freight that they are fully aware cannot be promptly moved from their lines.

This is a very important matter, and I want to call your attention to it before any congested situation arises. There is no excuse for taking freight on your lines that cannot be moved. Of course, it frequently happens that freight will be taken with the understanding that it can be moved, and afterwards a change of conditions prevents its being handled promptly, but this is very different from deliberately taking freight when it is known that conditions will not permit it to be moved freely.

GUARDS FOR GOVERNMENT FREIGHT

The Traffic World Washington Bureau

Manager Kendall of the car service section in Circular C-520 puts out rules for carrying guards of government property on railroad trains as follows:

In order to properly protect U. S. War Department shipments when special protection is considered necessary, agreement has been reached with Mr. H. M. Adams, Chief, Inland Traffic Service, War Department, providing for necessary guard to protect the property in accordance with the following regulations, and all railroads will arrange accordingly:

A. The War Department will appoint the originating railroad either direct or through the Car Service Section when it is desired to provide a guard for certain shipments, and will advise as to the number and personnel of the guard except as provided in paragraph C.

B. The department of the Army to whom the property belongs shall furnish the guard at its expense, and provide transportation for each person.

C. The guard must in all cases consist of officers or enlisted men of the Army, except that in the case of car train service, such as gun carriages and other equipment traveling on own wheels, also personnel, gases and liquids, a civilian agent designated by the department interested in the shipment may constitute the guard or part thereof, and that in cases where the sending of a military guard is impracticable, the department interested in the shipment may, by obtaining a special permit from the United States Railroad Administration through the Inland Traffic Service of the War Department, place a civilian guard over a particular shipment.

D. Cars under guard shall be placed in the train immediately ahead of the cabooses, except shipments of explosives, gas, or inflammables, which commodities should be kept as near the center of the train as possible, as required by the regulations of the Interstate Commerce Commission covering Transportation of Explosives and Other Dangerous Articles.

E. Sleeping accommodations shall be provided in the caboose for a guard not exceeding four men.

F. If a larger guard is required, special arrangements shall be made providing for a caboose, coach, or sleeping car for their accommodation.

G. Tickets issued to guards shall show that the holder is in charge of a Government shipment as a guard, and is entitled to travel on the freight train carrying such shipment.

H. Routing of the ticket shall be the same as the route over which the shipments are to move, and in case of diversion or change in routing while in transit, the railway officers shall effect the necessary change in the routing of the ticket or tickets held by the guard.

I. Waybills must be indorsed showing that a War Department guard is traveling with and in charge of the shipment in accordance with these regulations.

J. Officers, agents, and yardmasters of the carriers are instructed to direct and otherwise assist the guard in moving through yards, permitting the guard then immediately in charge to accompany car or cars at all times, and to take such steps as are necessary to prevent connecting trains leaving without the full guard.

K. When two or more cars are included in a shipment under guard, and it is necessary to hold one or more cars for repairs, the entire shipment shall be held and forwarded in one train, to the end that the guard shall not be separated. In such case prompt advice shall be telegraphed to the Car Service Section, United States Railroad Administration, Washington, D. C., and by it transmitted to the Director of Inland Traffic, War Department.

The above arrangements are not to be extended in any case to or be construed as authorizing the transportation of a guard in charge of War Department material for the purpose of expediting movement of any shipment.

PULLMAN RESERVATIONS

Regional directors are announcing that, effective August 1, the following amplified rules are effective, superseding the former rules on the same subject:

1. Railroad agents or representatives will not pay for telegraph or telephone messages covering sleeping, parlor car, or steamer reservations, passengers desiring such reservations made for them, by railroad representatives will be required to pay the established charges for the necessary telegraph or telephone service in both directions; except that telegraph and telephone wires of railroads under government control may be used locally or jointly, without charge to passengers, in procuring sleeping or parlor car and steamer accommodations under the following conditions:

(a) The accommodations will be secured only in connection with continuous trip, a reasonable time, not to exceed 12 hours, being allowed for train connections at points where transfers to sleepers are made.

(b) A sleeping or parlor car or steamer berth (ticket or order therefor covering the accommodations must be purchased at the time they are secured.

(c) Before delivery of the sleeping or parlor car or steamer berth ticket, the agent to whom application is made for the accommodations shall require presentation or purchase of ticket good from his station to or beyond destination to which the reservation is made.

2. Assignments of space to offices located off the line of sleeping and parlor car runs must not be made.

Arrangements with respect to the joint use of railroad wires should be made immediately, and the necessary instructions in regard thereto issued. Arrangements should also be made so that ticket agents will be enabled to sell tickets or orders for both railroad and sleeper or steamer transportation in connection with the accommodations that may be requested.

COAL MINE RATINGS

It is understood that a circular will be issued next week covering rules and regulations to apply on coal mine ratings. It will be issued by the car service bureau of the Railroad Administration.

Legal Department

In this department a legal expert answers simple questions relating to the law of interstate transportation of freight. Readers desiring special service by immediate answer may obtain privately written answers to their inquiries by the payment of a small fee.

Address Legal Department, The Traffic Service Bureau, Colorado Building, Washington, D. C.

Measure of Damages in Delayed Shipments.

Missouri.—Question: Some time ago we filed a claim with one of the railroad companies for a loss we sustained on account of our shipment being delayed in transit. The carrier with whom we filed claim solicited business from us promising that they in connection with other lines could give us the same service that we are getting, via other lines. At the time we routed the business the representative calling on us was very much put out because we would not favor his line with what he thought was an equal share of our business. We were promised by the representative of the railroad company in question that they would give the kind of service we expected on our shipment that was delayed.

The goods that were shipped to us were invoiced and if we had paid the same within ten days' time, we could have secured a discount of 1 per cent., which amounted to about \$25.00. However, we wished to inspect the goods we bought before paying our invoice and as our shipment was delayed on route we lost the discount, which we could have secured if we had used more direct lines. The line that solicited the business refuses to honor our claim, saying that the carriers who also received part of the haul refused to be a party to making a settlement. In our opinion our claim is a just one and we are entitled to payment on the same. We might say that our shipment originated at a California point and it was necessary for us to pay our invoice in ten days in order to get the discount.

Answer: Assuming that the shipments moved under the uniform bill of lading, and that the invoice price was fairly representative of the value of the shipment on the market at the point of shipment, the damages you sustained, if any, would be measured by such invoice value less the salvage value; that is, the difference between the invoice price at the place and time of shipment and the amount at which the shipment was sold at destination. The loss of cash discounts by reason of the delay, is in the nature of special damages, and to be binding upon the carrier, must have been within the contemplation of the shipper and carrier when making the contract of affreightment. But, as stated above, this contract stipulates the damages at the value of the shipment at the place and time of shipment, and not its value at destination.

For our further views on this subject, together with authorities cited, see our answer to "Indiana," published on page 1359 of the June 22, 1918, issue of the Traffic World.

Ownership Express Shipments.

Massachusetts.—Question: If a shipment is made by express and is consequently lost while in transit, who is the proper party to make a claim against the express company? Does the package become the property of the consignee as soon as the shipper has delivered it in good condition to the express company, and taken its receipt, or does it still remain the property of the shipper until delivered to the consignee? Also advise us if the fact

that the shipment is made F. O. B. point of origin, make any difference in this question?

Answer: Assuming that the shipment is expressed without any restrictions regarding ownership, that is, not a C. O. D. shipment, or any other words or limitation indicating that the shipper controls the disposition of it while in transit, the consignee is the true owner of it while in transit, and is the proper party to make claim for loss or damage, even though the shipment is made F. O. B. point of origin.

Status of Embargo.

Illinois.—Question: As a subscriber I would like some advice as to the legal status of embargoed shipments. Suppose a carrier not being aware of an embargo, signs the bill of lading with routing specified and the shipment is subsequently delivered to a connecting carrier, who refuses to accept on account of embargo on its or connecting line, has the initial carrier the right to return this shipment and demand payment of freight charges for the haul involved, or must it live up to its contract, and hold the shipment until a delivery can be effected?

If storage or demurrage accrues while the shipment is being held pending the lifting of the embargo does the carrier or consignee pay the demurrage? If the shipment was originally routed via rail and lake and on account of embargo the boat line refused to accept and the carrier takes it upon itself to forward via all rail without additional instructions from shippers, must delivering carrier protect differential rate in accordance with its bill of lading contract?

If a perishable shipment is accepted by a carrier and bill of lading signed without exception and is refused by connecting line and becomes valueless, who must stand the loss?

Answer: Where a carrier after receiving freight offered to it for transportation fails to transport it, the carrier violates that provision of the act to regulate commerce which requires carriers subject thereto to furnish transportation upon reasonable request therefor. In normal times, if there exists a physical impossibility for a carrier to transport freight, or where there is an unusual accumulation of traffic, it must properly notify the shipper of its inability. Otherwise the receipt of goods without such notice will estop the carrier from setting up what would otherwise have been a sufficient excuse for refusing to accept the goods or for delay in shipment where they had been received. So that in the shipment in question, if the transportation occurred prior to the war conditions now prevailing, and no notice of embargo was properly given, the carrier would be responsible for any damages that the shipper actually sustains by its refusal to transport the shipment in due time, and could not collect from the owner storage or demurrage charges which accrued while the shipment was held pending the lifting of the embargo. In this circumstance, if the carrier, without the consent of the owner, diverted a shipment routed via rail and lake, via an all rail route taking a higher rate, the carrier would be responsible for the resulting increase in the transportation charges. See Section 15 of the Amended act which reserves to shipper the right to route shipments; Rules 83, 146 and 183, Conference Rulings Bulletin 7; Woodward & Dickerson vs. D. L. & W. R. R. Co., 15 I. C. C., 173.

But by reason of war conditions, practices are now permitted to carrier, in the matter of declaring, modifying, or suspending embargoes, which formerly were inherently unreasonable, unjustly discriminatory or unduly preferential. In a case decided last June by the Interstate Commerce Commission, Baltimore Chamber of Commerce vs.

I. & O. R. R. Co. et al., 45 I. C. C., 40 (Traffic World, June 3, 1917, page 1396 et seq.), the Commission approved the contention of the carrier that if shippers are notified in advance of the carrier's intention to declare an embargo, shipments are immediately offered in such quantities as to cause unusual congestion, and the very purpose of the embargo is thereby defeated. For a full review of the matter of embargoes prior to the period when the Government took over the control of the railroads, see our answer to "Towa," published on page 350 et seq. of the Feb. 16, 1918, issue of the Traffic World.

Since the Director General has control of the railroads, a number of rulings have been made, the essential features of which are that before authority will be granted to move freight affected by embargoes, the person who is to receive the shipment must show first, that the shipment is necessary to meet his existing requirements, and second, that he will be able to accept the freight promptly on arrival, unload the cars without delay, and take the shipment off the railroads' hands. Division superintendents are authorized to grant permits for the movement of freight from point to point on their own divisions, and in determining whether or not a permit shall be granted for a given shipment, two factors will control: first, roads and terminal conditions existing at the time, and second, the urgency of the consignee's needs and his ability to unload.

Circular No. CS-1 of the U. S. R. R. Administration provides in paragraph one that: "embargo promptly consignees who do not unload freight promptly after arrival, subject, however, to the approval of the Regional Director." See page 449 et seq. of the March 2, 1918, issue of the Traffic World. Also see page 687 et seq. of the March 30, 1918, issue regarding the revision of this circular. Circular No. 42, dated March 10, 1918, and issued by Regional Director R. H. Ashton, to western railroads, in part provides that: "each eastern line will issue this embargo in formal manner, but it is desired that immediate instructions be sent by wire to all agents and careful check be instituted to prevent any loading in violation of this embargo. Instruct agents not to issue bills of lading for any cars loaded in violation of this embargo, and if cars are not unloaded they will be held at point of origin subject to demurrage charges until unloaded or until embargo is lifted."

Again, A. H. Smith, Director of Eastern railroads, is requiring local officials to cancel embargoes that violate tariffs and to stop imposing charges at junction points under pretense of merely requesting the operating official of connecting roads to hold cars because the official requesting such holding thinks he cannot handle the offerings of connections. See page 736 of the April 6, 1918, issue of the Traffic World.

An article on page 1257 of the June 8, 1918, issue refers to debates now being carried on in the Railroad Administration about the application of an embargo at junctions, against cars from connecting lines that were loaded before the embargo was declared or before notice of the embargo was received at the point of loading. This article goes on to say that a ruling on this point may be expected, but up to the present moment no ruling has been made.

It will thus be seen that the present status of embargoes is very uncertain and confused. It is certain, however, that unless the carrier gave the shipper some notice either by publication or otherwise of an embargo before or at the time of receiving the shipment for transportation, that any additional charges incurred or damages sustained, by reason of such default, should be borne by the carrier.

Help for Traffic Man

This department is conducted by a traffic man of long experience and wide knowledge. In it he will answer questions relating to practical traffic problems. We do not desire to take the place of the traffic man, but to help him in his work. We reserve the right to refuse to answer any questions that we judge it unwise to answer or that involve situations that are too complex for the kind of investigation contemplated. Questions will be answered as promptly as possible. No answers will be given by mail except for a fee.

Address "Help for Traffic Man," The Traffic Service Bureau, Colorado Building, Washington, D. C.

Rating on Returned Empty Oil Barrels.

Q.—On page 1375 of your issue of June 22nd is an item on the rating of return empty packages. The question at issue is the proper classification on return shipments of second hand empty oil barrels or drums, on which the questioner has stated that he is informed that second hand empty oil barrels "returned," take one-half fourth class rate. We do not know of any such ruling in effect in either the Western or Official Classification and would be grateful if you will advise us through your paper if you know of any such ruling.

A.—The matter before us in the June 22nd issue was not a question of the lawful rating on empty oil barrels, returned, but a question of whether empty second hand glucose, turpentine and vinegar barrels, and other second hand oil barrels, picked up at various points could be substituted for the original filled outbound oil barrels and rated at one-half of fourth class in Western Classification territory. Our reply was that under rule 25 of the Western Classification, such substitution could not be made. Our inquirer stated that he had already been "informed that second hand oil barrels 'returned' take one-half fourth class rate." For the ratings lawfully applicable on returned empty oil barrels you are referred to the classifications mentioned by you, and the exceptions thereto.

Carload Rating for Carload Service.

Q.—Referring to the topic "Carload Rating for Carload Service" in the Traffic World of April 20th, 1918 (page 862). Our problem is quite similar to the one which you answer; however, we would like to have you answer this inquiry. Our plant is located in the outskirts of a large city, there is a suburb freight house, within the free switching limits of the city, which, however, is not equipped with a chain hoist, crane, etc., for handling heavy commodities, therefore a long carting of our L. C. L. shipments down town in cases of large or heavy articles is necessary. We loaded a gondola with 5,570 lbs. machinery on our siding, only utilizing one-half of the floor space of the car, and did not show any weight on our B. L. The difference in freight charges between the L. C. L. basis and the 40,000 lbs. min. at C. L. rate as charged amounts to \$71.32 and our claim for overcharge has been declined on account of the car having been loaded on private siding. It is our contention that this was a car that was not sealed, and could not be called a car load shipment, and there remained considerable space for the carriers to load other freight in this car. We believe it is the practice of the carriers to do this quite often, instances being known where shippers have forwarded L. C. L. freight paid for C. L. service, and their traffic combined with that of another shipper who also has paid for a carload and both consignments been handled at the expense of one car. Will you please inform us what in your opinion should have been the charge, or basis for charges of transportation services in our case.

A.—It seems clear from the facts which you relate that this shipment falls within the doctrine of the Passow & Sons case, 37 I. C. C., 711 (The Traffic World, Feb. 12, 1916, page 346), which is cited and briefly explained in the issue of April 20, 1918. Carriers do not place cars on private sidings for less than carload shipments except when specifically provided in their tariffs that they will do so. If it was the practice of the carrier under its tariffs to place cars upon order of shipper for less than carload loading, apparently your shipment would be governed by rule 7 B of Official Classification and charged for on basis of I. C. L. rate and actual weight, subject to a minimum charge of 4,000 lbs. at first class rate.

Reconsignment of C. L. "To Order" Shipment in Transit.

Q.—I wish to know if it be possible to reassign a carload destined for one point to another while in transit, and the charge therefor. Purchasing in an eastern market and having goods consigned to myself at Chicago—it being a cash vs. documents transaction—I wish to take up draft at Chicago, then reassign car to my client at Milwaukee. The object is to conceal the identity of my customer from the party from whom I purchased. Also would it be necessary to surrender the bill of lading at time of request for reassigning? Please describe the procedure.

A.—A carload of goods consigned to one point may, while

in transit, be reconsigned to another point under the reconsignment tariffs of the carriers, subject to the rules, conditions, and charges, which may be briefly stated as follows: One change in destination is permitted of carload freight which has not broken bulk, provided the goods are in possession of the carrier and request is made or confirmed in writing. In your case such request should be made on the agent or a traffic officer of the Chicago terminal road over which shipment is routed. When reconsigned in transit, the order therefor should be filed prior to arrival of car at billed destination (Chicago) or terminal yard thereat, and the reconsignment charge for the service will be \$2.00 per car. Prepayment or guarantee to satisfaction of carrier of all charges accruing under the reconsignment rules is required of the person requesting the reconsignment before shipments are forwarded from reconsigning point. Through rate in effect via the reconsigning point from origin to ultimate destination applies whether such through rate be a local, a combination of intermediates, or a joint rate, subject to demurrage or track storage charges if any accrue. When shipments are consigned "to order" the original bill of lading must be surrendered, or, in its absence, satisfactory bond of indemnity executed in lieu thereof, or other approved security given at the time the reconsignment order is placed or filed with the carrier.

Loss and Damage Decisions

Cases Recently Decided by State and Federal Courts

(Digests taken from Reporters and Digests of National Reporter System, published by West Publishing Co., St. Paul, Minn. Copyright, 1918, by West Publishing Co.)

LOSS OF OR INJURY TO GOODS

Liability:

(Court of Civil Appeals of Texas, San Antonio.) Goods having been accepted by a carrier for shipment, it is liable for burning thereof before shipment, notwithstanding bill of lading had not been issued, and non-compliance with any requirement of Interstate Commerce Commission for tagging goods.—Galveston, H. & S. A. Ry. Co. vs. Compania Hulera De Monclova, 204 S. W. Rep. 236.

CARRIAGE OF LIVE STOCK

Persons Accompanying Stock:

(Supreme Court of Minnesota.) Plaintiff, as caretaker, accompanied a carload of live stock shipped by him from Glyndon to South St. Paul over the Great Northern Railway. About the same time he shipped another carload over the defendant's road from Glyndon to the same destination, his assistant, Goltz, accompanying as caretaker. Each shipping contract provided for the caretaker's return passage upon the carrier's passenger train. Together the two men applied to the ticket agent representing both carriers, at St. Paul Union Station, for return transportation, and each received the proper ticket. It is held: The person to whom such a return ticket is issued is, when carried thereon, a passenger for hire, entitled to the high degree of care accorded such person by a common carrier.—Gruhl vs. Northern Pac. Ry. Co. et al., 168 N. W. Rep. 127.

The evidence justified the jury in finding that, with the knowledge and consent of the ticket agent, and in his presence, plaintiff and his assistant exchanged these return tickets, that in so doing, and in boarding defendant's passenger train and receiving transportation thereon, there

was no intention on the part of plaintiff or any one concerned, to defraud or to violate any provision of the shipping contract, and that there was, in fact, no substantial violation thereof, and that plaintiff was a passenger for hire, and not a trespasser, on the trip in question.—Ibid.

Free Passes:

(Supreme Court of Minnesota.) Where a shipper accompanying a carload of live stock over one road and his assistant accompanying the shipment over defendant's road, applied for return tickets to which they were entitled under the shipping contracts, their exchange of such tickets to return by different lines, made with the agent's consent, was not a violation of the spirit or substance of Gen. St. 1913, Sec. 4335, relating to free passes and to exceptions in the case of caretakers accompanying live stock.—Gruhl vs. Northern Pac. Ry. Co. et al., 168 N. W. Rep. 128.

SHIPPING DECISIONS

Damages:

(Circuit Court of Appeals, Second Circuit.) Damages recoverable by a shipowner from a charterer, for the retention of the vessel and the making of a new voyage after the charter term expired, held, under the facts shown, properly measured by the current rate of hire.—Atlantic Fruit Co. vs. A Cargo of Sugar, 249 Fed. Rep. 871.

NEW STEAMSHIP SERVICE

The Texas City Transportation Company and Texas City Terminal Company announce the opening of steamship service between Texas City and Cuban and Mexican ports.

Miscellaneous Traffic Decisions

Cases Recently Decided by State and Federal Courts

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REGULATION OF COMMON CARRIER

I. C. C. Orders:

(Circuit Court of Appeals, Eighth Circuit.) A provision in an order made by the Interstate Commerce Commission, June 29, 1908, relating to payments by a railroad company to an elevator company for services in elevating grain, which forbade payment for elevation of grain not reshipped within 10 days, etc., held part of the Commission's administrative order, and cannot, in view of the decisions of the courts, be treated as a part of a previous definition of elevation made in an attempt by the Commission to prevent rebating under a contract between the parties; hence the 10-day limitation expired on the expiration of the order affecting payments.—*Omaha Elevator Co. vs. Union Pac. R. Co.*, 249 Fed. Rep. 827.

Under Interstate Commerce Act, February 4, 1887, as amended by Hepburn Act, June 29, 1906, a limitation in an administrative order of the Interstate Commerce Commission concerning a railroad company's payments under a contract with an elevator company for the elevation of grain, becomes effective when the order becomes effective, and expires on expiration of the order by lapse of time.—*Ibid.*

Allowances:

(Circuit Court of Appeals, Eighth Circuit.) Elevator

facilities furnished a railroad company in connection with the transportation of grain are, in view of the Hepburn amendment, within the provisions of the act to regulate commerce, and, unless allowances therefor by the railroad company were covered by published and filed rate schedules, such amounts could not be legally collected by the elevator company; hence, after the cancellation of tariff schedules providing for the allowances, the elevator company cannot recover for such services thereafter rendered.—*Omaha Elevator Company vs. Union Pac. R. Co.*, 249 Fed. Rep. 828.

Elevation Service:

(Circuit Court of Appeals, Eighth Circuit.) A judgment allowing an elevator company to recover against a railroad company for the elevation of grain under a contract providing for payment is not conclusive as to the right of an assignee of the contract to recover for such services, the facilities being within the act to regulate commerce, where at the time of its rendition it appeared there was a tariff, duly filed, prescribing a rate for such services, but which was thereafter cancelled, for cancellation was a matter of which all parties must take notice, and the elevator company could not thereafter recover for such services, though it continued to render them.—*Omaha Elevator Co. vs. Union Pac. R. Co.*, 249 Fed. Rep. 828.

Traffic Lesson No. XLII

Methods of Developing Freight Traffic—Forty-second in the Course of Fifty-two Lessons

Written for the Traffic World by Grover G. Huebner, Ph.D., Assistant Professor Transportation and Commerce, University of Pennsylvania,
and Published Bi-weekly—(Copyrighted)

The work of the railroads in soliciting or otherwise developing freight traffic after the war began tended toward low ebb, for most lines, because of war conditions, had difficulty in handling the volume of traffic which shippers and the government urgently requested them to transport. After the railroads were taken over by the government freight solicitation was discontinued by order of the Director-General. It is not certain to what extent the railroads will return to their former policies in this respect when normal conditions return after the close of the war. There may perhaps be less rivalry in solicitation with a view to diverting freight from one line to another than in the past. Activities of this kind will depend, in part, on what the government's policy as to regulation or control may be. There is every likelihood, however, that efforts to develop or create new traffic will again be made. Such a policy of developing freight traffic is a direct benefit alike to the carriers and to shippers—in fact, to entire communities. Solicitation with a view to diverting freight from one rival line to another is more directly of advantage to particular carriers, but freight solicitors may also be of service to shippers.

There was a time when it was a common practice for railroads to pay rebates or cut rates in order to obtain the traffic of particular shippers. Personal rate discriminations, were, indeed, not wholly abandoned even after they were prohibited in the original interstate commerce act of 1887. The amendments of 1903, 1916 and 1910, however, have largely, if not entirely, eliminated this wholly unjustifiable method of developing traffic. The relation between rate-making and traffic development has in recent years been of a more general and less personal character.

The export and import rates referred to in previous lessons were an example of the use of freight rates as a means of building up traffic until these rates were discontinued by the Director-General's order of May 25, 1918. As was stated in Lesson No. 29, one of the reasons why certain railroads charged special export and import rates was their desire to increase their foreign trade and their belief that the regular domestic rates were too high to meet the requirements of foreign commerce. The difference in rates via different routes, previously referred to, may likewise be recalled in this connection. Indeed, it was stated in Lessons 6 and 7 that an important consid-

eration in making most freight rates is their effect on the movement of traffic. Low-grade commodities frequently receive relatively favorable rates because higher charges would retard the development of the railroads' traffic. Although competition remains a rate-making force, the railroads normally compete to a greater extent in their freight service than in their charges. The expenditure of large sums on improved roadbeds, grades, tunnels, terminals and equipment by some lines was instituted alike by their desire to be able to handle a large volume of traffic expeditiously and by the effect this was likely to have on effective freight solicitation.

For specific instances of the relation between inbound freight services and traffic development the reader need only refer to the services that were referred to in previous lessons—to the time and preference freight services that have been established; to through package cars; to peddler car services; specialized equipment; refrigeration services; reconsignment, and the various in-transit privileges and services. Private sidings likewise are in many instances an effective method of obtaining traffic.

Freight Solicitation.

The advantages possessed by the various transportation companies as regards freight services and charges are placed before the shipping public by the freight soliciting and station forces of the carriers or are discovered by the shippers themselves. Railroads have never seen fit to advertise for freight as until recently they did for passengers. The view that results could be obtained by freight "advertising of the thoughtful sort, placed in the kind of periodicals that reach the class of shippers it is desired to reach and so constructed as to impress them with the special facility offered," was convincingly presented in the last year by the editor of *The Traffic World* in a pamphlet entitled "Railroad Freight Advertising."

A company's assistant general freight agents are usually assigned to the task of supervising the development of freight traffic under the general guidance of the general freight agents and general freight traffic manager. There is, of course, no uniformity among the railroads as to the organization of their traffic departments. Under these staff officers, before the discontinuance of solicitation, there were division freight agents in direct charge of freight solicitation in their respective traffic divisions on the company's lines; district freight agents in charge of larger traffic districts and frequently located at points reached via connecting carriers; and numerous freight traffic salesmen variously referred to as "soliciting," "commercial," "traveling freight," "contracting," or "general" agents. To develop the export and import traffic some railroads created special positions for "foreign freight," "special European" or otherwise designated traffic officials.

Frequently a portion of a railroad's soliciting force was assigned to a through fast freight line to solicit in the name of an established through route under a freight line manager or superintendent. As was described in Lesson No. 36, fast freight lines frequently were co-operative freight soliciting and routing lines established jointly by several railroad companies.

In seeking information from a given railroad concerning particular commodities such as coal, coke, and ore, live stock, milk, tobacco, etc., it is advisable to inquire whether the company has not placed special traffic agents in charge. Lists of all the principal traffic officials are published in the "Official Railway Guide." As much of the work of specialized agents has to do with the development of new traffic, and also because they are at times detached from

the traffic department, their activities will be described in the following lesson (No. 43).

The station and freight agents of the operating department were also concerned with traffic solicitation. Coming into direct contact with shippers and consignees most frequently, they could do much to assist or injure their companies in obtaining traffic.

The freight solicitors or salesmen of the railroads placed before shippers all the advantages of their particular lines both as to charges and services. They argued differential freight rates, or a lower aggregate freight bill when cartage and all other freight charges are accounted for. They similarly emphasized advantages in the time of delivery, special services performed or privileges granted, minimum loss and damage, or prompt settlement of claims. They sought out, if possible, the grievances of a shipper as to private sidings, services, etc., and called them to the attention of the proper railroad officials.

Freight solicitors, as is also true of salesmen in other lines of business, endeavored to render distinct trade services to shippers, which might lead to the sale of transportation. They sometimes, for example, possessed information as to available sources of raw materials, markets for a shipper's output, methods of marketing or foreign trade shipping rules and customs. The personal skill of the freight solicitor as a salesman could, if other conditions were substantially equal, also be a determining factor. It is essential, however, that he should have detailed knowledge of freight routes, charges and services.

If the solicitor failed with the shipper he still hoped to attain traffic through the consignee, for the latter frequently was in a position to direct the shipper to route via specified lines. The consignee's signature to a simple routing blank could result in much traffic for an agent's line.

As between rail and water routes certain railroads have at times found special means of obtaining traffic. The control of competitive water routes has been a traffic factor, particularly before the amendment to the interstate commerce act contained in the Panama Canal act of 1912. So also was the exclusive issuance of through rail-water bills of lading via preferred water lines before the Interstate Commerce Commission obtained power to prevent unfair discrimination in this respect. Mention should also be made of preferential traffic agreements between railroads and connecting ocean lines at some ocean ports. Some of these agreements which now are preferential were, in fact, exclusive prior to a decision rendered by the Interstate Commerce Commission in 1912 (*Mobile Chamber of Commerce et al. vs. Mobile & Ohio R. R. Co. et al.*, 23 I. C. C. Repts., 417, May 7, 1912). Later in the same year Congress inserted into the Panama Canal act of Aug. 24, 1912, a specific clause applicable to rail-ocean arrangements in the foreign trade.

The industrial, agricultural and other activities of railroads which were especially designed to create new traffic will be discussed in Lesson No. 43.

MARKING GOVERNMENT FREIGHT

The text of General Order No. 38, prescribing the manner in which shipments for the United States government are to be marked, is as follows:

Pursuant to the act approved March 21, 1918, entitled "An Act to provide for the operation of transportation systems while under Federal control, for the just compensation of their owners, and for other purposes," it is ordered that on and after the 15th day of August, 1918, the following requirements and provisions shall apply and be observed in respect to the shipments hereinafter described:

1. Shipments intended for use of any one of the Government Departments, either directly or through a contractor with the United States Government, shall not be entitled to or receive any privilege which may be accorded on account of being intended for use of one of the United States Government Departments, either directly or indirectly through a contractor with the United States Government, where said shipments are consigned otherwise than in one of the following ways:

(a) To a Government officer designated, not by the name of the individual, but by the title of his position, as, for example: Supply Officer, Naval Inspector or Constructing Quartermaster.

(b) To a Government officer designated not by name but by title as above, followed by the word "For account of," and then followed by the name of the contractor or agent for the Government engaged on the work at the point of destination.

(c) On some contracts the Government has entered into an agreement designating certain parties as agent, or agents, for the Government on that particular contract. Shipments for such parties shall be consigned to the particular Department for which the work is being done, followed by the words "For account of," and then followed by the name of the agent, as, for instance:

Ordnance Department: For account of du Pont Engineering Co. Agent, Penniman, Williamsburg, Va.; or

Ordnance Department: For account of T. A. Gillespie, Loading Co., Agents, South Amboy, N. J.

(d) Shipments of material, equipment and supplies for any person repairing or building ships under the supervision of the United States Shipping Board Emergency Fleet Corporation, shall be consigned only to the United States Shipping Board Emergency Fleet Corporation, followed by the words "For account of" and then followed by the name and location of the particular concern performing the work, as for instance:

United States Shipping Board Emergency Fleet Corporation: For account of American International Shipbuilding Corporation, Hog Island, Pa.

2. It is forbidden—

(a) In consigning a shipment to use the words, "United States Government" or substantially that term, or abbreviations thereof, as the sole description of the consignee;

(b) Or to consign a shipment to and in the name of the United States Government followed by words indicating that it is sent "care of" a private person, firm or corporation;

(c) Or to consign a shipment to a Government official or to an officer of the Army or Navy by his name as an individual;

(d) Or to consign a shipment to a Government official or to an officer of the Army or Navy followed by words indicating that it is sent "care of" a private person, firm or corporation.

3. No shipper or other person seeking or obtaining any privilege which may be accorded on account of the shipment being intended for the use of any one of the United States Government Departments, either directly or indirectly through a contractor with the United States Government, shall without authority use or cause to be used as consignee the name or title of the United States or of any department, bureau, agency, employee or officer thereof, or of the United States Shipping Board Emergency Fleet Corporation or of any officer, agent, employee thereof, or of any other person, or the designation "Emergency Fleet Corporation"; nor shall any shipper or other person offer or cause to be received for carriage, or transported, without authority, any such shipment consigned as specified in the foregoing paragraphs number 1 and 2, for the purpose of securing, by such consignment, any privilege which may be accorded on account of the shipment being intended for the use of any one of the United States Government Departments, either directly or indirectly through a contractor with the United States Government.

4. Agents are forbidden to sign or issue bills of lading or receipts for shipments which in any manner conflict with any of the foregoing provisions.

W. G. McAdoo,

Director General of Railroads.

(Violation of the foregoing order is punishable by fine of not more than \$5,000.00 or by imprisonment for not more than two years or by both such fine and imprisonment.)

Personal Notes

Edmund D. Brigham has been appointed manager of iron ore, coal and grain traffic for the United States Railroad

Administration by R. H. Aishton, regional director, with office at Duluth, Minn. He will, in addition, have charge of general transportation matters throughout the Lake Superior district, and supervision over Duluth and Superior terminals. Mr. Brigham has just completed a service of forty-five years with the Chicago & Northwestern Railway, having held every position in the freight traffic department up to that of assistant freight traffic manager, from which he now retires. He succeeds W. W. Walker, former president of the Duluth, South Shore & Atlantic Railroad, who died a few weeks ago shortly after his appointment.



Hale Holden, regional director, announces that the jurisdiction of C. G. Burnham, federal manager, is extended over that portion of the lines of the Toledo, Peoria & Western Railway, west of Peoria, including Peoria terminals; the Rockport, Langdon & Northern Railway; the Rapid City, Black Hills & Western Railroad.

Haiden Miller, freight traffic manager of the Mobile & Ohio Railroad, announces the following appointments: J. M. Denyven, general freight agent, St. Louis, Mo.; W. K. Vandiver, assistant general freight agent, St. Louis, Mo.; W. H. Grumley, assistant general freight agent, St. Louis, Mo.; J. S. Taylor, foreign freight agent, Mobile, Ala.; R. Jackson, assistant foreign freight agent, St. Louis, Mo.; W. G. Harding, general livestock agent, St. Louis, Mo.; H. A. Smith, general lumber agent, Meridian, Miss.; F. W. Birchett, freight service agent, St. Louis, Mo.; R. L. DePew, freight service agent, St. Louis, Mo.; A. S. Birchett, freight service agent, Jackson, Tenn.; C. C. Taylor, freight service agent, Memphis, Tenn.; C. P. Jackson, freight service agent, Birmingham, Ala.; L. C. Cardinal, freight service agent, Birmingham, Ala.; E. B. Blair, freight service agent, Meridian, Miss.; W. B. Ross, freight service agent, Meridian, Miss.; R. H. Jones, freight service agent, Montgomery, Ala.; W. E. England, freight service agent, Mobile, Ala.; J. F. Ross, Jr., freight service agent, Mobile, Ala.

The Association of Railway Claim Agents has elected officers as follows: President, R. C. Richards, Chicago; first vice-president, John S. Douglass, Galveston; second vice-president, Charles A. Theis, Chicago; secretary and treasurer, W. H. Failing, New York.

The following appointments are announced by the Pennsylvania: John T. Johnston, acting general western freight agent, with office at Chicago, vice James E. Weller, furloughed for military service; E. F. Austin, division freight agent, with office at Cleveland, Ohio, vice H. F. Lowry, retired after fifty-three years of service; H. H. Gray, division freight agent, with office at Pittsburgh, Pa., vice E. F. Austin, promoted; F. W. Nash, division freight agent, Akron division, and Columbus, Ohio, termi-

nala, with office at Columbus, Ohio, vice H. H. Gray, promoted.

The Transportation Club of Peoria held its stag picnic July 24. C. H. Gillig was elected president. Other officers elected are as follows: Vice-president, R. O. Sharon; vice-president, H. D. Page; secretary and treasurer, Arthur Maedel. Directors (two years), J. Wachenheimer, G. I. Sweeney, R. M. Field, G. A. Smith, J. T. Redmon. Directors (one year to fill vacancies), T. D. Buckwell, A. C. McKinley, T. A. Grier.

The Erie Railroad, New York, Susquehanna & Western Railroad, the New Jersey & New York Railroad, Chicago & Erie Railroad, announce the following appointments: W. A. Baldwin, general manager; T. H. Burgess, general solicitor; E. T. Campbell, traffic manager.

W. T. Stevenson is appointed general freight agent of the Chesapeake & Ohio Railway of Indiana, with headquarters at Cincinnati, Ohio.

The appointment of F. Zimmerman as traffic assistant is announced by J. H. Brinkerhoff, terminal manager, northwestern region.

It is announced that the jurisdiction of J. M. Cutler, general freight agent of the Southern Railway System and Georgia, Southern & Florida Railway at Macon, Ga., is extended to embrace the line of the Hawkinsville & Florida Southern Railway.

J. C. Williams is appointed general manager of the Akron, Canton & Youngstown Railway Company, in charge of the traffic and operating departments.

J. B. Heckendorn has been appointed lake and rail agent of the Grand Trunk, with headquarters at Chicago, succeeding G. J. Harris, who, owing to ill health, has been assigned to other duties.

J. F. Auch, vice-president and freight traffic manager of the Philadelphia & Reading, with office at Philadelphia, has been appointed freight traffic manager of the Philadelphia & Reading, the Central of New Jersey, the New York & Long Branch, the Atlantic City and the Port Reading.

G. L. Nelson has been appointed traffic manager of the Grand Trunk Lines in New England, with headquarters at Portland, Me.

H. F. Smith, traffic manager of the Nashville, Chattanooga & St. Louis, has been appointed traffic manager also of the Tennessee Central, with headquarters at Nashville, Tenn.

R. L. McKellar, freight traffic manager in charge of foreign traffic of the Southern Railway, has been appointed secretary of the Exports Control Committee, with office at Washington, D. C.

J. L. Edwards having been transferred to Washington as manager of the agricultural section of the division of traffic, Railroad Administration, C. B. Kealhofer is appointed traffic manager of the Atlanta, Birmingham & Atlantic Railway, etc., with office at Atlanta, Ga.

N. D. Maher, regional director, announces that the jurisdiction of Geo. W. Stevens, federal manager, Chesapeake & Ohio Railway, is extended over the Sandy Valley & Elkhorn and Long Fork railways.

The war this week has taken two young men well known among those interested in rate regulation in Washington, D. C. The draft took E. C. Blanchard, for a number of years in R. Walton Moore's office, but in the office of Luther M. Walter, in the division of public service and accounting, since the organization of that division. The Navy got H. J. Balzer, who has been in the office with Frank Stratton and has taken care of the docket of the Commission.

Blanchard has been physically examined about nine times within a year and each time found fit for service. He went through a training camp for officers, but did not receive a commission, some rule of the War Department keeping him out. Balzer is a first-class yeoman in the navy and is stationed in the ordnance bureau, undertaking to do work he does not yet understand, while the work in the Commission with which he is familiar is being done by a young woman who has not yet acquired the familiarity that Balzer had.

COMMISSION ORDERS.

The Commission has discontinued No. 10093, "Water Competitive Lumber Rates from the Carolinas to New England," because now that water rates are as high as all-rail and the all-rail rates, as a rule, have been put on a basis that disregards former competition, there is nothing to inquire about.

The Commission, at the request of the complainant, has dismissed No. 9286, California Wholesale Potato Dealers' Association vs. Southern Pacific.

In No. 9194, Lexington Flouring Mills et al. vs. Missouri Pacific et al., the Commission has postponed the effective date of its order until further notice.

The Commission has dismissed on complainant's request, case 9893, Hennessy Company vs. B. A. & P. Ry. Co., et al.

The Commission has dismissed on complainant's request, case 9680, Rahway Chemical Company et al. vs. C. R. R. of N. J. Co. et al.

GALVESTON BUREAU APPROVED

R. H. Aishton, regional director, announces that Director Prouty advises that the Galveston Demurrage & Storage Bureau should have been included in the list of demurrage bureaus and associations approved under General Order No. 6.

Digest of New Complaints

No. 8244. Walter A. Zelnicker Supply Co., St. Louis, vs. St. Louis & San Francisco et al. Petition for rehearing.

No. 10211. Herman Gross, doing business at the Puritan Glass Co., Shinglehouse, Pa., vs. New York & Pennsylvania et al.

Unjust and unreasonable rates on empty glass bottles from Shinglehouse to Syracuse. Asks for reparation to the basis of rates now in effect.

No. 10212. M. W. Jamieson, proprietor of Warren Refining Co. and Merchants Oil Co., Warren, Pa., vs. Pennsylvania R. R. Co.

Against a rate of 13.5 cents on petroleum and its products from Warren, Pa., to Elmira, N. Y., as unjust and unreasonable, because in excess of 13 cents. Asks for reparation.

No. 10213. The Anheuser-Busch Brewing Assn., St. Louis, vs. C. R. I. & P. et al.

Unjust and unreasonable charges on empty beer barrels and bottles from Clifton, Ariz., to St. Louis. Asks for reparation.

No. 10214. New Orleans, Natalbany & Natchez Ry. Co. vs. Illinois Central.

Asks for an order requiring the Illinois Central to pay a division of 3 cents per 100 pounds on 98 carloads of hardwood lumber from Mason, La., to Memphis, on ground that it, as the originating carrier, transported the lumber more than twenty miles, and under the Commission's tap line decision, the division of 3 cents is due on a haul of twenty miles or more. The Illinois Central has declined to pay on the ground that it has no joint through rates from stations on the N. O. & N., and that it transported the hardwood to Memphis on a milling-in-transit agreement with the consignee, under which the 11 cent rate from Louisiana to Memphis was credited with 3 1/4 cents to be applied on the outbound movement. Complainant contends the credit should be on the inbound movement and that it is entitled to 3 cents per 100 pounds.

No. 10217. Sligo Iron Store Co., St. Louis, vs. Western Maryland et al.

Unjust and unreasonable charges through failure and refusal to divert car as ordered, in movement of soft coal slack, from Coketon, W. Va., to Memphis, Mo. Asks for reparation.

No. 10218. Fargo (N. D.) Iron and Metal Co. vs. Northern Pacific.

Unjust and unreasonable charges on old and scrapped engines from North Dakota points to Duluth because railroad company moved them as engines instead of as scrap. Asks for an order making scrap iron rates and reparation.

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INADEQUATE HARBOR FACILITIES

Harbor facilities at the seaports of the United States must be expanded two or threefold to provide for the maximum service of the American merchant marine, now in the making, after it is released from war traffic. Not only that, but immediate expansion is necessary at many ports so that coal for New England war industries can be moved by water.

These facts have been established in the preliminary study of port conditions made by the recently created port and harbors facilities commission of the U. S. Shipping Board, headed by Edward F. Carry. Present facilities are shown to be inadequate and in time new ports may be created.

New York and Boston harbors have been examined by the commission, and similar investigation at all the larger ports of the country will be made soon by Mr. Carry and experts attached to the commission. They plan to make visits soon to the rapidly growing ports of the South. Inspection tours also will be made to obtain information on proposed new ports.

The first complete inventory of port facilities in the United States is now being made under the direction of Mr. Carry. Authorities at all ports used by ocean-going traffic have been requested to supply data covering the last five years regarding docks, marine railways, terminal arrangements, repair plants, and entrances and clearances in the domestic and foreign trade. Every dock and repair plant has been called on to answer a questionnaire regarding the type of its facilities, present condition, exact location, whether this location is advantageous for the most efficient handling of

ships, the terms, rates and conditions on which ships are docked, the number of ships docked in the last five years, the average period each ship was in dock, and a brief statement of the work done on it. Special information also is sought regarding ports where coal and oil are handled.

The coastwise trade in coal and oil is, perhaps, the most important that has been handicapped by inadequate facilities. At present, this trade is limited only by shipping and port facilities. The survey shows these ports taxed to capacity at present, and in almost all instances overtaxed and facing serious congestion unless speedily expanded.

New York harbor particularly is overtaxed, and some southern ports, especially Galveston, New Orleans, Jacksonville and Charleston, need expansion. All southern ports, it is expected, will be enlarged because signs of congestion are already in sight. This condition results from heavy traffic being diverted by railroads from overland routes north to southern ports either for shipment north, or to the West Indies and South America.

The commission, besides its plans for port expansion, will consider the diversion of imports and exports from northern and southern ports, particularly shipments to and from the Middle West, which now add to the troubles of congested railroads along the North Atlantic seaboard and in Pennsylvania and Ohio. Relief is planned by transit through southern ports to railways and waterways.

Trade with South American countries, which has increased enormously during the war, will be considered by the commission in relation to the ports of the South. The diversion of this trade, as also that of the Middle West, is regarded as demanding vast increase of waterfront facilities there.

COURTESY TO THE PUBLIC

The circulars that have recently been issued by the various regional directors to roads in their jurisdictions, counseling courtesy toward the public and consideration for its comfort, have been taken in some quarters as an admission that under government operation conditions are not what they were under private control. For instance, the New York Commercial says:

"So seriously has the railroad service of America deteriorated since the beginning of the year, when the federal government assumed control, that the Railroad Administration has found it necessary to warn railroad employees to be courteous in their treatment of passengers and other persons seeking information or transacting business. Under private management the rule was, 'the public be pleased.' Under government control it has been

last becoming 'the public be damned.' Whatever may be the case of the freight traffic, every traveler affirms that the passenger service has gone to the dogs and most of the railroad employes have ceased to care what becomes of passengers. The Railroad Administration's circular to employes proves the substantial truth of the many complaints that have been registered."

It may not be exactly fair to say that these circulars admit a change for the worse in conditions, and yet that is the fact with regard to some of them at least. They are not all worded alike. For instance, the one issued by Mr. Aishton to the northwestern roads says merely that the elimination of competition, together with the reductions in service due to war necessities has, "whether justified or not, created a growing feeling on the part of the public of a lack in attentiveness and courtesy on the part of railroad employes and subordinate officers in their contact with the public and it will require very intelligent, prompt and energetic handling by all of us to remove any real occasion that there may be for this feeling." That is, the feeling that there is a failing in courtesy and desire to please on the part of the roads may not be justified, but it is there—though perhaps the statement that "energetic handling will be necessary to remove any real occasion for the feeling," might be taken as an admission that there is real occasion for it. But the circular issued by Regional Director Smith to eastern roads says frankly that "it has come to the attention of the Railroad Administration that there appears to be in many instances a disposition on the part of employes and certain subordinate officers of the railroads to be lacking in attentiveness and courtesy in dealing with the reasonable needs of the public."

But whether the circulars, in their language, are or are not admissions of fault, they are so in fact, for they would never have been issued, of course, if it had not been felt that there was need of correction. And whether the fault is admitted or not, we all know it exists. The circulars have been taken as applying, at least chiefly, to passenger business, but they might apply almost as well to freight traffic, though the condition is more noticeable, perhaps, in the passenger end of the business and certainly comes to the attention of a vastly larger number of persons.

The public is entitled to courteous treatment and to all the comforts for which it pays that are not inconsistent with supplying war necessities. The only way to bring the reform about is by a proper appreciation of its obligation on the part of the Railroad Administration and ceaseless insistence by it that those in subordinate positions,

from the presidents or federal managers down, understand what is expected of them, with proper measures of punishment for them if they fail in their duty. For the fault which it is here being attempted to cure is inherent in the scheme of government operation or ownership. Under private ownership employes are kept civil to patrons of the road, where they might otherwise feel inclined to be something else, by the fear of losing business. An employe who makes an enemy for his road or loses a customer also is likely to lose his job. The "higher up" who deals with this employe is influenced, in his turn, by the desire to make a good showing to his superiors and he knows the way to make such a showing is by making friends for the road and treating its patrons right.

All this is gone under government operation. There may still be those who are naturally courteous and attentive, but they are comparatively few and even they will fail occasionally if there is no club over their heads. The same club must be held over them as before, though the reason behind it is different. The man who swings it must still be actuated by the same motive—to make good with his employer. Therefore, there must be no question as to the wishes of the employer—the Railroad Administration—and no faltering in administering punishment, which is the real test of whether one means what he says.

We are glad that the Railroad Administration has undertaken to deal with this matter. It is not necessary to search for any other motive than a proper appreciation of what is due the public and a desire to do the right thing, but if any other motive is needed it may be found in the desire to "make good," for there is no one thing that will contribute more to putting government operation in bad odor with the public than a feeling on the part of that public that it is being impudently or inconsiderately treated by the servants whom it pays.

RELEASED RATES ORDERS

Released rates order No. 30 has been issued on the petition of F. W. Gomph, agent for carriers named in his I. C. C. 251, for authority to establish on not less than one day's notice rates on manganese ore, per ton of 2,000 pounds, C. L., minimum weight 60,000 pounds, from Butte, Mont., and Anaconda, Mont., to San Francisco, Cal., and other points on the Southern Pacific Railway in group 1 of petitioner's tariff I. C. C. 251, based on declared value of not to exceed \$50.00 per ton.

Released rates order No. 29 has been issued on the petition of the Canadian Pacific Railway, which is authorized to establish on one day's notice the following rates on lead ore per net ton, minimum weight 60,000 pounds unless marked capacity of car is less:

	Declared value per net ton not exceeding	Rate per net ton.
From Kimberly, B. C., to Murray, Utah.....	\$50.00	\$11.90

Current Topics in Washington

Beating Down Railroad Valuation.—

Hardly a man who has expressed an idea as to the fate of the railroads after the war has prophesied a return of the properties to the owners in the form in which the government seized them. The implied promise contained in the federal control law has not constrained anyone to suggest that the whole people, as organized and represented in what is known as

a government, will deal with a part of the people in accordance with the promise. Few believe the whole people will give the fraction of the people, known as railroad corporations, as much money for the use of their property as the federal control law authorizes, at least by application. The maximum of just compensation which that law authorizes the President to pay, by inference, added a value on the property taken much higher than values in stock, at any time since the war began, placed on the property. "Nobody seems to think it immoral to make suggestions that the owners of the railroads will not receive either their property in kind or in a money equivalent as large as that control act fixed when it authorized the President to pay an annual rent for the property taken, equal "as near as may be" to the average of the operating income for the three fiscal years ending June 30, 1917. It may not be a laughing matter for the owners of railroad stocks and bonds, but those who opposed the federal control bill on the ground that the compensation was too high, now laugh at their fears. They fought windmills. Public thought, apparently, is backing up the idea that the owners of the railroads are not entitled to the maximum allowed by the control law, and, therefore, the whole people, by insisting on or appearing to approve a compensation less than the maximum, are in effect, beating down the valuation of the properties, and such beating down can hardly be ignored when, if ever, the government decides to buy the railroads, either after condemnation, or by bargain and sale.

New England's View of Its Railroads.—The classification hearings in Boston, it is believed, indicate that the people of New England feel that the railroads in their part of the country belong to them and that they should be operated for the promotion of New England commerce. The New England feeling draws attention to the fact that while the old Yankee stock may be in the minority on election day, the leadership in business is still in the hands of the people whose ancestors are buried in Copp's Hill graveyard, now in the heart of Italy, so far as its people are concerned. The Yankee stock that built up the industries in that part of the country still regards the railroads as part of its assets and expects them to be managed with due regard for New England peculiarities—as, for instance, a low carload minimum for textile mill waste. They think of the railroads as their plant facilities, and not mere parts of a system that has no particular affection for any locality or any section. There is probably not a city in the country that would agree to a law forbidding the construction of a railroad if it thought its industry and commerce required such construction. Yet,

if the railroads are to be made a system of national highways monopolization of the right to construct additions to it by the national government, it is believed, would be the logical step. A national railway and station house appropriation bill, containing allowances for an extension to Gem City and new passenger stations for towns and cities in enough congressional districts to assure the passage of the bill, would be the logical outcome of such monopolization. No man who knows Congress can be made to believe that senators and representatives would leave the question of extensions and stations in the hands of an executive branch of the government. Congress itself says where post offices shall be built, what rivers shall be canalized, and what harbors shall be improved, all for the "benefit of commerce." It even says where lighthouses, as "aids to navigation," shall be erected.

Railroad Extension Under Government Ownership.—In England the Board of Trade, equivalent to the Department of Commerce in the American governmental organization, has the power to veto railroad projects. New York exercises a like power and probably other states do likewise. None, however, builds railroads with its own funds. Canada and other British dominions have built railroads. American cities, states and counties have made contributions, often to financial crooks, but not one of such enterprises has been like the projects Congress might be expected to undertake if the government ownership idea became the policy of the United States. The nearest approach to what probably would be the fact are the annual laws for public buildings and river and harbor improvements. The government now contributes to good roads, but nothing comes out of the treasury unless a community also taxes itself for the project. The initiative in good road development is left with the community. A good road, therefore, is not like a public building or an appropriation for a river or harbor—a gift from the gods. The local taxpayer scrutinizes the good road project and is always on the ground to yell when he sees something going on he knows will cost him money. There is, therefore, no particular scramble to get money out of the federal treasury for good roads, as there is money for the public building and the river and harbor projects. The more money there is taken for such projects, the greater the rejoicing in a given community, because every dollar so obtained is counted just that much gain.

Port Facilities Inadequate.—Now a committee of the Shipping Board reports that the Atlantic and Gulf port facilities are inadequate. That report is made notwithstanding the millions municipalities and private capital have spent. The history of this country is that no war expansion has ever been greater than the peace requirements of the land immediately thereafter. Washington expanded as the result of the Mexican, Civil and Spanish wars. There are people in Washington now who believe that when this war is over Washington will shrink and the temporary buildings in which the war workers are now housed will be allowed to disappear, even as the buildings of an international exposition. If they do, history will not be repeating itself. Whether the government will embark on the policy of port expansion is a question. Probably not, because so many cities and states have invested their own money in port facilities that the votes from such states and cities will be cast against proposals to improve the facilities of ports the citizens of which have

not had money or enterprise enough to make such investments. If the government would buy the investments at such places as Portland, Seattle, San Francisco, New Orleans and Boston, a new policy might be inaugurated. More likely, however, the federal government will be inclined to spend its own money for improvements it needs for its war work, and leave the states and cities to carry on their own work for the general public. Nearly every city has prided itself on the extent of its harbor facilities. The report, therefore, of the Shipping Board committee that the business of the country, stimulated by war, has outrun the facilities for exporting and importing probably will be a severe jar to local pride in several cities.

Beating Railroad Congestion.—"All's fair in love and war." Perhaps all's fair also in love and transportation. The traffic men who have been attending the classification hearings in New York and Boston naturally have been swapping stories as to the things they have done to beat congestion and particularly to keep men on a contract job going. Sending carloads of fifth class stuff by express is commonplace. The express traffic manager knows that class of business so well he provides freight cars for it and moves it by freight train. But what about shipping building material as excess baggage, putting in just enough old clothes to make it baggage and then filling up a trunk or two with short pieces of steel needed to keep a gang of 139 construction men going? An Ohio traffic man did that. The ticket was torn up, so there could not be any question as to whether the railroad had received compensation for the transportation. The check was forwarded one train ahead of the trunk, so the baggageman at destination had no chance to get "sore" over the heavy trunks he had to handle, because a teamster was on hand to help him with the trunks, consisting of heavy packing boxes with rope handles attached. Throughout the country auto trucks are competing with both freight and express trains, at rates just a little less than express. In the south many railroads offer to transport freight on passenger trains at double first class, so in that part of the country the excess baggage ruse is not needed unless the old tariffs have been changed in the last year or two.

Procedure of the Commission.—The Commission's announcement respecting its course with regard to proceedings during the period of federal control, has evoked favorable comment from shippers. They read it as equivalent to a declaration by the Commission that President-made rates must run the same gauntlet—after their effective date—as other tariffs. The only question any of them ever raised was as to whether the Commission would realize that there is now more reason for the consideration, by an independent body, of rates, rules and regulations than ever before, to the end that classes of shippers and communities may have rates that are properly related to each other; that is, whether given rates are reasonable in the British sense of the word, which is expressed in the third section of the act to regulate commerce. They think the announcement shows such a realization by the Commission, hence their favorable comment.

A. E. H.

AMENDMENT TO G. O. NO. 34.

It is announced that General Order No. 34 is to be amended to provide for notice to consignee of the sale of goods refused or unclaimed.

PROCEDURE AS TO COMPLAINTS

The Traffic World Washington Bureau

The Commission, under date of August 3, has made the following announcement:

Following our announcement of June 20, 1918, the question there reserved was argued before us on July 24, 1918, and a waiver was made for the Director-General of an requirement that the justness or reasonableness of tariff changes initiated by him should be heard and determined by us only upon original complaints in new proceedings.

Proceedings before us vary greatly as to subject matter and relief sought. Some are brought under the act to regulate commerce, as amended, and others under other statutes. In some the moving parties are shippers and in other carriers. Some are investigations instituted by us of our own motion. Several proceedings are sometimes consolidated for hearing or disposition. As indicated in our former announcement, the federal control act and the orders which the Director-General, acting for the President, is empowered to make thereunder have raised questions concerning the status of proceedings pending before us. This status can best be determined in each case upon consideration of the elements disclosed. Without attempting to determine their status according to the classes in which they seem to fall, it may be found helpful if we here indicate certain of the criteria which may properly be applied in making such determination.

We are of opinion that in cases now pending before us, whether heard and submitted or not, in which complaint is made of rates, fares, charges, classifications, regulations, or practices of any common carrier or carrier now under federal control, the Director-General of Railroads:

1. Is or may be a proper party defendant where the cause of action accrued wholly prior to federal control and no order is sought for the future;
2. Is or may be a proper, if not a necessary, party defendant where the cause of action accrued in part or wholly during federal control, and no order is sought for the future;
3. Is a necessary party defendant where the cause of action is as to rates, etc., which since the filing of the complaint have been or shall have been increased or changed by order of the Director-General under the federal control act, and the relief sought includes an order for the future limiting said rates, etc., or fixing their relationship to other rates, etc.

Complainants in such cases desiring to bring in the Director-General as an additional defendant should so advise us immediately, and as soon as may be thereafter apply for leave to file supplemental complaint setting forth their cause of action against the Director-General. Such application must be made as provided in our forthcoming special rules of practice governing the procedure to be followed in matters growing out of federal control. If granted, the record theretofore made may be supplemented in so far as necessary or appropriate. Filing such application on or before Oct. 1, 1918, unless the time is extended by us for cause shown, complainant will be understood as electing to stand upon the issues as made.

Parties will be expected to govern themselves accordingly, and that part of our announcement of June 20, 1918, which reads—

The dockets in pending cases will be analyzed, and where it appears that doubt exists whether, without amendment or supplemental hearing, the Commission can enter a lawfully effective order, the parties will be so notified.

is hereby withdrawn.

Cases now pending before us otherwise than upon complaint will be made the subject of a separate announcement should occasion require.

Original complaints in new proceedings against the Director-General alleging that rates, etc., initiated by him are unjust or unreasonable should name as defendants, in addition to the Director-General, the carriers not under federal control, and should specify the carriers, or the principal carriers, under federal control, over whose line the rates, etc., apply. Answer by the Director-General.

(Continued on page 275)

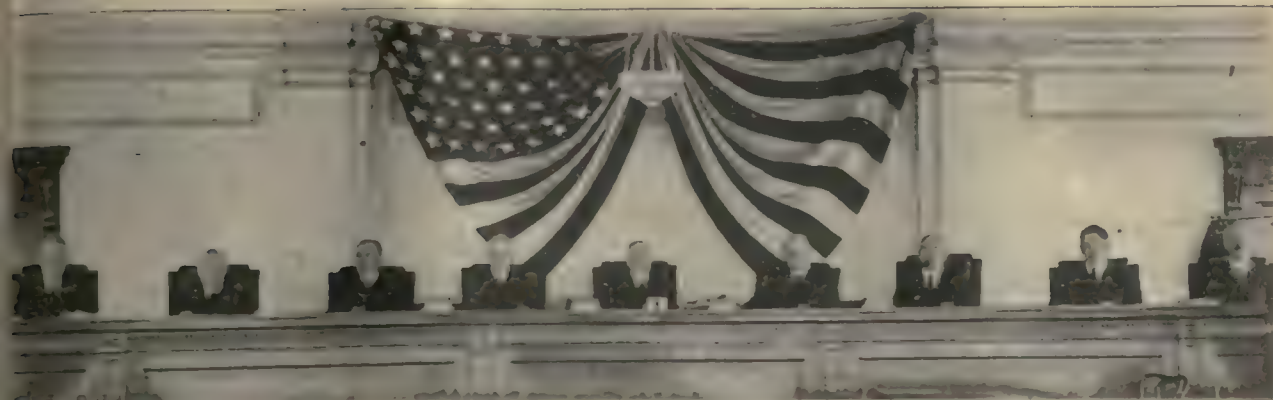


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Decisions of Interstate Commerce Commission

DISCRIMINATION ORDERED REMOVED

In or before October 15 the Southern Railway and connecting carriers will be required to remove the long continued discrimination against Johnson City in favor of Bristol, Tenn., in the rates from Cincinnati or beyond. A decision by Commissioner Harlan, Docket No. 7865, Opinion No. 5343, 50 I. C. C., 605-606, affirms a former decision of the Commission in this case (46 I. C. C., 527), in which it was held that the class and commodity rates then in effect on traffic moving from Cincinnati or through Cincinnati from beyond by way of Speer's Ferry to Johnson City were not unreasonable, but that they subjected Johnson City to undue prejudice and disadvantage in favor of Bristol. In order to remove that discrimination the carriers undertook to raise the rates to Bristol to the Johnson City level, except on certain important commodities on which the rates were made on the full combination on Walton or Roanoke and on which the carriers assumed, notwithstanding the Commission's findings, that they were required to bring them to the level of the Bristol rates. For this purpose they brought in fifteen section applications. In this case the Commission says: "If the combination of interstate rates on Walton or Roanoke controls the rates on certain commodities to Bristol, the Johnson City rates must be reduced. In other words, the undue discrimination against Johnson City cannot be permitted to continue."

PINE AND FIR LUMBER

In Opinion No. 5339, 50 I. C. C., 591-595, Docket No. 9507 and Sub. No. 1, Springston Lumber Co. et al. vs. Northern Pacific Ry. Co. et al., the Commission finds that the combination rates charged for transporting pine and fir lumber from Harrison, Springston, and Rose Lake, Idaho, to coal points on the Northern Pacific, east of Billings in Montana, North Dakota, and Minnesota, although not unreasonable, as contended by the complainants, are unduly prejudicial, and the recommendation is made that the carriers establish through rates to Minneapolis from points above named which should not exceed those contemporaneously maintained from Spokane to Minneapolis by a differential of not more than two cents per hundred pounds at Beach, North Dakota, above the Spokane rate to that point, that rate to apply as a maximum to points directly intermediate between Billings and Beach. No order will be entered at this time and the proper correction may be taken disposition until after the lumber rates from the points of origin above named shall have been filed under General Order No. 28. This follows the decision of the Commission in "Eastern Oregon Lumber Producers' Association" wherein it was held that combination rates on lumber and articles taking rates from eastern Oregon producing points on the lines of the Oregon-Washington R. R.

Co. to points on the lines of the Northern Pacific and the Great Northern and their connections in Montana, North Dakota, South Dakota, Minnesota and Nebraska are found to be unjust and unreasonable.

RATES ON COAL

Rates at \$2.50 per ton on anthracite coal and of \$2.40 per ton on bituminous, also rates at \$2.55 per ton on coke from Duluth and Superior, Wis., to Sioux Falls, S. D., are neither unjust nor unreasonable, according to opinion No. 5345, 50 I. C. C., 610-612, docket No. 7200, Traffic Bureau of the Sioux Falls Commercial Club vs. Great Northern Railway Company et al. The complaint was originally filed by the Traffic Bureau of Sioux Falls in the interest of the shippers of that point. Intervening petitions were filed by the Traffic Bureau of the Sioux City Commercial Club for the purpose of preserving the parity of rates; the Commercial Club of Duluth for the purpose of securing just and reasonable rates to Sioux Falls in interest of Duluth shippers; and the Traffic Bureau Commercial Club of Aberdeen for the purpose of protecting its interests.

In dismissing the complaint the Commission says: "A system of equalizing the rates from different lake ports and different mines gives complainant competing markets in which to purchase its coal, and filed complainant is entitled to reasonable rates from its nearest source of supply, proof that rates from some other points from which the blanket rates are maintained, which rates are made to meet competition from nearer points, yield lower ton-mile earnings is insufficient to establish that the rates for the shorter distances are unreasonable or unduly prejudicial."

RATES ON CORN

The Commission in opinion 5336 has dismissed the complaint of the Forked Deer Milling Company vs. I. C. R. R. Co. et al., Docket No. 9707, 50 I. C. C., 573-4. This complaint attacked the carload rates on corn between March, 1914, to September, 1915, from points in Illinois, Iowa, Kentucky and Tennessee to Dyersburg, Tenn., where it was milled and the product shipped out to points in Texas, Alabama and Mississippi. The complaint grew out of charges collected by the carriers due to the complainant's failure to comply with tariff requirements governing transit.

LEGALITY OF EXPRESS FRANKS

CASE NO. 4662 (50 I. C. C., 599-604)
IN THE MATTER OF THE ISSUANCE AND USE OF
PASSES, FRANKS, AND FREE PASSENGER SERVICE.

Submitted January 14, 1918. Opinion No. 5342
1 The free transportation of property upon franks issued by express companies to their officers and employees or to the officers and employees of other common carriers in

- exchange for passes or franks of such common carriers held to be unlawful.
2. The principle announced on July 20, 1917, in Conference Ruling 513 reaffirmed.

HARLAN, Commissioner:

Does the interstate commerce law prohibit express companies from giving free transportation of personal packages to their officers and employees, and to the officers and employees of other transportation companies in exchange for passes issued by the latter to the officers and employees of the express companies? This was the question, as stated by the court itself, that was considered in *American Express Co. vs. U. S.*, 212 U. S., 522, decided in 1909. The conclusion of the court was summarized as follows (id., pp. 533, 534, 535):

If it is lawful, in view of the provisions of the interstate commerce act, to issue franks of the character under consideration in this case, then this right must be founded upon some exception incorporated in the act, and it is the contention of the learned counsel for the appellant that such exception is found in the proviso in section 1 of the Hepburn act.

Turning to section 1 of the Hepburn act, it is apparent that all that immediately precedes the proviso appertains to the carriage of passengers, for common carriers are forbidden to issue or give any free ticket, free pass, or free transportation for passengers, except to its employees, etc. Until we come to the proviso, the act is clearly thus limited. It is then enacted that this provision; that is, the previous part of the enactment which refers only to the transportation of passengers, shall not be construed to prohibit the interchange of passes for the officers, agents, and employees of common carriers and their families, or to prohibit any common carrier from carrying passengers free in certain cases.

We are clearly of the opinion that, without doing violence to the language used in section 1—including the proviso—its terms cannot be held to include the transportation of goods.

That part of section 1 of the act to regulate commerce as amended,* which was thus construed as authorizing the free transportation of persons only, and not including the free carriage of goods, has not been changed since the decision in that case was announced. Prior to that date the express companies, more or less generally, had been issuing franks for the carriage of property to their own officers and employees and had been issuing franks to the officers and employees of railroads in exchange for passes. After the announcement of the decision the practice of issuing franks either to their own officers and employees or to the officers and employees of other common carriers was discontinued.

By an amendment to section 1, enacted in 1910, telephone, telegraph, and cable companies, now commonly referred to as transmission companies, were brought within the scope of the act. At the same time and as a part of the same amendment there was added to the so-called antipass provision of section 1 the following proviso:

And provided further, That this provision shall not be construed to prohibit the privilege of passes or franks, or the exchange thereof, with each other, for the officers, agents, employees, and their families of such telegraph, telephone, and cable lines, and the officers, agents, employees, and their families of other common carriers subject to the provisions of this act.

Shortly after this proviso had been incorporated into

*The language of the provision in question, omitting portions that are not pertinent, is as follows:

No common carrier subject to the provisions of this act shall, after January first, nineteen hundred and seven, directly or indirectly, issue or give any interstate free ticket, free pass, or free transportation for passengers, except to its employees and their families, its officers, agents, surgeons, physicians, and attorneys at law; to ministers of religion, traveling secretaries of railroad Young Men's Christian Associations, inmates of hospitals and charitable and eleemosynary institutions, and persons exclusively engaged in charitable and eleemosynary work; to indigent, destitute, and homeless persons, and to such persons when transported by charitable societies or hospitals, and the necessary agents employed in such transportation; to inmates of the National Homes or State Homes for Disabled Volunteer Soldiers, and of Soldiers' and Sailors' Homes, including those about to enter and those returning home after discharge; to necessary caretakers of live stock, poultry, milk, and fruit; to employees on sleeping cars, express cars, and to messengers of telegraph and telephone companies; to railway mail service employees, postoffice inspectors, customs inspectors, and immigration inspectors; to newsboys on trains, baggage agents, witnesses attending any legal investigation in which the common carrier is interested, persons injured in wrecks and physicians and nurses attending such persons: Provided, That this provision shall not be construed to prohibit the interchange of passes for the officials, agents and employees of common carriers, and their families; nor to prohibit any common carrier from carrying passengers free with the object of providing relief in cases of general epidemic, pestilence, or other calamitous visitation.

section 1 of the act the express companies resumed the practice of issuing franks not only to their own officers and employees, but also to the officers and employees of other common carriers. In the official gazette of one of the companies it was formerly announced that the effect of the proviso was to permit the practice. Its resumption, however, did not come to the attention of the Commission in any formal and definite way until 1917, and, the legality of the practice having been the subject of inquiry, on July 20 Conference Ruling 513 was announced, as follows:

513. Express Companies May Not Carry Property for Officers and Employees Except at Published Rate.—Upon inquiry, it was determined that the act to regulate commerce as amended does not authorize an express company subject to the act to carry property either for its own officers or employees or for the officers and employees of other common carriers, except at its legally published rate.

Subsequently the attorneys for the various express companies asked for and were granted a hearing on the question.

From the investigations made by the Commission as to the facts as stated of record, it appears that the express companies have been issuing two classes of franks, namely, annual franks and paster franks. Annual franks are issued to the officers of the issuing and other express companies, and occasionally to the officers of other common carriers subject to the act to regulate commerce as amended. The annual franks are issued in two forms, one limiting the weight of shipments thereunder to 150 pounds, and the other without limitation as to weight. Neither form, however, is intended to cover shipments of extra heavy weight, or of unusual size or quantity, or to cover money, bonds, jewelry, live stock, or consignments for sale or profit. Paster franks are issued to minor employees of the issuing and other express companies, and to employees of railway companies. They cover transportation by express between designated points of shipments, not exceeding the weight specified thereon, by or to the person named on the frank. These franks are affixed to the shipment for which they are issued and are subject to the general restrictions that apply to annual franks. Apparently the use of all classes of franks is more or less carefully policed.

On behalf of the four principal express companies it was pointed out, as heretofore stated, that prior to the decision in 1909 by the Supreme Court of the United States in the case above cited, and since the amendatory legislation of 1910, the details of which have been explained, "it has been the general and continuous practice of all express companies thus to issue their franks." It is said that in most instances franks have been issued in exchange for passes on lines of railroads over which the issuing express companies do not operate and over which officers and agents could not otherwise travel without the payment of large sums as railroad fares. It is also said that the franks issued to the employees of the issuing companies are useful in developing the loyalty of the employees to whom they are issued, and that those issued to employees of the railroads over which the issuing express companies operate are very beneficial in procuring and assuring co-operation between the employees of the express companies and the employees of the railroad. It is also stated that this co-operation adds materially to the proper and efficient service for the public by the express companies.

Although these considerations may have the importance attributed to them by the express companies, they are of little aid in construing an act of the Congress. This general thought finds expression in *American Express Co. vs. U. S.*, supra, where it is said (p. 535):

It is very likely that there is no substantial reason why Congress should not extend to express companies, their officers, agents, and employees corresponding privileges for free carriage of goods with those which are given to the officers, agents, and employees of railroad companies in respect to transportation of persons, but—if the law is defective in this respect the remedy must be applied by Congress and not by the courts.

The question for determination, therefore, is whether its Conference Ruling 513 of July 20, 1917, supra, the Commission, in holding that the act to regulate commerce as amended does not authorize express companies subject to the act "to carry property either for its own officers, employees, or for the officers and employees of other common carriers, except at its legally published rates," has

properly interpreted the law; and that question has again been carefully reviewed.

In the first place it is somewhat significant to note that the term "frank" did not appear in the act to regulate commerce until four years after the express companies had been brought within the purview of that law, and also that during that period there was no language in the act that could reasonably have been construed, from any point of view, as justifying the practice of express companies of issuing franks for the carriage of goods. It is so of importance to observe that the term appeared in the act not in connection with any new legislation respecting express companies, already subject to the act, but contemporaneously with the extension of the provisions of the act to transmission companies. Under these circumstances, in any effort to arrive at the legislative intent, there would appear to be strong grounds for thinking that the newly created right is properly to be regarded as applying only to the newly introduced carriers. A power granted and embodied in the same amendatory act in which the regulatory provisions are for the first time extended to another form of public utilities would seem naturally to relate to such carriers and, in the absence of appropriate language or the most obvious intentment, not to relate to other carriers that had long been subject to the provisions of the act.

The free carriage either of persons or of property is contrary to the general principles to be found in the act to regulate commerce, as amended. See sections 2, 3, and 6. The same principle is asserted even more strongly in the proclamation accompanying the act itself and which was enacted in aid of its enforcement and for the punishment of those who offend its provisions. Any free carriage of passengers that is now lawful is authorized in the form of exceptions to the general principle to be found in the so-called antipass provision of section 1 of the act. Any free carriage of property that is lawful is to be found in the exceptions noted in section 22 of the act. While the free carriage of certain of the excepted classes of passengers has thus been authorized even when traveling for pleasure or for their personal benefit, the spirit of the whole act forbids the free carriage of property except where public interests are involved under the conditions specified in section 22.

It is true that the term "frank" has long been associated with the free carriage of express packages; but it has also long been associated with the free transmission of messages by telegraph and telephone companies. And the mere appearance of the word in the act, although in new legislation by which the provisions of the act to regulate commerce were extended to telegraph, telephone, and cable companies seems to be the sole basis for the contention now urged by the express companies that the effect has been to sanction the free carriage of packages for their own officers and employees and for the officers and employees of other common carriers, contrary to the principle which, as we have just stated, runs all through the act and the accompanying legislation forbidding the free carriage of property except on certain public grounds specifically enumerated. If that is the effect of the incorporation of the word into section 1 of the act, the result will be the substantial destruction of the principle forbidding the free carriage of property for any one in any private interest; for while railroads may not haul property for their own officers and employees or for the officers and employees of other carriers, except at tariff rates, the construction of section 1 now proposed by the express companies would permit the railroads to use their locomotives, tracks, and other facilities in doing this forbidden service if the property is shipped as express matter by or to those enjoying the possession of express franks.

No construction which is inconsistent with the purpose of the law may be entertained, and anyone claiming the benefit of an exception must bring himself clearly within both the words and the reason thereof. *U. S. vs. Dickson*, 15 Pet. 141, 165. It is also a general rule of construction that a proviso is not to be understood as adding new matter to the main clause, but rather as saving from its operation certain of the subjects to which it is addressed and modifying the law as to them. But it will not be necessary to dwell upon the general principles of construction or to resort to citation of cases. It will suffice to say that upon a careful examination of the language of

the proviso we are unable to find in it the force and effect contended for by the express companies. We therefore reaffirm the principle announced in Conference Ruling 513, and the express companies will be expected at once to discontinue the practice of issuing franks to their own officers and employees and to the officers and employees of other common carriers.

By the Commission.*

CANADIAN RATE INCREASES

Report of the Board of Railway Commissioners for Canada to the Governor in Council under the direction given by Order in Council No. 1768, to prepare a schedule of rates which will grant similar increases in railway freight rates in Canada to the increases already granted in American territory, effective as of August 1, 1918.

Under Order in Council No. 1768, the opinion is expressed that, in view of the increased cost of living, the wages in Canadian territory should be increased as increased in American territory by the award commonly known as the McAdoo Award, as the same may from time to time be amended or extended, in so far as the Government Railway Systems are concerned; and that it is advisable, in the public interests, that the companies privately owned should make similar increases to their employees.

The Order definitely advances the scale of wages of railway employees as fixed by the McAdoo Award for lines of railway owned, operated or controlled by the Government, and recommends that the wage scale of privately owned railway companies in Canada should be similarly advanced.

The Order further provides that should the privately owned railway companies adopt the McAdoo schedule, the Board of Railway Commissioners shall forthwith prepare a schedule of rates which will grant similar increases in railway freight rates in Canada to the increases already granted in American territory, effective as of August 1, 1918.

The railway companies have notified their employees of their acceptance of the McAdoo scale. The effect of the Order is to reimburse the companies for the additional increased cost to which the railways will be put by the adoption of the scale and in their railway operation. The advance is limited to freight rates, and is also limited to the advances already made in United States territory for the same purpose.

The estimates of the increased costs filed by the Canadian Railway War Board show a total increased cost of \$50,616,226, in addition to which there are further claims to be settled by the McAdoo Award which, if settled adversely to the companies, might call for an additional sum of \$19,930,000, making a possible outlay of \$70,546,260.

The McAdoo Award is popularly supposed to increase rates 25 per cent. In some instances, not amounting, however, to a great volume, the McAdoo Award exceeds this percentage. In a larger number of instances, owing to maximum advance limitations and to a flat rate increase, which, while advancing in a higher percentage the rate for the shorter mileages, holds down all longer movements, the increase of 25 per cent is not obtained.

The Railway Statistics for 1917 show the total freight earnings of all systems in Canada as amounting to \$215,245,256.49. This total amount includes railways which are not under the jurisdiction of Parliament and whose increases are not mirrored in the companies' estimates. The difference, however, would not be very great.

Assuming, however, that the whole amount represented earnings of companies under the jurisdiction of Parliament, and assuming, further, that the increases under the McAdoo scale would net in gross the whole 25 per cent, which they will not, the total amount of the resultant increases under the McAdoo Award would amount to \$53,811,314. These figures, however, cannot be accepted. On the one hand the freight earnings in 1917 were very large—the volume may not prove representative—but on the other hand, as rates have already been increased, the resultant gross revenues may well be much larger. As the Board has not had the time necessary to compile statistics based on the newer rates, the American increases, which were arrived at as necessary in American territory after much investigation, are treated as those necessary, subject to the recommendation hereinafter made for rate reduction.

The increases herein covered are those permitted under the Order of the Director-General of the United States Rail-

road Administration when the Canadian rate situation permits the adoption of the whole increase, and in other instances the extent that the increases may be adopted.

Different action has been taken in the United States in connection with their eastern and western territories. Different action has also been taken by the Board. In order to arrive properly at a conclusion the different increases already granted by the Board in Canada in many instances will have to be deducted before the gross increases granted in the United States are given full effect. As the increases made by the Board differ in eastern territory as against the western territory, it is necessary that the matter be dealt with separately.

Rate decisions increasing rates in eastern territory have been made from time to time in both jurisdictions. At a comparatively recent date the rates in eastern United States territory were increased by varying, but large, percentages. No such increase took place in Canada, but a general increase was made in Canada under the Board's Judgment in the "Fifteen Per Cent Case." It is impossible at the moment to report the full effect of the increases in both countries for the past few years. In arriving at the net increase which ought to be given in Canada in order to make similar increases to those made in the States, the Board, therefore, has not considered any increase granted in either jurisdiction prior to the application of the so-called "Fifteen Per Cent Case" in both countries, justification for these applications being the increase of all costs, and, therefore, a proper point at which to commence.

Section 1.—Territory east of Fort William—Class Rates.

The Interstate Commerce Commission on June 29, 1917, granted a 15 per cent increase in the class rates in eastern United States territory. This Board made a similar increase in class rates in eastern territory on December 26, 1917. The order of the Honorable the Director-General of the United States Railroad Administration (for the sake of brevity hereinafter called the "McAdoo Order"), gives a direct increase of 25 per cent in the United States eastern class rates. As similar increases have been granted in both territories in order to bring the final increase to a parity, an increase of 25 per cent in Canadian territory ought to be made in the existing schedules.

A result of the McAdoo Order is to create a direct advance in the minimum charge. As a result of this increase all class rates are increased more than 25 per cent, in so far as all movements up to 25 miles are concerned.

Section 1, subsection (d) of the McAdoo Order reads: "After such increase no rates shall be applied on any traffic moving under class rates lower than the amount in cents per 100 pounds for the respective classes as shown below for the several classifications."

Official Classification scale:

Classes	1	2	3	4	5	6
Rates (cents per 100 pounds).....	25	21½	17	12½	9	7

In order to carry the McAdoo increases into effect in Canada, while it will be necessary to repeat Mr. McAdoo's provision as to minima, the proper first-class minimum rate in Canadian territory is 24 cents rather than 25 cents, having regard to the Canadian rate scale. This is practically the same increase.

In addition to the percentage increases the McAdoo Order provides that the minimum charge on less than carload shipments shall be that provided in the classification governing, but in no case less than 50 cents. The minimum charge in Canada is in no case less than 35 cents. The increase involved, therefore, is 15 cents.

Section 2 (c).—Commodity rates.

Rates on coal were increased by the Board's Order of December 26, 1917, by 15 cents per ton flat. Similar increases were since granted by the Interstate Commerce Commission. The increases, however, were not put generally into effect as in Canadian eastern territory. The McAdoo Order, however, reads:

"Where rates have not been increased since June 1, 1917, the increase to be made now shall be determined by first adding to the present rate fifteen (15) cents per ton, net or gross as rated, or if an increase of less than fifteen (15) cents per ton, net or gross as rated, has been made since that date, then by first adding to the present rate the difference between the amount of that increase and fifteen

(15) cents per ton, net or gross as rated; and to the rates so constructed the above increases shall now be added."

As a result the increases granted under the McAdoo Order for the coal traffic are increases calculated either on a previous 15-cent advance, or else on a 15-cent advance made necessary and justified by the Order itself. The conditions are, therefore, similar in the two territories. In order to give the railways in Canada similar increases as in the United States it will be necessary to adopt the section of the McAdoo Order giving the coal schedules, reading as follows:

Commodity.	Increase.
Where rate is 0 to 49¢ per ton.....	15c per net ton of 2,000 lbs.
Where rate is 50c to 99c per ton.....	20c per net ton of 2,000 lbs.
Where rate is \$1 to \$1.99 per ton.....	30c per net ton of 2,000 lbs.
Where rate is \$2 to \$2.99 per ton.....	40c per net ton of 2,000 lbs.
Where rate is \$3 or higher per ton.....	50c per net ton of 2,000 lbs.

Coke stands in exactly the same position as coal in so far as increases in both countries are concerned. The increase in the McAdoo Award, however, is higher than in the case of coal, the rates being advanced to the following scale:

Commodity.	Increase.
Where rate is 0 to 49¢ per ton.....	15c per net ton of 2,000 lbs.
Where rate is 50c to 99c per ton.....	25c per net ton of 2,000 lbs.
Where rate is \$1 to \$1.99 per ton.....	40c per net ton of 2,000 lbs.
Where rate is \$2 to \$2.99 per ton.....	60c per net ton of 2,000 lbs.
Where rate is \$3 or higher per ton.....	75c per net ton of 2,000 lbs.

It is unfortunate that through rates do not apply on movements of coal and coke to Canadian points.

Prior to the McAdoo Order the rate on anthracite in American territory was \$2.15 to Buffalo. Under the McAdoo Order that rate became \$2.60. The present Buffalo-Toronto rate is 81 cents. Under the McAdoo Order that rate would become \$1. The increase on the McAdoo Order, if the traffic moved under a joint tariff, would be held down to an increase of 50 cents in all; a difference of 14 cents as against an increase under the present system of 6 cents. This matter is entirely out of the hands of the Canadian railway companies or this Board.

Section 3.—Iron Ores.

While commodity rates were generally advanced by the Interstate Commerce Commission, iron ores were made an exception in Canadian eastern territory. This Board increased the rate on iron ores 15 per cent. The McAdoo Order deals with the movement of this commodity as follows:

"Thirty cents per net ton of 2,000 pounds, except that no increase shall be made in the rates on ex-lake ore that has paid one increased rail rate before reaching lake vessel."

The reference to an increased rail rate in connection with the boat movement does not of necessity show any general increase in the iron ore rate. The Board is not advised of any general increase in American territory. The effect of the 30-cent increase is to give a greater increase than that already given by the Board on all traffic carried at a rate of less than \$2 per ton, while it holds down the increase for the longer movements. To place the increases on a parity the Board's increase of 15 per cent should be struck out and 30 cents per net ton added to the former Canadian rate.

Section 4.—Stone, artificial and natural, building and monumental, except carved, lettered, polished, or traced.

In United States territory the Interstate Commerce Commission by its Order of March 12, 1918, increased the commodity rates, with certain exceptions in which stone is not included, by 15 per cent. The Board has made a similar increase in its judgment of December, 1917, in eastern territory. The increase in the McAdoo Order amounts to 2 cents per 100 pounds, and the like increase will follow in Canadian territory.

Section 5.—Stone, broken, crushed and ground.

This stone is of low value and for that reason the Canadian Board held down the increase in its "Fifteen Per Cent Case" to a flat addition of 5 cents a ton. An increase was allowed of 15 per cent in American territory. As many of the hauls are comparatively short there probably is not much disparity in the results in the two countries; the Canadian increase would be somewhat the smaller. The advance under the McAdoo Order is 1 cent per 100 pounds.

The same increase should be made in the corresponding Canadian territory.

Section 6.—Sand and Gravel.

These rates are in exactly the same position as stone, broken, crushed and ground. The McAdoo Order allows a similar increase of 1 cent per 100 pounds and the same increase should be here allowed.

Section 7.—Brick, except enameled or glazed.

Similar increases have been granted in both countries by the respective commissions. The McAdoo Order allows an advance of 2 cents per 100 pounds, which should also be permitted in Eastern Canada.

Section 8.—Cement.

An increase of 15 per cent has already been made in Canada. Specific advances were also allowed by the Interstate Commerce Commission on January 15, 1918, in so far as a very large amount of traffic in American territory is concerned.

It is impossible to state what the actual results of the increase over the whole field may be, increases having been made in both territories, some of those in the United States being much heavier than the Canadian increase of 15 per cent. The increase under the McAdoo Order, which amounts to 2 cents per 100 pounds, can be applied.

Section 9.—Lime and Plaster.

Lime is not excepted from the increase of 15 per cent in commodity rates given by the Interstate Commerce Commission and already has been increased by the Board 15 per cent. The addition of the increase under the McAdoo Order of 1½ cents per 100 pounds in Eastern Canada will restore the parity.

Section 10.—Lumber and other Forest Products not otherwise herein specifically dealt with.

An increase of 15 per cent was granted by the Board of Railway Commissioners in Eastern Canada. An increase was also given in American eastern territory by the Interstate Commerce Commission, but the increase made by the Interstate Commerce Commission was held down to an increase of 1 cent per 100 pounds. In order to put the increase on a parity the increase of 15 per cent already allowed by the Board will have to be taken off, and 1 cent added to the former tariff, which will then be increased by 25 per cent, but not exceeding 5 cents per 100 pounds.

Section 11.—Pulpwood.

The Canadian Board allowed an increase of 15 per cent on pulpwood. In the Maine and New Hampshire districts, where pulpwood is produced and comes directly into competition with Canadian pulpwood, the American railways put into force an advance of 15 per cent before the McAdoo Order was made, and on international business the increase granted by the McAdoo Order, which amounts to 25 per cent, but not exceeding 5 cents per 100 pounds, is already in effect. Parity is, therefore, obtained by increasing the present rates in Canada as provided by the McAdoo Order.

Section 12.—Cordwood, Slabs and Mill Refuse for Fuel Purposes.

The rates on these articles were advanced 15 per cent in Canada under the Board's Judgment. Under the Order of the Interstate Commerce Commission an increase was granted of 1 cent per 100 pounds in some instances and 15 per cent in others. Under the McAdoo Order the rates take an advance of 25 per cent, but not exceeding an increase of 5 cents per 100 pounds. Taking the rates for a female haul, the Canadian position is as follows:

Prior to the 15 per cent increase the rate was 4½ cents, the increase being to 5 cents. Applying the McAdoo Order on the present Canadian rate of 5 cents, the rate would become 6½ cents. A considerable quantity of cordwood is hauled 12½ miles. The old rate for this distance was 5½ cents; the "Between Per Cent Case" made it 6 cents, and the McAdoo advance would make it 7½ cents, while if the Interstate Commerce Commission's increase of 1 cent was added to the original rate and the McAdoo increase added, the rate would be 8 cents. The railways' attention has been called to the fact that owing to the shortage of coal it is desirable that as much cordwood be consumed as possible. While the railways resist that the expense to which they have been put, having particular

regard to the recent increase in wages, are such that the whole increase of the McAdoo Order would be absolutely required, under the circumstances the railways raise no objection if, instead of applying the full increase, a flat increase of 1 cent over the present rate is applied to the whole movement. The result would be that the increase on this commodity would make the new rate for 60 miles 6 cents instead of 6½ cents, and for 125 miles 7 cents instead of 7½ cents.

Section 13.—Wheat.

The Board advanced the rate in eastern territory 15 per cent, subject to a maximum increase of 2 cents per 100 pounds. The Interstate Commerce Commission had advanced the rate in American territory 15 per cent without limiting the increase by a maximum.

Comparative increases will be secured by the companies carrying the former judgment of the Board into effect without the limit imposed of 2 cents per 100 pounds, and adding the increase provided by the McAdoo Order, which amounts to 25 per cent, but not exceeding an increase of 6 cents per 100 pounds.

Section 14.—Other Grains, Flour and other Mill Products.

These rates should be treated in the same way as the wheat rates. The McAdoo Order in dealing with them reads: "25 per cent but not exceeding an increase of 6 cents per 100 pounds, and increased rates shall not be less than new rates on wheat."

Section 15.—Live Stock.

Similar increases have been made in both countries by the respective commissions. The McAdoo Order increases the rates 25 per cent, but not exceeding an increase of 7 cents per 100 pounds where rates are published per 100 pounds, or \$15 per standard 36-foot car where rates are published per car.

Section 16.—Packing House Products and Fresh Meats.

An increase of 15 per cent has been made in both countries by the respective commissions. The McAdoo Order makes a further increase of 25 per cent, except that the rates published from all Missouri River points to Mississippi River territory and east thereof shall be the same as the new rates from St. Joseph, Mo. The exception is without significance, having regard to territory contiguous to Canada. The adoption of the McAdoo Order will make a parity of increase.

Section 17.—Bullion, base (copper or lead), pig or slab, and other smelter products.

Fifteen per cent increases have already been granted in both countries. The McAdoo Order increases the rates 25 per cent, and may be adopted.

Section 18.—Sugar, including syrup and molasses, where sugar rates apply thereto.

A 15 per cent increase was granted by the Interstate Commerce Commission. A 15 per cent increase was also granted by the Board. Canadian eastern territory is contiguous to American territory covered by the Official Classification. Under the McAdoo Order sugar rates are to be advanced 25 per cent, except that where the Official Classification applies the fifth-class rates, as increased, will apply. Commodity rates for sugar were in effect in American eastern territory prior to the McAdoo Order and are today in effect in Eastern Canada.

Sugar classifies fifth class, and only moves on fifth class, in so far as the all-rail movement from Eastern to Western Canada is concerned. The district covered by sugar commodity tariffs stops at North Bay, on the Grand Trunk, and at Sudbury, on the C. P. R. The effect of the McAdoo Order is to increase the rates on sugar between points in the United States formerly covered by commodity tariffs to a greater extent than 25 per cent. For example: the former commodity rate on sugar from New York to Detroit was 24½ cents. Under the McAdoo Order it now becomes 35, an increase of 42 per cent. From New York to Chicago the commodity rate was 31½; new rate, 45 cents; a percentage increase of 43 per cent. The New York to St. Paul and Duluth rate was 38½ cents; new rate, 65 cents; a percentage increase of 69 per cent.

As the commodity rates in Eastern Canada were not based on any fixed proportion of the 5th class, the percentage of the resulting increase would change in almost every instance. As similar increases were made in both coun-

tries before the McAdoo Order, the parity of treatment in America will be obtained by providing for an increase of 15 per cent, except that in Canada, where the Canadian Freight Classification applies, the 5th class rate as increased would be substituted.

The effect of the McAdoo Order on the sugar movement from Montreal to Toronto would be as follows:

The present rate is 18½ cents per 100 pounds, while the present 5th class rate is 26½ cents, and as increased under the McAdoo Order would be 33 cents. As a result the rate would be increased 14½ cents per 100 pound, or 78.3 per cent.

The increase would make the freight costs 0.33 cents per pound as against 0.185 cents per pound, and on a 10-pound purchase by the consumer 3.3 cents as against 1.85 cents.

Section 19.—Ice.

No authority to increase ice rates in American eastern territory prior to the McAdoo Order appears. Under these circumstances, the increase of 15 per cent allowed by the Board should be cancelled, and the McAdoo advance of 25 per cent should be calculated on the former rates.

Section 20.—Commodity Rates Not Included in the Foregoing.

These should be increased 25 per cent as allowed by the McAdoo order.

Section 21.—Territory West of Fort William.—Class Rates.

No increase was made in class rates in western territory by the Interstate Commerce Commission. An increase of 15 per cent was allowed by the Board. As a result the increase granted by the Board should be cancelled and the 25 per cent increase allowed by the McAdoo Order calculated on the old rates.

The position in so far as minimum rates are concerned is similar to the position already covered, having regard to the eastern rates. The result is that the same minimum of 24 cents first class, in view of the Canadian tariff construction, should be adopted in lieu of the 25-cent minimum provided by the McAdoo Order.

The minimum charge on less than carload shipments will also be increased so as to provide for a minimum charge of 50 cents, instead of 35 cents, as in eastern territory.

Section 22.—Coal.

The McAdoo Order makes the same increases on coal as in eastern territory, and in view of the provision of the Order that in any case where a flat 15 cents had not already been allowed the increased rate should be calculated upon that basis makes the situation such that to arrive at a comparative increase the full McAdoo increases must be adopted as in eastern territory.

Section 23.—Coke.

The position as to coke is exactly the same as to coal, and the increases here, again, are the same as already shown for eastern territory.

Section 24.—Iron Ores.

This is not an important movement in Western Canada. No increase was made in the American rate prior to the McAdoo Order. That Order allows a flat increase of 30 cents per net ton of 2,000 pounds except that no increase shall be made in rates on ex-lake ore that has paid one increased rate before reaching lake vessel. As a result the existing tariffs to cover this movement should be cancelled and the 30 cents per net ton allowed by the McAdoo Order added to the rates existing prior to the 15 per cent case.

Section 2 (a).—Other Ores.

Ores other than iron, under the McAdoo Order, are covered by a general increase of 25 per cent. The American rate situation does not at all compare with the situation in Western Canada. Ore rates to Western Canadian smelters are compiled for the lower values on the rubble and dimension stone commodity mileage basis, on values exceeding \$50 to \$100 on the 10th class distributing rates, and on values exceeding \$100 on the 10th class standard rates. In the United States, however, the ore rates have no such relation. It is inadvisable to change the Canadian basis. Increases, however, can be obtained by advancing the Canadian rates in the same manner as the McAdoo award advances the commodity and class rates upon which the Can-

adian rates are based. The district particularly interested is the Kootenay district. On low-grade ores of the value of \$5 the old rate was \$1.35 a ton from Kimberley to Trail. An increase of 10 per cent has since been made, so that the existing rate is \$1.50 per ton. Under the basis recommended this rate will become \$1.55 per ton. If the straight McAdoo increase had been applied the rate would become \$1.70 a ton. For the same movement on ores of \$15 a ton the old rate was \$1.65, increased to \$1.80, and the proposed rate will be \$1.85. Under the McAdoo award the increased rate would amount to \$2.10.

The increases on the rubble and stone commodities are but 1 cent per 100 pounds, and the increases in the ore rates are thus held down. Values from \$25 to \$50 inclusive are based on the dimension stone commodity tariff. The increase here under the McAdoo Order is 2 cents per 100 pounds, and the result is that on the same movement of ore of the \$25 value the old rate of \$1.90 a ton, which has been increased to \$2.10 a ton, and would move at a rate of \$2.30 a ton. Under the McAdoo Order the rate would be \$2.40.

For the \$50 ore the old rate was \$2.80, the rate as increased is \$3.10, and the increase which should be allowed would bring the rate up to \$3.20. In this case the McAdoo Order would allow an increased rate of \$3.50. On \$100 ore the old rate was \$4 per ton; as increased \$4.40 a ton and would become \$5. It is to be observed that the basis of the McAdoo increase would make the same \$5 rate.

Over the above the ordinary ore rates there are other ore rates covering train load lots. These have been increased in Canadian territory. The increases granted ought to be disallowed and the new rates be based on the former rates, plus an advance by 25 per cent as per the McAdoo Order.

Section 25.—Stone, artificial and natural, building and monumental, except carved, lettered, polished or traced.

The rates on these commodities were advanced by the Board in the "Fifteen Per Cent Case." No advance was made by the Interstate Commerce Commission. The advanced tariff approved by the Board should be cancelled, and the 2 cents per 100 pounds called for by the McAdoo Order added to the tariffs as they existed prior to the "Fifteen Per Cent Case."

Section 26.—Stone, broken, crushed and ground, sand and gravel.

The rates on those commodities were advanced by the Board in the "Fifteen Per Cent Case." No advance was made by the Interstate Commerce Commission. The advanced tariff approved by the Board should be cancelled, and the 1 cent per 100 pounds called for by the McAdoo Order added to the tariffs as they existed prior to the "Fifteen Per Cent Case."

Section 27.—Brick, except enameled or glazed.

The rates on this commodity were advanced by the Board in the "Fifteen Per Cent Case." No advance was made by the Interstate Commerce Commission. The advanced tariff approved by the Board should be cancelled and the 2 cents per 100 pounds called for by the McAdoo Order added to the tariffs as they existed prior to the "Fifteen Per Cent Case."

Section 28.—Cement.

The position of relative increases is similar to that in eastern territory and the same action may be taken.

Section 29.—Lime.

An increase of 15 per cent has already been made in Canada. No increases were allowed by the Interstate Commerce Commission. The advanced tariff approved by the Board must be cancelled and the increase under the McAdoo Order, which amounts to 1½ cents per 100 pounds, applied in the former rate.

Section 30.—Lumber.

The most important movement in western territory is from British Columbia, which province, together with Washington and Oregon, are closely in relation one to the other in the production of lumber. The Canadian mills sell in the United States territory in competition with the American producer, and the American producers sell in Canadian territory in competition with British Columbia mills. The original rates were the same. The rate from Vancouver to Winnipeg was 40 cents. The rate from Port-

Sugar is refined in western territory in Vancouver, whence the movement extends as far east as Winnipeg. The McAdoo Order is difficult to apply to this traffic. For exam-

ph. It provides that from points in California to points along the Missouri river rates and those related thereto under the Interstate Commerce Commission's 4th section order, and to points east of the Missouri river, an increase of 25 cents per 100 pounds was made. The order, of course, includes an increase of 25 per cent except in specific cases. As already pointed out in connection with the eastern movement it makes a large increase by cancelling the commodity rates and making the increased 5th class rates applicable. The sugar from Vancouver to destinations in the west moves under commodity rates, as eastern sugar moves locally in Eastern Canada. The eastern refiner has long alleged an undue preference which enables the British Columbia shipments to be carried as far as Winnipeg under the commodity tariff, while he, shipping all-rail to the western provinces, has to pay the 5th class rates, and the complaint has also been made that the British Columbia tariff is out of scale. Judgment has been reserved for a considerable time by the Board in this question, but a readjustment of the sugar rates will have to be made before the question is properly and finally determined. The fairest way of increasing the British Columbia sugar rates would appear to be to apply to these rates the same basis and principles as recommended for eastern territory.

Section 37.—Commodity Rates Not Included in the Foregoing.

These rates should be advanced by adding the increase of 25 per cent provided by the McAdoo Order to the rates as they existed prior to the increase of 15 per cent permitted by the Board, and the Board's increase disallowed.

Section 38.—General Class Rates Between Points in Eastern and Western Canada.

The eastern portion of these rates was increased 6 cents in the first-class shortly before the 15 per cent application had been made, a further increase of 10 per cent being then allowed by the Board. The increase in Western Canada was 15 per cent. The like United States rates were increased, in so far as eastern territory was concerned, approximately 10 per cent, this increase being made on the 15th of March last, the former New York-Duluth rate being \$1.18.8 1st class and increased in July, 1917, to \$1.30. Under the McAdoo Order the rates have increased 25 per cent; so that the present rate is \$1.62½. In order to produce a like parity in Canada the McAdoo increase in eastern territory of 25 per cent will be calculated on the existing rates, but in western territory the 15 per cent already allowed by the Board must be disallowed and a 25 per cent increase made on the old rates.

Section 39.—Commodity Rates Between Points in Eastern and Western Canada.

Specific commodity rates in the separate territories have already been dealt with, and in both territories commodity rates which are not covered by specific provision are shown to require an increase of 25 per cent in order to give the increase called for under the McAdoo Order. In connection with commodity rates between eastern and western Canada the appropriate increases would, therefore, be those which would obtain hereunder in the different territories in like commodity rates therein, in so far as the portion of the rate in such territory is concerned.

Section 40.—Export and Import Rates.

Both export and import rates are cancelled by the McAdoo Order, although the right to make a differential rate has been reserved. The Canadian rate structure and traffic conditions do not permit similar action.

(a) Export Rates.—This question had already been dealt with by the Board.

(b) Import Rates.—The increases which would result by the general adoption of the increased scales for local tariffs as provided by the McAdoo Order ought not to be allowed. With the longer rail haul in Canada and the different traffic conditions obtaining, in order to do business the railways in the past have deemed it necessary to maintain an import rate basis which would be as low as that obtaining from the American port enjoying the lowest rate. Just so soon as these rates became equalled by local rates in Canadian territory local rates from that point onward obtained. The only increase that ought to be permitted in import rates, if the very proper policy of the past is continued, is to authorize increases in the import rates subject to the limitation that the rates as increased shall not

exceed in any particular class or commodity the lowest import rates to the same points, from Baltimore or any North Atlantic seaport in the United States.

Section 41.—Disposition of Fractions.

In applying rates, fractions should be disposed of as follows:

(1) Rates in cents or in dollars and cents per 100 pounds or per package: Fractions of less than ¼ or 0.25 to be omitted.

Fractions of ¼ or 0.25, or greater, but less than ½ or 0.75 to be shown as one-half (½).

Fractions of ¾ or 0.75, or greater, to be increased to the next whole figure.

(2) Rates per ton:

Amounts of less than five cents to be omitted.

Amounts of five cents or greater, but less than ten cents, to be increased to ten cents.

(3) Rates per car:

Amounts of less than twenty-five cents to be omitted.

Amounts of twenty-five cents or greater, but less than seventy-five cents, to be shown as fifty cents.

Amounts of seventy-five cents or greater, but less than one dollar, to be increased to one dollar.

Section 42.—Observance of Differentials.

The McAdoo Order contains the following provision:

"In establishing the freight rates herein ordered, while established rate groupings and fixed differentials are not required to be used, their use is desirable, if found practicable, even though certain rates may result which are lower or higher than would otherwise obtain."

There is no objection to the adoption of this clause. As a matter of fact it merely applies to the scales as advanced, the practice usually followed in the preparation of schedules.

Section 43.

It should be pointed out that in the preparation of the schedule of increases in this report the provisions of Order in Council No. 1768 have been adhered to, and the directions to establish similar increases to those granted in adjacent United States territory have been complied with to the extent the Canadian rate system and conditions permit. In the result the previously existing parity of rates in Canadian and United States territory has been as near as may be preserved, and whenever under the former rate schedules Canadian railway rates have been on a lower rate basis lower rates in Canada have been maintained. In the general result it will be found that smaller increases will obtain in Canada than in the United States. Where it has been found impracticable to give the full increase allowed in United States territory under the McAdoo Order the matter has been fully discussed with the chief traffic officers of the companies chiefly concerned.

Section 44.

It is difficult accurately to forecast the increased gross earnings that the rate increases will give. It is much more difficult to arrive with any degree of accuracy at the result of the net. Traffic conditions and operating expenses constantly change. The authorities of the United States have gone into all the circumstances requiring and the added expenses necessitating a rate increase with much care. As a result of this study, in the opinion of those authorities, the so-called twenty-five per cent increase was necessary.

Increased costs and war conditions bear even more hardly upon railway conditions in Canada than in the United States. The Canadian railways themselves are large contributors to increased United States freight charges. Railway coal for Quebec, Ontario, and a considerable portion of the western prairies is imported from the coal mines of the United States and subject to long hauls by the American carrier.

The Grand Trunk Railway Company estimates that the additional amount its coal for the year will cost, owing to the increase of freight rates alone in United States territory, is approximately \$800,000; the Canadian Pacific \$900,000, and the Canadian Northern \$450,000.

A large percentage of other raw materials required by the railways in their operation are also imported from the United States. The Canadian railways not only pay the ordinary duty, but also a special war tax on their coal.

It is also clear that the increases authorized by the

H. L. DRAYTON.

State, artificial and natural),
building and monumental,
except carved letters, pub-
lished or framed By the addition of 2c per 100
lbs. to the tariff in force prior
to March 15, 1918; the in-
creases subsequently granted

ity descriptions and minimum weights between the same points are not to be exceeded.

TERRITORIES BOTH EAST AND WEST

Minimum Charges

(a) After the increases hereunder made in class rates, no rates shall be applied on any traffic moving under class rates lower than the amounts in cents per 100 pounds for the respective classes as follows:

Classes	1	2	3	4	5	6	7	8	9	10
Rates	24	21	18	15	12	11	9	10	10	7½

(b) The minimum charges on less than carload shipments shall be as provided in the Canadian Freight Classification, but in no case shall the charge on a single shipment be less than fifty cents.

(c) Class rates.

Class rates between eastern and western points That portion of the rate applicable to eastern territory to be increased 25 per cent, and that portion applicable to western territory 25 per cent, based on the rate in effect prior to March 15, 1918. The advances subsequently allowed by the board in western territory shall be disallowed.

Commodity rates between eastern and western points... On that portion of the rate applicable to eastern territory, the appropriate increase granted hereunder for the commodity for local movements in eastern territory; and on the western portion the appropriate increase granted hereunder for the commodity for local movement in western territory. The advances allowed by the Board of Railway Commissioners in western territory, effective March 15, 1918, shall be disallowed.

(d) Import rates To be increased, subject, as a maximum, to the lowest rates obtaining from Baltimore or any north Atlantic seaport in the United States to the same destinations, except that the rates from Halifax shall be increased so as to continue on the present relative basis.

(e) Disposition of Fractions

In applying rates, fractions shall be disposed of as follows:

- (1) Rates in cents or in dollars and cents per 100 pounds or per package: Fractions of less than $\frac{1}{4}$ or 0.25 to be omitted. Fractions of $\frac{1}{4}$ or 0.25, or greater, but less than $\frac{3}{4}$ or 0.75, to be shown as one-half ($\frac{1}{2}$). Fractions of $\frac{3}{4}$ or 0.75, or greater, to be increased to the next whole figure.
- (2) Rates per ton: Amounts of less than five cents to be omitted. Amounts of five cents, or greater, but less than ten cents, to be increased to ten cents.
- (3) Rates per car: Amounts of less than twenty-five cents to be omitted. Amounts of twenty-five cents, or greater, but less than seventy-five cents, to be shown as fifty cents. Amounts of seventy-five cents, or greater, but less than one dollar, to be increased to one dollar.

(f) Observance of Differentials

In establishing the freight rates herein ordered, while established rate groupings and fixed differentials are not required to be used, their use is desirable, if found practicable, even though certain rates may result which are lower or higher than would otherwise obtain.

(g) All schedules, viz., tariffs and supplements, published under the provisions of this Order shall bear on the title-page the following, in bold-face type:

This schedule is published and filed on one day's notice with the Board of Railway Commissioners for Canada, pursuant to Order in Council No. The Board of Railway Commissioners shall obtain from

By the addition of 2½ per cent, to the tariffs in force prior to March 15, 1918, the increases since granted by the Board of Railway Commissioners to be disallowed.

By the addition of 2½ per cent, to the tariffs in force prior to March 15, 1918, the increases since granted by the Board of Railway Commissioners to be disallowed.

By the addition of 2½ per cent, to the tariffs in force prior to March 15, 1918, the increases since granted by the Board of Railway Commissioners to be disallowed.

By the addition of 2½ per cent, to the tariffs in force prior to March 15, 1918, the increases since granted by the Board of Railway Commissioners to be disallowed.

By the addition of the increases granted under the McAdoo order for similar mileages in adjacent American territory, to the rates in effect prior to March 15, 1918. Where more than one tariff of an American carrier in an adjacent state exists, the rate increase shall be that allowed on the lowest normal rate for the same or similar mileages in such contiguous territory under the McAdoo order; the increases since granted by the Board of Railway Commissioners to be disallowed. Provided that the rates on said products shall not be greater than from the City of Edmonton than from the City of Calgary.

By the addition of the increases granted under the McAdoo order for similar mileages in adjacent American territory, to the rates in effect prior to March 15, 1918. Where more than one tariff of an American carrier in an adjacent state exists, the rate increase shall be that allowed on the lowest normal rate for the same or similar mileages in such contiguous territory under the McAdoo order; the increases since granted by the Board of Railway Commissioners to be disallowed. Provided that the rates on said products shall not be greater than from the City of Edmonton than from the City of Calgary.

By the addition of 25 per cent, but not exceeding an increase of 6¢ per 100 lbs. to tariffs in effect prior to March 15, 1918, and by disallowing the increases since made by the Board of Railway Commissioners.

By the addition of 25 per cent, but not exceeding an increase of 7¢ per 100 lbs. where rates are published per 100 lbs., or \$15 per standard 36-foot car where rates are published per car; increases to be based on tariffs in effect prior to March 15, 1918, and the increases since allowed by the Board of Railway Commissioners to be disallowed.

By the addition of 25 per cent to the tariffs in effect prior to March 15, 1918, and increases since allowed by the Board of Railway Commissioners to be disallowed.

Rates from British Columbia smelters to Toronto and Hamilton to take the rates from the contiguous American smelting and shipping point, namely Northport, Wash., to Buffalo, viz., 71½¢ per 100 lbs. Montreal to take the New York rate of 81½¢ per 100 lbs. Rates to Canadian points, other than points in eastern Canadian territory, to be advanced 25 per cent. Rates on zinc for domestic consumption to be the same as on copper and lead.

To be made on the basis and principle adopted hereunder for eastern territory.

To be made on the basis and principle adopted hereunder for eastern territory.

To be made on the basis and principle adopted hereunder for eastern territory.

To be made on the basis and principle adopted hereunder for eastern territory.

the three larger railway systems, that is to say, the Grand trunk, Canadian Pacific and Canadian Northern Railway companies, the results of railway operation per month, and report on the same monthly to His Excellency in council, through the Minister of Railways and Canals, and that should the earnings of the said companies under this order be greater than the sums required to meet increased costs and permit transportation to be properly and efficiently carried on, the appropriate reduction in the rates fixed hereunder shall be made. The said reports and accounts, accounts and records upon which the same are based shall be subject to examination and audit by the Government of Canada, under such regulations as may hereafter be prescribed by the Governor in Council.

The provisions herein, the rates herein prescribed shall be effective, if filed with the Board of Railway Commissioners, as and from the first day of August, 1918, and shall remain in force for the duration of the present war and until further ordered, subject to the provisions of the act on next proceeding. Increase of rates may become effective after the twentieth day of August, 1918, and as and when filed.

RODOLPHE BOUDREAU,
Clerk of the Privy Council.

PROCEDURE AS TO COMPLAINTS

(Continued from page 264)

3. Authority for judicial of issues as to carriers under federal control.

The special rules of practice thus far adopted are the following, effective from now on:

Special Rules of Practice Governing the Procedure to be Followed in Matters Arising Out of Federal Control, Adopted Aug. 3, 1918.

1. Except as hereinafter provided, proceedings arising out of federal control, and be governed by the Commission's Rules of Practice, in so far as applicable.

2. In cases now pending before the Commission:

(a) Complaints showing that the Director-General of Railways, or made an additional reference should apply the rules as soon as they are and the rules that are in force. Filing receipt of such application within the time specified, complaints will be understood as existing to stand upon the record as made.

(b) The applicant must be made by filing a motion in writing that the issue presented be heard by a party defendant, and that same be presented to the Commission, which must accept the motion. The motion must briefly state the grounds therefor, presenting

whether the Director-General is regarded as a proper or a necessary party defendant, and whether, if he be made a party defendant, the complainant desires further hearing or further argument. The supplemental complaint shall set forth the material facts which have occurred since filing of the original complaint, and state the alleged cause or causes of action against the Director-General. It shall not be necessary in any supplemental complaint to set forth any matters in the original complaint unless the special circumstances of the case may require it.

(c) Complainants must furnish a sufficient number of copies of the motion and supplemental complaint for service upon the existing defendants and interveners and the Director-General, together with 12 extra copies for the use of the Commission. The motion will be decided either ex parte, or on notice in the discretion of the Commission, and the parties advised. Service will be made by the Commission.

(d) The defendants named in the supplemental complaint may within twenty days after service thereof by the Commission file answer thereto, at the same time indicating whether further hearing or argument is desired.

3. Original complaints filed in new proceedings under section 16 of the federal control act, approved March 21, 1918, should name as defendants in addition to the Director-General of Railways, the carriers not under federal control, and should specify the carriers, or the principal carriers, under federal control, over whose lines the rates, fares, charges, classifications, regulations, or practices apply. The complainant must furnish as many complete copies of the complaint as there may be parties defendant to be served, including receivers and operating trustees of carriers not under federal control, as many additional copies for the Director-General as there are carriers under federal control specified in the complaint, and 7 additional copies for the use of the Commission. Service of the complaint will be made by the Commission.

4. Answers must comply with the provisions of rule IV of the Rules of Practice, but answer made by the Director-General on behalf of carriers under federal control will be deemed sufficient to join issue as to those carriers.

5. In special cases and for good cause shown the time specified in the foregoing rules within which some act may be performed may be extended by the Commission.

6. Motions, supplemental complaints and answers must be typewritten on one side of the paper only, or be printed. In other cases they must conform to the specifications of rule XXI of the Rules of Practice.

7. Intervention may be had by any person under the terms and conditions prescribed in rule II of the Rules of Practice.

Consolidated Classification Hearings

Sessions Held in Boston and New York—Chicago to be the Scene Week of August 12—Examiner Disque Taken Ill and J. C. Colquitt Conducts Hearings—Protests of Shippers

By Staff Correspondent

Boston, Mass.—A struggle in theory the right for modified form in the proposed consolidated classification was begun at Boston on August 1. A discussion made by those attending the hearing made a comparison of the first day, evidenced that most of the carriers' criticism would be reserved for the New York hearings. While the general statements of E. S. Conner, official classification representative on the consolidated work, were made at Boston most of the shippers who availed themselves of the opportunity to speak there, confined themselves to what might be called the preliminary and innocuous of New England, that is to say, what they had or had not said or had no objection in making or continuing the 20th Association territory.

There at least there were brought out for purposes of

emphasis at the first session on the morning of August 1. For instance, Mr. Collier said that while the director had ordered the preparation of the consolidated classification, he was not bound by the descriptions or the ratings.

J. C. Colquitt, chief of the Commission's classification division, by means of a question directed to Mr. Collier brought out the statement that while the Commission's representative had helped in the preparation of the descriptions, he did not have any part in the assignment of ratings to the various descriptions. In other words, the Commission, not even by inference, is committed to either the advances or reductions made in the book.

C. R. Halper, for the National Rubber Shippers' Association, by means of questions developed the fact that the

instructions from the Director General did not require the Committee to make the ratings. Mr. Collyer said the representatives of the different territories wrote in the ratings the lines in their territories would insist upon imposing.

Edgar J. Rich, representing several lines of New England shippers, just before the close of the first session brought forward the point that so far as non-controlled lines are concerned these hearings are in the nature of fifteenth section applications, while as to controlled lines, they are mere conferences. Neither Examiner Disque nor Mr. Collyer had anything to say to controvert such a conclusion that it is a mixed procedure that does not rise to the full stature of a hearing under the act to regulate commerce, or a hearing on a Commission ordered proceeding under its authority to make a uniform classification. The book is subject to formal complaint.

The first session was devoted largely to the explanation of the work done by the special committee and the affording of information that enabled shippers to make their objections. Mr. Collyer, being put on the stand, said he would not undertake in his general statement or in answering questions for information to set forth the facts relied upon in justification of the changes that have been presented for consideration.

One point on which he remarked more than once was that if there is ever uniformity in descriptions and ratings, or even in descriptions, there must be compromise. Another point to which he referred more than once was that the symbols indicating advances do not necessarily mean an increase in the cost of transportation. In several instances, he said, carload ratings are marked for elimination, not because the committee was trying to make advances, but simply because it was trying to get rid of ratings under which there has been no movement. He added that additions of carload ratings, in many instances, more than compensated for the "paper" carload ratings eliminated.

Statement by Collyer.

Mr. Collyer's statement was divided into three parts. The first was historical and embraced the whole of the consolidated committee's work. The second was a general outline of the changed descriptions and the third a dissertation on the amended rules.

In his first statement he said:

It will perhaps not be amiss to call attention to the fact that in the proposed consolidated freight classification there is submitted to the public the completion of the work referred to in the twenty-first annual report of the Interstate Commerce Commission (p. 20), in the following statement:

"The Commission notes with distinct interest and satisfaction that definite steps have been taken by the carriers in different sections of the country, now operating under the three principal freight classifications, to establish a standard classification which shall take the place of the existing separate classifications."

The shipping public has had abundant opportunity to know of the Uniform Classification Committee and its work. It is also a matter of general information that as early as in 1919 the three principal freight classifications were undergoing modification in the direction of uniformity.

In its twenty-fourth annual report the Commission said:

"From the progress of the work as stated it appears that the carriers are making a sincere effort to harmonize as far as possible the conflicting features of the various classifications, but the stimulus of requirement should be applied unless satisfactory results at an early day indicate that the desired uniformity will be brought about by voluntary action."

From that time the Commission has courteously but insistently demanded a completion of the work. That demand practically culminated in 1917, when the Commission undertook, through its classification agent, to bring the several territorial classification committees together on matters of dispute between the territories. A protracted conference was held the latter part of 1917, and the several committees were concluding with their lines and the shippers when the transportation system of the country was taken in hand by the United States Railroad Administration.

In February, 1918, representatives of the classification committees were called to Washington for conference with the Railroad Administration and a special committee was appointed to immediately prepare a single freight classification.

The special committee referred to was made up of one representative each of the Interstate Commerce Commission and the Official, Southern, Western and Uniform Classification committees. The members of the committee were untrammelled by instructions, save that they should proceed at once to the work of consolidating the three general freight classifications into one volume containing one set of uniform commodity descriptions with three rating columns—one for each territory, subtended, and with one set of uniform rules. The members of the committee were to give their entire time to the work and submit the complete consolidated classification to the United States Railroad Administration at the earliest possible date. It is not to be understood that the Administration was to be bound or that it is bound by any of the conclusions reached or reported.

While the greater part of the rules, descriptions, packing regulations and carload minimum weights are those recommended by the Uniform Committee, it should be understood that a number of important matters had not been concluded by that committee and were necessarily disposed of by the special committee to whom the work of preparing a consolidated freight classification was given by the United States Railroad Administration.

The work of the special committee is to be understood as the preparation of that part of this book that could be immediately unified, but in the matter of ratings the several territories were each independent. The appropriate time for the determination of uniform ratings will not have arrived until the adoption of this proposed classification with its uniform rules, descriptions of articles, package requirements and carload minimum weights has opened the way for a complete knowledge of present conditions. Therefore the territorial plan of ratings has not been disturbed. Except as to those items which had been considered by the several territorial classification committees prior to the time when this consolidated issue was prepared, the changes in the ratings shown represent the individual view of each territorial representative on the special committee as to what the ratings should be.

The name "Consolidated Classification" has been used at this time because the one book continues the identity of the Official, Southern and Western classifications for rating purposes. The name "Uniform Classification" will not be appropriate until, following the remaking of the entire freight class rate fabric of the country on some uniform plan, the second phase has been undertaken and complete classification uniformity has been accomplished.

During the past eight years the railroads have had this classification revision under discussion with shippers in various parts of the country, always under the direct observation of the Interstate Commerce Commission, and I venture the statement that seldom, if ever, has there been a single matter affecting freight transportation in which so great a measure of publicity has been attained.

In the laudable endeavor to approach classification uniformity, Western Classification lines took a marked lead in 1911 (their action being then examined by the Interstate Commerce Commission and reported in 25 I. C. C., 442), and as that lead has been consistently maintained by the Western Classification up to the present time, it follows naturally that the Western Classification shows the smallest number of changes in this proposed Consolidated Freight Classification.

Speaking of what I know to be the fact, I wish to say that an industrious, studious and sincere effort has been made to accomplish classification uniformity in a constructive manner—that is to say, we have consistently endeavored to avoid unnecessary loss or embarrassment either to our shippers or to the railroads whose prosperity lies in the service of the shippers. In consistently following this policy and possibly because the preponderating volume of classified freight originates in the great eastern manufacturing districts, the Official Classification Committee, at the risk of being criticised for delaying the work, has studied proposed changes and has endeavored to reach an amicable understanding with parties concerned.

While it has during recent years been possible for the Official Classification as a separate tariff to provide for conditions peculiar to its territory and traffic policy by adopting the Uniform Committee recommendations modified in some form, such modification is no longer possible when absolutely uniform conditions are to be proposed for use throughout the country. In these circumstances the interest of the shippers and railroads in Official territory cannot be wholly controlling, but these must in reason yield to some extent to the interests of railroads or shippers in other territories. Important changes in the classification rules, which will be discussed later, are cases in point.

It is respectfully urged that the number of symbols for changes be not unduly emphasized, but that the substance of the changes be recorded. The matter of carload rating eliminations illustrates how the symbols by which changes are indicated may fail to express the fact. It has not been our purpose to take carload ratings away from the shippers; the Uniform Committee has recommended these eliminations where no carload shipments have been found and when it has subsequently developed that carload shipments are proving, some ratings have been restored. These eliminations are, therefore, not to be regarded as deprivations similar in effect to increases, but rather as the discontinuance of unused privileges. It may be that the number of increase and reduction symbols will be considered as indicating the relative consequences of the changes so indicated, but that this is a false assumption may be illustrated by examining the classification of cheese. It will be noted that there are several less carload descriptions for different packages and but one carload description; consequently there are four advance symbols for the less carload and but one symbol for carload reduction and in this case the one reduction is believed to be of equal importance to the four advances. In placing the symbols to indicate changes, consideration must be given to theoretical as well as actual changes, or, in other words, if there is a possibility that the effect of the change will be to increase the rate, charge or cost of shipment or vice versa, the symbol is used and many of the change symbols do not represent known actual conditions. It seems appropriate, therefore, to suggest that decision be based upon changes in fact rather than upon symbols which may not represent fact.

Under the conditions stated in the foregoing it will be understood that the subject matter of this classification does not necessarily represent what every carrier approves nor what any one territory would prefer if the policy of that territory was to be controlling, but that it does represent the judgment of those representing for the carriers in this case as to the changes that are reasonable when due regard is given to all the circumstances and conditions with which they have had to deal.

This book presenting as it does the conclusion of the first phase of ten years' effort to bring about a single freight classification for the products of the United States by consolidating the three great territorial classifications into one, is believed to furnish the means by which the federal government and the several states may meet the public demand for an uniform freight classification in so far as concerns the rates, descriptions of articles, packing regulations and carload minimum weights.

Changes in Commodity Descriptions

Respecting the changes in commodity descriptions, the witness said:

Before entering upon the detailed discussion of the changes in the descriptions, carload minimum weights or ratings proposed in Consolidated Freight Classification,

I wish to direct attention to several considerations of importance that have general application.

1st. The special committee was called upon to immediately prepare or complete the descriptions for a number of important groups of commodities on which the territorial committees had been unable to previously reach an understanding as to classification uniformity, or on which the Uniform Classification Committee had been unable to report its conclusion, and the committee will, I am sure, welcome the frank discussion of changes that may appear to be necessary, so that a proper conclusion may be immediately reached.

2d. In the carload minimum weights that are proposed for change, the effort has been to obtain the higher minimums that have been actually in effect or have been found reasonable, on the theory that it is in public interest to maintain and increase the amount of freight loaded per car rather than to take steps that will unnecessarily open the way to a reduction of the loading per car, which is one unit of economy in railroad operation that is within the control of the shipper.

3d. In arriving at the conclusions respecting the ratings proposed in this Consolidated Classification, the necessity has been recognized for consistency within the Official Classification itself and for the shaping of the ratings toward uniformity with the other territories so far as immediate revision of ratings has seemed to be called for.

4th. Where the following of a consistent plan of rating by the Official Classification Committee has called for the use of classes, Rule 25 (15 per cent less than second class but not less than third class), or Rule 26 (20 per cent less than third class but not less than fourth class), these classes have been used. Although this may seem to have been a tendency away from uniformity, this is not necessarily the case, to illustrate, in the Official Classification there are six classes in the group from first to fourth, whereas in the other territories there are but the four. It is therefore possible, in the Official Classification, to express a differentiation in the classification of articles in less than carloads that is not found in the other territories and when the uniform rating plan is prepared it is my present view that there will be five or six classes in the group. Therefore the use of these Rule 25 and Rule 26 classes is warranted both in the interest of proper classification now and in view of the future direction which uniformity may be expected to take. Furthermore, with respect to the carload classes, the Western Classification has a group of six carload classes lower than fourth, while the Official Classification has two classes lower than fourth. It is my present view that in the Uniform Classification rating plan there will be four or five carload classes and in the relation of these classes one of them will be related to the Official Classification fifth class rates somewhat as the fifth class and class A ratings in the Western Classification are related. That place today in the Official Classification corresponds somewhat to the fourth class rating. Therefore, when a change is proposed from fifth to fourth class in the Official Classification, that change may really be in the direction of ultimate uniformity, whether the article is rated fourth class or class A in the Western Classification. This overlapping condition respecting classes Rule 26 and fourth in the Official and classes fourth and A in the Western should not be lost sight of.

5th. In proposing the readjustment of ratings where the change called for would necessarily involve material reductions in the earnings of the lines, it has been the endeavor of the Official Classification Committee to bring conditions into equipoise by corresponding increases. This attitude is based upon the fact that the carriers' earnings have been insufficient and horizontal increases have been necessary, therefore the total level should not be again depressed by reductions for the benefit of one individual or commodity, but the effort should be to find a means of reconstruction whereby the desired improvements may be effected by equalization. The proposed readjustments of ratings on dairy products, canned food products, greases, lard, meats and oils are cases in point.

It may suffice to add to the foregoing that the Official Classification Committee has placed in the hands of the Interstate Commerce Commission a complete memorandum from which I shall read as occasion may arise. In this memorandum every increase in rating or carload minimum

and even extend to the extent that has been explained. The general principle, where decreases in rates are involved, has been discussed. In the case of the carload, similar to the procedure that has heretofore been followed where requests for suspension have been made.

Changes in Rules

In explanation and justification of changes in the rules, Mr. Collier said:

When taking up the consideration of specific rules as these may be called in question, it seems fitting that a general statement of the changes in rules should be made, particularly as the changes affecting shippers under the Official Classification appear to be greater in number than those under the other classifications.

The revised classification rules recommended by the National Classification Committee were very largely taken over by the Western Classification, were before the Interstate Commerce Commission in I. & S. Docket 76, and were approved in the main.

The Southern Classification has also taken over many of the Uniform rules.

In the current Official Classification much of the rules is Uniform in subject matter, although it may be different in arrangement. Responding to the different conditions of traffic distribution, and the difference in traffic density in Official territory, there have been rules fitted to those conditions, but differing from the rules in other territories.

Manifestly those rules could not be made effective in the other territories unless conditions made the extension fair and reasonable, and it is equally manifest that the public demand for a uniform freight classification presumes that a set of Uniform rules can only be made effective by sacrifice or concession.

In the discussion of these changes it should be recognized that sound transportation practices must eventually prevail and if the discussion is to be profitable there must be a spirit of fairness and conciliation on both sides. Recognizing these conditions, the carriers' representatives have endeavored to prepare the revision of these rules so as to accomplish substantial justice to the country at large.

The changes in Rules may be summarized very briefly as follows:

Rule 3

Rule 3 is amended by providing that articles with postage stamps affixed will not be accepted for shipment. There has been difference of opinion as to whether the exclusion of postage stamps would also operate to exclude shipments intended for parcel post distribution, and there has been a demand from catalogue houses for a favorable settlement of the question so that catalogues in such shipments would be accepted at a rating one class higher than if not stamped, but as the lines have not generally approved the acceptance of stamped articles for shipment by freight, a provision of the kind is not acceptable for the future.

Rule 5

In Rule 5 a provision, new to the Official Classification, is made for rating shipments that are forwarded in containers or in a condition not complying with classification requirements. Any examination of the conditions of shipment at our large terminals and under the widespread use of trap or ferry cars for merchandise will show the opportunity for shipments being received without opportunity for the inspection of packages by the carrier's agent. The means of controlling shipping conditions as provided by this rule has been in use in the Western Classification and the need of it has been felt in the Official territory to discourage the deliberate evasion of packing regulations. Similar regulations are recognized and urged upon the carriers by shippers as being necessary to stop the evasion of proper rules.

Rule 7

Rule 7 has been changed so that the practice of forwarding order shipments to one point, consignee to be notified at another point, is prohibited. This practice has not been contemplated in Western territory and a prohibition of the practice in Southern territory was found not unreasonable in 28 I. C. C. 695.

While this practice has been continued in Official Classification territory it has not been universally approved and it is probably to be regarded as one of the practices in

which the carrier has been called upon to assume an expense for an individual shipper that is without justification when the carrier's facilities are to be used to capacity in the interest of the public as a whole. It is believed that the discontinuance of the practice can be accomplished without serious disturbance of commercial arrangements.

Rule 10

Rule 10 is known throughout the country as the means of providing for mixed carload shipments in Official territory, whereas in other territories the articles which might be mixed have been specifically named by the carriers. This Rule is changed, so far as Official Classification territory is concerned, to make the mixed carload subject to the highest minimum and the highest rating for any article in the car.

As the Official rule has been written to apply on commodity as well as class rates, the mixtures there provided for have been exceedingly broad. Probably on no single matter of territorial policy has there been so marked a difference of opinion and certainly there was no question involved in classification uniformity in which reconciliation was so difficult.

From an Official Classification standpoint the argument for the rule proposed may be summarized as follows:

All matters of classification should be controlled by principle, rather than by the arbitrary exercise of power, and the question as to what a shipper may include in a shipment should be left with the shipper subject to such requirement as will insure to the carrier a liberal return in consideration of the value of the service to the shipper.

As to the rate to be applied to the mixed carload it will be recognized that no article in the car in less quantity than a full carload should receive a lower rate than would apply upon a full carload of the same article. (Otherwise we should have specific rates for an article in less carload and carload quantities and we should also have still lower rates for shipments in less-than-carload quantities made by the device of shipping it with some other article entirely foreign to the article upon which the carrier had made the less carload and carload rates referred to.)

On the other hand, it seems reasonable, as the shipper of a large quantity of an article is favored with a lower rate because of the quantity shipped, that the discrimination in the large shipper's favor may be minimized by requiring that if various articles in smaller quantities are aggregated into a carload, the carload charge shall be determined by using the highest carload rate for any article in the carload.

If the conclusion as to the proper rate is correct, there remains the question of the minimum to be applied. The Official Classification now accepts the minimum applicable to the article that makes the rate for the carload.

This is a liberal view, but one that is not wholly satisfactory, for the reason that the minimum for an article is fitted to that article and has no necessary relation to other articles with which it may be shipped. While there is a necessary association of the minimum for an article and the rating for that article, there is no sound reason why the minimum fitted to one article, because of the physical or commercial conditions associated with it, should be extended to every article with which it may happen to be shipped; to illustrate:

Wooden tight barrels have a carload minimum weight of 12,000 lbs. made in consideration of the loading of these barrels in the standard car, and they have at present the low rating of fourth class, in consideration of the movement of these important shipping containers. Heavy machinery has a minimum carload weight of 24,000 lbs. made in consideration of the difficulty in loading these articles, and a carload rating of fifth class because of the manufacturing importance of the article. Machinery also has a normal less carload rating of second class.

It would be obviously wrong that a shipper should be permitted to obtain a fourth class rate with a minimum carload weight of 12,000 lbs. upon a shipment of empty barrels and a lot of machinery. It is not right that the carriers' L. C. L. revenue should be open to such destruction. Nor should the fact be lost sight of that the carrier does not live on business handled at the minimum.

And in view of the general arrangement whereby articles of a similar kind have similar minimums it seems that the provision for the application of the highest rate and

a highest minimum would be a fair exchange for the proposed extension of this broad rule throughout the territory.

The conflicting views respecting carload mixtures were interestingly discussed by the Interstate Commerce Commission at 25 I. C. C. 467, and it seems significant that, whereas specific mixtures have been under frequent attack and have been found unreasonable at times, there seems never to have been a case in which Rule 10 of the Official Classification has been found unreasonable and the going of the matter of carload mixtures beyond the domain of preferential arrangements made for the benefit of the shipper or group of shippers or for one territory or section would seem to be a matter for congratulation.

Rule 12.

Rule 12 is modified in Sections 4 to 6 to agree with principle laid down by the Interstate Commerce Commission in 25 I. C. C. 214.

Rule 13.

Rule 13 provides the fifty-cent minimum charge for L. C. L. shipments, also a minimum charge of \$1.00 per car for carload shipments conforming to the minimum charge table, brought into effect by the United States Railroad Administration. Beyond this the Official Classification rule provides that first class rate is modified to provide for 100 lbs. at the class or commodity rate applicable to the shipment.

It has been the view of those in Official Classification territory that the average L. C. L. minimum charge shipment was handled at a loss with the present minimum. Therefore, all the circumstances attendant upon the handling of minimum charge shipments are considered. It is not asserted that the 50-cent minimum charge is more than fully compensatory.

Rule 15.

Rule 15 establishes a new provision in the Official Classification, namely, a loading and unloading charge of 10¢ per car load, where a shipment handled in less than carload weight is loaded or unloaded by customer and consequently must be properly secured to the carload rate.

The charge proposed is not described as a meter, making, but is subject to abatement with the requirement that owners must load and unload freight carried at carload rates, unless otherwise provided.

The principle is understood to have had the Commission's approval in the Western Classification.

Rule 19.

Rule 19 provides specific definition for the term K. D., following the language of the Interstate Commerce Commission in 24 I. C. C. 187.

Rule 24.

Rule 24 covering the application of charges on freight in excess of full carloads, has been quite matter-of-factly changed in conformity to the recommendation of the Western Classification and to the rule in effect in Western Classification. At present, "Each car except the one carrying the excess, must be loaded as best it can under the loading conditions will permit, in the interest of safety of the car if practicable." While in Section 1 of the Rule as changed it requires that "Each car except the one carrying the excess, must be loaded to capacity or marked maximum." In the present rule the excess is loaded on one car, but is subject to a provision which makes the minimum weight of the first car and the car carrying the excess of the estimated maximum carload weight, whereas the second Rule makes the part loaded on open car subject to a minimum charge of 4,000 lbs. at the first class rate.

The Rule as published in the Official Classification was adapted to conditions in its territory, but this condition has not been acceptable to the line elsewhere, and in the interest of uniformity the more restricted rule has been proposed.

Rule 27.

Rule 27, Section 2, specifically requires owners to observe the maximum rules regarding the safe loading of freight and protection of equipment.

Rule 28.

Rule 28 has been designed to take the place of numerous rules at present found through the Classification which

require the detachment and boxing of small detachable parts of articles loaded on open cars.

Rule 29.

Rule 29 supersedes Rule 7-A of the Official Classification and provides for articles which on account of length require two or more open cars and instead of the rule providing as at present for a percentage increase for the additional car or cars a fixed sum of 24,000 lbs. is applied as an addition to the minimum weight for each additional car used. Section 2 provides for L. C. L. rates on shipments requiring two or more open cars on account of length, such shipments at present being subject to the carload charge under the Official Classification.

It is believed that this rule, generally operative throughout the United States, is as broad as conditions warrant and that the broader privilege secured in other territories substantially compensates the Official Classification shipper for the increase within that territory. This rule is designed to apply on long freight of all kinds without discrimination. The added minimum of 24,000 lbs. for each car used represents practically the lowest weight of the ordinary open car that is used. The same minimum is applied where articles of heavy equipment moving on own wheels require a car for the protection of overhanging or detachable parts. Some increase in loading may be necessary to meet this change in Official territory, but it is believed that the shipper will be able to accommodate the loading to the rule.

Rule 31.

Rule 31 regulates the application of ratings where refrigeration or heated cars are required, and in Section 3 it specifically provides that less than carload or any quantity ratings are not applicable on freight requiring such protection, except under the conditions which the carriers' tariffs provide.

The whole tendency with respect to freight of this character has been to provide by specific tariff for the special services and this rule is designed to affirmatively provide that the rates do not include the cost of such service unless the carriers specifically provide for it. This is in keeping with the views of the Interstate Commerce Commission as these are understood.

Rule 34.

Rule 34 supersedes Official Classification Rule 27 and is substantially identical with that rule except that an addition is made in the table of increased minimums to apply the sliding scale of minimums for cars larger than standard, where the standard car minimum is 26,000, 28,000 or 30,000 lbs. In the body of the Classification the item specifically refers to the rule where it is to apply and in respect to the 30,000 lbs. minimum articles rules only apply to bulky commodities, as to which there may be question whether the 30,000 lbs. minimum can be loaded in standard car unless by careful loading.

The rule as it appears in the Official Classification has had the consideration of the Interstate Commerce Commission and it is believed to be substantially approved as it appears in the Consolidated Classification. This rule does not provide for lower minimums than those provided for the standard car. This rule has its foundation in the proposition that the carriers have equipment designed for bulk and bulky freight and that certain regulations are necessary to secure the proper loading of such equipment and to prevent its wasteful use and to insure to the shipper who will load economically a fair opportunity to exercise that privilege. The carriers' small old cars are not designed for light and bulky freight and the Classification ratings on such freight are made in consideration of the carrier receiving charges not less than the minimum weight permitted will bring to them. To provide for an abatement of such charge is unsound and its extension from the West to other territories would open the way for a serious loss of revenue on freight that as a whole does not return net earnings comparable with those returned by the bulky loading commodities.

Rule 35.

Rule 35 provides for the equalization of tank car mileage, but under instructions recently issued by the Railroad Administration this provision apparently will be cancelled and empty tank cars other than new or newly acquired cars will be moved free of charge. In Section 2, third line,

cross reference to Sections 8 and 6 should read 5 and 4. In Section 4 a provision must be made for greater than the 2 per cent outage, which has been generally recognized so as to meet certain cases where greater outages are required under the I. C. C. Regulations.

Rule 40

In Rule 40, Section 5, specifications are established for an Iron or Steel Shipping Barrel or Drum other than the specifications in I. C. C. Regulations.

The necessity for such a regulation is found in the fact that certain articles, such as solid asphalt, may be shipped in iron or steel drums that are similar in gauge of metal and construction to a tin can. The former article is a proper container as to size and construction for the solid material, the latter would be out of the question for a liquid commodity. This proposal has been on Official Classification Dockets and is proposed in the Consolidated Classification in the belief that it is a reasonable constructive measure in the direction of good container practice.

Shippers on the Stand.

After a few general questions were put to Mr. Collyer, he stepped down to make way for several shippers who wanted only a few minutes. When they had voiced their objections, Mr. Collyer, without the formality of resuming the witness stand, answered their observations. He and Mr. Fyfe also cross-examined the shippers, acting in the dual capacity of witnesses and attorneys.

Francis A. Rugg, a manufacturer of wooden, iron-bound, and steel-bladed snow shovels, objected to an increase in rating from second to first in official classification territory, on less than carload lots. Mr. Collyer called his attention to the fact that the increased rating applies only to the light sheet-iron bladed shovel which loads very light and that the heavy-bladed shovel takes rule 25. Mr. Collyer suggested that as a matter of fact, Mr. Rugg, who described himself as the sole survivor of the wooden snow shovel manufacturers, will really be benefited, because the heavy-bladed shovel is to be given a lower rate than it now holds.

By way of answer, Mr. Collyer said that the testimony indicated that the ratings first and third for the light shovels, whether all wood or wood and light metal, are proper because they are light loading, the carload minimum being only 12,000. Answering Mr. Disque, he said the light shovel might be compared to woodenware in western classification. The carload minimum for the heavier steel shovel is 24,000 pounds.

Edward H. Winslow for Winslow & Co., clay product manufacturers, said that it would be unpracticable to put L. C. L. shipments of sewer pipe into crates or barrels to enable the shipper to obtain fourth class. The proposal is that unless L. C. L. shipments are packed, second shall apply. Undue discrimination was alleged because, as he said, cement, from which a competing article can and is made, moves on much lower rating. Messrs Fyfe and Collyer said that in the West, carriers exact second class because shipments must be protected from other freight loaded in the same car. Mr. Winslow said that frequently other freight is loaded on sewer pipe, but, of course, he would not expect the freight house employees to put pig iron or steel ranges on top of a shipment of sewer pipe, but he said sewer pipe does not require such care as might be inferred from the proposed requirement that L. C. L. shipments shall be crated to obtain second class. Mr. Collyer said the facts show clearly that fourth class is not high enough to cover breakage. Mr. Winslow said the claims for breakage filed by him were not great in comparison with the tonnage handled. Mr. Collyer said that when a commodity is set aside so as to be specially

stored in a car it shows that it should be rated with a view to making pay cover the cost of the care given it.

Afternoon Session, August 1.

At the afternoon session of August 1, Andrew B. Comstock objected to the proposed increase in the rating on meats in glass from Rule 26 to second. He brings dried beef in bulk from packing centers to Providence, slices it and puts it into glass.

"I don't believe the Railroad Administration thinks there should be advances in freight rates by means of advanced ratings," said George F. Hichborn, general traffic manager for the United States Rubber Co. "The idea put out at the time General Order No. 28 was promulgated was that the rates therein fixed would take care of the railroads. That order imposed upon us an increase of \$2,250,000. The proposed changes in classification would put \$500,000 additional expense on us, without counting the incidental advances that may be expected when there are so many changes."

Mr. Pease, laying the foundation for what wooden box manufacturers expected to put into the record at the New York hearing, said that the New England manufacturers of lock-corner and nailed up wooden boxes prefer the higher rating and lower minimum because, he said, the existing minimum can not be loaded in the standard cars. New England, he said, is peculiarly situated in the matter of boxes and he said that situation should be cared for with a note or an exception. Messrs. Collyer and Fyfe wanted to know whether Mr. Pease wanted uniformity for every part of the country except New England. He insisted that New England needs a note giving recognition to things as they are there.

"Anybody who gets a note into this classification gets shot in the leg," said Mr. Fyfe, who has been fighting for uniformity for a long time. Although he joked at Mr. Pease's expense, it is not to him a laughing matter.

New England merchants, according to H. W. Wheeler of the Revere Sugar Refinery, need the 33,000 pound minimum on sugar, although at present they are dealing in 60,000 minimum. Mr. Wheeler, however, said he had in mind the after-the-war situation. They are now dealing on that basis because they have to do so or go out of business. He also objected to the increase in the rating on sugar in single bags. The classification man vigorously contended that such advances are needed so as to force shippers to use either the double bags or put the single bags into cartons, as the largest L. C. L. shipper of sugar in the country has found it necessary to do because the single cotton bags are either made from linters or weak at the seams.

"Eyelets are not sold by the pound; they are sold by the million; that's the unit," said C. B. Baldwin, speaking for the United Shoe Machinery Corporation. He was objecting to the elimination of the carload rating on shoe eyelets. The classification man had him admit that the reason for desiring the continuance of the carload rating is the desire to preserve the present mixing under Rule 10. He said eyelets had never really moved in carloads. Messrs. Fyfe and Collyer said the desire is to eliminate such ratings.

"Yes, so as to break up mixed carloading," suggested C. R. Hillyer. "You say the Commission has held that various commodities are not entitled to carload ratings because they have never moved in straight carloads, but it also said the mixture rule should be continued. The elimination of these carload ratings reduces the mixed

carloads, by reducing the number of commodities entitled to be carried in mixed carloads."

Iron pipe fittings in the south engaged the attention of Ralph B. Currier, speaking for the Walworth Manufacturing Company, Examiner Disque, Mr. Colquitt and the classification man for a considerable period. The proposal was to take pipe fittings from sixth L. C. L. to fourth L. C. L. Mr. Currier said that such a change would result in increased charges totalling to nearly 100 in the last fifteen or eighteen months. The classification men said it was ridiculous to put any L. C. L. shipments on anything lower than fourth. In the West pipe fittings have been revised from fourth to third.

Candy, according to Chas. E. Butman for the National Confectioners' Association and the New England Association, would take another jump in rates, seventeen per cent be calculated, if the proposed changes are allowed; that, in view of advances caused by No. 28, which Director-General McAdoo made because he thought they would meet the financial requirements of the railroads, the candy makers think is too much. The proposal is to change from Rule 25 to second class.

"What's the effect of prohibition on the candy business?" asked Mr. Colquitt.

"If times were normal and we could get the sugar we could use, undoubtedly there would be a big increase in the consumption of candy," Mr. Butman said the reductions and elimination of writing requirements will not help the New England manufacturers. They do not offset each other, he added.

C. H. Tiffany, New England Paper and Pulp Traffic Association, questioned the correctness of first class on cloth or cloth strips gummed. At present they are second A2 in the south. For the sake of uniformity, the rating in the south is to be brought up to first. Mr. Tiffany thinks it should be reduced to second in all the territories, any quantity. With regard to resin sizing in tank cars, also used by paper manufacturers, he thought should not be raised from sixth to fifth, as proposed. Paper sizing resin is not of a value warranting a rating as proposed.

Boston Hearing Ends.

The Boston part of the hearings came to an end with the afternoon session of August 2, half a day ahead of the estimated time. The opposition to the changes expected did not develop there. Several shipping interests announced that they had decided to postpone the testimony they had expected to offer at Boston until the New York hearing. Edgar J. Rich, one of the few attorneys who took part in the Boston hearing, said that some of his clients had not been able to prepare themselves for the Boston session, but would be ready either at New York or Chicago or at Washington, if it should be decided to take testimony there.

With nothing is quite so uncertain just now as the slant the work of the Commission will take during the period of federal control it is fairly certain that hearings in Washington on this matter now seem out of the question. The Commission and the Railroad Administration want to get something finished with the uniform classification work. When the Director General issued the orders resulting in the consolidated book, some of the men in the traffic division thought a uniform book could be produced in a few weeks—or months at the outside. Those who knew a good deal about the subject suggested that a year would be a reasonably short time to allow for an effort of this time. As things are going now, the estimate of a year looks more like an accurate estimate.

At the morning session of August 2, old bagging, cut up and fit only to be used in making paper or some other product requiring a material reduced to a fiber, occupied the attention of Messrs. Collyer and Fyfe for a considerable period, because Edgar J. Rich, L. C. Southard and others wanted to be sure the elimination of a note under the item of bags and bagging would not have the effect of requiring the worn-out bags and bagging to bear the same rates as new material. The classification men have been asked so often about that that they agreed to reinstate a note so as to make it certain that worn-out bags and bagging shall continue to bear the rating for rags.

Henry McGreedy, speaking for the American Cotton Waste Exchange, directed attention to what those who are interested in what formerly was generally known as cotton waste or cotton factory sweepings and to the discrimination, as they claim, caused by the fact that the rating in the South remains sixth class while in the official it is proposed to be brought up from fourth to third.

J. O. Hill and L. C. Southard, for the International Purchasing Company, objected to increasing the C. L. rating on old rope from sixth to fourth. Mr. Vorhees said that the change was made in accordance with the conclusion that sixth is too low for any L. C. L. purpose. All such ratings are to be eliminated. Mr. Hill said the increase in cost would be so great as to prevent the movement of old rope and twine and much of that kind of waste material would not be saved at all, thereby damaging the government's conservation plans to that extent.

C. H. Tiffany resumed the stand to continue his testimony on gummed cloth strips used by boxmakers, which Mr. Tiffany thought should not be rated higher than insulating tape, because he thought the gummed strips loaded heavier. Over night Mr. Tiffany had found that the heavier loading was probably true only as to insulating tape intended for the retail or small trade. He also called attention to the fact, to him objectionable, that the change on cloth-lined paper from third to second brings it thereby to the rating on cloth-lined envelopes, a highly finished product for which the cloth-lined paper is the raw material. Mr. Collyer protested that the chief use for cloth-lined paper is not the making of envelopes. Therefore that criticism of a rate on a finished product no higher than that on the raw material was not pertinent.

Mr. Tiffany also objected to the advance on waxed wrapping from fifth to third in L. C. L. and sixth to fifth in carloads. This advance, coming on top of the 15 and 25 per cent advances, would be out of reason, he said.

His general purpose was to get the record to show plainly that in the name of uniformity the shippers of paper and articles rated with paper are being called on to pay another advance in rates.

D. D. Devine, for the Continental Paper Bag Company, said that the proposal to increase the rating in Official Classification territory on bags printed from third to second and from fifth to fourth in Southern, would bring about an increase in rates of about 20.8 per cent over the rate on bags unprinted. In the south the increases in rates run from 34 to 69 per cent. Printing something on the bag increases the value of the product about eight per cent. The classification men justified the increased ratings chiefly on the fact that for a long time printed wrapping paper has been rated higher than the plain. The witness said the rating on printed wrapping paper and on printed bags should be the same, but he did not admit that second is the proper rating for either.

The grain board of the Boston Chamber of Commerce

was the particular client when W. H. Chandler took the stand in opposition to Rule No. 7, as proposed in the consolidated book at the afternoon session. He said he was not trying to reopen the reconsignment case in this classification proceeding, but the last sentence of the rule seeks to force a change in the grain shipping practices of Boston at least. The rule as amended excludes "order notify" shipments to "hold" points like Harlem River unless the consignor or consignee lives at the first billed destination. Mr. Chandler said that reconsignment of the kind mentioned is necessary to keep grain moving so as to overcome infirmities of transportation. The witness admitted that the objection of the New England grain dealers could be overcome by a specific provision in the reconsignment tariffs exempting grain, flour, hay, feed and grain products, so that billing to recognized hold points at New England gateways like Harlem River, Maybrook, Sayre and Altoona might be continued.

"Couldn't the trouble be obviated by establishing agents at the hold points?" asked Examiner Disque.

"Yes," said Mr. Chandler, "but inasmuch as the railroads invited the dealers to establish their business on the present basis, and further, inasmuch as the profit per car is only about \$2 per car, establishing agencies would be an expensive and useless arrangement."

The classification men agreed with Mr. Chandler, but suggested that the way to continue the present practice is by means of provisions in tariffs rather than by means of an exception in a uniform classification. They said they agreed with Mr. Chandler that the New England way of handling business should be continued, but by means of reconsignment tariff rules rather than by means of a classification exception.

Edward Wilson, on behalf of egg, butter and poultry dealers, protested against advances on eggs and poultry. The Official Classification lines, after years of objection, accepted the contention that there should be carload ratings instead of only any quantity. When they did that the carload rate was made lower and the L. C. L. rate made higher than the any-quantity.

Frozen and desiccated eggs, from as far away as Shanghai, formed the basis of remarks in behalf of a 20,000 minimum on carloads of dried and frozen eggs instead of the 30,000 pounds provided in the consolidated book, made by S. C. Keefe, who represented shippers of eggs in that form. He said the desire was for a lower carload minimum simply for commercial reasons, because there are many cities in the East that cannot handle 30,000 pounds of either dried or frozen eggs. Answering questions, Mr. Keefe said that bakers of cakes need frozen eggs, custard makers need the dried and that in neither kind of shop is the egg in the shell wanted. The classification men drew out of him the admission that what he desires is things as they are.

B. F. Clark, representing the Sturtevant company, objected to the increase in rating on motors in Southern Classification territory from second to first, the same as in Official and Western. He also objected to the proposed increase in motors and blowers attached to each other from second to first. Messrs. Fyfe and Collyer agreed that it would be better probably not to bring the blowers up to first class. They promised to work out a solution.

Samuel J. Klein, of the Interstate Freight Bureau of Boston, asked for the restoration of the rule that permits the shipment of machines weighing two tons or more without boxing. He said it would be too expensive to crate or box them. Mr. Fyfe began asking the witness many

questions tending to show that Mr. Klein was asking for something for application throughout the country. He said that the machinery manufacturers have had the privilege for a long time. He was particularly interested in tannery and knitting machines. Mr. Fyfe asked Mr. Klein if he thought the railroads should obtain no more money for the risk they incur in hauling an unboxed and unprotected machine than one that is protected.

Mr. Klein asked for a 10,000 pound carload minimum on cotton waste, saying three of the New England carriers had recommended such a carload.

"Where do you get that ten thousand pound stuff?" asked Mr. Collyer.

"Why, the three chief New England roads have established that rating and I think that that is a recommendation," explained the witness.

The classification men observed that the New England carriers have allowed themselves, as they said, to be browbeaten by shippers into doing such things as establishing a 10,000-pound minimum on cotton waste. Mr. Collyer wondered why some one had not suggested 1,000 pounds or perhaps only a handful, because, as he said, the proposer objected to doing anything in the way of acquiring machinery to assure baling and therefore an economical use of rolling stock. Mr. Klein's reason for asking for the low carload minimum on cotton waste was that shippers have not baling machines.

Edgar J. Rich, prior to putting Hobart Ames, president of the Ames Shovel & Tool Company, on the stand, undertook to quiz Mr. Collyer about the condition of the Official Classification Committee's docket when the making of the consolidated book was begun. Mr. Collyer admitted there were a number of questions undisposed of, including some recommendations from the uniform committee, when Mr. McAdoo issued the order resulting in the production of this book. Mr. Rich wanted to know if there were not hundreds of requests and recommendations not acted upon.

Questions of relevancy were raised by Messrs. Fyfe and Collyer and for a few minutes everybody was talking at the same time with no one certain as to what the lawyer was undertaking to ascertain by means of questions pertaining to the acts and refusals to act of the Official Classification Committee.

"This hearing is adjourned to New York, August 5, at 10 o'clock," announced Examiner Disque, who had also asked questions, in an effort to keep the proceedings in order so the record might be readable. The announcement was equivalent to a ruling that the questions were outside the case. Mr. Rich, at one time, according to Mr. Disque, seemed to be testifying, although he had not submitted himself as a witness. At another time Mr. Rich was asked whether he was testifying or arguing.

The adjournment constrained Mr. Rich to say he had a witness who desired to be heard. Thereupon Mr. Disque announced that the hearing was reopened and Mr. Ames placed on the stand. Answering questions, he said that he is the fifth generation of Ames' that have been conducting the shovel business of which he is the head. The family has been in the business for more than a century. The company has plants at several places throughout the country. It objects to having shovels, of which it makes a half million dozens a year, raised from sixth to fifth in the South. Mr. Ames said that if this advance is allowed to become operative, the total of increases from June 24 to the effective date of the new classification, providing there is no advance ahead of the one in the classification, will be from forty to sixty per cent.

Messrs. Ames and Rich brought out the fact that no proposal has been made by the commission to increase the rating on hand agricultural implements like rakes and hoes, to which shovels are analogous. The classification men said the desire to promote agricultural development in the South led to the establishment and continuance of the low ratings thereon. They also remarked that the railroad are large users of shovels, picks and things like that, so that by increasing the ratings they are adding to their own expense.

The New York Hearing.

New York N. Y.—The consolidated classification hearing in New York, begun on Aug. 5, had to be started by Mr. Colquitt, the commission's classification chief. On account of illness, regarded by the physician as serious enough to require his keeping to his bed, Examiner Disque was not able to conduct the work as planned. Mr. Colquitt made the announcement of Mr. Disque's illness, adding that if there was no objection he would preside.

Mr. Collyer, for the benefit of the roomful of shippers, repeated the statement made by him at the Boston hearing.

The first day was devoted entirely to the men from cities other than New York, who had only one, two or three comparatively simple items to discuss, the desire being to save their time and expenses in New York. That arrangement was made when it was found impossible to arrange for testimony on the remodeled mixing rule, the more or less celebrated No. 10 which many shippers believe is being made too stiff for the accommodation of business when pre-war conditions return.

In behalf of paint and varnish men, Mr. Van Kirk testified that the remodeled mixing rule would increase their minimum about 4,000 pounds, and to overcome that handicap it would be necessary to load their barrel goods in double tiers which is not desirable, even if feasible (which those interested doubt) on account of the density of the product.

In behalf of paper manufacturers, C. W. Nash and Mr. Taylor raised objections, among other things, to higher ratings on printed than unprinted tablets.

A. S. Henderson for the Canned Goods Exchange of Baltimore and Mr. Thorne voiced objections to increased ratings on fruits and vegetables in glass, claiming products in glass are not as salable as in tin, because of the higher price. Catsup is an exception, because that container is used on the table.

F. W. Holtz, for the petroleum people asked that the question of an increase in official classification territory, set for testimony in New York, be allowed to go over to the meeting in Chicago. Mr. Colquitt said he would submit the request.

At the afternoon session of Aug. 5 J. N. Price, representing fiber board interests, had a peculiar objection. It was that a fiber covered can was not included in the classification. He was afraid the failure to specify it would result in its exclusion. Messrs. Collyer, Fyfe and Voorhees were glad to assure him that they would take care of the point, especially as he was not objecting to the rating.

The general ware potteries of the United States, through F. H. Lawrence, for the United States Pottery Association, objected to increased ratings on what he called the semi-vitrified table ware, which is distinguished from Chinaware in that semi-vitrified ware absorbs water and dirt when it is broken, while China will not absorb moisture. Mr. Collyer tried to cross examine him to find, if possible, a better way for distinguishing between china and earthen-

ware or stoneware. The witness said the description was all right, but the ratings proposed—third and fourth in official and third and fifth in southern—were too high. He did not object to the ratings in the west, but would not say that they should be extended to cover the whole country. In the west three kinds of pottery are mentioned in the classification. There are only three or four genuine china potteries in the country.

W. H. Smallwood, of Baltimore, objected to an increase in the minimum on the cork disks that line the tin crown stoppers found on beverage bottles, from 16,000 to 20,000 pounds, because, he said, it is impossible to load more than the present minimum. That statement as to the impossibility of loading 20,000 pounds he limited to the natural cork bark disk. The ground cork disk he said probably can be loaded 20,000 pounds. The classification men said they would have to think about the matter before admitting that an error had been made in advancing the minimum.

With regard to bottle caps, of tin, iron, steel, or combinations, Mr. Smallwood said 16,000 pounds is the minimum that was established after many fights before the official classification committee, chiefly because it is a convenient commercial unit. The proposal is to raise it to 24,000 pounds.

Mr. Smallwood declared the claims on bottle caps are small, but in answer to Mr. Collyer's questions he admitted that one claim for \$5,500 was filed because on a rail-and-water shipment, a consignment of herring was loaded above the bottle caps and the brine drained into the stoppers intended to protect beer in bottles.

Mr. Fyfe caused him to admit that bottle caps can be loaded to 60,000 or 70,000, and the 16,000 pound minimum is a commercial unit pure and simple.

Albert R. Symons, of the Hazard Manufacturing Co., of Wilkesbarre, Pa., asked the classification men to restore the old third class rating on empty reels used to carry electric cables, wire ropes, and oil well ropes. The proposal is to advance official and southern from third to second. He said the proposed advance would bring the total made during the last three years to more than 80 per cent.

Chemically hardened fiber spools, Mr. Symons contended, should be rated third instead of second as proposed. This is a new rating. The spool, the witness said, is the same in weight and value as a wooden spool. Heretofore the protestant has been paying one and a half times first class. The classification men hooted at his suggestion of third class L. C. L. because, they said, that is lower than the rating on the raw material from which the spool is made.

B. R. Freeman, traffic manager for the Cleveland Metal products Company, asked for a 16,000 minimum on a mixture of oil stoves, stove cabinets, ovens and other oil stove furniture, instead of 24,000, as proposed by the committee. Before he began testifying Mr. Fyfe said he had been told, in Chicago, that if a minimum of 20,000 were conceded, the shipper would be satisfied. Mr. Freeman, however, would not ratify what a Chicago representative of the company was supposed to have said. Mr. Fyfe thought the matter could be settled without taking testimony, if he would ratify.

"No, we want a 16,000-pound minimum," said Mr. Freeman.

"Then you'll have to fight for it," retorted Fyfe.

D. E. Pierson, American Chain Company, Bridgeport, Conn., submitted that the June 25 advance in rates should

be held to be sufficient imposition on iron and steel chains made of 3-16-inch wire.

"How do you know the higher rating is proposed for revenue purposes?" asked Mr. Colquitt. Mr. Pierson did not answer. Instead, however, he said he could not see how carriers in Official Classification territory could justify such an advance on trace and well chains. They put these cheap chains in the class with hardware, he said. Mr. Fyfe suggested that the Commission was not obtaining helpful information when the witness said the farmers are complaining about the high cost of everything.

"You would be willing," suggested Mr. Collyer, "to have this advance in ratings made if the Railroad Administration restored the old rates. That is, as I understand you, you think the recent twenty-five per cent advance in rates should be deemed sufficient to cover the increase of value in chains and there should be no increase in rates."

The classification men said there is such a large percentage of the fine chain that is worth forty and fifty cents per pound that it is ridiculous to have an L. C. L. rating of fourth for a commodity of that value—hence the third class. In the Southern nearly all the L. C. L. fourth and fifth class ratings are being eliminated.

J. G. Hardmeyer, representing wallpaper manufacturers, got into a discussion with the classification men as to whether there is or is not such a thing as undressed wallpaper. He was afraid the exception in the classification would be eliminated by some changes in the classification. He promised to bring samples at a later hearing.

The proposed elimination of the anchors used in attaching the metal work made by the Dahlstrom Metallic Door Company from fifth and sixth and their inclusion in fourth brought a protest from J. H. Dasher, representing that company. The classification men asked him, in various forms, whether it was his idea that a finished article should bear the same rate as the raw material. He said there should be no difference unless the finished article is of distinctly greater value than the raw material, which, he said, is not the fact in this instance.

August 6 Session.

The hearing, August 6, was a continuation of the program of the day before—witnesses having comparatively simple items, not provoking much controversy, from cities other than New York.

Mr. Dasher, for the Dahlstrom Metallic Door Company, resumed the stand, against the objection of the classification men, to show by exhibits and parole evidence that in classifying and rating the building materials manufactured and shipped by his company, the committee had disregarded the principles laid down by the Commission in various decisions, especially those in which the regulating body said that value is only one of the elements to be considered in the making of rates or ratings. His object in calling attention to them was to show that in rating brass, copper and bronze window frames and interior finish more than one class higher than like articles of iron or steel, it considered the difference in value alone as sufficient for a spread greater than one class.

The witness, still against the protests of the classification men, took up nearly every item in Southern Classification for analysis and protest because of increased ratings.

The classification men objected because many of the questions raised by Mr. Dasher are before the Commission, they said. They also objected because the witness suggested that some of the raw material ratings were too high. On cross-examination, Mr. Fyfe made the witness

admit that he had not obtained the cubic foot weight or volume of movement and little about the value of the brass, bronze and copper articles, so his charge that the classification men had taken into consideration value only might not be well founded.

Candy and confectionery engaged the attention of Ewing Cain, traffic manager for the Hershey Company. The less than carload rating on candy, heretofore R25, he said, had been in effect for twenty years or more and, as a traffic and railroad man, he could see no reason for raising it. The reductions made on candy in glass and small packages amount to nothing at all.

"There are no greater variations in the values of candy and confectionery than in any other merchandise," said Mr. Cain, drawing attention to the ratings based on value.

"Is it your idea these changes were proposed on account of value?" asked Mr. Colquitt.

"I can imagine on what other ground," said Mr. Cain. "That is why I asked whether the carriers had offered their justification and what it was."

Mr. Cain desired to proceed on the assumption that the act to regulate commerce is in effect and that this classification is a carrier proposal requiring justification for an advance after January 1, 1910.

Answering a question by Mr. Colquitt, Mr. Collyer said he intended putting in his justification at Chicago. Mr. Cain said it was hard to meet something unknown. His general statement was that the increase in the price of candy and confectionery—to the jobber—had been less than 40 per cent, or much less than the increase in commodities generally. The increase in rates resulting from the changes in rating, he said, was a burden added to an industry that has already been heavily hit by the war, operating now on a fifty per cent basis because its supply of sugar has been cut to one-half of its supply last year.

Brewers in New York and Philadelphia, through Edward C. Taylor, asked for the retention of the twenty-pound estimated weight on the empty beer case returned. That weight has been eliminated. Taylor's clients are interested in the lighter cases, weighing from 13 to 15 pounds.

Fred A. Felder also discussed the estimated weight of the heavier cases for three and four dozen pint cases. The three and four dozen pint case containers weigh more than twenty pounds, so the elimination of the estimated weight and application of actual weights would increase charges on some and reduce them on others.

In his second appearance on the stand Mr. Taylor objected to the increase in the L. C. L. rating on boxboard, in Southern, from fifth to fourth, and an increase in the carload minimum from 30,000 to 36,000 pounds. Mr. Voorhees remarked that the rating in Official is third, but the witness said that the hauls in the South were longer and the increased rating would exclude his manufacturer at East Downingtown, Pa.

Mr. Taylor also discussed the rating on dried sheep and goat skins imported, machine compressed. He wanted a rating lower than 20,000 for the importer who sorts the skins that come into the country in machine-compressed bales. The classification man suggested that his clients obtain presses and thereby get the benefit of the rating on machine-pressed bales.

Mr. Hardmeyer was recalled to discuss the difference between print paper used for making printed wall paper and the oatmeal and ingrain papers. The classification men insist that the latter are finished papers, even if they are in jumbo rolls and must be rerolled and cut to length.

Mr. Hardmeyer insisted that until the paper is ready for the hanger it is unfinished.

Disque Has Appendicitis

Examiner Disque was a very ill man on August 5 and the following day. He had an attack of appendicitis and for two days it was a question as to whether he would have to undergo an operation. After thirty-six hours' observation the doctor was of the opinion that an operation could be avoided.

The intense heat wilting New York had no appreciable effect on the attendance at the afternoon session, August 6.

An increase in the L. C. L. ratings on slack barrels, from second to first and C. L. from fourth to third, from Norfolk and Suffolk, Va., brought a protest from J. E. Romm because, he said, the increase would cause an advance from 75 to 100 per cent over June 24 rates. The barrels in which the witness was interested are used by truck gardeners and fish dealers. He compared them with other containers. Mr. Fyfe suggested that the comparisons were not very good because they did not contrast crates and boxes, the direct competitors of the slack barrels. The increased cost, the witness said, would figure from ten to thirty cents on each barrel. Mr. Romm, in answering Mr. Fyfe's suggestion that he was asking for special treatment for the kind of barrels his company ships, said the only points he desired to make were that the proposed third class C. L. rating would drive his company out of business in the South and that the per car revenue from the barrels is as great as on more valuable other light-loading commodities.

Mr. Romm also criticized the increases on fruit and berry containers, baskets and hampers in Southern from third to first L. C. L. He said his people find it difficult to ship such containers under even the present ratings. He submitted exhibits tending to show lower ratings on other light-loading commodities of high value. Only one, a fiber container, competes with the baskets and hampers.

First class on burlap tops to barrels seemed to Mr. Romm rather a stiff increase on an article made of old burlap which the classification men said they thought had heretofore moved on sixth. They said the thought back of the item which is new in the books was to cover new burlappings, much of which is stencilled and a high grade material.

John Lindsay, for the Republic Metal Ware Company of Buffalo and other manufacturers of enameled ware, asked for a retention of the privilege of shipping enameled pails, buckets and other enameled ware open-top. The classification man asked whether a provision for loose shipping, calling for straw or have protection would be satisfactory.

Mr. Lindsay said it would be all right, because that is the manner of shipping now. He also discussed other changes, being under a misapprehension as to the difference in rating between washboards nested and not nested. He said there should be the difference between first and second class.

"Your arithmetic is twisted," remarked Mr. Collyer. "We are giving you more than you asked. We agree with you there should be considerable difference between nested and not nested ware."

J. G. Fick, traffic manager for the Southern Can Company of Baltimore, said it would be foolish for the railroads to require the strapping of sheet tin boxes.

"At our factory we use the boxes in which we receive the sheet tin," said Mr. Fick. "In unloading the tin the box is removed by dropping it on the unloading platform. If the

boxes were strapped we would have to hire eight or ten men to break the straps.

"By burning the boxes we keep our coal consumption down to seven tons a week. If we used coal our consumption would run up to 48 tons. If the boxes are strapped they probably could not be used because the straps would clog the fires."

J. E. Masten of Canandaigua took the stand to tell the classification men more about wash boilers than Mr. Lindsay. He explained the process of making tin and copper wash boilers. He promised to furnish comparative figures of cost.

F. E. Heberling, for the Rochester Stamping Company, objected to the rating on nickel plate ware not nested, not otherwise indexed by name, which it is proposed to increase to $1\frac{1}{4}$ times first. His idea is that the table ware manufactured by that company should not be asked to pay another increase, especially inasmuch as copper articles of the same general character have not been changed.

He also argued against the change in relationship caused by the advance on copper tea kettles from first to $1\frac{1}{4}$ times while the $1\frac{1}{2}$ times rating in Western has not been changed. Mr. Eberling in conclusion said it seemed to him that the line of goods made by his employer had been singled out for an advance. No other line, he thought, had been advanced. That provoked a laugh, but Mr. Eberling meant that no other line had received an advance of one-fourth of a class. Mr. Collyer said, however, that he was also in error on that; that the one-fourth over plus is the first step above the highest definitely designated class.

Messrs. Collyer and Fyfe grilled him as to his ideas as to the proper rating on tin, copper and nickeled tea kettles. He admitted that there might well be a higher rating on tin and copper kettles, but said that first should be the maximum. He thought that way inasmuch as they are used for the same purposes. In other words, he thought the use might well be considered.

"We don't want to be driven into the use of the express," said Frederick G. Russell, traffic manager for Landers, Frary & Clark of New Britain. He said that the increase from first to one and one-half times first tends to drive the company to use express. From New Britain to New York the freight rate is 79 cents per 100, while the express rate is only 83 cents. From New Britain to Denver the freight rate is \$6.03 per 100 and \$6.27 for express.

"That proves nothing except that the express rate is probably too low," observed Mr. Collyer. "You know the express companies were in distress until the Commission gave the consolidated company a ten per cent advance in rates."

The close of the session of August 6 was given over to the protests of the members of the Compressed Gas Manufacturers' Association, H. R. Thompson, traffic manager for the Linde Air Products Company, being the general spokesman for the industry.

The first of five objections was to the increase on compressed gases in the South from fifth, any quantity, to third, less than carload; the second, to putting acetylene and oxygen in the South in third class; third, that the advance is practically one of fifty per cent to be imposed on twenty-five per cent advance of June 25; fourth, third class on oxygen in South is not an equitable rating compared with third on articles of lighter loading and greater value; and fifth, that the advances in ratings proposed in the consolidated book seem to be on non-essentials in all except the air products class, which he held to be highly essential.

Mr. Thompson said the sharp advances in rates would have a detrimental effect on the new metal and machinery repair industry in the South. The man who is just beginning to use compressed gases will not continue if he is now called upon to pay big advances. The compressed gas men asked for a retention of the fifth class any quantity basis.

The classification men suggested that if the new ratings are allowed to become operative the carload business will greatly develop. The witness was not at all sanguine on that point. Only twenty per cent of the business is in carload quantities.

R. U. McLeod, traffic manager for the Prest-o-Lite Company, said the proposed rating on acetylene in cylinders would result in rates equalizing half or more than the value of the article shipped. Each time a cylinder is shipped 140 pounds of container must be sent by freight to carry \$1.75 worth of gas.

Mr. Voorhees asked whether Mr. McLeod considered the fifth class any quantity basis in the South was just in comparison with the third and fourth in Official and Western.

The justification of the proposed elimination of the any quantity rating, Mr. Voorhees said, was another of the low less than carload ratings in the South the carriers have decided to cut out.

Erich Decher of the Air Products Reduction Company, New York, corroborated the other witnesses in behalf of the shippers of compressed gases. Mr. Colquitt tried to finish that part of the hearing that day, but could not, even by working until 6 p. m.

Interest Picks Up.

Contrary to expectations the Boston and New York hearings did not develop the bitterness of opposition that had been indicated. It is not improbable that the fighting will take place later. The, petroleum people, scheduled to make their objection to the increase in estimated weight per gallon from 6.6 to 7.4 pounds per gallon, on the first day of the New York hearing, asked to have their matter postponed to the Chicago session.

It was not until Wednesday, August 7, that the New York hearing began showing evidence of great interest on the part of shippers. On that day the compressed gas people, as on the preceding day, stoutly opposed the increase on their product from fifth A. Q. in the south to 3 L. C. L. and fifth C. L. and from one-half to fourth on empty cylinders in the west. The makers of pyroxilin boxes, generally known as celluloid, although that is a trade, not a generic, name, also fought vigorously. The compressed gas people used a considerable part of the afternoon session of August 6 and a large part of the morning session of August 7.

It is easy to sum up the objections made at Boston and New York. Shippers are objecting to another increase in rates on the heels of the twenty-five per cent advance, which in turn closely followed the fifteen per cent case, which was the rear guard of the five per cent case, the pioneer of the successful advanced rate cases since the passage of the suspension part of the act in 1910.

Albert L. Terstegge, of Louisville, president of the Southern Blau Gas Company, member of the rate committee of the Compressed Gas Manufacturers' Association, the first witness on August 7, opposed changing the rating on compressed gases made from oil or coal and used for country lighting, welding, and so forth, from fifth any quantity to third L. C. L. in southern territory, for two reasons. The first was that fifth in Southern is generally higher than

third in Official. The second is that the proposed rating would bring the rate up to thirty per cent of the value of the product shipped. Under the present rating the rate is about twenty-three per cent.

When he had finished his testimony Mr. Terstegge called Mr. Voorhees to the stand for cross-examination, the chairman of the Southern Committee, the day before having said that in his opinion the advance was justified because fifth class was too low for use in any case for L. C. L. purposes. Mr. Terstegge called attention to the value of other articles rated third class. The witness admitted that in percentage to the value of the commodity the rates resulting from the advance in rating was rather high. He called comparisons of the relation between rates and value of commodities on many articles to the attention of the witness and brought out the fact that compressed gases are of small value in comparison with other articles rated third.

"Isn't that because you are not counting the value of the cylinder?" asked Mr. Collyer.

"The cylinder has no value from a transportation point of view," answered the witness. "The customer is interested only in the commodity he receives, not in the container. He pays freight on it, of course, but the gas is the only thing of value in the shipment so far as he or the carrier are concerned."

O. A. Neubarth, of Chicago, speaking for the manufacturers of carbonic acid gas, also submitted comparisons tending, he said, to show the high percentage the rate bears to the value of the product transported. The witness agreed with Mr. Colquitt that owing to the great weight of the container the fifth class rating in the south should be retained. There has been a great expansion in the use of the carbonic acid gas in the making of ammunition. In normal times it is used largely in the making and serving of soft drinks.

Clarence E. Reid, of Newark, N. J., confirmed what Mr. Neubarth said, but pointed out the burdens peculiar to his own company. He said the repeated advance in rates hurts both the carrier and the manufacturer. It forces the manufacturer to establish branches, increasing the capital investment and the cost of doing business. He said that as the price goes up the pressure in the carbonated beverages goes down, meaning that the bottler used smaller pressure in making his product.

"And lower pressure means less risk for the carriers," interjected Mr. Fyfe.

"Oh, yes, that's so," retorted Mr. Reid. "Cut out transportation altogether and there won't be any risk at all."

H. Thompson, the first witness for the compressed gas people, was also the first witness for that same element on the change of rating on empty cylinders from one-half of fourth any quantity to fourth L. C. L. and Class C on carloads. The gas men think the rating should not be changed.

Mr. Fyfe put in his justification for the proposed increase in the rating immediately after Mr. Thompson had finished. He said that one-half of fourth on the empty returned cylinders is ridiculously low. One-half fourth from Missouri River to Chicago is twenty cents. Fourth class from Buffalo to New York is 31 cents. He suggested that such a rating for transportation as is made on empty cylinders from Missouri River to Chicago was without reason.

The compressed gas men expressed fear that if the rate on empty cylinders was established at fourth they would

ave small chance of obtaining a reduction on the loaded cylinder from third to fourth.

J. M. Belleville, general freight agent for the Pittsburgh Plate Glass Company, and the Eckenrode Plate Factory in this matter as well, made a pro forma protest against an increase in the rating on plate glass of the kind that is carried on edge on flat cars from Rule 26 to third class. It was a formal protest because there had been negotiations between Mr. Belleville and Mr. Collyer which make them believe the old rating would be left as it is on the big pieces which move on the flat cars because the publication appears to contain something that was not intended. Messrs. Belleville and Collyer had a colloquy which indicated that they had not talked long enough to understand each other. They will try again in Chicago.

Appeal for retention of sixth class on paste rosin size, used by paper makers, was made by Ralph M. Snell of the Paper Makers' Chemical Company of Easton, Pa., and Albert J. Arms of the Arabol Manufacturing Company, of New York. The proposal is to increase it to fifth, carloads, in barrels, and fifth class, Rule 35, in tank cars. Neither witness was interested in less than carloads. Neither was interested in shipments in the south or west.

Pyroxilin boxes, more familiarly known as celluloid, although the latter is a proprietary name, brought to the stand Russell C. Jones, of Philadelphia, with catalogues of various companies so as to inform the committee and the Commission what pyroxilin is and why the ratings should not be increased. Mr. Jones went into the history of the negotiations between the manufacturers and the classification committees.

Mr. Colquitt suggested that the history of the negotiations would not really help the Commission, whereupon Mr. Jones abridged it, apparently, although he continued dropping in details as to the history.

The witness agreed for first on both lined and unlined boxes. The committee fixed first on unlined and double first on the lined boxes. He said the only justification for the double first class rating was the small difference in value contributed by the silk or plush lining. That, he said, was not enough to justify a 100 per cent increase in rated. Mr. Jones said there was no practical difference in weight. The unlined box constitutes about five per cent of the whole tonnage of celluloid goods. The unlined boxes constitute about three per cent.

The pyroxilin manufacturers opposed the double first class rating on lined boxes largely because, while the volume of such boxes moving by freight is small, when one of that kind is put into a mixed shipment of combs, hair combs boxes or salve boxes, the effect is to double the rate on the whole mixture, although the increase in value by reason of the lining was said to be negligible, even as the proportion of boxes to the whole line is also a small one.

Afternoon Session August 7.

Automobile and iron and steel men used the whole of the afternoon session of August 7, but they did not move as fast as expected. Mr. Colquitt's hope being that the two subjects would be disposed of at that session. C. S. Belsterling had direction of the testimony for the United States Steel Corporation and its subsidiaries and Richard Jones for the non-corporation industries when it was considered desirable to have separate testimony. Contrary to the usual fact, the steel men were not able to go on as rapidly as usual at such hearings, because there was not an agreement as to facts, either as to present ratings or the proposals in the consolidated book.

W. H. McCloud, assistant to the president of the Buick Motor Company, was the first witness, discussing the rule requiring the parts of machines to be boxed, when such parts are detachable. In automobiles the detachable parts can be shipped in the tool box, which is usually fastened to the running board and has a top, so the shippers' claim that such containers come within the rule. Mr. McCloud was the only witness for the automobile people, who then gave way to the iron and steel men, for whom special arrangements had been made for a hearing at 2 o'clock. The automobile people were to be recalled on August 8, when the steel men had finished.

J. Fred Townsend, speaking for the whole steel industry, but in particular for the National Tube Company, discussed rule No. 30, pertaining to blocking used on flat or gondola cars. The proposed rule allows 500 pounds dunnage. The present allowance is for actual weight, made by exceptions published in tariffs. Mr. Townsend started to discuss the subject on the theory that the new classification, which, in terms, supersedes Official Classification, carries with it the exceptions mentioned in the tariffs, which carry the exceptions under which the allowance on dunnage, instead of being 500 pounds, as stated in the classification, is for the actual weight.

The classification men protested that the consolidated classification is literally the same as Official and that they could not consent to a line of testimony tending to persuade the Commission to give something the classification does not now give.

"This is going back for thirty years," said Mr. Townsend. "The allowance of 500 pounds was made when the load was 40,000 pounds. It is now 140,000, and maximum 150,000. It's ridiculous for the Railroad Administration to implore heavy loading and at the same time continue such a rule as this which is in effect nowhere because the ridiculousness of the rule is obvious. Edward Chambers, Director of Traffic, made the exception in the transcontinental tariff that makes the rule obsolete."

Mr. Fyfe made a formal motion to strike out the testimony as irrelevant at this time.

Florence Ogden, traffic manager for Jones and Laughlin, said the shipper had no discretion in the blocking of loads. The Master Car Builder rules tell the shipper how to block the load so as to protect the equipment. Often 3,000 pounds of dunnage must be used. The steel men said they could load the minimum without using blocking. The blocking, however, is for the protection of the equipment and not of the lading. The classifications, including the consolidated book, the witness thought, have been obsolete for fifteen years and need revision to bring them to date.

Mr. Ogden also discussed the ambiguity contained in rule 15, first and second sections, about charges on carload traffic that had been tendered as less than carload. He thought there was room for relief from the infliction of charges on shippers which they should not be called upon to bear. The classification men explained that the rule is intended to stop the practice of a few shippers in tendering a shipment as less than carload, thereby having the loading done without charge and then the consignee claiming the benefit of the carload rate. Messrs. Collyer, Fyfe and Singleton had a long discussion, but Mr. Singleton stuck to his point, which is that where a consignor has tendered what really is a carload as a less-than-carload shipment, the consignee shall have the option of removing the freight by having it taken to his own track and then having his own force do the unload-

ing. He said it would be unreasonable to penalize the consignee of what really is a carload of freight simply because the consignor or the originating agent made a mistake so as to subject the shipment to the payment of a loading and unloading charge.

Singleton also voiced objections to the modified rule pertaining to "order notify" shipments. Mr. Fyfe answered by saying the Commission had held the carriers are not required to issue such bills, so there was not much use talking about the matter.

A. G. Young, speaking for the American Iron and Steel Institute and the American Sheet and Tin Plate Company, said the men who recommended strapping of tin plate in boxes could not have known what it would cost to strap 40,000,000 boxes and the waste of labor in boxing and opening. He said it would cost \$2,000,000, without counting the value of labor used in unboxing. The strapping would cost a waste of 5,000 tons of material and the labor of a regiment of men. The rule would cause enormous expense without the benefit of one cent for anybody. The classification men threw up their hands on that subject and indicated a readiness to eliminate it. Mr. Young said there was no objection to requiring the strapping of L. C. L. shipments of boxed sheet tin. The few claims for loss and damage to tin arise on L. C. L. shipments. Therefore the rule is likely to be limited to that kind of traffic.

W. S. Guy, traffic man for the Carnegie Steel Company, started to discuss the rule making the minimum charge of \$15 per car, but Mr. Fyfe stopped him by saying that the Director-General had changed that before the book even came out and that possibly other changes might be made. The witness criticized the change in the language of the rule providing for a second car for a carload shipment when the carrier cannot furnish a car big enough to take the shipment. He said the proposed rule gives too much discretion to the railroad agent. He asked for the retention of the existing rule.

The big part of Mr. Guy's protest was against the change from gross tons in carload minima, because the whole iron and steel industry is based on the gross ton basis. The Carnegie company some time ago tried to change from gross ton to the hundred pound basis. Some of the railroads simply refused to consider quotations or anything else except on the gross ton basis. Even admitting that a change was desirable, Mr. Guy said that this abnormal time was not the day to make such a change in a world-wide basis.

In behalf of R. V. Porter, freight traffic manager for the Lorain Steel Company, Mr. Guy protested against an increase in the rating on switches and switch stands from fourth to rule 26. Mr. Porter could not remain at the hearing until his turn to testify. His brother was leaving for "over there" and felt he could ask to be excused.

Objection was made to rule 29, section three, pertaining to less-than-carload shipments. A note has been cut out that imposes a first class rate on 1,000 pounds as the minimum on articles exceeding 22 feet in length. The classification men insisted that their remodeled rule brings the rule into conformity with the finding of the Commission in its own initiated case known as Minimum Rates in Official Classification.

During the supposed cross-examination of Mr. Guy, Mr. Fyfe persuaded C. S. Belsterling to say that he is opposed to all the changes in iron and steel.

Charles McNichol, of the American Bridge Company, ob-

jected to that part of rule No. 28 which requires small parts of machines, when they are shipped in open cars, to be removed from the machines, boxed and the boxes attached to the floor of the car. His idea was that the rivets, connection bars and small things to be used in setting a girder, would be regarded as parts thereof and required to be boxed. The classification men tried to shoo him away from the witness, but he would not quit until he had had his say.

McNichol also took a fall out of the "two for one" rule, because it does not continue the twin-load rule now in effect. Mr. Fyfe said iron and steel have had a favor which no other commodity has had.

A demand for a justification for elimination of double and triple loads was made by Mr. Murray N. Billings, witness for the American Iron and Steel Institute. Before he had gone far it became evident that there was a matter of interpretation, Mr. Collyer holding another view as to the meaning of the language supposed to show the minimum to be applied on the idler car used in a series of three cars used to transport long articles. Mr. Billings said that as he reads the language the loading as indicated would not come within what is known as triple loading. Mr. Colquitt told the witness and the classification men to get together and see if there was really anything at issue between them.

The same course was ordered with respect to bridge materials, iron and steel ore chutes, and other articles made by the American Bridge Company, because Mr. McNichol and the classification men could not agree as to existing ratings and the effect of the changes in rules and ratings. Mr. Colquitt stopped the discussion when it was obvious that the disagreement was as to the facts or as to the meaning of the language employed.

IRON AND STEEL MEN PROTEST

New York, N. Y.—Iron and steel men attending the consolidated classification hearing in New York not only appeared before J. C. Colquitt on classification matters August 7, but also went before the eastern freight traffic committee to protest against the action of carriers in the Pittsburgh and Valley districts in applying General Order No. 28. Their specific objection was against the imposition of thirty cents a ton for intra mill movement, from stock pile to furnaces, of ore that has already borne one thirty-cent increase on the rail haul from the mines to the dock.

The American Iron and Steel Institute made a formal protest against such violation of the order. Witnesses appearing on that point were under the counsel of C. S. Belsterling, for the Steel Corporation, and Richard Jones for non-corporation companies. The same men protested against advances that would be caused by the consolidated classification. The advance on stock pile movement was from \$1.50 to \$17.50 per car in addition to advances on movement from mines to boats.

Iron men claim equally flagrant misapplication of No. 28 to coke and coal, but they have reserved that for later action. They do not criticize the twenty-five per cent advance, but merely what they call the disregard of the Director-General's orders.

EFFECTIVE DATE POSTPONED

The Commission has extended the effective date of its order in Docket 8354, Kansas City Millers' Club, Southwestern Millers' League, Southwestern Missouri Millers' Club and the Atchison Commercial Club, against the A. T. & S. F. Ry. Co. et al., from September 1 to October 1.

SHORT LINE CONTRACT DRAWN

The Traffic World Washington Bureau.

At a meeting of the American Short Line Railroad Association in Washington, August 7, presided over by Bird M. Robinson, president of the organization, and attended by between fifty and sixty representatives of short lines, a proposed contract between the Director-General and the short line railroads received careful and earnest consideration.

This contract was prepared by a committee of short line representatives composed of W. M. Blount, president, Bham & Southeastern Ry., Union Springs, Ala.; C. D. Cass, G. M., Waterloo, Sioux Falls & Northern Ry., Waterloo, Ia., and R. B. Cain, vice-president and general manager, Texas State and G. F. & W. Ry., Dallas, Tex. They have held numerous interviews with members of the Director-General's staff, and the proposed contract embodies the views of the short lines as to the relief they think is necessary, and to which they think they are entitled if they are to continue in operation. This tentative contract, with some minor changes, received the approval of those in attendance, and will be submitted to the Director-General for his consideration and approval.

After a résumé by President Robinson of the work done by the organization toward bringing to the attention of the Railroad Administration the seriousness of the situation confronting the short lines owing to the control of the trunk lines, including their short line subsidiaries, by the government, and the exclusion of the majority of the independently owned lines, which resulted in the creation of a short line section in the Railroad Administration, and of the work done in drawing up the contract, E. C. Niles, the recently appointed head of the short line section of the Railroad Administration, was introduced.

He said it was his desire to cooperate in all respects with the representatives of the short line roads and that he hoped this would not be their last meeting together. He assured them of his desire to see that they received fair and impartial treatment, but that, owing to the short time he had been in office, he could not make a statement as to the policies he would follow in handling the situation. In another week he said, he would be prepared to take up any complaints that might be made. He stated, however, that local matters should be taken up with the local traffic committees and the local committees would be properly instructed as to the handling of such matters at an early date; but that if the matters could not be adjusted through the local committees or were of such character as to require the attention of the office in Washington, they should be presented in writing, with full details, or by personal interview when necessary.

Officers were elected as follows: Bird M. Robinson, president; R. S. Barker, vice-president; J. T. Whittlesey, secretary-treasurer. There will be seven vice-presidents in each regional territory.

Following is a synopsis of the proposed contract:

Section 5—

(a) Possession and use of property and operation shall remain with short lines.

All revenues shall accrue to lines and all taxes and expenses be borne by lines.

(b) Lines have right to solicit freight and secure routing orders from shippers which shall be observed by all lines under federal control.

(c) (Copy paragraph of contract)

(d) (Copy paragraph of contract)

(e) (Copy paragraph of contract)

Section 6—

(a) Basis for divisions existing January 1, 1918, to be continued.

(b) That if it be shown that present divisions allowed short lines are inadequate for cost of service such proportions shall be increased by Director-General.

(c) All past and future increases be applied to traffic of short lines and that they will receive their present percentages of the increased rates.

(d) That in event operating expenses are increased account government advances in prices of coal, supplies and materials or wages, increased divisions will be accorded short lines.

(e) No discrimination in publication of routes in tariffs.

Section 7—In event Director-General or connecting lines issue priority orders, embargoes, etc., or orders which affect movement of freight over short lines so as to substantially reduce earnings, the Director-General shall make full reparation either by additional traffic or by payment of sums of money.

Section 8—Short lines shall receive a supply of cars to the same extent and upon same basis and conditions as cars are supplied to lines now under federal control.

Section 9—Short lines shall have right to utilize the purchasing agencies of Railroad Administration in securing material and supplies and shall be furnished same at the Railroad Administration's standard prices.

Section 10—That in case short lines are required to do any financing they shall obtain approval of and shall be rendered the assistance of Director-General.

Section 11—That whenever earnings of short lines exceed sum sufficient to pay all operating expenses and taxes, all interest on interest-bearing debt, a fair depreciation on property, and in addition 6 per cent on the reasonable value of capital stock, all excess shall be turned over to Director-General for use of government.

Section 12—That short lines shall be placed in equal position with all federal controlled lines for the handling of all classes of business, wherever same may be handled as economically and expeditiously as via other routes.

Section 13—In event short lines are required by Railroad Administration to make extensions, additions or betterments or to purchase cars, motive power or equipment, the money to pay for same shall be furnished by Director-General unless short lines agree to pay for same.

If at end of period of federal control short lines and Director-General cannot agree upon value of such extensions, etc., a board of arbitration, as provided in Section 3 of Federal Control Act, shall be appointed to determine the matter.

Section 14—No discrimination in matter of use of passes or issuance of exchange transportation by government operated roads shall be made against short lines.

Section 15—Short lines shall be allowed, as a minimum, their local rates in dividing rates in absence of authority from short lines for lower basis and shall have same right to solicit passenger traffic as provided in contract for solicitation of freight traffic.

Section 16—That Director-General shall have at any time the right to take full possession and operate property of short lines, and if unable to agree with the lines as to compensation to be paid therefor, such amount shall be determined in accordance with Section 3 of Act of March 21, 1918.

That in event Director-General sees fit to assume control of short lines this contract shall be replaced by the standard form of contract entered into with Class 1 carriers.

Sections 5 to 16, inclusive, contain the provisions which must be worked out with the Director-General, the preamble being the same as that contained in the contract with the trunk lines, which is being prepared, modified to suit the needs of the short line roads.

The provisions of sections 5 to 16, inclusive, are, in brief, those shown above, and in general provide for the recognition by the Railroad Administration of the right of controlling routing, subject to certain limitations, an increase of division where necessary and a share in the increase in rates which have been or may be made.

It is expected that section 7 is the one which will be most strongly objected to by the Railroad Administration.

The incorporation of this section in the contract is, how-

ever, considered vitally important to the short lines, and its inclusion will be contended for.

A form of contract submitted by the Director-General to the committee of the short lines contains in section 7 the features contained in sections 5 to 16 of the contract to be submitted by the short line committee for the consideration of the Director-General, but in different form.

The objection on the part of the short lines to the provisions of section 7 of the contract proposed by the Director-General are based on the fact that while it proposes that the short lines be given an equitable allotment of cars at charges based on a fair rental and that the routing of freight in connection with the short lines shall be such as to allow such lines a fair and reasonable share of the traffic, the question as to what is fair and equitable would be decided by the Director-General, leaving great opportunity for disputes as to what is fair and equitable.

A committee of the short lines will handle to a conclusion with the Director-General the adoption of the contract as approved at the meeting and will then submit to the members of the association the contract as agreed to by the Director-General for adoption by such lines as desire to take advantage of its provisions.

Some of those who attended the meeting were as follows:

E. G. Slaughter, G. M., Wildwood & Del., Wildwood, N. J.; W. C. Orem, Pres., Salt Lake & Utah, Salt Lake City; W. S. Hoobs, G. M., Warren & O. Valley Ry., Warren, Ark.; O. H. Anderson, Pres., Onieda & Western, Onieda, Tenn.; B. B. Cain, V. P. & G. M., Tex. State & G. T. & W. Ry., Dallas, Tex.; P. F. Manning, G. M., Frankfort & Cincinnati, Frankfort, Ky.; C. C. Barnes, Supt., Grasse River R. R., Conifer, N. Y.; J. A. Smith, V. P. & G. M., Middletown & Unionville, Middletown, N. Y.; G. H. McElroy, G. F. & P. A., Fernwood & Gulf R. R., Fernwood, Miss.; R. D. Bushee, T. Mgr., Alabama & Miss., Vinegar Bend, Ala.; J. J. White, Recr., Liberty White R. R., McComb, Miss.; A. L. Mills, Recr. & G. M., Ft. Smith & Western, Fort Smith, Ark.; Geo. W. Hardin, V. P. & Supt., E. T. & W. N. Co., Johnson City, Tenn.; S. M. Bloss, Rep. of G. Supt., Garyville Northern, Garyville, La.; H. C. Landon, G. M., Watauga & G. River R. R., No. Wilkesboro; T. P. Benard, G. M., Ocklawaha Valley, Redman, Fla.; S. G. Bates, V. P., Eastern Ry., Riverton, Ky.; S. G. Bates, proxy for Morehead & N. F. R. R., Clearfield, Ky.; W. E. Price, G. M., Caro., Y. & Riv., Highpoint, N. C.; C. B. Williamson, Supt. & T. M., Ches. & Western, Harrisonburg, Va.; J. C. Mace, Secy., Augusta Northern, Marion, S. C.; H. D. Swayze, G. M., K. L. & S. C., Lawton, Okla.; W. M. Blount, Pres., Bgham. & So. Eastern, Union Springs, Ala.; J. W. Oglesby, Pres., So. Ga. Ry., Quitman, Ga.; W. F. Way, Gen. Counsel, Ga. Northern Ry., Moultrie, Ga.; C. Hicks, G. M., Tenn., Ala. & Ga., Chattanooga, Tenn.; G. A. Cartwright, Traffic Mgr., Waycross So. Ry., Waycross, Ga.; J. R. Hackett, G. M., Ga. Northern Ry., Moultrie, Ga.; Jas. Gayle, Pres., Carrollton & W. R. R., Carrollton, Ky.; C. J. Field, G. M., Bamberg & E. W. Ry., Bamberg, S. C.; J. F. Livingston, Pres., C. N. & L. R. R., Columbia, S. C.; L. M. Williams, Recr., Ga. & Fla. R. R.; L. M. Williams, Recr., Caro. & So. Eastern; B. S. Barker, V. P. & G. M., Gainesville & N. W., Gainesville, Ga.; R. D. Brisbee, T. M., Ala. & Miss., Vinegar Bend, Ala.; A. D. Fowler, Audr., East. Caro. R. R., Tarboro, N. C.; B. M. E. Woods, Mgr., Bennettsville & C. R. R., Bennettsville, S. C.; J. C. Williams, G. M., Ak., C. & Y. Ry., Akron, O.; R. O. Sykes, Engr., Grasse Riv. R. R. Corp., Conifer, N. Y.; D. F. Kirkland, V. P. & G. M., G. & F. R. and A. S. R. R., Augusta, Ga.; F. W. Paine, Treas., Copper Range R. R., Houghton, Mich.; H. P. Edwards, G. M., At. & Western, Sanford, N. C.; J. D. Deweis, V. P. & G. M., Y. & Ohio Riv., Leetonia, O.; E. J. Jones, Gen. Counsel, Grass River R. R., Bradford, Pa.; J. Q. Beckwith, Asst. to G. M., V. & C. S. R. R., Lumberton, N. C.; D. L. Tilly, Treas., N. Y. Docks, New York City; W. L. Sykes, Pres., Grasse River, Inc., Conifer, N. Y.; J. F. Cochran, Recr., Ala., Tenn. & No. R. R., Mobile, Ala.; W. M. Legg, Pres., Ga., So. & Gulf, Albany, Ga.; S. H.

Reams, V. P. & G. M., Durham & So., Durham, N. C.; R. A. Knox and W. K. Sweltand, Audr. & Atty., C. & P. A. R. R., Coudersport, Pa.; L. M. Williams, Recr., Ga. & Fla. R. R., Richmond, Va.; D. F. Kirkland, G. M., Ga. & Fla. R. R., Richmond, Va.

NO BREWERY ADS

The Traffic World Washington Bureau.

The Railroad Administration has joined the hunt for the demon rum. W. C. Kendall, manager of the car service section, in C. S. 23, under date of July 26, said: "It is desirable that railroad refrigerators bearing the advertisements of brewing companies be repainted in accordance with standards of the individual railroads and such advertisements eliminated. This work should be done at the earliest possible date. Advise how many of such cars you have. Also advise of any other railroad refrigerators or other class cars you may have that bear similar advertisements so consideration can be given to repainting them in accordance with standards."

At the car service section the circular was understood to apply to railroad-owned refrigerators, but in other parts of the Railroad Administration the thought was expressed that the order would be applied to all brewery refrigerators so as to free the federal government from taint of connection, direct or indirect, except that of raising revenue, with the liquor traffic.

Under the act to regulate commerce common carriers must use the cars tendered by shippers. The only restriction on them is that they must comply with the safety appliance rules. If Director-General McAdoo is a "person engaged in the transportation of persons or property, for hire" by railroad, then he is a common carrier subject to the act to regulate commerce. However, there are those who suggest that the act to regulate commerce is not very seriously regarded these days and therefore that brewers having advertisements on cars owned or leased by them might as well get out their paint pots and begin destroying their advertisements. They might also raise the question as to whether the corporation name containing words suggesting the brewing of beer is an advertisement.

The cars to which the circular strictly applies are those provided by individual railroads to haul away the products of large breweries. The cars are always used for that trade, hence the practice of advertising the use to which they are put.

CONTRACT WITH RAILROADS

The Traffic World Washington Bureau.

Provisions safeguarding the private rights of railroad companies during government control have been inserted in the form of contract now tentatively agreed upon by the Railroad Administration and company representatives; and final adoption of the contract is expected soon after Director-General McAdoo returns to Washington next week.

The latest draft provides more specifically that nothing in the contract shall be construed "as prejudicing the future policy of the federal government concerning the ownership control, or regulation" of railroads nor affect any proceedings involving the acquisition or valuation of railroad property.

A copy of the tentative agreement issued August 8 by the Railroad Administration showed that prolonged negotiations during the last month between railroad attorneys and representatives of the Railroad Administration have resulted in adoption of plans which may tend to increase the compensation of the roads to some extent, and to re-

dance the danger of the government's paying excess charges for improvements and extensions against any company's account.

This eliminates much of the objection formerly entered by railroad companies who feared that the expense of big scale developments of transportation facilities made necessary by the war and ordered by the government might result in cutting down actual compensation payments to less than enough to meet ordinary capital obligations or to pay fair dividends.

Inasmuch as the aggregate compensation to be paid railroads will be nearly a billion dollars a year, the transfer of millions of dollars depended on these contract modifications. Similarly a multitude of railroad security holders are affected by the new contract terms.

One provision is that in case any company and the Railroad Administration fail to agree as to whether additions and betterments are for purely war purposes and consequently are to be paid for by the government, the question is to be determined by the Interstate Commerce Commission. The commission also is entrusted with the settlement of many other possible disputes.

The Director General of Railroads is authorized to order any improvements or extensions deemed necessary for proper maintenance or for war exigencies, but any company may protest against the charging of this cost to its account. The contract specifies, however, that no company may claim a loss because of the increased cost of materials and labor under abnormal war conditions. This is interpreted as assurance that the government will not be burdened with inflated costs of ordinary improvements which probably would have been made by railroads under present control.

A newly added provision that the Director General may not purchase more locomotives or cars for a road than is necessary for its own traffic leaves much to the Director General in determining exactly what additional rolling stock is necessary.

FREIGHT SITUATION IMPROVED

The Traffic World Washington Bureau.

An announcement given out by the Railroad Administration, office of the Director General, August 3, says:

Advices to the Railroad Administration report a general improvement in the freight situation. Cars are in abundant supply and are being moved promptly.

The Georgia Fruit Exchange of Atlanta, Ga., writes:

We are glad to be able to advise you that we are now about commencing this movement of the fruit, and it is being packed in the best manner possible. We are not sure as to the exact date when it will be shipped, but we are sure it will be shipped in the best manner possible.

The improvement in the freight situation is due to the movement of the fruit, and it is being packed in the best manner possible. We are not sure as to the exact date when it will be shipped, but we are sure it will be shipped in the best manner possible.

Another letter from a large producer of bituminous coal in West Virginia says:

We are glad to be able to advise you that we are now about commencing this movement of the coal, and it is being packed in the best manner possible. We are not sure as to the exact date when it will be shipped, but we are sure it will be shipped in the best manner possible.

The weekly bulletin of the West Coast Lumbermen's Association, including in its membership nearly all the lumbermen on the Pacific Coast, says:

Lumber mills in western Oregon and western Washington again are running at full capacity after the brief mid-summer holiday, and are thus enabled to replenish their stocks, which had been permitted to run low as a result of the heavy government and commercial orders during the spring and early summer.

Production for the week ended July 20 at a group of 124 mills reporting to the West Coast Lumbermen's Association was 76,209,623 feet, which was within 2,631,371 feet, or 3.33 per cent, of the normal.

Another notable element in the situation for the week was the continued abundance of freight cars. The mills shipped a total of 62,149,000 feet, or 1,738 cars during the week, leaving a balance of only 8,219 cars of unshipped business on the books of the mills. This places the west coast industry in better condition, so far as car business is concerned, than they have been in for nearly a year.

"A letter from Seattle, Wash., published in the Philadelphia Ledger of Friday, August 2, says that eastern retail lumber dealers have become somewhat indifferent about replenishing their fall stocks with promptitude, as they are relying upon the idea that cars will be in plentiful supply during the winter and that they will be able to get delivery as they may need it. The directors of the transportation and traffic divisions of the United States Railroad Administration assert that those who are likely to require goods during the coming winter will do well to have them shipped while cars are in abundant supply and prompt transportation can be relied upon. They say that while every effort will be made to meet any legitimate demand for transportation it is well not to forget that priority will have to be given to the shipment of coal and many other essentials during the winter, and that those who are likely to require goods that must be shipped from distant points by rail will do well to lay in the necessary stocks while the transportation facilities of the country are in good working order, and before the rigors of a possibly severe winter shall interfere as they must with the movement of trains and the loading and unloading of cars."

DIVISION OF LABOR APPOINTMENTS

In Circular No. 1, dated July 26, Director Caster of the Division of Labor announced the following appointments as representatives of the Division of Labor: Wm. Blackman, effective July 5; John A. Moffitt, effective July 15, and Anthony M. Banks, effective July 18. These representatives will be assigned to conduct investigations and to represent the Division of Labor of the Railroad Administration in other specific matters to which they may be assigned affecting employees of the railroads under federal control.

STOPPING RAILROAD THEFTS

The Traffic World Washington Bureau.

The Railroad Administration issued for publication August 8 the following statement:

The vigorous campaign inaugurated by Director-General McAdoo to stop thefts of railroad property is beginning to show gratifying results. Since the Property Protection Section of the Division of Law of the Railroad Administration was established on March 26, 1918, 1,098 prosecutions of thieves operating against railroad property have been brought 592 convictions have been secured and 244 penitentiary sentences have been imposed.

The Property Protection Section, which is under the general direction of John Barton Payne, general counsel of the Railroad Administration, and under the direct supervision of Philip J. Doherty, manager, is receiving the cordial co-operation of the federal authorities, of local police organizations throughout the country, of the courts and of a number of civic organizations. Railroad police agencies already in existence are being utilized and new railroad police agencies are now being organized at various railroad centers for the purpose of more effectively stamping out thefts from railroads entering those points. Successful efforts are being made completely to co-ordinate

railroad police and other public agencies at the principal centers.

While the railroads have reported each year to the Interstate Commerce Commission the total payment for loss and damage to freight, the only available figures limited to loss from robberies, concealed losses and unlocated losses are those covering the year 1914. In that year the carriers reported the loss from robberies, concealed and unlocated losses as \$10,310,708.41. The total payments by the railroads for loss and damage to freight for the four years ending June 30, 1917, aggregated \$112,380,073, distributed as follows:

By years the figures are:

Year ending June 30, 1914.....	\$33,279,057
Year ending June 30, 1915.....	29,528,016
Year ending June 30, 1916.....	22,737,000
Year ending June 30, 1917.....	26,836,000

Total\$112,380,073

This aggregate of more than \$112,000,000 for four years did not all arise from theft or dishonesty, but theft, dishonesty and carelessness combined were responsible for an extremely large proportion of the loss. These losses were during years of comparatively normal traffic; they were regarded as incident to the exchange of traffic.

In the year 1917 the total amount paid by the New York Central Railroad for loss and damage to freight was \$3,067,976, and for robberies alone during that year the sum was \$484,534.70.

An analysis of the freight loss and damage claims payments by five railroads entering Chicago which may be regarded as typical shows that the Chicago & Northwestern payments for this class of loss for 1916 were 1.30 per cent of all the freight revenue; for 1917, 1.51 per cent of all freight revenue; Chicago, Burlington & Quincy for 1916, 1.15 per cent of all freight revenue; 1917, 1.87 per cent; Chicago, Milwaukee & St. Paul for 1916, 1.36 per cent; 1917, 1.94 per cent; Chicago, Rock Island & Pacific for 1916, 1.44 per cent; 1917, 1.59 per cent; Illinois Central for 1917, 1.11 per cent.

Several statutes are in effect under which prosecutions for this kind of lawbreaking can be brought. They include the act of Congress of Feb. 13, 1913, to punish unlawful breaking of seals of railroad cars, stealing freight and express packages or baggage, etc., in process of transportation in interstate shipment, etc.; the act of Congress of March 21, 1918, to empower the President of the United States to take over and operate the railroads during the period of the war; the act of Congress of Aug. 10, 1917, amending section 1 of the act to regulate commerce, which provides for punishment for obstructing, retarding, or interfering with make-up of any train, car locomotive, or other vehicle in the movement of interstate commerce; the act of Congress of April 20, 1918, known as the sabotage act, to punish the wilful injury or destruction of war material, or of war premises or utilities used in connection with war material, etc. There are a great many state statutes which may also be invoked.

In enforcing these statutes the Railroad Administration and the police forces of the various railroads have proved successful in co-operation with local police authorities in carrying on vigorous campaigns to stop the theft of railroad property in several of the principal centers.

In St. Louis the police department has rendered signal and important service in co-operation with the railroad police. A force of city detectives was assigned to give exclusive attention to the work, and uniformed policemen sent upon the railroad premises as a part of their regular duty, to prevent offenses of this class. As a result of this co-operative work, more than 100 employees and others have been indicted by the federal grand jury in cases of theft of goods of large value. Shipments to a value of more than \$75,000 have already been recovered. Several severe sentences have been imposed by the United States court at St. Louis. Results have been highly beneficial, terminal officials having certified that within a short time after the institution of the crusade there against this class of offenders, theft conditions improved at least 75 per cent.

At Chicago, the detective forces of the municipal department, at the direct request of the Railroad Administration, and also in co-operation with the Chicago Railroad Police Commission, a unified organization of all special agent and police forces, of all carriers centering

in Chicago, have performed important service in the recovery of stolen shipments and in the arrest of large numbers of offenders.

Under date of July 26 the Chicago representative of the Property Protection Section of the Railroad Administration advised of the arrest of sixteen defendants concerned in extensive thefts from freight cars and the recovery of goods to the value of \$7,500. Detectives of the city department are constantly at the call of the railroad police organization and giving hearty and effective co-operation.

In New York the city police department and detective forces have been co-operating with the railroad police forces and have recovered valuable goods and made important arrests of offenders charged with this class of crime. The Merchants' Association of New York, the Jewelers' Protective Union of New York and several local boards of trade have placed the services of their organization at the disposal of the Railroad Administration in this class of work.

Among other very important results of the work of this bureau are significant and helpful warnings from the bench by some of the judges of the United States district courts of their intention to impose severe sentences in this class of cases. Such warnings in themselves are efficacious. They exercise a very strong deterring influence.

Instances are: On July 30, U. S. District Court at Toledo, O., in continuing for sentence a case in which there was a strong plea for leniency because of the large families of the defendants, made a very impressive statement from the bench that "in any new case no plea for leniency would receive any consideration, but in all such new cases conviction would mean a sentence to the penitentiary for a considerable time, and that no small bonds would be accepted."

On July 18, Judge Tuttle, at Detroit, in pronouncing sentence of five years in the federal prison at Leavenworth, on Harry Nichamin, stated from the bench: "In prosecutions of this nature against receivers and so-called 'fences,' unless the circumstances were of such an extraordinary nature as to make an exception, he would give the maximum punishment provided by statute."

On July 30, Federal Judge Killits made it plain in a talk to seven of the twelve indicted from Marion, O., that robbing cars had to stop. His remarks were: "Future cases of interstate commerce violation," said the judge, "will be given penitentiary sentences. The court will not be influenced by dependents or any other considerations. This wholesale robbing of cars must stop, and the court believes penitentiary sentences will have the effect of materially reducing the number of robberies."

As result of campaign inaugurated by the Railroad Administration many reports of improved conditions have been received. Under date of June 10, Baldwin, C. S. A., N. & W., Roanoke, Va., reports: "Beg to advise that our robberies have been reduced at least 50 per cent."

Under date of May 13, Mitchell, C. S. A., Missouri Pacific, St. Louis, reports:

"I am reliably informed that a number of good thieves now employed in switching service at East St. Louis will quit their jobs and leave for other places to-day."

Under date of May 28, transmitting statement of B. Adams, agent, agent Terminal Railroad Association, St. Louis, as follows:

"The first half of May we averaged 7 cars per day (with improper seals). The average has decreased until at the present time we are receiving only one or two cars per day. Showing exceptionally good at the present time."

In the same communication:

"The showing here made means practically an elimination of robbery on the terminals for the time being."

Under date of July 5, same agent transmits information to the effective that:

"The arrest of the switchmen in St. Louis charged with robbing cars is having effect with the men. It is the principal subject of conversation around the switch shanties and lunchrooms."

And, under date of May 29:

"Personally and by report from cover men, I am able to state the results so far obtained have been marvelous."

Under date of May 18, J. H. Patterson, F. C. A., Mobile & Ohio, Mobile, Ala., wrote E. A. Jack, F. C. A., Terminal Railroad Association, St. Louis, Mo.:

"I want to give you and your people credit for a material

improvement in the number of irregularities chargeable to your delivery to us at East St. Louis. * * * as compared with the preceding periods of recent date it shows that you have been accomplishing much."

Under date of July 1, C. S. Reifsnider, C. S. A., the Ann Arbor Railroad, Toledo, O., reports:

"There has been a very decided improvement in all cases of theft, trespassing and violations against the Ann Arbor Railroad Company owing to the close attention being given same by the officers; also by the numerous indictments against criminals now in the federal courts."

L. H. Philadelphia, general superintendent, C. C. & O. Railway, Erwin, Tenn., under date of July 19, reported:

"We have had nothing to report recently in the way of robberies, arrests or convictions."

On July 31, F. Fitzpatrick, chief inspector, N. C. & St. L., Nashville, Tenn., wrote:

"The property of the Nashville, Chattanooga & St. Louis Railway is in better condition to-day, from the standpoint of thefts, depredations and losses, than it has been in many years. It is clean from one end to the other."

On June 19, H. L. Van Sackler and Stacy H. Myers, attorneys for Property Protection Section, reported from Detroit, Mich.:

"Special agents of the various lines entering Detroit, as well as police officers of the city have advised us that conditions respecting our thefts and the disposal of the stolen articles to fences have improved greatly within the past month and in a spirit of generosity they insist on attributing these results to our efforts, all of which, of course, is due to their hearty cooperation."

On June 26, last, attorney Property Protection Section, reported from Pittsburgh, Pa.:

"Captain Haddock, of the Baltimore & Ohio, advises me that since our crusade the number of larceny cases has been reduced 50 per cent."

On June 21, Myers and Van Sackler, attorneys, Property Protection Section, reported from Detroit, Mich.:

"Special agents advise that the forces here in Detroit are absolutely refusing to buy any kind of property as to which there is any suspicion of its having been stolen."

On June 17, 1918, Regional Inspector Smith, eastern territory, wrote to General Counsel Payne:

"The creation of a department to handle this work, which has been done, is gradually securing the cooperation of the courts and other federal authorities, and is having a wholesome influence which is noticeable."

The assistance of the public in building up a healthy sentiment against this kind of crime is resought by the Railroad Administration. In the past there has been a tendency on the part of the public to minimize the seriousness of thefts from railroads, and in many cases trifling penalties have been imposed by courts for offenses of this kind. This probably was due in part to anti-corporation sentiment. At the present time the railroad properties of the country are under the control of the United States government and therefore anyone stealing from a railroad is robbing the United States.

JURISDICTION EXTENDED

Regional directors announce that the following railroads are added to the jurisdiction of managers: A. J. Davidson, general manager Oregon Electric Railway and Oregon Trunk Railway; W. L. Park, general manager Leavenworth Terminal Railway & Bridge Company; G. R. Huntington, federal manager Copper Range Railroad, Lake Superior Terminal & Transfer Railway and Mineral Range Railroad; H. E. Byram, federal manager Escanaba & Lake Superior Railroad, Ontonagon Railroad and Port Townsend & Puget Sound Railway; A. W. Tronholm, federal manager Minneapolis Eastern Railway, Minnesota Transfer Railway, St. Paul Bridge & Terminal Railway, St. Paul Union Depot Company; W. P. Kenney, federal manager Farmers' Grain & Shipping Company and Minneapolis Belt Line; J. M. Hannaford, federal manager Cassia Pacific Railroad, with headquarters at St. Paul, Minn.; G. L. Peck, federal manager Calumet Western Railway, Englewood Connecting Railway, Pittsburgh, Chartiers & Youghiougheny Railway, and South Chicago & Southern Railroad; C. M.

Kittle, federal manager St. Charles Air Line, with headquarters at Chicago, Ill.; E. J. Pearson, federal manager New York Connecting Railroad, Narragansett Pier Railroad, and Wood River Branch Railroad; Elisha Lee, federal manager Huntingdon & Broad Top Mountain Railroad and Philadelphia Belt Line south of Port Richmond yard; F. H. Alfred, federal manager car ferry lines on Lake Michigan formerly operated by the Ann Arbor, the Pere Marquette and the Grand Trunk; C. H. Enring, federal manager Marquette and the Grand Trunk; C. H. Ewing, federal manager Philadelphia Belt Line north of Port Richmond yard.

STAMPING BILLS OF LADING

Circulation is being given to a letter from Walker D. Hines relating to forms of stationery, etc., under federal control. Among other things it says:

Bills of lading and other documents which, when executed, constitute contracts of the Director General, should be stamped

United States Railroad Administration,

W. G. McAdoo, Director-General of Railroads,
North and South Railroad.

The above is to be regarded as substituted for the name of the North and South Railroad Company where the same appears in this document.

On account of the prospective changes in all accounting forms, as well as in bills of lading and other documents which when executed constitute contracts, it is not practicable at this time to issue final instructions as to the forms to be used. Therefore, until further advised, the use of existing forms will be continued with the modification above directed, but such forms shall not be reprinted in quantities estimated to be sufficient to last longer than six months from August 15, 1918. A reasonable supply of forms of contracts which produce a change in status which would in some cases continue beyond federal control, such as leases and side track contracts, may be retained unstamped, to provide for cases likely to arise within six months of August 15, 1918, in which the duration of the contract would be sufficient to possibly extend beyond federal control. This will provide forms for execution by the corporation with the consent of the federal manager in such cases.

By reason of the fact that bills of lading are distributed generally among shippers and frequently privately printed by the shippers, notice should be given to all shippers and particularly those known to agents as using private forms of bills of lading, that on and after August 15, no bill of lading will be executed by the carrier, unless stamped or printed as directed above.

As to passenger tickets and baggage checks, the existing forms may be used. New standard forms will be authorized and when available will be used in replenishing stock.

The required change can probably be most economically effected by transmitting stationery to central points, stamping or printing the same there and redistributing it. If it seems most economical to accomplish the change in the stock at small stations by the use of rubber stamps, it is suggested that stamps be forwarded from station to station on each division under the direction of the Division Officers, to avoid an unnecessary number of stamps. Arrangements should be made to have the stamped stationery put in universal use by August 15, 1918.

MOVEMENT OF CIRCUSES.

C. H. Markham, regional director, has notified roads in the Allegheny region that the necessity of providing transportation for the greatly increased passenger travel resulting from war conditions has made it practically impossible for the railroads in the Allegheny region to con-

time to provide coaches or baggage cars for movement of circuses or carnival companies or similar shows, and, therefore, persons applying for such equipment should be referred to regular passenger service for transportation of their people and to the freight service for movement of the show paraphernalia. This ruling will not apply to movements of what are known as "Liberty Shows" to and from United States military cantonments and depots. If any cases should arise where the providing of such equipment by the railroad would actually benefit the road from an operating standpoint, it is directed such cases should be reported for consideration and decision.

RAILROAD FUEL SUPPLY

The Traffic World Washington Bureau.

In Circular C. S. No. 22, dated July 25, Manager Kendall of the car service section, sent each railroad the names of the district representatives of the Fuel Administration in the various coal producing fields, together with the address of each, and a description of the field over which he has jurisdiction. The purpose is set forth in the following:

"It is suggested that in case you meet with difficulty in obtaining your railroad fuel supply, you may be able to obtain some assistance by getting in touch with the proper district representative of the Fuel Administration by wire, in addition to which, however, the car service section should be immediately advised of your situation."

LOADING OF COAL

The Traffic World Washington Bureau.

A report to Director-General McAdoo was made by the Car Service Section August 2 on the quantity of coal of all kinds loaded at the mines by roads for the week ended July 20, 1918, as compared with the same period for 1917. A summary of the report follows:

	1918.	1917.
Total cars bituminous.....	225,771	192,147
Total cars anthracite	40,664	42,840
Total cars lignite	3,999	2,544
Grand total cars all coal.....	270,434	237,531

A summary of the decreases and increases in coal loaded since January 1, 1918, up to and including the third week of July, 1918, as compared with the same periods of 1917 follows:

Month.	Decrease. Cars.	Increase. Cars.
January	79,172	
February		31,250
March		46,613
April		73,408
May		84,998
June		88,840
July (first three weeks)		83,022
Increase, 1918 over 1917, 328,959 cars.		

CARS FOR RAILROAD FUEL

Hale Holden, regional director, says:

Circular No. 42, dated July 9th, directing the abolishment of assigned cars for railroad fuel loading, is hereby amended as follows:

Abolishment of assigned cars is intended to affect only distribution of cars as between mines and is not intended to affect car service or interchange as between railroads. The purpose of the new arrangement is to avoid, at the request of the United States Fuel Administration, the working of some mines to full capacity while other mines in the same competing district shipping commercial coal out of the commercial distribution of cars would work less than full capacity. It is, therefore, permissible for railroads to accept from their connections cars to protect their company coal loading.

Mines owned by railroad companies and producing exclusively railroad fuel must be treated just the same as any other mines.

SAVE CAR DAYS BY COAL TRESTLES.

R. H. Aishton, regional director, suggests to central western railroads that a considerable saving in car days could be accomplished if all industries receiving coal in carload lots were required to provide themselves with facilities for utilizing drop bottom or dump equipment; that where the amount of coal used is not sufficient to justify a high trestle, satisfactory results could be secured with an elevation of two or three feet, or sufficient to hold one carload of coal. He points out that it is essential that everything possible be done to save car delay and asks each road to have the situation on its line carefully canvassed in this respect, co-operating with the industries with a view to having trestle facilities provided in each instance where justified.

PROMPT COAL CAR HANDLING

Hale Holden, regional director, writing to central western railroads, in supplement No. 1 to circular No. 45, says:

Our attention is being directed to accumulation of coal on track for commercial consumers, and an occasional case of accumulation of railroad company coal.

It develops that in most cases consignees are endeavoring to put in a storage stock, but for various reasons, such as shortage of labor or dilatory methods in handling coal as it arrives, accumulations occur and in consequence coal carrying equipment is held out of active service indefinitely.

It is necessary that local officers keep closely in touch with the unloading of coal cars, and when it is found that consignees are not releasing cars with reasonable promptness, the matter should be called to their attention and if they can give no assurance that cars will be released without further delay, the attention of the Fuel Administration should be called to the situation, with the request that coal be diverted to other consignees, who are in a position to release the cars.

To maintain a sufficient car supply to meet the increased demands, it is most important that everyone concerned in the handling of coal car equipment leave nothing undone to avoid delays in the movement of coal from mines to consignees, expediting the release and return of empties to the mines.

The company coal situation must be watched closely, so that cars will not be unnecessarily delayed. Also, if any coal cars are utilized for the loading of cinders, etc., in the direction of the mines, such cars must be released without delay.

USE OF WATERWAYS

The following is put out by the National Rivers and Harbors Congress:

The 1918 rivers and harbors act, which was signed by the President on July 18, carries cash appropriations of \$23,771,900 and one continuing contract authorization for \$82,700, making a total of \$23,854,600. According to a report of the Census Bureau, 376,176,496 tons of freight were carried on the rivers and harbors of the United States in the calendar year 1916. These figures are below the truth, because the Census Bureau does not gather the statistics of freight carried in boats having a capacity of less than five tons, of which there are thousands in use. But taking the figures as they stand the appropriations for the fiscal year ending June 30, 1919, amount to only six and one-third cents for each ton of traffic carried in the calendar year 1916.

The appropriations in the 1918 rivers and harbor act are almost entirely for maintenance, no new works of improvement being authorized unless they are considered to be needed for purposes connected with the war.

That failure to maintain our waterways and harbors in condition for use would have been a very serious mistake

will be evident when it is remembered that the 176,176,100 tons of freight which were carried by water in 1916 would fill 10,464,412 forty-two freight cars. If the waterways had not been available, this vast tonnage must either have been moved by rail or not moved at all. This means, of course, that it would not have been moved at all, for the railroads were utterly swamped.

For many years the National Rivers and Harbors Commission has been urging the importance of waterways, and our arguments are now being strongly reinforced by the senseless logic of war. We have allowed water transportation to be almost entirely destroyed, but the Government is now convinced that it must be restored. Active steps are being taken in that direction and it is worth while setting down some of the things that have been done or decided on.

First, in point of time, the Shipping Board allotted \$3,360,000 for building boats and barges for use on the upper Mississippi River. Building the barges is already under way and is soon to start on the tow boats, which are to embody the results of the studies made during the past four years by a special board of Army Engineers. This equipment is to be leased to a company headed by Mr. Edward F. Glavin of St. Louis. Coal will be carried to St. Paul and Minneapolis and iron ore on the down trip to St. Louis.

After the Government took control of the railroads, Director General McAdoo appointed a Committee on Inland Waterways, consisting of Maj. Gen. Wm. M. Black, Chief of Engineers, chairman; Brig. Gen. Chas. Keeler, secretary; and Messrs. G. A. Tomlinson of Duluth, Minn.; Walter S. Jolley of Kansas City, Mo.; Carter Tomkins, of New York; and M. J. Sanders of New Orleans, as the other members.

Control of the splendid new barge canal system of New York State was now taken over by the Government and Mr. Tomlinson was made its manager. Later the New Jersey canals were also taken over and placed under his management. Some fifteen or twenty tow boats and nearly 100 of the old state canal boats have been acquired and put into service and contracts have been let for building sixty-one steel and twenty concrete barges, deliveries to begin in August. Rates have been fixed about 25 per cent lower than rail rates and there will be joint rates in connection with rail lines and lake boats. Arrangements have been made to start a special fast freight service to run on regular schedules between Buffalo and Albany, connecting with the Hudson River boats for New York City.

From the engineering standpoint his assistant, President Wilson, appropriated \$1,000,000, which is now being used in dredging the Illinois and Mississippi Canal to its original depth. This will give a channel 6 feet deep, connecting the Chicago, Des Moines Canal with the Hennepin Canal and with the Illinois River.

Mr. M. J. Sanders has been appointed Federal Manager of the Mississippi and Western River Waterways. Contracts will be let as soon as possible for several powerful tow boats and a large number of small barges for use on these waterways, but meantime all available and suitable equipment will be secured and set to work carrying coal from the Arkansas fields to Mobile and New Orleans and in general traffic between New Orleans and St. Louis. Mr. Theodore Brent, an experienced traffic man and a former member of the United States Shipping Board, has been appointed traffic manager of the combined Mississippi and Western Waterways, and Mr. A. R. Mackin, for some years general manager of the Kansas City, Missouri, River National Company, has been made manager of the Mississippi River system. Mr. Henry T. Fischer-Jensen, a well-known coal operator of Birmingham, Ala., has been made manager of the Western River system.

The Government has taken control of the Cape Cod Ship Canal and will at once do what dredging is needed to restore it to a depth of 15 feet throughout. The manager who will operate it has not been appointed.

A contract has been let for building a number of boats for use on the Chesapeake and Ohio Canal. These will be used in carrying coal from Cumberland, Md., to Washington.

The Inland Waterways Committee, which made reports on all the waterways thus far named, has just completed a report on the entire route (the Atlantic coast). Nothing (owing to the report) will be given out until it has been

passed upon by the Director General, but in view of the relief so urgently needed from the congestion of rail traffic in this territory, it is difficult to see how the report can be other than favorable to the operation of these waterways by the Government.

The Census Bureau reports that the freight carried on the Mississippi River and its tributaries was 40,169,427 tons in 1916, as compared to 27,856,641 tons in 1906, an increase of 12,312,786 tons, or 44.2 per cent. It is evident, therefore, that the pendulum had already begun to swing the other way, and now that Uncle Sam himself has taken hold and begun to push, the future of water transportation in the United States looks brighter than it has for many years.

COST OF PUBLIC IMPROVEMENTS

The Traffic World Washington Bureau.

In Circular No. 44, Director-General McAdoo said:

Wherever street or road construction and other public improvements are contemplated by the authorities in any state, county, district or municipality, for which a portion of the cost in an amount exceeding five hundred dollars (\$500.00) is to be charged against any railroad under federal control, the authorities are requested to take the matter up with the federal management of the road directly interested and secure the concurrence of the Railroad Administration in advance.

In the event this is not done the Director-General will reserve the right to decide whether or not he will participate in the payment.

It is not the attitude of the Director-General to oppose construction of this character which is meritorious and essential. The Director-General feels, however, that in the present stress as to the essential labor and material supply all work of this kind which can be postponed without injury should not be undertaken, and the railroad should not be expected to participate in the payment unless the expenditure is indispensable.

RATES ON COTTON

The Traffic World Washington Bureau.

The Railroad Administration has under consideration a proposed change in the rates on cotton which would provide for the application of the present any quantity rates as basic carload rates on cotton loaded one hundred bales to the car, with certain percentages higher for cars loaded with fewer bales, L. C. L. rates to be 50 per cent higher than basic carload rates. Consideration is also being given to the cancellation of the present basis for concentration of cotton at the through rate from point of origin to destination and the making of a charge of seven and one-half cents for the concentration privilege. However, no definite decision has been reached and it is thought probable that the present any quantity ratings on cotton will be continued for the present season.

ROUTING CARLOAD FREIGHT

E. S. Stevens, general freight agent of the Chicago & Eastern Illinois Railroad, has sent the following to C. & E. I. agents.

You are no doubt all of you familiar with the efforts which are being made to throw routing of carload freight into proper short mileage and direct route channels.

This means that all carload freight must move—all other things being equal—via the most direct lines and must be routed via junctions which will accomplish this result, unless shippers have good reasons for requiring other routing.

Among such reasons are, of course, question of service, avoidance of blockades, transit and reconsignment privileges and terminal deliveries at destination.

We must approach this proposition from two standpoints.

First, we must watch carefully our inbound carload business and where we receive inbound cars and the billing shows they have traveled circuitous routes, you should report to your general agent or division freight officer all the facts in connection with such shipments, giving him point of origin, waybill reference, car number, contents, shipper and consignee.

In billing outbound shipments all possible care should be given to sending same via short-mileage routes and it will be proper, I think, to inquire of shipper if he has any essential need for specific routing or terminal delivery in so doing.

Such cars on which routing is changed should be reported by you to your division freight officer on the weekly statements which he is asking you to compile.

Please see if you cannot get all of your station forces interested in this subject, and I would suggest—at the larger stations, particularly—that you call your forces together and thoroughly discuss this subject with them.

HEAVY LOADING OF CARS

A circular from C. H. Markham, Regional Director, to lines in the Allegheny region, says:

Your attention is attracted to the necessity of co-operating with shippers to the end that cars are loaded to the maximum capacity, thereby securing 100 per cent efficiency in the use of equipment.

As information on the subject, please note recapitulation of shipments made by one firm for five working days during the month of July. Cars included in this statement were loaded with cement in paper sacks:

Total cars shipped, 47.

	Lbs.
Combined maximum capacity all cars.....	3,646,000
Combined weight of lading all cars.....	3,635,780
Pounds less than maximum capacity	10,220
Average capacity per car, plus 1.0 per cent.....	77,574
Average weight lading per car	77,357
Per cent utilization based on maximum capacity 99.72%	

Please forward report as of August 15, showing action taken in this matter.

It is also necessary that close supervision be given to L. C. L. shipments, and in your report as of August 15, please include the first five cars loaded on a particular day at each of the principal stations on the roads under your jurisdiction, showing the maximum capacity of each car and the weight of lading when forwarded.

SAILING DAY COMMITTEES

Hale Holden, regional director, makes the following announcement to central western railroads:

A Central Western Region Sailing Day Plan Committee for handling merchandise has been named, as follows, with headquarters at Chicago: George Morton, Chairman, A. G. F. A., C. B. & Q. R. R., Chicago; F. H. Manter, A. G. F. A., A. T. & S. F. Ry., Chicago; George White, A. G. F. A., C. R. I. & P. Ry., Chicago; C. W. Axtell, A. G. F. A., Un. Pac. R. R., Omaha; W. W. Hale, E. C. S. A., So. Pac. R. R., Chicago.

The Car Service Section will very shortly issue a formal announcement of the selection of this committee and that department will give general supervision with a view of co-ordinating the work of the committees as between the several regions.

This Committee has full authority of the undersigned to call upon railroads for such information and reports concerning merchandise traffic as may be required, and all concerned should be instructed to co-operate fully with the Regional Committee to the end that the very best possible results may be obtained.

It will be necessary to appoint sub-committees in the various jobbing centers, in addition to which it is desired that each railroad name one representative of its line with whom Mr. George Morton, as Chairman, may communicate direct in securing the necessary data, and through whom the necessary instructions may be issued.

C. E. Taylor, superintendent of terminals of the Santa Fe in Chicago, who has been appointed operating assistant to the terminal manager of the Chicago terminal district;

Fred Zimmerman, who has been appointed traffic assistant, and D. I. Forsyth, acting chairman of the Chicago committee, of the car service section, who has been appointed car service assistant, with Mr. Taylor as chairman, will constitute a committee to supervise the introduction of a "sailing day" plan in Chicago.

T. Q. Proctor, assistant general freight agent of the Chicago, Milwaukee & St. Paul, has been appointed chairman of a committee to supervise operation of a "sailing day" plan in all terminals of the northwestern region except Chicago.

FOREIGN GOVERNMENT CONSIGNEES

To enable roads to distinguish export traffic on wheels arriving at ports, consigned to various governments, C. H. Markham, regional director, quotes a list showing the consignees doing business account of Great Britain, France and Italy, as follows:

Great Britain.

New York, to British Ministry of Shipping.

When destined to all other north Atlantic ports, to the British Ministry of Shipping, notify Furness, Withy & Co.

Savannah and Brunswick, to the British Ministry of

This information is furnished so that in compiling statement of cars of export freight at ports as of Friday each week, and cars held 15 days or more, the report as to the various consignees will be rendered correctly.

Italian Government.

New York, Italian Ministry of Shipping, notify A. Palanca.

Baltimore, Italian Ministry of Shipping, notify G. Schiaffino.

Philadelphia, Italian Ministry of Shipping, notify Ansaldo & Co.

Shipping, notify Strachan Shipping Company.

Pensacola and Mobile, to the British Ministry of Shipping, notify Mobile Lines, Ind.

New Orleans and Galveston, to the British Ministry of Shipping, notify Texas Transport & Terminal Company.

Port Arthur, Tex., to the British Ministry of Shipping, notify Port Arthur Transatlantic Line.

French government, consigned to Captain Johannett, c/o G. W. Sheldon & Co. This consignment is used via such ports as French shipments are exported.

SELLING GOODS AT AUCTION

R. M. Richter, secretary of the Bedford Stone Club, has written the following letter to Luther Walter, of the Railroad Administration, concerning the Director-General's General Order No. 34:

With reference to the above, which authorized carriers to sell at public auction without advertisement carload and less-than-carload non-perishable freight, we respectfully submit that the consignor should have sufficient notice in each case to arrange to protect himself. As the order now stands, the consignee is the only party who would be notified.

Consignee may purposely refuse to pay any attention to any notice of arrival or availability of the goods shipped him. Consignor's interest in a shipment continues until consignee has accepted same and paid for the freight charges.

A railroad disposing of a shipment at auction would have no interest in securing a price beyond that necessary to protect the freight charges and incidental expenses. A consignor might, therefore, under these conditions, be made to suffer heavy damage, whereas if he had reasonable notice of the proposed action he could protect himself.

There is the further argument that in many cases, without question, it would be difficult for the auctioning carrier to secure a sufficient price to cover the freight charges, etc., whereas if the consignor has the opportunity to act in self-defense, he would in the greatest majority, if not

Isn't it possible to have Order No. 34 modified in keeping with the above suggestions, which, in our judgment, are very matter of fact and businesslike?

Conrad E. Spens, Manager of Inland Traffic, U. S. Food Administration, furnishes the appended statement showing the trade units—actual minimum car loadings—prescribed by the Food Administration covering foodstuffs that come within its jurisdiction. The statement gives a comparison of the Food Administration's trade units with those published by the three railroad classification committees. The purpose of the trade units is to increase car efficiency thereby may be a better supply of cars for the transportation of foodstuffs and other commodities. All licensees of the Food Administration are obliged to load cars to the trade units specified.

[illegible]

Notwithstanding the foregoing, the results do not appear to be as clear as they are usually considered to be. Various factors enter into the picture, and the distribution of the population of each country, through, a complex system of the factors of development.

	to be made by the branch house.			
24,000	Butter	20,000	20,000	20,000
from June 1 to	Eggs and dressed poultry.	20,000	20,000	20,000
Sept. 15.				
24,000				
remainder of				
year.				
20,000	Mixed carloads of butter,			
from June 1 to	eggs and poultry.....	.....	.....	.....
Sept. 15.				
24,000				
remainder of				
year.				
30,000	Cheese	30,000	.....	30,000
60,000	Feeding stuffs	36,000	.....	36,000

Car capacity.

Wheat,	40,000	40,000
barley	to	to
	64,500	64,500

7 boxes wide.
2 boxes high,
boxes on end.
Full length of
car.

360 boxes.

Averaging 25
lbs. or less, 5
tiers high; av-
eraging more
than 25 lbs., 4
tiers high.

To be loaded as heavily as will permit transportation without damage to commodity shipped.

Oranges and lemons, straight or mixed car- loads, in ventilator or refrigerator cars, from California and Arizona	64,500	.....	64,500
	24,000		24,000

Exception: Lemons shipped in collapsible tank cars with bunkers open may be loaded 6 boxes wide instead of 7 boxes wide

Oranges,	lemons,	limes,			
and grape fruit, straight					
or mixed	carloads, in				
ventilator	or refriger-				
ator cars, from Florida.	24,000	24,000	24,000		
Watermelons	24,000	24,000	24,000		

All perishable foodstuffs (fresh and frozen fish, fresh fruits and vegetables) not specifically provided for above.

C. M. Fish, traffic manager of the Texas Mexican Railway Company, has issued, under date of August 1, the following circular to stockmen:

Everyone is more or less interested in and affected by the high cost of living.

You, as producers and shippers of an important food, are interested in securing your just share of the increased prices paid for your product by the consumers of the country.

You pay the freight on your product, selling it to the packers on a delivered basis, therefore, high freight rates are a vital factor in determining your net proceeds. There has been two increases in rates on live stock within the past few months. Under present conditions these increases are necessary.

The Interstate Commerce Commission in allowing increased rates in the Shreveport-Texas Cattle Case, decided January 22, 1918, resulting in increased rates effective May 1, 1918, said in part at page 288:

"In our report of July 27, 1916, we commented upon the high percentage relation of loss and damage claims to freight earning on live stock. The evidence in this proceeding is to the same effect. Such claims include loss of markets, and shrinkage. It appears that the percentage is higher on state than on interstate movement, and the payments heavier on cattle than on other live stock. The amount varies to some extent with the condition of the animals. Some are so weak when shipped as to make loss in transit almost inevitable, and one of the largest roads has such photographed in self-protection. Beef cattle are stronger than stock cattle and less susceptible to injury, but lose weight more rapidly. Many of the largest shippers rarely, if ever, file claims, and the Cattle Raisers' Association

tion is urging its members to refrain, but, even so, the earnings on this class of traffic are materially offset by payments for loss and damage."

This statement by the Interstate Commerce Commission is confirmed by one of our own shippers if remarks attributed to him have been correctly reported to me. I have been told that one of the shippers served by the Texas Mexican made the boast he never paid any freight charges. He got it all back by filing claims for damage.

In order to accurately determine whether or not the conclusion reached by the Interstate Commerce Commission was correct as applied to shipments originating with the Texas Mexican, I have carefully checked every shipment originated by it in the year 1917. I regret that the result of this check clearly shows that the findings of the Commission were correct as applied to the Texas Mexican; also that at least one of our shippers was not paying any freight charges, in fact, his claims amount to 160 per cent of the freight charges paid. Somebody is paying that shipper's freight and the profit he is making on his shipments. Is it you?

You will find on the following pages a correct statement of our 1917 shipments. We are giving no names, but if you will check up your accounts for last year you can determine where you stand. The total amount for which claims were filed is 20.7 per cent of the total freight charges. Of course, rates have to be raised a sufficient amount to offset these claim payments.

This statement is particularly interesting in that it shows that some of our heaviest shippers rarely, if ever, file claims, and in the majority of cases where claims are filed by large shippers the claims are reasonable. Do the shippers who file no claims or file claims representing only their actual loss realize that they are paying the claims of shippers who file exorbitant claims? What is the reason for the wide discrepancy between shipper number 8, who made twenty different shipments consisting of 78 cars, without filing a claim, and shipper number 31, who made sixteen shipments consisting of 78 cars and filed 11 claims? Why is it that we very often handle a train consisting of live stock owned by three or four shippers—one shipper will file a claim, the others will not. The shipments were all given identically the same handling.

In many instances the difference is caused by the class of stock shipped. You know that some of the cattle shipped from Texas Mexican points could not make the five hundred mile trip to Ft. Worth in a Pullman car with a trained nurse. Surely a shipper of that class of stock should not expect the carriers to pay for the animals that die for no other reason than that they are too weak to make the trip.

For instance: Yesterday I received a claim filed for loss of 21 head from a two-car shipment. Our records show that cattle traveled ninety miles to the station, and according to our agent's report were in a dying condition on arrival. He remonstrated with shipper, asking him not to ship. Shipper stated that he had no place to put the cattle, and that he had to ship them. Six head were dead when shipment had traveled only sixty miles; cattle were getting down in the cars before the train left shipping point. Now that shipper is asking us to pay him \$800 for the cattle lost. Is that fair? Would you file a claim on cattle in the condition of this shipment?

We ask our shippers to give earnest consideration to this claim question. We know that from the nature of live stock, claims cannot be avoided, but we do ask your co-operation in combating unfair claims. We promise co-operation in prompt adjustment of just claims.

Our effort is to give you the best service possible. Suggestions as to how this service can be improved will be appreciated.

Can we expect your co-operation?

Shipper No.	No. of shipments made.	No. of cars shipped.	Total freight charges.	Amount claimed.	Per cent of frt. No. of charges claims re-fled. claimed.
1	5	19	\$961.50	\$163.50	1 18
2	3	8	387.80	69.15	1 17
3	10	13	652.25	28.60	1 1
4	10	14	700.75	93.01	1 13
5	9	27	1328.10	122.40	1 1
6	9	16	946.40	311.34	2 1
7	12	22	967.20	67.50	1 7
8	10	59	3312.10	None	.. ..
9	23	40	2072.96	82.15	2 4

10	7	16	304.40	176.38	2 19
11	4	4	234.80	137.67	1 58
12	2	2	111.10	79.56	1 1
13	3	4	269.85	None	.. ..
14	1	4	185.35	105.00	1 1
15	1	27	2216.24	None	.. ..
16	20	78	3771.13	None	.. ..
17	12	40	1504.10	183.00	2 12
18	3	11	635.40	None	.. ..
19	7	15	1277.85	79.10	1 6
20	3	15	718.86	None	.. ..
21	14	11	2404.56	None	6 1
22	5	10	617.00	162.77	2 26
23	1	1	308.00	None	.. ..
24	5	17	882.64	None	.. ..
25	1	24	1348.00	156.25	1 11
26	7	41	1253.50	None	.. ..
27	3	1	246.40	None	.. ..
28	5	1	239.20	41.91	1 13
29	2	1	605.00	142.10	1 1
30	3	13	712.80	359.90	1 50
31	16	78	4671.93	1319.36	11 29
32	12	20	878.60	224.13	2 25
33	5	7	369.20	222.77	1 1
34	1	3	250.11	73.62	1 1
35	3	11	880.86	1424.44	1 1
36	9	31	1318.34	14.80	1 1
37	10	38	2191.33	46.50	1 2
38	2	11	512.90	188.50	1 1
39	4	19	1787.30	260.22	2 14
40	4	9	326.50	85.00	1 26
41	4	36	1189.88	345.85	1 29
42	6	1	1129.00	100.00	1 1
43	5	1	373.16	80.14	1 1
44	1	18	847.66	140.61	1 16
45	9	43	2745.04	75.42	1 1
46	7	1	669.09	30.99	1 1
47	18	57	2895.70	109.60	2 1
48	1	17	1035.10	111.30	1 17
49	6	15	796.90	27.90	1 1
50	10	40	2902.80	549.08	2 19
51	1	4	246.40	40.00	1 16
52	2	25	695.00	None	.. ..
53	1	67	4016.60	1484.54	3 36
54	7	63	4006.10	877.50	1 1
55	5	1	1176.60	34.07	1 1
56	5	1	496.35	27.75	1 6
57	4	18	1439.40	1001.57	1 1
58	4	58	4129.85	680.77	3 16
59	1	14	803.76	264.28	1 33
60	7	37	4227.75	3235.58	2 1
61	1	50	2723.42	50.00	1 2
62	1	23	1244.39	None	.. ..
63	1	39	2301.62	None	.. ..
64	9	21	878.10	None	.. ..
65	2	1	145.00	None	.. ..
66	1	36	2132.21	None	.. ..
67	1	26	1753.60	885.77	1 50
68	3	76	2370.00	None	.. ..
69	3	19	1153.60	427.33	2 1
70	4	6	338.51	None	.. ..
*71	200	1100	26989.27	7830.85	1 29
Total	657	2282	122732.17	25493.36	121 20.7

Average amount claimed per car shipped, \$11.17.

*71—This includes practically all shippers making only one or two shipments and is grouped to save space.

RAILROAD COURTESY

That the traffic department of at least one railroad appreciates the danger, under government operation, of a falling off in courtesy and desire to serve that has been pointed out recently by regional directors in a series of circulars, and had taken steps to meet it before those circulars were issued, would seem to be indicated by the following, issued under date of August 1, by W. E. Chambers, general freight agent of the Louisville, Henderson & St. Louis Railway:

An old familiar subject, but how you do like it when the other fellow treats you courteously! It is but human to "warm up" to the fellow who treats you courteously and considerately. Now most people are naturally courteous, although some are more thoughtful and considerate than others.

Even well qualified railway employees may be prompted to feel that courtesy will count for nothing now that there is no competition between carriers under Government control. But no thoughtful person can fail to appreciate that one of the fine points the United States Railroad Administration will insist upon is courtesy on the part of employees.

The importance of courtesy is stressed by the fact that the discourteous person in business life is soon relegated to the rear and away from contact with the public. Courtesy, which is but the expression of kindly thoughts, can be so developed that it becomes a part

one's nature, and just so far as you become proficient a courtesy, do you when your influence increase your due as a railway employee, and help the Government in its efforts to give the public the service that the people desire.

It is worth while to "keep sweet." This spirit of service should be implanted in the minds of everyone of us who comes in contact with the public, either through the office door or by telephone. Many little ripples can be forestalled by courtesy over the phone.

"The tone of your voice on the telephone may make either a friend or an enemy for us and for you. If you are talking to a patron face to face, and you let a note of impatience creep into your voice, he might overlook it because of the friendlier aspect of your face. But over the telephone let the slightest suspicion of indifference or impatience creep into your tone and our interests will surely suffer. Politeness in a telephone conversation pays."

I am sure you will appreciate the following suggestions about a courteous and efficient use of the telephone:

Answer every telephone call promptly. Cultivate an easy, conversational style of talking, distinct and a little deliberate—it is an asset.

Using this office, for example, we should answer all calls from the outside by saying immediately "Henderson Route, General Freight Office." Therefore when the calling party hears you he knows he is in communication with the General Freight Office. If you are the person wanted or when the call is switched to your line, you should then identify yourself in this manner: "Mr. (Mayo) speaking."

It is an excellent rule to establish the identity of the person talking as early in the conversation as convenient. A patron frequently explains some case upon which we are required to take action, and hangs up his receiver without telling who and where he is. This is the same as an agent's letter from him without signature or address. Again through some error he might be cut off before the conversation is finished. We would then be at a loss to attend his wants.

When a patron asks for any information which cannot be obtained immediately, in order not to keep him waiting and also to avoid tying up our own telephone equipment, tell him you will call him as soon as you have obtained the information. Be sure to call him again at the time promised, either to give the desired information or to explain why further delay is necessary.

Where business involving figures and facts is transmitted over the telephone, such as explanations of rates, it is always advisable to jot down the particulars and send a letter that day, confirming the details. Points of that sort are sometimes misunderstood or slip out of memory. A letter clinches them and shows our interest in our patrons.

EXPORT LICENSES

The Traffic World Washington Bureau.

The War Trade Board announces that the list of commodities which will be considered for exportation to European Holland and Denmark proper has been revised and applications for licenses to export the commodities are now listed will now receive consideration. Previous announcements with respect to such commodities (W. T. B. R. 50, Feb. 20, 1918; W. T. B. R. 95, April 20, 1918; W. T. B. R. 118, May 22, 1918; W. T. B. R. 146, June 20, 1918) are withdrawn.

The War Trade Board announces the following revised procedure for licensing shipments for exportation to or through the United Kingdom, France, Italy and Belgium, effective Aug. 12, 1918:

(1) The War Trade Board, after consultation with the United States Food Administration, the United States War Industries Board and the war missions of the respective European Allied governments, announce the adoption of a simplified procedure, effective August 12, 1918, for the issuance of export licenses for shipments which are—

(a) Destined to the United Kingdom, France, Italy or Belgium (excluding their colonies, possessions and pro-

tectorates), either directly or by way of any other country or colony; or

(b) Destined to any country or colony by way of the United Kingdom, France, Italy or Belgium, excepting shipments destined to Switzerland by way of France or Italy.

(2) The purposes of the new procedure are to save ship tonnage and to prevent the useless consumption of material and labor by preventing the manufacture of articles which may not be exported or which the government of the country of destination does not wish to have imported.

(3) War Trade Board Ruling 104, dated May 13, 1918, describing the old procedure, will be rescinded and superseded by this new procedure on August 12, 1918. Applications filed prior to that date in accordance with the old procedure will be accepted for consideration.

(4) Applications for licenses filed on and after August 12, 1918, to export any commodity to the destinations and in the manner mentioned above in paragraphs (a) and (b), will be refused if the applicant, subsequently to August 12, 1918, and prior to the issuance of the license applied for, shall purchase or otherwise acquire or commence to manufacture or produce or fit the articles specified in the application for the fulfillment of a specific export order.

(5) On and after August 12, 1918, applications for licenses to export any commodity to the destinations and in the manner mentioned above in paragraphs (a) and (b) must include one of each of the following papers, properly executed:

(a) An application on Form X, to which should be attached

(b) Such Supplemental Information Sheets as may be required by the rules and regulations of the War Trade Board to be used in connection with shipments of certain commodities or shipments to certain countries (as Form X-1, X-2, etc.);

(c) A new Supplemental Information Sheet, Form X-115.

(6) In Form X-115 the applicant is required to give certain information and make certain agreements in conformity with the purposes above mentioned. Applicants must also show thereon that permission to import or purchase (if required) has been duly granted by the government of the allied country to or through which the shipment is to be made. Applications for licenses to export to France must have attached thereto a copy of the French government "attestation."

(7) Applications filed with X-115 attached should be mailed directly to the War Trade Board, Washington, D. C. They will then be referred by the War Trade Board to the war mission of the allied country to or through which the shipment is to be made, and to the United States War Industries Board or to the United States Food Administration, if necessary, and these applications will be considered by the War Trade Board in accordance with its rules and regulations. This will relieve applicants for export licenses from the necessity of applying to the war missions, to the War Industries Board, or to the Food Administration, as required by War Trade Board Ruling No. 104.

(8) Export licenses issued under this procedure will be valid for ninety days. In unusual cases the War Trade Board will grant licenses for longer periods if from the nature of the business a real necessity is shown to exist for the issuance of such licenses.

(9) Reapplications for licenses to take the place of expiring or expired licenses, issued either under the revised procedure above described or under the procedure announced in War Trade Board Ruling 104, dated May 13, 1918, should include the papers mentioned in paragraph (5) above as necessary for an original application, with the exception that Form X-115 should be omitted and Form X-8 (as revised on August 1, 1918) should be added.

(10) It is the policy of the War Trade Board to discourage and prevent exporters purchasing, manufacturing or producing articles for the fulfillment of specific export orders until an appropriate export license has been issued. The attention of the War Trade Board has been directed to a number of instances in which manufacturers before obtaining export licenses have made articles for specific export orders which were useless for domestic consumption, but which under the regulations of the War Trade Board could not be exported. It is essential for the proper con-

servation of commodities in the United States that this practice be stopped, and it is the purpose of the War Trade Board to refuse licenses to exporters who violate this policy.

(3) Prospective importers in European Holland should obtain from the Netherlands Overseas Trust Company an import certificate. Upon receipt of the certificate, the importer should notify the prospective exporter that such a certificate has been obtained and advise him of the serial number thereof. The exporter should thereupon apply to the War Trade Board, Bureau of Exports, Washington, D. C., for an export license, using Application Form X and such supplemental information sheets concerning the commodity as are required, and, in addition, furnish on Supplemental Sheet X-102 the gross weight of the proposed shipment and the serial number of the import certificate of the Netherlands Overseas Trust Company.

All shipments to European Holland, except those consigned to the Government of the Netherlands, must be consigned directly to and only to the Netherlands Overseas Trust Company (W. T. B. R. 77, March 15, 1918).

(4) In the case of proposed shipments to Denmark, the prospective importer abroad first should obtain an import certificate from the Merchants' Guild of Copenhagen or the Danish Chamber of Manufacturers. When this certificate is received, the prospective importer should advise the exporter in the United States of the serial number. Application for export licenses should be made on Application Form X, and the applicant should attach thereto the appropriate supplemental information sheets, and also Supplemental Information Sheet X-105, upon which should be noted the Merchants' Guild of Copenhagen or the Danish Chamber of Manufacturers' import certificate serial number. Such shipments need not be consigned to the Merchants' Guild of Copenhagen or the Danish Chamber of Manufacturers, but may be consigned to an individual.

(5) Licenses will be valid only for shipment on vessels flying the flag of the country to which commodities are destined.

SCOTT APPOINTED TREASURER

Director-General McAdoo has appointed L. G. Scott acting treasurer of the Railroad Administration vice A. D. McDonald, vice-president and comptroller of the Southern Pacific Company, acting treasurer, resigned.

CARS REFUSED BY CONNECTIONS.

Car Service Section circular CS-21, addressed to all railroads, reads as follows: "Please prepare and forward promptly a complete statement of cars now held on your lines refused by connections on account of embargoes, giving the following information: Car number and initial, commodity, name of shipper, point of origin, name of consignee, destination, indorsement, if any, on waybill, indicating authority for acceptance. On receipt of this information, it is the intention to handle with a view to authorizing the acceptance of such cars as may properly be forwarded to destination at this time."

BILLS FOR ICING AND SALT

The following has been sent out by C. A. Prouty, Director of Public Service and Accounting:

Some question has arisen as to how bills should be rendered as to icing and salt furnished. General Order No. 25 has nothing to do with presentation of bills. Such bills may be presented on monthly basis as heretofore but payment should be made in accordance with General Order 25 as interpreted by Circulars 9 and 16.

PASSENGER SERVICE CREDIT

Hale Holden, Regional Director, writes to central western railroads as follows:

I am informed that under Director General's Order No. 25, dated May 20, 1918 (which placed the collection of transportation charges on a cash basis) some of the lines are extending credit for passenger service. This should not be done. Please see that all concerned are instructed accordingly.

Legal Department

In this department a legal expert answers simple questions relating to the law of interstate transportation of freight. Readers desiring special service by immediate answer may obtain privately written answers to their inquiries by the payment of a small fee.

Address Legal Department, The Traffic Service Bureau, Colorado Building, Washington, D. C.

Special Damages Shipment Automobiles.

Michigan.—Question: We forwarded in interstate movement on a shipper's order bill of lading one carload of automobiles which arrived at destination and was refused account machines damaged. The freight claim agent of the delivering line wired us stating that they disclaimed liability account automobiles intact in blocking. We were obliged to send a representative to effect delivery, who found that autos had been delivered to the consignee upon surrender of the original bill of lading and that after consignee had unloaded and found automobiles damaged that he reloaded, and that freight agent of the delivering line returned to consignee the original order bill of lading, consignee returned lading to bank and secured refund of amount paid on draft.

We maintain that because the delivering line reported this car to us undelivered and also disclaimed liability, that they did not state true facts—that they are liable for our representative's expenses as well as cost of repairing.

Will you kindly state if in your opinion carriers are liable for reasonable expenses, such as shipper might be put to in order to effect disposition and protect his own interests, and, too, measure of damages against carrier who misstates true facts knowingly and asks for disposition on property which has lawfully been delivered?

Answer: A carrier is not ordinarily liable for the expense of discovering whether goods have been injured, or the expenses of shipper's agents in going to the place of delivery to investigate as to the goods which have been rejected. *Western Manufacturing Co. vs. Guiding Star*, 37 Fed. 641. Such expenses are in the nature of special damages, and in order to render a carrier liable for special damages resulting from a loss of or injury to goods, notice of the conditions from which they would result should be given the carrier at the time the contract of carriage is made; or if they are so uncertain and remote as not to permit of such notice prior to the shipment, they would be for that reason so speculative as not to be recoverable.

In the present uniform bill of lading a provision stipulating the amount of damages for which a carrier shall be liable if the goods are lost or injured through the carrier's fault or negligence. This provision is to the effect that the amount of any loss or damage for which the carrier is liable shall be computed on the basis of the value of the property at the place and time of shipment, which value shall be evidenced by the invoice price if fairly representative of the actual value. So that, in the shipment in question, if, by an actual sale and receipt of the price of the automobiles, you realized the full amount of the price contracted for by the purchaser, you could not recover of a carrier anything beyond nominal damages.

Carrier's Liability for Freezing.

Canada.—Question: In January, 1918, we shipped from our warehouse in Chicago to Bloomington, Ill., four boxes of shoe polish. This shoe polish is of a perishable nature, being susceptible to damage by frost. Our bill of lading

here the notation "Perishable goods. Ship in refrigerator car" but they reached their destination in a badly frozen condition and were worthless.

We filed a claim against the railroad for the value of the frozen shipment, which has recently been declined. The railroad disclaims liability on account of freight and weather conditions at the time of shipment, they claiming that delays were due to giving government freight preference, and also, on account of the blizzards at that time, no railroad in the world could guarantee safe delivery of perishable goods; in other words, they are taking the stand that the damage was due to an "act of God."

We had a number of other shipments frozen in transit about that time over other lines of railroads, for which we filed claims and received settlement of our claims without question. What we desire you to tell us is, if, in your opinion, the stand taken by the railroad warranted under the circumstances.

Answer: We are not in possession of sufficient facts regarding the circumstances under which the shipment in question moved to enable us to definitely and correctly advise you whether "the stand taken by the railroad is warranted" or not. We can answer your question only in a general way, and this we undertake to do as follows:

A carrier is ordinarily responsible as an insurer for the safety of the goods intrusted to it for transportation and is liable for loss or damage thereto, unless caused by the act of God, or the public enemy, the fault of the shipper, or inherent infirmities of the goods. An act of God which will excuse a carrier for injury is such an unavoidable or inevitable accident as cannot be prevented by human care, skill or foresight, and results from a direct and violent act of nature, such as lightning, storms, floods, fires, etc. Where goods are frozen while in transit, the carrier cannot, except under very exceptional circumstances, escape liability on the ground that the damage was caused by an act of God. The carrier is not responsible, however, if it has been guilty of no previous negligence, by which such damage occurred; that is, while a carrier is required by law and by the act to regulate commerce to furnish cars adapted to the necessities of protecting goods while in transit, and in the selection of the same, must guard against the exigencies of such weather as may be reasonably expected at the particular season of the year and latitude through which it passes, yet this is condition to the traffic being large and permanent enough to require special equipment. For instance, if a carrier does not usually transport L. C. L. shipments in refrigerator cars, or has not sufficient equipment to handle such shipments, the mere acceptance by it of perishable goods billed as such goods requiring such service does not impose upon the carrier the obligation to furnish such equipment. In addition, many carriers now publish in their tariffs the conditions under which they accept and transport perishable goods, which have received the approval of the Interstate Commerce Commission. Possibly your shipment moved under a tariff regulation governing refrigeration. See our answer to "Minnesota," published on page 1224 of the Dec. 8, 1917, issue of The Traffic World.

F. O. B. Shipments.

Ohio.—Question: The question has been asked of me as to the responsibility between manufacturer and customer as to goods which are sold on basis of different deliveries, namely, f. o. b. shipping point, delivered price and f. o. b. shipping point with freight allowed. F. o. b. shipping point, of course, is understood by all to mean

that the ownership and responsibility for goods is diverted from the manufacturer to the customer when car is loaded and bill of lading signed. On delivered price it is, of course, understood that the ownership of the goods and responsibility for freight charges lies with the manufacturer until delivery is made.

The question arises in the case of responsibility on goods purchased f. o. b. shipping point with freight allowed, and I will appreciate it if you will give me the benefit of your views, as to responsibility existing as between the manufacturer and the customer on goods sold in this manner. Also please say if in your legal estimation the term f. o. b. with freight allowed is sufficient, or is the term f. o. b. shipping point with an allowance for freight to destination a better one.

In asking these questions I am doing so with a view of protecting contract which may be drawn up and at this time am not citing a specific case, therefore my questions are more or less hypothetical and are made with a view of protection against a future possibility.

Answer: Initial letters "F. O. B." in the contract of sale, imply that the buyer should be free from all expenses and risks attending the delivery of the property at the point named in the contract. That is, in an "F. O. B. Shipping Point" stipulation, the title and risk remain in the seller up to the time when the property is accepted by the initial carrier for transportation, and thereafter the title and risk and cost of transportation are assumed by the purchaser or consignee. The additional term "Freight Allowed to Destination" has no bearing on the ownership of the goods; it merely means that the consignor or consignee has agreed to place the cost of transportation upon the former.

Notice of Loss or Injury.

Indiana.—Question: Will you kindly advise us the correct interpretation of the third paragraph of section 3 of uniform bill of lading contract?

This paragraph states that except in cases where shipment is damaged in transit by carelessness or negligence on the part of the carrier, claims must be made in writing within six months after delivery of the property. This seems to be an exception to the application of the six months' limitation, and, apparently, claims filed more than six months after delivery of shipments which are damaged in transit through carelessness or negligence of the carrier, are valid claims. In practice, however, this clause in the "bill of lading contract" apparently means nothing, as claims of this nature are declined by carriers.

I know this point has been touched on in these columns a number of times and will appreciate your advising us just what our rights are under the present bill of lading contract.

Answer: This subject has been fully reviewed in our answer to "Illinois," published on page 101 of the July 13, 1918, issue of The Traffic World. Also see a recent state court decision thereon entitled J. Van Lindley Nursery Co. vs. Southern Ry. Co. (Supreme Court of South Carolina), 96 S. E. Rep., page 221.

Delay in Furnishing Cars.

Illinois.—Question: A request for equipment to load was made of a carrier prior to June 25, which was not furnished until July 2, thereby causing the advance rate to be applied on the shipment. Has shipper any recourse to recover difference between the old and the new freight rate?

Answer: Section 1 of the act provided in part that it

shall be the duty of every carrier to furnish cars upon reasonable request therefor. Ordinarily to require a shipper to wait from June 25 to July 2 for an equipment that is not unusual in size and that might be reasonably anticipated by the carrier as required by the shipper, may be considered as insufficient compliance with the requirements of the act. In the case of *Noble vs. B. & O. R. R.*, 22 I. C. C., 438, the Commission held that a period of six days was ample to allow the carrier to furnish equipment

of a special size. If, therefore, the carrier cannot justify its delay in furnishing equipment on the ground of congestion of traffic, declaration of embargoes, preferred shipments of the government, etc., it would be liable, not for the difference in freight rates, but in damages in the course. The Interstate Commerce Commission would not entertain a claim based on the difference in freight rates, on the ground that the published rate in effect at the time the shipment moved is the lawful rate to apply.

Loss and Damage Decisions

Cases Recently Decided by State and Federal Courts

(Digests taken from Reporters and Digests of National Reporter System, published by West Publishing Co., St. Paul, Minn. Copyright, 1918, by West Publishing Co.)

LOSS OF OR INJURY TO GOODS.

Notice of Claim:

(Supreme Court of South Carolina.) In an action against a carrier for damages to a shipment, where the question of the necessity for written notice to the carrier of the shipper's claim was raised in the circuit court, a proviso of the federal interstate commerce act may be considered on appeal, though such act was not cited to the judge of the circuit court.—*J. Van Lindley Nursery Co. vs. Southern Ry. Co.*, 96 S. E. Rep. 221.

Filing of suit against a carrier within four months for damage to an interstate shipment, under the proviso of the federal interstate commerce act that if the loss, damage or injury was due to delay or damage while being loaded or unloaded, or to carelessness or negligence while in transit, no notice of filing of claim shall be required

as a condition precedent to recovery, was sufficient compliance with the stipulation in the bill of lading that claims must be made in writing to the carrier at the point of delivery or of origin within four months.—*Ibid.*

CARRIAGE OF LIVE STOCK.

Notice of Claim:

(Supreme Court, Appellate Division, Fourth Dept.) An agent of a delivering carrier of live stock, shipped in interstate commerce under a limited liability live stock contract, or through bill of lading, could not waive, by his conduct, a provision of the bill of lading, signed by both parties, requiring verified written claim for damages to be delivered to the freight claim agent of the initial carrier within five days.—*Meyers vs. Cleveland, C. C. & St. L. R. Co.*, 141 N. Y. Sup 71.

Miscellaneous Traffic Decisions

Cases Recently Decided by State and Federal Courts

(Digests taken from Reporters and Digests of National Reporter System, published by West Publishing Co., St. Paul, Minn. Copyright, 1918, by West Publishing Co.)

REGULATION OF COMMON CARRIER.

Rebiling at Intermediate Point:

(Circuit Court of Appeals, Sixth Circuit.) Whether a given transportation is interstate or intrastate must be determined by the essential character of the commerce, and an interstate character cannot be evaded by the mere device of billing to an intermediate point and then rebilling from that point; but a new shipment by a consignee of an interstate shipment in the cars in which received to other points of destination does not necessarily establish continuity of movement, nor prevent a reshipment to a point within the same state from having an independent and intrastate character.—*Settle et al. vs. Baltimore & O. S. W. R. Co.*, 249 Fed. Rep. 913.

Interstate shipments of lumber by carload were billed to a point where the cars were received by the consignee and the freight paid. The railroad company made a trackage charge for placing the cars on a house track, and from there they were rebilled to another point in the same state on a line of the same company, not having been unloaded. The company also charged demurrage if the cars were not reconsigned within the free time limit.

Held, that the second shipment was a separate and intrastate shipment, governed by intrastate rates, although it was intended by the consignees when the original shipments were made.—*Ibid.*

Cummins Amendment:

(Supreme Court of South Carolina.) The proviso of the interstate commerce act Feb. 4, 1887, as amended by act Cong. June 29, 1906, that if the loss, damage, or injury complained of was due to delay or damage while being loaded or unloaded, or to damage in transit by carelessness or negligence, then no notice of filing of claim shall be required as a condition precedent to recovery against a carrier, was conclusive authority in an action for damage to an interstate shipment.—*J. Van Lindley Nursery Co. vs. Southern Ry. Co.*, 96 S. E. Rep. 221.

Carmack Amendment:

(Supreme Court, Appellate Division, Fourth Dept.) The effect of the Carmack amendment June 29, 1906, to interstate commerce act Feb. 4, 1887, was to supersede all legislation and decisions in the different states on the subject of the liability of interstate carriers of goods, and to make the parties to a contract for interstate carriage

amenable to the federal statute, to the exclusion of all other rules of liability.—*Meyers vs. Cleveland, C., C. & St. L. R. Co.*, 171 N. Y. Sup. 71.

SHIPPING DECISIONS

Evidence:

(District Court, E. D., New York.) On libel for injuries to a sunken vessel, whose position was marked, evidence held to show that the steamer libeled in some way collided with the sunken vessel.—*The Delhi, The Robert Palmer*, 249 Fed. Rep. 974.

Evidence held to warrant a finding that a steamer was in fault in colliding with a sunken vessel, whose position was indicated by a spar and was known to the navigating officers of the steamer, though the spar used as a warning buoy had been fixed by the libellant without notification to proper authorities.—*Ibid.*

Damages:

(District Court, E. D., New York.) Where a steamer was at fault in colliding with a sunken vessel, the steamer is liable only for the damage resulting from the collision, and that does not include the expense of raising and dry-docking the vessel.—*The Dell, The Robert Palmer*, 249 Fed. Rep. 974.

RETURN OF MILK AND CREAM CANS

The Traffic World Washington Bureau.

The U. S. Food Administration says that dairymen who ship milk to the cities will be pleased to know that work is being done on the problem of getting more prompt returns of milk and cream cans. At the suggestion of the Food Administration the express companies are sending out circulars to all their agents and messengers calling their attention to the need for quick service in sending back these containers to the shipper. They are being impressed with the importance of this service in keeping up a steady supply of a necessary food and in giving the shipper an opportunity to market his highly perishable product quickly.

In some sections of the West special cream cars are being put on the lines leading to the larger cities. At Topeka, Kansas, two additional cars have been added for handling empty cans and the service has been greatly improved.

The Food Administration believes that the appeal to the employees will have the desired effect. The need in this important food industry is for prompt shipments both ways.

LUMBER MINIMUM WEIGHTS.

Prior to Sept. 24, 1917, Transcontinental Freight Bureau I. C. C. 1001, 1002, 1010 and 1017 provided that where shipments of lumber and forest products from north Pacific coast points and intermediate points to eastern points were loaded to full visible capacity the actual weight should be the minimum weight. Supplements, effective Sept. 24, 1917, canceled these rules. Effective Nov. 12, 1917, supplements were published which re-established the provision and a petition was filed by carriers parties to the tariffs for permission to adjust charges on all shipments of lumber and forest products moving during the period from Sept. 24, 1917, to Nov. 11, 1917, inclusive, to the basis of the actual weight. The Commission has granted the petition.

Help for Traffic Man

This department is conducted by a traffic man of long experience and wide knowledge. In it he will answer questions relating to practical traffic problems. We do not desire to take the place of the traffic man, but to help him in his work. We reserve the right to refuse to answer any questions that we judge it unwise to answer or that involve situations that are too complex for the kind of investigation contemplated. Questions will be answered as promptly as possible. No answers will be given by mail except for a fee.

Address "Help for Traffic Man," The Traffic Service Bureau, Colorado Building, Washington, D. C.

Routing Transit Grain and Its Products.

Q.—We from time to time have shipments of flour moving to Pacific coast, on which there is transit applied at this point from various Missouri River points, located on the R. I., Santa Fe, M. P. and Union Pacific. It is our contention, inasmuch as there is no routing specifically provided in transcontinental tariff 1-Q, that we are at liberty to ship into Salina, via one route and reship via another and secure protection of the through rate, and on traffic moving eastbound from points west of western gateway it is our understanding that these rates will also apply via all routes and junctions, respective of railroads. Advise through your traffic publication if our contention in this matter is not in accord with your understanding. Kindly also quote authority.

A.—Unless the transit tariffs of the inbound grain carrying roads provide that the outbound products of such grain must move from the transit point over the road which hauled the grain in, as they not infrequently do provide, we would say that, in the absence of specific routing in the transcontinental tariffs that the rates will apply via lines of any road party to such tariff, but gateway routing must be observed. See rule 4 (1) of the Commission's tariff circular 18-A.

Shipper Responsible for Own Errors.

Q.—On February 12, this year, we made a shipment of registers to A Company, Utica, N. Y. Our signed bill of lading read A Company, Utica, N. Y. The cases, however, were stenciled B Company, Utica, N. Y. The B Company notified us that they had a shipment on hand which did not belong to them. We notified the A Company that the B Company had a shipment which belonged to them. When the A Company obtained this shipment they charged us back \$3 for cartage. We filed a claim for the amount of cartage with the railroad company, taking the stand that the freight department at Utica should not have delivered to the B Company this shipment when the billing reference showed that the shipment belonged to the A Company, and we also think that the shipment should go as per signed bill of lading. We also take the stand that this correction should have been made at shipping point when the agent found that the bill of lading did not correspond with the marking on the cases. The railroad company refuse to pay this claim. Are they right in taking this stand?

A.—Our views are fully expressed in the issue of The Traffic World of April 20, 1918, page 862.

COMMISSION ORDER

The Commission has modified its order in Case 8857, Natchez Chamber of Commerce vs. Y. & M. V. R. R. Co., so as to become effective September 1 instead of August 1.

Personal Notes

Hugh D. Driscoll, recently elected president of the Texas Industrial Traffic League, is secretary and traffic manager



of the Waco Chamber of Commerce, to which position he was appointed in May, 1916. Before that he was for four years traffic commissioner of the Topeka Traffic Association, having been appointed to that position immediately after the organization of the association. He was considered largely responsible for its growth. Before his connection with the Topeka association he was for a year in the rate department

of the state commission and before that was for four years with the Kansas City Southern Railway. Prior to that four years he was connected with several other railroads in the South in the superintendent's, trainmaster's and local freight offices.

The Central of Georgia Railway announces that Tinsley Smith, division freight and passenger agent, having resigned to engage in other business, E. B. Lewis, commercial agent, Chattanooga, will have charge of freight and passenger traffic in Chattanooga territory. H. E. Shepard is appointed commercial agent at Macon, Ga., vice H. R. McLean, transferred.

W. B. Ross is appointed freight service agent of the Mobile & Ohio Railroad at Cairo, Ill., succeeding C. Sanderson, commercial agent, resigned to accept service with the Inland Traffic Service, War Department. C. E. Smith is appointed freight service agent with headquarters at Meridian, Miss., succeeding W. B. Ross.

A. L. Holton is appointed manager of the Interstate Railroad Company, with headquarters at Big Stone Gap, Va. For the present he will continue to discharge the duties heretofore devolving upon him as general freight and passenger agent.

W. L. Yancey is appointed general freight and passenger agent of the Arkansas & Louisiana Midland Railway Company, with headquarters at Monroe, La.

F. C. Baird is elected vice-president in charge of the traffic and transportation departments of the Montour Railroad Company at Pittsburgh.

R. M. Calkins, vice-president in charge of traffic of the St. Paul road, will resign, effective August 15, to represent the Australian government in the large shipbuilding program under way in Puget Sound waters. Mr. Calkins is traffic manager of the St. Paul system under federal management and has been in charge of all traffic for a year. Previously he was traffic manager of the coast lines at Seattle.

Andrew J. Hitt, Chicago freight agent and former general manager of the Chicago, Rock Island & Pacific, died

August 8 at his home in Chicago after an extended illness.

The Chicago, Milwaukee & Gary Railway Company announces that, on the appointment of S. M. Rogers as federal manager, B. H. Harris is retained by the company to represent its corporate affairs.

A. O. Galloway, traffic manager of the Philip Carey Manufacturing Company, Cincinnati, Ohio, has, effective August 12, instant, been promoted to the position of manager of employment and welfare department of the same company, and J. R. Allen has been promoted to the position of traffic manager and William F. Dunaway to the position of assistant traffic manager.

Hale Holden, regional director, central western region, announces that W. M. Jeffers, general manager, Union Pacific Railroad, is appointed terminal manager, with office at Omaha, and in addition to his present duties will exercise authority over the terminal operations of all lines in Omaha, South Omaha and Council Bluffs.

The Chicago, St. Paul, Minneapolis & Omaha Railway announces the appointment of H. M. Pearce, traffic manager, St. Paul, Minn., and J. B. Sheean, general solicitor, St. Paul, Minn.

The Minneapolis & St. Louis Railroad announces the appointment of F. B. Townsend, traffic manager, Minneapolis, Minn., and M. M. Joyce, general solicitor, Minneapolis, Minn.

C. H. Gillig, the new president of the Transportation Club of Peoria, for years served that organization as secretary-treasurer. He was born in Peoria August 27, 1867, and has lived in Peoria continuously since. He began his bread-winning career at the age of 16, the oldest of five children, his father having died. From that date, 1883, he had been employed in different fields of endeavor. He is now with the Distillers' Securities Corporation, which operates numerous plants in Peoria and Pekin, engaged in the production of alcohol for powder for the U. S. government and its allies. He is assistant treasurer of these interests in Peoria and is known by the railroad interests throughout the central west on account of his traffic work in connection with his numerous other duties.



The Oregon-Washington Railroad & Navigation Company announces the appointment of F. W. Robinson, traffic manager, Portland, Ore., and A. C. Spencer, general solicitor, Portland, Ore.

Edgar W. Perrott has been appointed assistant to J. W. Roberts, superintendent of freight transportation, Pennsylvania Lines west of Pittsburgh.

Regional Director Winchell announces the appointment of W. D. Duke, general manager of the Richmond, Fredericksburg, and Potomac Railroad and the Washington Southern Railway, with office at Richmond, Va., and

W. L. Mapother, federal manager of the Birmingham and Northwestern Railway, with office at Louisville.

F. P. Roesch has been appointed supervisor of the fuel conservation section for the northwestern region, with office at Chicago.

J. W. Hardy has been appointed supervisor of the fuel conservation section for the southwestern region, with office in St. Louis.

T. J. Shelton has resigned as traffic manager of the Ark. & La. Midland Ry. Co., Monroe, La., effective September 1. After that date he will be with the Citizens National Bank of Monroe, with the title of director of development. He thus ends a railway career of thirty years' continuous service, in practically all departments. He started as telegraph operator at the age of twelve with the old Memphis & Charleston road, now the Southern Railway.

B. L. Winchell, regional director, announces the appointment of J. B. Arbogast, terminal manager, Louisville, Ky., to have jurisdiction over the terminals of all lines within the switching limits of Louisville, Ky., Jeffersonville, Ind., and New Albany, Ind.; H. W. Purvis, terminal manager, Jacksonville, Fla., to have jurisdiction over the terminals of all lines within the switching limits of Jacksonville; and W. S. Campbell, general superintendent for the Kentucky & Indiana Terminal Railroad, Louisville, Ky.

The Arkwright Club announces that Charles F. Nye has been engaged to succeed the late Mr. Leavitt as manager of the New England Freight Bureau. Mr. Nye was until recently New England freight agent of the Pennsylvania Railroad, with offices in Boston. Since the government took control of the railroads he has been division freight agent of the West Jersey and Seashore division of the Pennsylvania Railroad.

J. K. Butler, freight traffic manager of the Oahu Railway and Land Company, Honolulu, T. H., has been called to active duty as captain in the Quartermaster's Reserve Corps. His orders assign him as assistant to Camp Q. M. at Camp Funston, Kan. He was formerly assistant general freight agent, Southern Pacific Company at San Francisco, in charge of state and federal commission cases.

The American Manganese Steel Company announces the appointment of J. E. Flansburg as traffic manager, with headquarters at the general offices in Chicago. Mr. Flansburg was formerly chief clerk to F. P. Eymann, freight traffic manager of the Chicago & Northwestern Railway.

R. H. Ashton, regional director, announces that J. P. O'Brien is appointed federal manager at Portland, Ore., with jurisdiction over the following lines: Oregon-Washington Railroad & Navigation Company; Northern Pacific Terminal Company of Oregon, Portland, Ore.; Pacific & Eastern Railway; Pacific Coast Railroad; San Francisco & Portland Steamship Company; Southern Pacific lines north of Ashland, Ore.

R. H. Ashton, regional director, announces the appointment of the following general managers for railroads in the Chicago terminal district: F. C. Batchelder, Baltimore & Ohio Chicago Terminal Railroad; H. G. Hetzler, Belt Railway of Chicago and the Chicago & Western Indiana Railroad; George Hannauer, Indiana Harbor Belt Railroad; W. J. O'Brien, Chicago Junction Railway and Chicago

River & Indiana Railroad; S. M. Rogers, Chicago, Milwaukee & Gary Railway and Elgin, Joliet & Eastern Railway.

The Chicago & Northwestern Railway announces the following appointments: E. E. Nash, assistant to federal manager; Frank Walters, general manager; H. R. McCullough, traffic manager; A. C. Johnson, assistant traffic manager; James C. Davis, general solicitor—all at Chicago, Ill.

The Northern Pacific Railway announces the following appointments: Assistants to federal manager, George T. Reid, Tacoma, Wash.; R. W. Clark, St. Paul, Minn.; W. H. Wilson, St. Paul, Minn. General manager, J. M. Rapelje, St. Paul, Minn. Traffic manager, J. B. Baird, St. Paul, Minn. General solicitor, Charles Donnelly, St. Paul, Minn. Mr. Reid will also have charge of legal matters on western lines of Northern Pacific Railway.

The Duluth, South Shore & Atlantic Railway announces the appointment of C. E. Lytle, general superintendent, Marquette, Mich.; S. R. Lewis, general freight agent, Duluth, Minn.; A. E. Miller, general solicitor, Marquette, Mich.

The Chicago Great Western Railroad announces the appointments of B. F. Parsons, assistant to general manager, Oscar Townsend, general freight agent; and W. H. Jacobs, general solicitor, at Chicago, Ill.

The Chicago, Milwaukee & St. Paul Railway announces the following appointments: Assistants to federal manager, D. L. Bush, Chicago, Ill.; J. W. Taylor, Chicago, Ill. General managers, J. T. Gillick, lines east of Mobridge, S. D., Chicago, Ill.; H. B. Earling, lines west of Mobridge, S. D., Seattle, Wash. Traffic manager, R. M. Calkins, all lines, Chicago, Ill. General solicitor, H. H. Field, all lines, Chicago, Ill.

The Minneapolis, St. Paul & Sault Ste. Marie Railway announces the appointment of W. L. Martin, traffic manager, and H. B. Dike, general solicitor, with offices at Minneapolis.

The Great Northern Railway announces the appointment of J. M. Gruber, general manager, G. H. Smitton, traffic manager; and M. L. Countryman, general solicitor, with offices at St. Paul.

The Spokane, Portland & Seattle Railway announces the appointment of W. D. Skinner, traffic manager, and Messrs. Carey & Kerr, general solicitors, with offices at Portland, Ore.

E. R. Pyle is appointed supervisor of the Fuel Conservation Section for the central western region, with office at Chicago.

L. E. Stanton, who was for many years general agent in San Francisco for the C., M. & St. P. Railway, and D. T. Berry, who was assistant general agent for the same company, have organized the firm of Stanton & Berry for the purpose of handling export business through the port of San Francisco.

ELECTRIC RAILWAY MAIL PAY

The Commission has, under docket No. 10227, ordered a proceeding of inquiry and investigation with a view to determining fair and reasonable rates and compensation for the transportation of mail matter by urban and interurban

electric railway common carriers, and the service connected therewith, and the method or methods for ascertaining such rates or compensation.

MOTOR VEHICLE MAIL SERVICE

The Traffic World Washington Bureau.

The Postoffice Department announces that the largest consignment of eggs in cases ever shipped by the newly organized Motor Vehicle Mail Service was made July 20 from Emmettsburg, Maryland, to New York City.

One hundred cases of eggs, containing thirty dozen eggs to the crate, were shipped direct from the producer at Emmettsburg, a padded mail van being used for the purpose to prevent breakage, and went over the motor vehicle mail routes now in operation via Gettysburg, Lancaster, Westchester, Doylestown, reaching New York in the evening and being delivered direct to the consignee.

Several months ago a shipment was made by motor vehicle mail routes of fifty crates of eggs from New Holland, Pa., to New York City, a distance of about 135 miles. The shipment was made in the morning and arrived at New York and delivered at 5:30 p. m. that afternoon.

At the same time a shipment was made to New York of 400 one-day old chicks, of which only six died in transit.

"The parcel post truck service," the department says, "operates to facilitate the collection and forwarding of produce and merchandise, affording a means of bringing the grower and producer into immediate touch with the consumer; insuring large distribution and consumption of local food products heretofore not having a readily available means of transportation or market, cutting out intermediate cost of handling in distributing farm products and lessening their cost to consumer. This will promote the conservation of other food products as well as relieve congested methods of transportation."

FRACTIONS

(By R. E. Riley, of the Department of Interstate Commerce and Railway Traffic, La Salle Extension University.)

It is to be hoped that the railroad and shipping representatives will be able to agree on a modification of Rule 36 in Consolidated Freight Classification No. 1, eliminating entirely the existence of fractions in our rate structure.

While the proposed rule seeks the continuance of fractions of $\frac{1}{2}$ cent, and to that extent a charge more readily computable than when the fraction is 3, 7, or 9 mills, it would seem that a rule could be established that would eliminate all fractions, to-wit, fractions of one-tenth to five-tenths to be omitted, and fractions over five-tenths to be increased to the next full cent.

Obviously it takes a traffic department employe a third longer to multiply 41172 by $14\frac{1}{2}$ cents than it would if the rate were 14 or 15 cents. Each figure added to the multiplier adds to the time required to complete the operation and increases the possibility of error. The number of errors in extensions is proof positive of this fact, and while mistakes will occur irrespective of how few figures are used, the opportunity is greatly minimized by the utilization of whole numbers. An efficient rule could be adopted which would look to the disposition of fractions in the multiplicand (the weight), the multiplier (the rate), and the product (the charges), as indicated below.

(a) On all shipments weighing 5,000 pounds or more, where the weight contains a fraction of 100 pounds, fractions of 50 pounds or less will be disregarded. Fractions over 50 pounds will be treated as 100 pounds.

Example—5,140 pounds will be treated as 5,100 pounds.

5,152 pounds will be treated as 5,200 pounds.

(b) In establishing a rate or in computing a rate based on a multiple or percentage of an existing rate, fractions of one-tenth to five-tenths are to be omitted, and fractions over five-tenths are to be treated as a whole.

Example—14.3 cents will be treated as 14 cents.

14.7 cents will be treated as 15 cents.

90 per cent of 16 cents is 14.4 cents, which will be treated as 14 cents.

(c) In the computation of charges where the product (the charge) results in cents, 5 cents and less will be omitted, and over 5 cents will be treated as 10 cents.

Example—\$140.13 will be treated as \$140.10.

\$140.16 will be treated as \$140.20.

The adoption of such a rule possesses wonderful possibilities. Sections (a) and (b) eliminate a superfluous figure in making extensions. Section (c) makes it unnecessary to add the first column (cents) of long columns of figures in railroad and industrial accounting offices. All of these tend to promote efficiency and the output of the individual.

As this rule is a "give and take" measure, neither carrier nor shipper is favored at the expense of the other, and if by its adoption we can accomplish the handling of five or more freight bills where three were formerly handled—make two blades of grass grow where one grew before—this alone should warrant its adoption.

TRAFFIC CLUBS

(The following list of traffic clubs will be published from time to time. We ask that readers notify us of any errors or of any changes or additions of which they have knowledge.)

Akron Traffic Association. Alvin Hill, Pres.; E. L. Morgan, Secy.

Baltimore Traffic Club. Paul Gessford, Pres.; C. C. Kailer, Secy.

Boston, Mass.—The Association of Railway and Steamboat Agents of Boston. O. M. Chandler, Pres.; W. M. Macomber, Secy.-Treas.

Brooklyn Traffic Club. P. L. Gerhardt, Pres.; C. A. Schleicher, Secy.

Buffalo Transportation Club. H. B. Loucks, Jr., Pres.; G. C. Wilson, Secy.

Chicago Traffic Club. R. C. Ross, Pres.; C. B. Signer, Secy.

Chicago Transportation Association. W. C. Siegrist, Pres.; T. P. Hinchcliffe, Secy.

Cincinnati.—Traffic Club of the Chamber of Commerce. H. M. Freer, chairman; E. H. Smith, Secy.

Cleveland Traffic Club. C. M. Andrus, Pres.; J. B. Sanford, Secy.

Columbus, Ohio.—Traffic club of the Columbus Chamber of Commerce. J. E. Harris, Pres.; J. G. Young, Secy.

Dayton Traffic Club. J. W. Cobey, Pres.; W. E. Boyer, Secy.

Denver Commercial Traffic Club. G. H. Work, Pres.; R. E. Patterson, Secy.

Detroit Transportation Club. J. A. Sullivan, Pres.; G. A. Walker, Secy.

Erie Traffic Club. H. R. Landers, Pres.; M. W. Elsmann, Secy.

Flint (Mich.).—Traffic Club of the Flint Board of Commerce. A. V. Marti, Pres.; A. Nelson, Secy.

Fort Worth Transportation Club. E. C. Price, Pres.; E. E. Wyatt, Secy.

Freeport, Ill.—Greater Freeport Traffic Club. W. H. Jenner, Pres.; F. F. Pepperdine, Secy.

Grand Rapids Traffic Club. Arnold Greenbaum, Pres.; L. M. MacPherson, Secy.

Houston Traffic Club. Clint Hollady, Pres.; F. A. Lefangwell, Secy.

Indianapolis Transportation Club. M. Wolf, Pres.; L. E. Stone, Secy.

Jackson (Mich.) Traffic Club of the Jackson Chamber of Commerce. H. H. Chandler, Pres.; J. R. Gibbs, Secy.

Jacksonville Traffic Club. J. C. Burrows, Pres.; W. L. Waring, Jr., Secy.-Treas.

Jamestown, N. Y.—Traffic Club of the Jamestown Board of Commerce. J. H. Dasher, Pres.; H. W. Chapman, Secy.

Kansas City Traffic Club. G. I. Tompkins, Pres.; Alfred A. Wild, Secy.

Los Angeles Traffic Association. E. L. Lewis, Pres.; H. C. Smith, Secy.

Louisville Transportation Club. R. H. Morris, Pres.; G. A. Perry, Secy.

Memphis Traffic and Transportation Club. J. M. Beley, Pres.; L. E. McKnight, Secy.-Treas.

Milwaukee Traffic Club. H. W. Ploss, Pres.; F. T. Sultz, Secy.

Minneapolis Traffic Club. C. M. Boyce, Pres.; W. W. Gibson, Secy.

Newark Traffic Club. C. H. Gulick, Pres.; E. E. Burkhard, Secy.

New England Traffic Club, Boston. A. H. Van Pelt, Pres.; C. A. Anderson, Secy.

New York Traffic Club. W. L. Woodrow, Pres.; C. A. Swope, Secy.

New York, N. Y.—Traffic Club of the Queensboro Chamber of Commerce; E. J. Tarof, Pres.; P. W. Moore, Secy.

Norfolk Traffic Club. R. S. Gale, Pres.; Hago Terrell, Secy.-Treas.

Omaha Traffic Club. B. J. Drummond, Pres.; John P. Byrne, Secy.

Peoria Transportation Club. C. H. Gillig, Pres.; Arthur Maedel, Secy.

Philadelphia Traffic Club. F. E. Snively, Pres.; W. H. Montgomery, Secy.

Philadelphia.—Commercial Traffic Managers of Philadelphia. W. B. Grieves, Pres.; T. Noel Butler, Secy.

Pittsburgh Traffic Club. J. J. Monks, Pres.; F. A. Layman, Secy.

Pittsburgh Traffic and Transportation Association. R. M. Sisk, Pres.; F. G. Wood, Financial Secy.

Portland Transportation Club. E. M. Burns, Pres.; W. O. Roberts, Secy.

Providence, R. I.—Traffic Club of the Providence Chamber of Commerce. E. E. Salisbury, Chairman; E. C. Southwick, Secy.

Rockford Traffic Club. J. H. Miller, Pres.; L. E. Golden, Secy.

Salt Lake City Transportation Club. A. R. McNitt, Pres.; R. E. Rowland, Secy.

San Francisco Transportation Club. W. E. Amann, Pres.; Frederick Birdsall, Secy.

San Francisco Traffic Club. W. T. Bozeman, Pres.; L. N. Bradshaw, Secy.

Seattle Transportation Club. F. W. Graham, Pres.; E. W. Mosher, Secy.-Treas.

South Bend Traffic Club. F. S. Montgomery, Pres.; G. S. Hess, Secy.-Treas.

Spokane Transportation Club. V. G. Shinkle, Pres.; R. W. Franklin, Secy.

St. Joseph Traffic Club. R. A. Ferguson, Pres.; T. J. Slattery, Secy.

St. Louis Traffic Club. F. C. Reilly, Pres.; J. R. Bell, Secy.

Syracuse Traffic Efficiency Club. S. D. Rice, Pres.; W. J. O'Neil, Secy.

Toledo Transportation Club. H. E. Thatcher, Pres.; Harry S. Fox, Secy.

Topeka Traffic Association. O. B. Gufler, Pres.; W. S. Barton, Secy.-Treas.

Washington Traffic Club. J. C. Williamson, Pres.; W. B. Peckham, Secy.

GRADED RATES TO WEST

(Spokane (Wash.) Review, July 23.)

Definite assurance that graded freight rates for Spokane are under consideration and will be put into force at the earliest possible moment was given members of the Spokane joint freight rate committee by William Gibbs McAdoo, Director-General of Railroads, and Edward Chambers, director of traffic, at a conference in the former's private car at the Great Northern depot yesterday morning. Both government officials expressed the belief that the new arrangement would prove permanent.

Director-General McAdoo's announcement was enthusiastically received by the committee. Percy Powell made a brief statement outlining Spokane's case in the matter of rate discrimination and Mr. McAdoo replied with the following statement:

"From my study of the rate fabrication system, and it has been but very general, I personally am of the opinion that the rate structure as now in operation is a very illogical affair and in some instances has been built up as the result of abuses of industrial situations.

"Many communities have been built up under these abuses and which now claim the alleged abuses as their vested rights, which, if disturbed, would seriously discriminate against them.

"I can only say this with respect to the Federal Railroad Administration with respect to the period during which the government will have control of the railroads, that in rate matters it is not now a question which involves the carriers as in the past, but it is a question which involves the people, because under federal operation the carriers are now the people.

"In unifying railroad operation under government control our object was to assist in winning the war by getting from the railroads the greatest amount of efficient service at the lowest rates.

"With that in mind we are trying during this period of federal operation to remove the inequalities of all sections of the country. If we can do this, I think we will have laid down a policy which will survive after the railroads have been turned back to their original owners, if this is done.

"The war is bound to continue for an indefinite period; no one knows when it will end, and during this period there will be federal control of railroads and for 21 months thereafter, during that considerable period—and no one knows what it will be—the railroads have got to be run for the public interest. Our aim is to improve conditions not only as to rates, but also in other things, and whatever works out to the ultimate good will survive, I am sure, for future application and operation.

"This is reflected in the unification of facilities as now in effect; in the joint operation of properties and the general improvement of conditions. Some waterways will be operated by the government before we are through and I mean by this inland waterways.

"The government will direct the movement of traffic in a way best suited to the commerce of the country and to the shippers.

"When the rates are graded to Colorado, Utah, Spokane

and the coast it will be a permanent adjustment that will be provided for the period the government is in control of the roads. I feel sure, gentlemen, that is as much assurance as you can expect from the present adjustment, and you have our promise that we are working out graded rates. I think it would be well to let Mr. Chambers go ahead with his plan and see how it comes out. I think you will be satisfied with his decision."

Edward Chambers, director of traffic, said: "What we are striving to do now is to establish reasonable rates from New York to Colorado, then reasonable comparative rates from Colorado to Salt Lake, Salt Lake to Spokane and Spokane to the coast. When we are through with this adjustment you will have a reasonable relationship in this intermountain district with the rest of the country. You may be assured of a reasonable adjustment, what you have been working for for many years."

"We are naturally gratified at the assurances of Mr. McAdoo and Mr. Chambers that graded rates are to be given Spokane," said W. S. McCrea, chairman of the joint committee. "They have definitely promised us graded rates. I asked them point blank just how soon, and we were assured that they would be in effect just as soon as the new rates can be worked out. This completely revolutionizes the system of ratemaking under which we have been working for so long."

"The permanency of the plan is our main consideration. Both Mr. McAdoo and Mr. Chambers expressed the belief that the graded rates would never be superseded. They certainly will not be supplanted as long as the government controls the roads, and it is not likely that the railroads will ever go back to the old system of ratemaking when they resume control after the government has established a system it believed to be fair and just."

The committee had a long conference yesterday afternoon after the meeting with the government rail heads. At this meeting it was decided to continue the fight behind the Poindexter bill for the absolute application of the long and short haul clause to the effect that a higher rate shall never be charged for a short haul than for a long haul, of which it is a part. This, it is contended, assures the permanency of grade rates once they are established by government control.

"We will continue our efforts to have the Poindexter bill enacted into law," said Mr. McCrea. "We believe with Mr. McAdoo and Mr. Chambers that graded rates will be permanent. However, the passage of the Poindexter bill absolutely makes it certain, and we will renew our efforts to secure its passage."

MARKETING HOGS IN MOTOR TRUCKS

(Issued by Department of Agriculture.)

An example of how motor trucks are relieving railroad transportation in many sections of the country is shown in the receipts of hogs delivered to the Omaha market by this method of conveyance. According to a report recently compiled by the Bureau of Markets, there was an increase of 180 per cent in the number of hogs transported to that market by motor trucks during the first six months in 1918 as compared to the corresponding period in 1917. The number carried in this way amounted to 92,780 for the period in 1918, as compared to 33,084 for the corresponding months last year. Estimating 70 hogs as an average carload in railroad shipments, the number delivered by motor trucks on the Omaha market

during the first six months of 1918 aggregated more than 1,300 carloads, or an average of more than eight carloads for every market day during the period. The motor truck business is becoming so important that commercial organizations of Omaha are taking active measures to utilize the trucks on return trips to country points for hauling various kinds of freight. Experience has shown that motor-truck marketing is as feasible in winter as in other seasons, as more than 26,000 hogs were delivered directly from farms to the Omaha market during January and February.

SPECIAL EXPORT PACKING

(Commerce Reports)

That too much care cannot be used in packing goods for some interior points in South America is revealed by a brief description of the handling they undergo in a trip from New York to La Paz, Bolivia. As an illustration, 25 cases of envelopes were loaded on a truck in New York and unloaded at the steamship pier. They were then placed on board the steamship and unloaded at Colon, Panama. They were re-embarked on a steamer at Colon and transferred to a launch at Mollendo, since there are no piers at this port. They were taken on shore from the launch, transferred to handcarts, and taken to the railroad station. They were placed on a freight car and unloaded at Guaci, Lake Titicaca. At Guaci they were placed aboard a steamer and taken to Puno; here they were unloaded from the steamer and placed on the railroad cars which transferred them to La Paz. At La Paz they were carried by Indians to the customer's warehouse.

It is obvious that if merchandise is to be received in La Paz in satisfactory condition the packing must be done with special care. Both merchants and customhouse brokers report that the best preventive for damage and rifling is to pack the merchandise in a stout shipping case, nail metal edging around the ends, and finally paint the edging so that it will show marks if tampered with. This, they report, makes a full proof shipping case.

The marking of cases must also be plain and large enough to be easily made out in the hold of a ship. Numbers should be placed on the invoice and packages, so that if different types of merchandise, such as envelopes, are made in one shipment the inspection of all the goods will not be necessary in order to divide them into different classes for customs purposes.

These facts may be a familiar story to the old and experienced exporter, but they must be given constant attention by the newcomer in our export trade, who is perhaps not so well acquainted with the conditions under which his goods are handled in foreign countries.

MICHIGAN RAILWAY RATES

The Commission has instituted Docket No. 10226, "Michigan Railway Company Rates," informal complaint having been made concerning the rates, fares, charges, rules, regulations and practices stated in the schedules contained in the freight tariffs designated as follows: Michigan Railway Company, I. C. C. Nos. 34, 25, 37, 36, 11, 35 and 26, and supplements thereto, Grand Rapids, Holland & Chicago Railway, I. C. C. No. 34, and supplements thereto (adopted by Michigan Railway Company, adoption notice I. C. C. No. 21, effective January 1, 1916), and Graham & Morton Transportation Company I. C. C. Nos. 115 and 119, and supplements thereto—and the following passenger tariffs: Michigan Railway Company, I. C. C. Nos. 30, 31, 32, 33, 34, 35 and 36, and supplements thereto.

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TRAFFIC ORGANIZATIONS

THE NATIONAL INDUSTRIAL TRAFFIC LEAGUE.—Object: The object of this league is to interchange ideas concerning traffic matters, to cooperate with the Interstate Commerce Commission, state and local commissions and transportation companies in promoting and securing better understanding by the public and the state and national governments of the needs of the traffic world, to secure proper legislation where deemed necessary, and the modification of present laws where considered harmful to the free interchange of commerce; with the view to advancing fair dealing and to promote, conserve and protect the commercial and transportation interests.

Headquarters—Tacoma Bldg., 5 North La Salle St., Chicago.

G. M. Freer President
Manager Traffic Department, Cincinnati Chamber of Commerce and Merchants Exchange.

W. H. Chandler Vice-President
Manager Transportation Department, Boston Chamber of Commerce.

Oscar F. Bell Secretary-Treasurer
T. M. Crane Company, 836 South Michigan Avenue, Chicago, Ill.

E. F. Lacey Assistant Secretary
5 North La Salle Street, Chicago, Ill.

MANUFACTURERS' ASSOCIATION. In Charge of Traffic of Industries Located at Sterling and Rock Falls, Ill.

A. S. Bradford President
P. W. Brown Vice-President
W. J. Brown Secretary-Treasurer
W. E. Long Traffic Manager

All correspondence relative to movement of traffic to or from Sterling and Rock Falls, Ill., should be addressed to the Traffic Manager, General Office, Lawrence Building, Sterling, Ill.

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POSITIONS WANTED OR OPEN

GOOD TRAFFIC MEN ARE MORE THAN EVER IN DEMAND and **THE TRAFFIC WORLD** is the logical medium for getting the men and the positions in touch with one another. The rates for classified advertisements are as follows: Five cents per word first insertion, three cents per word second insertion and two cents per word for each additional insertion, payable in advance. Answers to keyed advertisements forwarded free and all correspondence held in strict confidence. **THE TRAFFIC WORLD**, 418 South Market Street, Chicago, Ill.

WANTED—Position as traffic manager or assistant traffic manager in large concern. Ten years' experience and above good age. Address T. M. 358, *The Traffic World*, Chicago, Ill.

TRAFFIC MAN—Age 36, expert correspondent on claims, settlements, adjustments, executive ability, initiative, now employed seeks a wider field. Address P. G. 89, *The Traffic World*, Chicago, Ill.

WANTED—General bookkeeper, exempt, for Class II railroad, one familiar with intricate accounts and all office detail. Modern Western small town, living conditions reasonable. Application should state age, salary expected, references, past experience, etc. Address Nav. 106, *The Traffic World*, Chicago, Ill.

WANTED—Traffic position with very large industrial concern where some man with twenty years of technical and practical traffic experience of a wide scope can have plenty to do. He must be serious, methodical and furnish as references some of the best traffic people in the business, commercial and railroad. Address D. T. C. 20, *The Traffic World*, Chicago, Ill.

WANTED—RAILROAD BILL CLERK. Flour milling company has a splendid opening for man of good character and habits, experienced in freight rates. Give full particulars as to experience and references, with application. Address Lawrenceburg Roller Mills Co., Lawrenceburg, Ind.

TRAFFIC MANAGER for industrial concern desires to make change and invites correspondence. Thirty-eight years old, married. Twelve years' actual experience traffic department large western carrier and eleven years as traffic manager for large industrial corporation. Capable of preparing and handling rate cases before state and federal commissions. Address C. M. W. care of *Traffic World*, Chicago.

WANTED—Rate Clerk, to act as assistant to traffic commissioner of commercial organization in northwest. Salary \$100 per month. State age, references and experience. Address Sunday, care of *Traffic World*, Chicago, Ill.

TRAFFIC MANAGER, 22 years old, desires connection with good concern where good work is appreciated. Address C. care *Traffic World*, Chicago.

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COMMISSION ORDER.

The Commission, on complainant's request, has dismissed the proceedings in Case 8880, J. A. Skipwith & Co., et al. vs. Sou. Ry. Co. et al.

Digest of New Complaints

- No. 12016. Page & Hill Co. vs. C. St. P. M. & O. et al.
Unjust and unreasonable rates on posts from Spur No. 325, Minn., to Morrison, Ill. Asks for reparation.
- No. 10219. Naylor & Co. vs. D. L. & W.
Unreasonable demurrage charges on pig iron from Wellston, O., held at New York for export to Italy in that car demurrage was imposed instead of storage. Asks for reparation.
- No. 10220. Marshall-Wells Hardware Co., Portland, Ore., vs. S. P. & S. et al.
Unreasonable charges on bar steel from Pittsburgh and St. Louis to Portland, arising from allegation that charges were computed on too low a minimum. Asks for reparation.
- No. 10221. The Grasselli Chemical Co., Cleveland, vs. Morgan L. & T. R. R. & S. S. Co. et al.
Against a rate of 28.1 cents on lime, LaGarde, Ala., to Euclid, La., as unjust and unreasonable. Asks for reparation to a subsequently established rate of 20c.
- No. 10222. H. W. Johns-Manville Co., Milwaukee, vs. C. M. & St. P. et al.
Against a class rate of 11c per 100 pounds on asbestos cement, in bags, C. L., from Milwaukee to East Chicago as unjust and unreasonable. Asks for a published rate of 6.3c and reparation.
- No. 10223. The Fort Smith (Ark.) Spelter Co. vs. Arkansas Central et al.
Unjust and unreasonable charges on zinc ore from producing fields to Fort Smith and South Fort Smith. Asks for the application of a published rate of \$2.25 per ton and reparation.
- No. 10224. L. Feenberg & Co., Fort Smith, Ark., vs. Midland Valley et al.
Against a rate of 34c on waste paper from Fort Smith to Federal, Ill., as unjust and unreasonable. Asks for a published rate of 19c and reparation.
- No. 10225. Crantum & Danzer, Hagerstown, Md., vs. N. Y. P. & N. et al.
Asks for reparation on demurrage charges on lumber from various points for reconsignment from North Carolina points to New York City.

COMMISSION ORDERS

The Commission having received advice from the complainant, in Case 10068, Traffic Bureau of Nashville vs. C. & E. I. R. R. et al., that it has been satisfied, the proceedings have been dismissed.

The Commission has dismissed the proceedings in Case 10145, "Southeastern Lumber Rates." The petitioning carriers have withdrawn fifteenth section application 5356 in connection therewith.

The Commission, on receipt of advice that the complainant in Case 10202, Hillsboro Coal Co. vs. C. C. C. & St. L. Ry. Co. et al., had been satisfied, has ordered the case dismissed.

The Commission has modified its order of May 9, in Case 9453, R. C. Mills Co. vs. St. L. S. F. Ry. Co., so as to become effective September 15 instead of August 15.

In I. & S. 1135, New Eng. Canned Fish, the Commission has ordered dismissal because carriers cancelled suspended tariffs.

In I. & S. 1085, Cement to Montana (No. 2), the Commission has modified its order of April 11, extending the effective date from July 8 to August 8. It is further ordered that tariffs may be filed on not less than five days' notice.

EXPORT BILL OF LADING.

The proposed withdrawal of the through export bill of lading has been assigned by the Railroad Administration for public hearing before the Western Freight Traffic Committee in Chicago at 10 a. m., August 22. It is stated that everybody who desires to say anything will be heard. The committee sits in the Transportation building.

PACIFIC CAR DEMURRAGE.

The report of the Pacific Car Demurrage Bureau for April, 1918, shows 6,164 cars held overtime, or a percentage of 03.72, as against 5,128, a percentage of 02.87, for April, 1917. The report for May shows 5,740 cars held

overtime, or a percentage of 03.64, as against 5,405, a percentage of 02.99, for May, 1917.

EFFECTIVE DATE POSTPONED

Following a petition filed by C. S. Belsterling, C. MacVeagh and other counsel in the northern district of Ohio for a stay in and reversal of the decision of the Commission in Docket 8406, Sub Nos. 11, 8, 9, 10, 12, 20, 21, 22 and 23, involving claims of the National Tube Company and the Carnegie Steel Company for reparation, the Commission has extended the date of its order in that case from August 15 to October 15 in order to enable counsel to submit the case to the District Court.

DOCKET OF THE COMMISSION

Note.—Items in the Docket marked with an asterisk (*) are new, having been added since the last issue of *The Traffic World*. Cancellations and postponements announced too late to show the change in this Docket will be noted elsewhere.

- August 12—Chicago, Ill.—Examiner Disque:
10204—Consolidated Classification case.
- August 19—Omaha, Neb.—Examiner Disque:
10204—Consolidated Classification case.
- August 26—Portland, Ore.—Examiner Disque:
10204—Consolidated Classification case.
- August 30—San Francisco, Cal.—Examiner Disque:
10204—Consolidated Classification case.
- Sept 4—Chicago, Ill.—Examiner Bell:
I & S 1161—Reconsignment Case (No. 3).
10173—Diversion and reconsignment rules.
15th Sept. Aps. 5307, 5318, 5319, 5566.
- September 5—Denver, Colo.—Examiner Disque:
10204—Consolidated Classification case.
- September 9—Fort Worth, Tex.—Examiner Disque:
10204—Consolidated Classification case.
- September 13—New Orleans, La.—Examiner Disque:
10204—Consolidated Classification case.
- September 19—Atlanta, Ga.—Examiner Disque:
10204—Consolidated Classification case.
- November 4—Washington, D. C.—Examiner Brown:
9200—Railway mail pay.

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THE CLASSIFICATION HEARING

No one accustomed to attending Interstate Commerce Commission hearings could fail to be impressed with the speed and "snap" with which the present hearing before Examiner Disque on the proposed consolidated freight classification is moving. This, doubtless, is due to the predetermined schedule and the necessity of keeping as far as possible to that schedule, even by working extra hours in the day. Some of the skeptics have been disposed to think that the short schedule was an evidence of a pre-determination also to put through the classification as prepared without much regard for fairness to the interests affected other than was paid in the primary work of preparation—in other words, that the present hearing is more or less of a hippodrome, and that the idea is merely to make a showing of giving consideration to the wishes of shippers. But those who visit the hearing are undeceived in this respect, for, in spite of what might be called the whip cracking, expedited methods used, there is an evident spirit of fair play and desire to learn the facts.

The speed at which the hearing moves is due, in great measure, to the presence of Mr. Colquitt, the Commission's classification agent, who has deep knowledge of classification matters, and who uses that knowledge and his clear mind and forceful manner to define the issues to the end that there shall be the most intelligent and most expeditious possible presentation and consideration. Not always, indeed, does Mr. Colquitt's exercise of his function result in a shortening of the proceedings, for, while he separates the wheat from the chaff and prevents

much of what is immaterial from going into the record, he also acts as a friend of the people and frequently serves to make the point for a weak and halting brother who either is not sure of his ground or is backward in his manner of presentation. The pertinent facts are what he is after for the Commission. He and Examiner Disque make a splendid team, and it is to be regretted that more hearings cannot be conducted in this fashion.

It is evident that there will be considerable dissatisfaction with the new consolidated classification when it is put into effect, but this would be the case with any consolidated or uniform classification. Some must suffer for the general good. But that there is any disposition to ride, rough-shod, over anybody or to disregard his tale of suffering without effort to apply a remedy, we believe is untrue. Those who have sneered at the present hearings or refrained from taking part in them on the theory that to do so would do no good, since everything was prearranged, we think have made a mistake. What will be done with the objections made by shippers, other than the corrections that are made on the spot in the cases of obvious unfairness, we do not, of course, know, but we do know that protestants are listened to with consideration and are, apparently, allowed to put anything into the record that is pertinent.

Though we have spoken of the speed with which the hearing is moving it may be cited as proof that it is not blindly keeping to the schedule, regardless of the needs of those who have protests to make, that already it has run somewhat behind and several interests will have to be heard at separate hearings after the schedule is completed. It is a pleasure to say that it is our observation that this, perhaps the most important hearing, in both its immediate and its ultimate aspects, ever held by the Commission, is being conducted with an orderliness and time-saving method, as well as a spirit of courtesy and consideration on both sides, that are marked.

MORE COORDINATION NEEDED

It is gossip, which may not be reliable, that the boats of one of the coastwise lines, not part of a railroad system, are going from port to port with less than full cargoes. The reason assigned is that shippers will not use the water line while water rates are as high as all-rail, because water rates as high as rail constitute a less desirable service. The theory on which all-water rates have been made as high as rail, and on which it is proposed to make the differential route rates as high as those via the standard, is that the value of the service to the shipper is just as great. But if the boats are going back and

forth light there would seem to be something wrong with the theory.

It has been argued that the people in the Dakotas and in Texas will pay as high a rate for lignite as for coal on the theory that they will pay what the lignite mine operators think is an extortionate rail charge rather than freeze. The lignite operators, however, since the enormous rate increases have gone into effect, find that people will not pay as high a carrying charge for lignite as for coal. They may freeze next winter, but just now they refuse to buy lignite, the transportation charges on which make the cost for the same number of heat units in lignite much higher than for coal.

Thousands of times, at rate hearings, railroad lawyers and railroad traffic men have asked shippers why they worry about rates when the consumer pays them. Usually that takes a witness aback, because he thinks only of the physical fact of paying over the money. The consumer pays—when he buys—but, according to the protesting lignite mine operators, he is not doing much buying and that is what worries them. The Fuel Administration has not given them any help and thus far they have not been able to persuade the Railroad Administration that it will cut down the fuel supply if lignite rates as high as those on coal are continued. It may cost a railroad just as much to haul a ton of lignite as it costs to haul a ton of coal. Therefore, in theory, rates on lignite and coal should be the same—and a given weight of cordwood should pay just as much as an equal weight of high grade lumber. While the war lasts, if rates are to be made in that way, the result may be a reduction in the quantity of fuel or some other necessity for an increase in which other government officials have been imploring.

There would seem to be room here for better co-ordination in the work and studies of the various government agencies. Transportation men, now that the railroads are under government operation, ought not to be allowed to think purely in terms of transportation. If certain rate adjustments are necessary in order to provide for war-time food, or fuel, or other necessities, they should be made with that in view. All the power that is necessary is there and any adjustment so made can be made without prejudice to the future.

The same is true with respect to water rates. If it is desired that freight shall move by water in order to relieve rail congestion, rates should be so made as to bring that condition about instead of merely with respect to the value of the transportation service. One of the reasons for appointing W. G. McAdoo Director-General of Railroads was that he was also Secretary of the Treasury and the duties

of the two were necessarily correlated, or at least Mr. McAdoo, in one capacity, could work to good advantage with Mr. McAdoo in the other. And it was a good idea. Why not apply something of the same principle to the matter we have been talking about? The railroads, the Fuel Administration and the Food Administration all work for the same master—the public—and their business is to win the war. Their master, through the public's chosen manager—the President of the United States—should adopt a policy and give them the orders necessary to carry it out successfully.

Employment of motor trucks for long hauls—between Ohio and Massachusetts, for instance—may be regarded as evidence that the public will pay any kind of rates that may be deemed desirable in the interest of uniformity or some other transportation reason. On the highest class of freight the charges for service by truck may not be too high, but if and when the high level of rates on coal and other basic materials cuts down the volume of business, there will be small demand for long freight hauls by trucks. This kind of transportation by motor vehicles is made a commercial possibility only because the basic industries are humming. King Richard, who wanted to give his kingdom for a horse, knew what the traffic would bear at that particular time, but a kingdom for a horse is a rate that would not stand up in the eyes of the farmer who wanted a horse to help cultivate his potato patch. The prevailing high rates may have the effect of cutting down non-essential business. Apparently, however, they do not work that way—at least not in the matter of lignite. The Fuel Administration has advocated the larger use of wood, but the cost of transportation, in the east at least, makes wood as a substitute for coal out of the question, even if there is a prospect that millions will be uncomfortable next winter.

ABANDONMENT OF TRACKS

A. H. Smith, regional director, writes the following to lines in the eastern district:

In a number of instances the consideration of operating problems has involved the abandonment, during the period of Federal control, of certain main track lines; one case in point being the Denver & Rio Grande main line between Salt Lake and Ogden, where the Oregon Short Line double track would be exclusively used.

Another case would be the abandonment of the Omaha's main line for 8 or 10 miles north of Sioux City, the Great Northern being exclusively used.

This is to advise that the question of charter and ordinance requirements in each case must be considered, and where there is an obligation for continuous operation the facts in connection therewith should be reported here, and Judge Payne will handle the matter with the authorities.

It is our thought that there will not be any difficulty in securing the necessary action by the local authorities to permit of the non-use of unnecessary lines during the period of Federal control, but we want to emphasize the extreme desirability of an understanding in advance.

Consolidated Classification Hearings

Sessions at Chicago and New York—Inquiry Moves to Omaha, August 19—Proceeding Are Somewhat Behind the Schedule and Separate Hearings Will be Held on Several Commodities

The Chicago hearing on the proposed consolidated freight classification opened the morning of August 12 with whips cracking and evidences of "pep" on all sides, notwithstanding the hot weather and the long, hot grind that those who are in charge of and in constant attendance on the hearing had in New York, and finished there just in time to get to Chicago on schedule. They were proud of the fact that the record was broken in New York for the length of the record taken in any one day's hearing before the Commission—over 400 pages.

Chairman Fyfe of the Western Classification Committee made a brief opening statement in which he referred those interested to the statement made at Boston by Chairman Collyer of the Official Classification Committee. This statement was printed in *The Traffic World* of August 10.

Mr. Craft of Armour & Co., speaking for the packers, said they felt that they probably could not get the necessary time in Chicago to present their case properly and they asked for a separate hearing in Chicago after the present series is over. Clifford Thorne made the same representation and request for oil interests. Examiner Disque asked that each present in writing a statement as to how much time would be needed and said the matter would be considered.

Mr. Fyfe, in his opening statement, said the changes in western territory were in the minority as to number. He said there were more reductions than advances in that territory. Mr. Colquitt brought out by questions to Mr. Fyfe that prior to the time when the Director-General ordered a hurrying up of this matter, the Commission had made inquiries as to why a consolidated classification could not be effected by January 1.

Walter McCornack asked if there was any intention to apply the proposed classification to state traffic. Mr. Fyfe said he had no knowledge of what the Railroad Administration might intend.

Mr. McCornack asked him if the rate scales should be higher in western territory than in the east and he said they should.

Asked by Mr. Burchmore if the proposed new classification would supersede all exceptions, Mr. Fyfe said he did not know. The committee in its work, he said, had paid no attention to exceptions. Examiner Disque remarked that it was the understanding that the exceptions would be continued.

Rule No. 10

The greater part of the day was spent on Rule No. 10 and consideration of it, so far as the Chicago hearing is concerned, was finished. J. A. Brough, assistant traffic manager for the Crane Company, Chicago, was the first witness. He opposed the proposed new rule as unnecessary, of no practical value, and of no benefit to industry or the general shipping public. It was valuable only to freight forwarders, he said, and was not needed in trade distribution. He favored liberal mixtures of related articles. The rule, he said, would do nothing but injure the jobbing business and build up pool cars. For his own business he wanted the requirements of the trade recognized in the mixtures permitted, and this was the rule he advocated in

general also. Present mixtures, he said, were not broad enough.

Mr. Childe of Omaha brought out by questions that there is more damage risk in a mixed than a straight carload movement because the load cannot be stowed as well.

The witness said the proposed change would affect the Crane Company's business. In towns of ten or twelve thousand inhabitants, he said, plumbers and dealers of that sort would get together and order just enough goods to take care of their requirements and have them shipped in a mixed carload. He said the company already had that to contend with in the east. The new plan, he said, would undoubtedly discourage the carrying of large stocks of merchandise in the west.

John F. Ryan, National Supply Company, Toledo, which has seventy branch houses over the United States, wherever oil and gas is produced, said the proposed rule would be a benefit to any producer of gas or oil away from a large center.

Alvin Hill of Akron, Ohio, speaking for the Sewer Pipe Manufacturers' Association, wanted the present rule ten of Official Classification continued or a mixture providing for his half dozen items at a minimum not exceeding thirty thousand pounds. His was an eastern organization, he said, and was not interested in western ratings.

Martin Van Persyn appeared as chairman of the freight committee of the Wholesale Grocers' Exchange of Chicago, and manager of the transportation department of Sprague, Warner & Co. He was in favor of the rule as proposed, speaking from the point of view of nation wide business. He said his people had asked the Western Classification Committee for such a rule, but it had been refused.

A. J. Killen, an oleo margarine manufacturer of Chicago, said he was opposed to the proposed rule under the "rank" classification. He thought his product should not take the same rating as butter.

R. J. Kreidler, traffic manager of the Goodyear Tire & Rubber Company, and of the Rubber Association of America, thought the present rule 10 a good rule and that it should be extended over the country. He objected to the proposed rule because it takes the high rate and the high maximum, which would work a hardship in his business. His principal illustration was in the mixture of pneumatic and solid tires at the minimum proposed.

Allan Winters of the Parry Manufacturing Company of Indianapolis, accompanied by H. B. McNeely, of the Indianapolis Chamber of Commerce, wanted the present rule 10 with no change in rating on his commodity.

E. G. Peyton of the Hercules Buggy Company, Evansville, Ind., said the result of the proposed rule in his business would be to impose on every shipment of certain kinds of bodies a minimum of 20,000 pounds, which could not be loaded.

J. H. Miller, traffic manager of Emerson-Brantingham Company, spoke for the National Implement and Vehicle Association. He said the proposed mixture rule as drafted was not acceptable to the implement and vehicle interests. The wording of such a rule should be along the lines of

the present Rule 10 of the Official Classification, which has been in effect for many years and has met with general approval "owing to the fact that it is in line with the usual classification practice, which is a high rate on a low minimum and a low rate on a high minimum." At the present time, he said, he could load mixed carloads of agricultural implements and spring vehicles into Official Classification territory at second-class rate, and minimum weight applying on vehicles, 11,000 lbs. for 36 ft. cars, thereby accepting an advance of three classes in the rate from fifth to second class on agricultural implements for this mixing privilege.

This principle, he said, was recognized in the present Official Classification Rule 10, but not in the proposed Rule 10, which would make it necessary to pay the second-class rate and minimum weight of 24,000 lbs. on such a mixture.

The implement and vehicle manufacturers further felt that their needs would be better served in making the implement list complete by including certain items, which have heretofore been carried in that list, but which are now eliminated, such as feed grinding mills, tractors, traction and farm portable engines and other articles carried in items 15 and 16, page 113, of Western Classification 55, together with a mixture item under the heading of agricultural implements other than hand, making it possible to mix agricultural implements and parts and freight and passenger vehicles, horse drawn, and parts thereof in carload lots at a minimum weight of 24,000 at 5th class rate in Official Classification, 6th class rate in Southern Classification and Class A in the Western Classification.

The interest of the implement and vehicle manufacturers in a full mixture of the implement and vehicle line, he said, is to meet commercial conditions and at the same time utilize the full loading space of the car. This had been particularly emphasized by the Interstate Commerce Commission in the Western Classification case in its discussion of the liberalization of mixture.

He said it was further important that this list be complete in order that commodity rates on implements and vehicles may cover automatically all articles which should be in the classification group. In I. and S. docket 76, he said, the Commission emphasized the importance of this in connection with the classification of binder twine, which, he remarked, is now properly included under implements in the consolidated classification.

What he said of the complete list of agricultural implements was also true, he said, of implement parts, and there were certain additions to the list which are important if it has to be made complete. For example, double-trees, eveners, neckyokes and singletrees are now listed under implement parts in Western and Southern Classifications. In the proposed consolidated classification they are removed from the implement part list and are shown as specific items.

Mr. McGrath of the Manufacturers' Association of Minneapolis and Mr. Fyfe had a little argument because the former expressed himself as "on the fence" with respect to the proposed rule. Mr. Fyfe thought time ought not to be wasted listening to anyone who did not have an opinion to express, one way or the other. Mr. McGrath remarked that Mr. Fyfe's objections might not go very far, for he was sure the Commission would be glad to hear the views of shippers. He finally said that if the new rule should go into effect the present long standing mixtures should be continued.

Mr. Colquitt asked the classification men whether, if,

as the result of the application of the proposed rule, it should be shown that an undue hardship had been worked, the carriers would be willing to put in a specific mixture. They replied that they would do so, for they did not wish to work a hardship on anyone, but Mr. Collyer pointed out that a hardship might not be an undue hardship and that determination of that point would depend on circumstances.

Traffic Manager Wallace of the Kellogg Toasted Corn Flake Company, Battle Creek, said that under the proposed rule mixtures of the cereals manufactured by his company would be cut out.

E. C. Nettles, traffic manager of the Postum Cereal Company, Battle Creek, also opposed the proposed rule as compared to the present rule in Official territory because it would be impossible to load over 22,000 pounds of the mixture he would be required to ship.

E. H. Berg, assistant traffic director of the St. Paul Association, announced that he adopted as his own the testimony offered by Mr. Brough. The Minnesota Railroad and Warehouse Commission backed him up.

W. D. Wells, for the Clay Products Association, said if the proposed rule were adopted he would want specific mixtures to allow his products to move.

This ended the testimony of shippers in the matter of Rule 10. Mr. Collyer, asked if the carriers had any justification to offer, said the rule had been justified by the testimony of the shippers themselves. Mr. Fyfe, however, went into a little explanation of the process of reasoning used in arriving at the rule. He said the Western committee had numerous mixtures in effect and were constantly being asked for more and were constantly receiving complaints against those made. The Official, on the other hand, could not get away from its present Rule 10. The thing had to be simmered down to a uniform basis, he said—there had to be one thing or the other. He was inclined to think the Commission would finally have to say what the rule should be.

Mr. Collyer, in answer to a question by Mr. Colquitt, said several years ago the abolition of Rule 10 was docketed by the Official committee and shippers protested vigorously.

From Mixtures to Candy

From Rule 10 the attention of the assembly turned to candy. W. C. Lindsay, traffic secretary of the National Confectioners' Association, said the cumulative effect of the various increases imposed had been extremely detrimental to the industry he represented. The reduction on candy in glass in the proposed classification, he said, would help some, but that was on only a small part of the total business. He was opposed to the proposed increase to second class on cough candy drops and popcorn confections for the same reason as on other candy.

Ewing Cain, traffic manager of the Hershey Chocolate Company, said he wanted to remove the impression that candy is a luxury. If it were, he said, why would the government be buying such quantities of it for the soldiers and insisting on its shipment? Mr. Collyer asked if there had been any intimation at the hearings that candy was a luxury and Mr. Cain said there had not, in words, but there seemed to be something of that kind "sticking around." Mr. Cain said his rate to Chicago had just been increased from fifty to seventy-two and a half cents and now it was proposed to raise it to ninety-two and a half. He thought that was going too far.

"That thing has happened in all lines of industry all

(Continued on page 324)

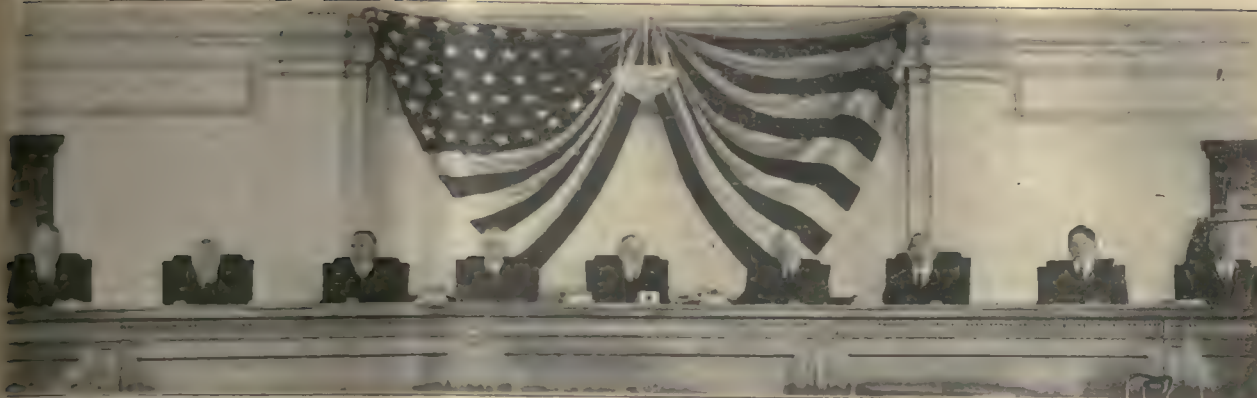


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Decisions of Interstate Commerce Commission

CHARGES ON METAL MOULDING

CASE NO. 9448 (50 I. C. C., 607-609)
ON THE BRAY GLASS & PAINT COMPANY VS. CHICAGO, ROCK ISLAND & PACIFIC RAILWAY COMPANY ET AL.

Submitted May 17, 1917. Opinion No. 5344.

The case is a complaint against shipment of finished metal moulding transported from St. Louis, Mo., to El Paso, Tex., in which charges were assessed on basis of the first-class rate and minimum weight of 1,000 pounds because it was found to be loaded through the side door of an ordinary 36-foot box car not found unreasonable. Complaint dismissed.

Division 2, Commissioners Clark, Daniels and Woolley.

Complainant is a corporation engaged in the manufacture and jobbing of various kinds of glass and of paints at St. Louis, Mo. By complaint filed December 30, 1916, it alleges that charges of \$63.60 collected for the transportation in October, 1915, of one less-than-carload shipment of finished metal moulding from St. Louis to El Paso, Tex., were unreasonable to the extent they exceeded \$15.90. We are asked to require the establishment from and to the points of shipment of a first-class rate, subject to a minimum of 1,000 pounds on articles too long to be loaded through the side door of an ordinary 36-foot box car and, on that basis, to award reparation. As the defendants established, effective May 1, 1916, an exception to the rule under which charges were collected in compliance with the order issued by the Commission in its supplemental report in Minimum Charges on Bulky Articles, 38 I. C. C., 257, which provides the minimum for which the complainant asked, the case is one of reparation only.

The shipment moved by way of the lines of the defendants, Chicago, Rock Island & Pacific Railway; Chicago, Rock Island & Gulf Railway, and El Paso & Southwestern companies. It consisted of a box, containing 42 pieces, measuring in length from 5 to 25 feet, of 1-inch, wood-encased, copper-covered, finished moulding weighing 179 pounds. Although not measured by complainant, the box is estimated to have been approximately 25 feet in length and not to exceed 8 inches in width or depth. It was possible to load the moulding in a box not to exceed this latter dimension by placing the short lengths of moulding end to end. Charges were collected of the consignor, for which complainant was reimbursed by the complainant, in the sum of \$63.60, computed on the basis of the first-class rate from St. Louis to El Paso and a minimum of 1,000 pounds in accordance with rule 20-B, effective May 15, 1915, of the Western Classification, as follows:

Unless otherwise provided, a shipment containing articles the dimensions of which do not permit loading through the center door of a box car, or which are 7 feet 6 inches high, without the use of a crane, or a derrick, or a hoist, or any other device, shall be loaded through the side door of a box car, and such articles shall be subject to a minimum weight of 1,000 pounds and authorized rating, subject to a minimum charge of 1,000 pounds at the first-class rate for the entire shipment.

This rule was published to comply with the order of the

Commission in its original report in Minimum Charges on Bulky Articles, 33 I. C. C., 378.

The expense bill bears the notation, "Too long to load through side door of 36-foot box car. Rule 20-B, 25 ft. 1 1/2 in length." Both the car in which the shipment was loaded at St. Louis and that in which it was delivered at El Paso were 40 feet in length.

Complainant offered no testimony to show that the charges collected on the shipment were unreasonable, apparently relying on the rule announced March 1, 1916, by the Commission in its supplemental report on Minimum Charges on Bulky Articles, supra, that is:

Unless a lower rate is otherwise provided, a shipment which contains an article exceeding 22 feet in length and not exceeding 12 inches in diameter or other dimension shall be charged at actual weight and authorized rating, subject to a minimum charge of 1,000 pounds at the first-class rate for the entire shipment.

Neither the witness for complainant nor the representative of defendants were able to state the manner in which the shipment was loaded at St. Louis. The informal complaint does show that the shipment was transported by way of the Wabash Railway from Chicago, Ill., to St. Louis, for which movement the charges collected were 81 cents, based on a first-class rate of 45.5 cents per 100 pounds and the actual weight of 179 pounds. It appears that under the Illinois classification, which governed on this movement, there is no provision for assessing a minimum weight on articles too long to be loaded through the side door of a 36-foot box car.

Defendants resist an award of reparation, reiterating their position when the supplementary proceeding in Minimum Charges on Bulky Articles was had, that is, that there then had been hundreds of shipments of iron and steel articles, silo staves, culverts, and other long and bulky articles on which the minimum originally prescribed by the Commission had been applied, and that it would be unfair to mulct the carriers in damages for applying a rule which the Commission had found reasonable. Defendants oppose the establishment of a precedent in this case for awards of reparation on all the shipments which moved during the time the original rule of the Commission was effective.

WOOLLEY, Commissioner:

The foregoing statement of facts, with a recommendation by the examiner that the Commission deny the prayer for reparation and dismiss the complaint, was filed in the record and served upon the parties under a rule of procedure which provides that exceptions to a proposed report be taken within 20 days. No exceptions were filed.

As stated above, the complainant offered no evidence to show that the charges collected on the shipment were unreasonable, apparently relying upon the fact that subsequent to the movement of said shipment the Commission prescribed a lower minimum on shipments of the kind involved. This would apply equally to every interstate shipment moving subsequent to May 15, 1915, upon which

charges were assessed upon basis of the minimum first prescribed by the Commission and made effective on the date stated, and in our opinion does not afford a satisfactory basis for an award of reparation. We can only conclude from the record before us that the charges collected on the shipment involved have not been shown to be unreasonable. The complaint will be dismissed.

CHARGES FOR PEDDLER CARS

CASE NO. 9136 (50 I. C. C., 612-619)
CLEVELAND PROVISION COMPANY VS. BALTIMORE
& OHIO RAILROAD COMPANY ET AL.

Submitted March 10, 1917. Opinion No. 5346.

Charges for the movement of peddler cars from Cleveland, Ohio, to points in Central Freight Association and Trunk Line territories found unreasonable and unduly prejudicial.

WOOLLEY, Commissioner:

Complainant is interested in the shipment of fresh meat and packing-house products in peddler cars from Cleveland, O., to points in eastern Ohio, western New York and Pennsylvania, and West Virginia. Some of the points are located in Central Freight Association territory; others in Trunk Line territory. To the points in Central Freight Association territory the charges on freight shipped in peddler cars are computed at the less-than-carload rates applicable on the various consignments to their respective destinations and at their actual weights, but subject to a minimum charge based on the dressed beef carload rate to the final destination of the car, and a weight of 20,000 pounds. The dressed beef rate is usually 90 per cent of the third class rate. There is no peddler car rule applying in connection with the joint rates from Cleveland to points in Eastern Trunk Line territory. When complainant desires to distribute in that territory freight which requires a high degree of refrigeration, it must use the carriers' ordinary stop-off arrangement applicable to traffic generally. This arrangement requires that the shipment be billed and charged for as a carload shipment to the final destination, with a charge of \$5 for each stop made. Complainant alleges that both the peddler-car rule and the stop-off rule result in unreasonable charges; it refers, among other things, to more liberal rules under which its competitors at Buffalo, N. Y., and Pittsburgh, Pa., may ship into Trunk Line territory, to its alleged, undue prejudice and disadvantage; and asks that a reasonable rule be established and applied uniformly to all the points in question. Defendant lines in Central Freight Association territory admit that the peddler car rules should be the same in both territories, but suggest that uniformity be accomplished by canceling the present rule of the trunk lines and applying the rule of the Central Freight Association lines. They are also willing to apply the latter rule in connection with joint rates from Cleveland to points in Trunk Line territory. The lines east of Buffalo and Pittsburgh which were made parties defendant have not appeared, and their attitude is not known.

The peddler car rule here assailed applies from Chicago, Ill.; Indianapolis, Ind.; Cincinnati, O.; and other packing centers in Central Freight Association territory, as well as from Cleveland, and has been maintained in substantially its present form for many years. The weight of 20,000 pounds used in computing the minimum charge was, prior to June 16, 1916, the minimum weight on dressed beef. The dressed beef minimum is now 21,000 pounds, but we disapproved a proposed increase to that basis of the weight used in computing the minimum charge for peddler cars. Peddle Car Minimum, 43 I. C. C., 139.

Peddler car traffic has been considered by the Commission in several previous cases. The nature of the car and its operation were described in part as follows, in Rules Governing Shipments of Freight in Peddler Cars, 32 I. C. C., 428, wherein the minimum in Western Trunk Line territory was involved:

The original arrangement permitted the sale from the cars, as peddlers from wagons, of fresh meats and packing-house products, but the growth of the business and economy of operation demanded that sales should be made prior to the shipment of the car, and that each package should be consigned to a particular consignee. The cars move from the packing houses, usually on certain days of each week, and the loading depends on sales made in advance, generally by salesmen of the pack-

ers who canvass the territories served by the peddler-car routes. When a packer has orders for a sufficient tonnage he makes arrangements with the carrier for the shipment and loads at his packing plant a refrigerator car owned by him which is usually equipped with meat hooks and other necessary appliances. Each car contains on the average less than 100 consignments which are loaded in station order. The cars are then forwarded by fast freight to the first destination to which there is a consignee, after which it is handled as way freight and the various consignments are unloaded by the carriers at the stations to which they are billed. The packer not only precool the car and fills the bunkers with ice and salt at his own expense, but when reicing en route is necessary he pays for that also. The car is usually returned empty to the packing house from which shipped, and the carriers pay the owner a mile for both loaded and empty movements. The average route is from 275 to 280 miles in length, but in some instances peddler cars move only 30 miles, while in others they move 300 miles.

The record in this case shows that in some instances the unloading of peddler cars is done by or with the assistance of the consignees' draymen. Witness for complainant testified that the practice was quite general, but a witness for the Pennsylvania lines west of Pittsburgh testified that investigation by him disclosed the fact that in 88 per cent of the cases peddler cars were unloaded by the carriers with little or no assistance from the consignees. Upon the whole, however, the nature and operation of the peddler car seems to be the same in the several territories.

The peddler car rule applying to points in Central Freight Association territory covers primarily fresh meat and packing-house products, but also permits the inclusion of numerous by-products, such as soap, candles, canned soups, butter, cheese, etc., which, generally speaking, are shipped only by the large packers. Complainant, like others of the smaller packers, does not manufacture by-products. Its cars are usually made up of about 28 per cent fresh meat and 72 per cent packing-house products. Generally, they do not contain more than 10,000 pounds and the freight charges computed at the less-than-carload rates applicable to the various consignments fall short of the minimum charge. It is said to be impracticable for complainants at present to load peddler cars any heavier. They include in the loading all the commodities which their salesmen are able to dispose of in a given territory. The amounts which must be paid to make up the minimum charge are commonly referred to as penalties. On 13 apparently typical cars, including 2 which moved to points east of Buffalo under defendants' stop-off rule applicable to traffic generally, the penalties paid by complainant are shown to have ranged from \$3.53 to \$28.71, and to have averaged \$17.33. The present rule is better suited to the needs of the large packers, who are able to load their cars much heavier than those of complainant. Some load as much as 30,000 pounds, but the normal car shipped by them carries probably 14,000 pounds. A more definite idea of the amounts loaded by the larger packers may be gained from the following figures for the month of July, 1916, which are taken from defendants' brief:

Shipper.	Number of cars.	Average weight, pounds.
Swift & Co.	188	15,984
Armour & Co.	43	15,515
Wilson & Co.	34	13,064
Morris & Co.	25	13,757
Kingan & Co.	8	20,244
Libby, McNeill & Libby.....	2	8,866

The cars of the large packers may not ordinarily contain any more meat than complainant's cars, but the weight of the by-products brings the freight charges up to a point where they approximately equal the charges on a minimum carload of dressed beef to final destination of the car. Thus the large packers are able to avoid the payment of heavy penalties, which complainant could probably do also if it manufactured and sold as many by-products as the large packers.

Complainant suggests that a reasonable and non-discriminatory rule would name no minimum charge, but would provide a minimum weight of 10,000 pounds and require that if the minimum weight were not loaded, the deficit in weight be charged for at the first class rate, which is the less-than-carload dressed beef rate, to the final destination of the car. It is, of course, willing that the rule be limited to fresh meat and packing-house products.

In the opinion of complainant the peddler car is an

economic necessity. It contends that since the carriers do not themselves operate cars of a sufficiently high degree of refrigeration to protect meat, their peddler-car rules should be very liberal. Complainant asserts that it now ships about 25 cars per week, but that its business is constantly declining because of the alleged unreasonable and discriminatory requirements. Under the rule suggested it estimates that it would eventually be able to bring its shipments up to 100 cars per week.

The roads in Western Trunk Line territory require the loading of 10,000 pounds of fresh meat and packing-house products in peddler cars. If that weight is not loaded, the deficit in weight is charged for at the fourth class rate to the first destination for which the car contains a shipment. The car is also subject to a minimum charge based on 10,000 pounds at the fourth class rate to the final destination. In Rules Governing Shipments of Freight in Peddler Cars, supra, we found that a proposed increase in the above weight factor to 12,000 pounds was not justified. The proposal contemplated the mixing of by-products with the other articles in order to enable the shipper to meet the minimum requirements, but it appeared that the only shippers which could meet those requirements were two large packers at Chicago. The record showed that the average earnings on peddler cars under existing minima were in excess of the average the respondents received on all less-than-carload freight, taking into account the mileage paid for the use of the cars.

The rule in trans-Missouri territory, which reaches to the Rocky Mountains, is similar to that in Western Trunk Line territory.

In southwestern territory there is one rule which is substantially the same as that in Western Trunk Line territory. Another provides a minimum charge based on 10,000 pounds at the less-than-carload fresh meat rate to the final destination of the car and permits the loading of articles other than fresh meats and packing-house products.

The general rule in southeastern territory permits the loading of articles other than fresh meats and packing-house products. If 10,000 pounds are not loaded the deficit is charged for at the less-than-carload fresh meat rate to the first destination. No minimum charge is required. This rule is not observed by the Illinois Central Railroad; if 10,000 pounds are not loaded, that road charges for the deficit at the less-than-carload rate on packing-house products to the first destination.

The lines operating east from Buffalo, N. Y., require for 8,000 pounds of fresh meats and packing-house products. Any deficiency in weight is charged for at the first class rate to final destination. No minimum charge is provided. The Pennsylvania Railroad requires 10,000 pounds of freight and permits the inclusion of butter, eggs and poultry.

The New York, Chicago & St. Louis Railroad, operating entirely in Central Freight Association territory, has a rule which permits the inclusion of various articles and provides that if 10,000 pounds are not loaded, the deficit will be charged for at the first class rate to the final destination of the car. No minimum charge is prescribed.

An analysis of these various rules shows that they are much more favorable to the shipper than those here complained of. According to estimates submitted by complainant, the minimum charges for peddler cars from Cleveland to points in Central Freight Association territory on the basis of rates in effect at the time of the hearing ranged from \$36.60 for 100 miles to \$53 for 300 miles. For the same distances the charges in Trunk Line territory appear to range from \$11.12 to \$18.88; in Western Trunk Line territory from \$15 to \$25.50; and in southeastern territory from \$16 to \$31. The charges based upon the rule suggested by complainant would apparently average from \$15.46 to \$21.40. For these distances the car-mile earnings as computed by complainant range from 26.6 cents to 17.87 cents in Central Freight Association territory; from 11.12 cents to 6.29 cents in Trunk Line territory; from 15 cents to 8.50 cents in Western Trunk Line territory; from 16 cents to 10.3 cents in southeastern territory; and from 15.4 cents to 7.13 cents on the basis of the rule suggested. On the average, the earnings to points in Central Freight Association territory are perhaps more than double those in the other territories. This is so, notwithstanding the fact that transportation conditions generally are more favorable in

Central Freight Association territory than in Western Trunk Line and southeastern territories, and but little different from those in Trunk Line territory. Defendants contend that the per-car charges in other than Central Freight Association territory are too low considering the service performed.

On the 13 apparently typical cars above referred to the average haul was about 148 miles. The average haul on all freight handled by 4 of the principal defendants is given by complainant as 148 miles, the average per-car loading as 47,580 pounds, or almost 5 times the loading of complainant's peddler cars, and the average per-car revenue as \$19.60, or about the same as would accrue on peddler cars under the rule suggested by complainant. It is impossible, however, to say what an analysis of these averages of averages would show.

Complainant seeks to show that the operation of the peddler car substantially reduces loss and damage claims. For the year ended June 1, 1916, it found that its loss and damage claims on certain less-than-carload shipments of packing-house products in the ordinary merchandise cars of the carriers was 5.25 per cent of the total freight charges on such shipments, but that on mixed shipments of fresh meat and packing-house products in peddler cars for a corresponding period the claims amounted to only 1.25 per cent of the total per-car charges.

The shipper, in addition to furnishing the car, for which it receives what is deemed to be an inadequate rental charge, cleans, precools, ices, loads, tallies, seals and cards the car, and consignees' draymen sometimes unload or assist in the unloading. One of the largest items for which complainant claims credit is the expense of icing and re-icing, but whether the performance of these services by complainant results in any material saving to defendants is not clear. The carriers do not hold themselves out to bear the cost of refrigeration on all perishable traffic.

Peddler cars are often moved a portion of the distance on through trains and then hauled on a local which makes stops at various points along the line. Sometimes they contain freight for only two or three points, and some times for various small stations. Their operation saves the carrier the expense of loading, but at Cleveland, as complainant is located on the tracks of the Baltimore & Ohio Railroad, other roads must absorb a charge of \$2.50 per car for switching from complainant's plant.

Defendants are apprehensive that any reduction in the minimum charge as applied from Cleveland will be demanded by and accorded the large packers at Chicago, with the result that their peddler cars will in many cases be shipped without the by-products. In that event substantially the same service might be performed at much less than the present charge. Of course, revenue in addition to the peddler-car revenue would be derived from the separate shipment of the by-products, but the lessened efficiency of such a peddler car from a strictly transportation standpoint would remain. During the past few years efficiency in the handling of less-than-carload traffic has been a watchword with many carriers, and defendants seem to feel that for them to make any concession in the peddler-car rule would be a step backward. By careful attention to the service one of the defendants has increased the average weight loaded in merchandise cars from 18,000 pounds in 1912 to 17,000 pounds in 1916. Several of the other roads parties to the case have accomplished similar results.

Less-than-carload traffic shipped under refrigeration in other than peddler cars is generally transferred and consolidated at large stations. On the lines of the principal defendants the cars before consolidation contain on the average about 11,000 pounds, but after consolidation the loading averages perhaps as much as 21,000 pounds. There can be no question but that the peddler car with a light loading tends to inefficiency in the transportation system.

The evidence of defendants is convincing that the peddler car, as a rule, is accorded somewhat greater expedition than the ordinary merchandise car. Expedition increases the cost of a given service and is also a thing of value to the shipper. However, these considerations are offset, at least to some extent, by the fact that the initial terminal services on a peddler car, with the exception of switching, whether it be that of the line-haul carrier or its connection, are performed by the shipper. The cost or expense of switching from the shipper's siding in some

cases may, and in other cases may not, be equivalent to the expense incident to the loading of merchandise by the carrier at its freight depot.

We conclude and find that the present rules under which complainant operates are unreasonable, and unduly prejudicial to Cleveland; that a reasonable peddler-car rule for defendants to apply from Cleveland to the points in Central Freight Association and Trunk Line territories would provide a minimum charge not in excess of the charge made for 12,000 pounds of freight at the third class rate from point of origin to the final destination of the car; that the undue prejudice to Cleveland must be removed by defendants applying the same rule from Cleveland as is contemporaneously applied by them from Buffalo. Complainant does not ask for the extension of a reasonable rule to all Central Freight Association and All Trunk Line territory, and does not state specifically to which points or to what extent of territory it is desired. Our finding, therefore, is necessarily general in form and an appropriate order cannot be entered at this time. No feature of the peddler-car rule other than the provision for the minimum charge has been fully tried out. Supplemental proceedings may be brought if satisfactory arrangements are not put into effect by defendants within a reasonable time.

By the Commission.

RATES ON GLASS SAND

In a tentative report on No. 10,053, Owens Bottle Machine Company vs. B. & O., written by Examiner Burnside, it is recommended that the Commission find the rates charged on glass sand from Silica, O., to Fairmount, W. Va., unreasonable and that reparation be made. The rates from various points from which the complainant draws its sand range from \$2 to \$3.30 per ton. The conclusion is that the rates were unreasonable to the extent that they exceeded \$1.85 prior to May 2, 1918, and \$2.10 since that time, and that reparation should be made to that basis. But no order is suggested because the roads involved, except the Toledo, Angola & Western, are in the hands of the Director-General and the rates now in effect were not in issue in this proceeding. The recommendation is that through routes and joint rates be established from some of the sand-producing regions. The Toledo, Angola & Western has signified that it desires to be treated the same as controlled roads and it is therefore expected to make the through routes and joint rates.

RATES ON PETROLEUM

A tentative report by Attorney-Examiner Burnside recommends the dismissal of No. 10019, Montana Oil Company et al. vs. A. T. & S. F. et al., on a finding that rates on petroleum and its products from points in Oklahoma to Montana destinations have not been shown to be unreasonable, unjustly discriminatory, or unduly prejudicial.

CLASSIFICATION HEARINGS

(Continued from page 320)

over the country," said Examiner Disque. "Why can't you pass it on to the consumer?"

"There is a limit as to what can be passed on," replied Mr. Cain.

Mr. Collyer took the stand to justify the proposed changes and to be examined by Mr. Cain.

John J. Corbin of Sharon, Pa., representing the Pennsylvania Tank Line, objected to the note to Rule No. 35 defining a newly acquired car. It has been in effect in Official territory and it is now proposed to put it into use in Western and Southern. He thought the question of acquir-

ing a car ought not to depend on where the markings were changed.

E. R. Geffs brought an instant's relief from the oppressive heat in the court room when he announced that he intended to discuss snow shovels. What he had to say, he explained, was more of an inquiry than a protest. He did not understand why it was thought necessary to increase the rating of the snow shovels he manufactures.

Charles A. Smith, of the U. S. Printing & Lithographing Company, Cincinnati, was unable to understand, he said, why there was diversity of ratings on the same commodity in different territories. He wanted uniformity of rates in general and on his product in particular. What is good one place is good another, he said. He wanted the same rate on labels and printed wrapping paper. The difference, he said, was only one of size. Justification for the proposed change was made by Mr. Lawrence of the Official committee.

W. H. Lyon of Louisville objected to the increase on lamp chimneys from first and third to second and fourth. He knew of no reason for it. Mr. Steadwell of the Southern committee made the justification. He said, among other things, that it was his information that on the southern lines the loss and damage claims on lamp chimneys were the largest they had.

Mr. Steadwell conducts the case for the Southern Classification Committee in the absence of Chairman Crossland, who is ill.

Barlow on Rule 10.

At the opening of the hearing August 13 H. C. Barlow of the Chicago Association of Commerce, was a witness on Rule 10, an exception having been made in his case because he was not able to be present the day before when the Chicago consideration of this subject was closed. He said he was an advocate of a mixed carload rule. "It was a good transportation rule, he said, vital to both carrier and shipper. He recalled that in I. and S. 76—the western classification case—he wrote an argument in favor of a mixed carload rule for Western Classification. That argument, he said, was applicable to all territories and is more applicable now than then. He filed that argument as a brief in the present case.

All are agreed, he said, that the terminals were never so congested as now. One thing that would relieve the congestion, he believed, was a mixed carload rule which would permit the shipper to use his own terminal. Such a rule would avoid expense to the carrier, he said, in handling much of what is now shipped L. C. L. He filed exhibits to show that the average loading of certain Chicago concerns under Official Classification Rule 10 has been about double what the railroads get in loading L. C. L.

Official Classification territory, he said, has had a mixed car loading rule for years and commerce and industry has thrived under it. Its benefits, he said, were common to carrier and shipper. It was an excellent rule from both points of view. Everyone, he said, wanted some kind of mixed carload rule, but everyone wanted the kind that would benefit his own business. But viewed as to the general commercial and transportation situation everybody he said, is entitled to such a rule if anybody is. Rule 1 as now in effect, he thought, was the best rule he could frame, but he was willing to accept the proposed substitute rule and give it a fair trial. If it should prove to be unsatisfactory it could then be challenged.

On the question of harm that might be worked to communities through the application of this rule, he said Chicago had always had such a rule and though he would not

tribute Chicago's growth and wealth to that alone, he stated out that with it in force the community had kept on with other manufacturing and jobbing centers. He urged the adoption of the rule.

Mr. Fyfe asked Mr. Barlow if it would be possible to draw specific mixtures that would take care of Chicago and enable it to keep what it now has. Mr. Barlow said it could not. Asked if it would be possible to do it and keep the classification within reasonable bounds, he also said it would not.

The Case for Cooperage.

V. W. Krafft, secretary of the Associated Cooperage Industries of America, a national organization representing the cooperage industry in all its branches, appeared in behalf of manufacturers of cooperage—barrels, half barrels, etc., all kinds. His testimony referred to the proposed changes in classification ratings on cooperage, tight and slack, new, loose, in so far as they affect an increase in transportation charges.

An exhibit submitted by him showed that it is proposed to establish a uniform carload rating on wooden slack barrels of third class in the three classification territories, and a uniform minimum of 10,000 pounds, subject to rule 1, the only reduction effected by these changes being the minimum weight applicable in Western Classification territory, he said. A reduction sign appears in connection with the carload rating in Official and Southern Classification territories, but he said he was unable to check a reduction.

On wooden tight barrels, new, carloads, the proposed rating in Official Classification territory is Rule 26 compared to 4th class, present rating; in Southern Classification territory 4th class compared to current 5th class rating; in Western Classification territory 4th class compared to existing class "B" rating. The minimum provided for the different territories is 12,000 pounds, subject to Rule 34, which effects a reduction in Western Classification territory from the existing minimum of 14,000 pounds. In Southern Classification territory, an increase and reduction sign appears, but he said he was unable to check a reduction.

His testimony was directed toward the classification of cooperage, tight and slack, new.

While published exceptions to Western Classification provide ratings applicable on cooperage in Western Trunk Line territory somewhat lower than the ratings provided for in the proposed consolidated classification, the reasonableness of the ratings proposed are in issue, he said, and should be justified.

Another exhibit showed the effect of the proposed ratings applicable to Western Classification territory. It showed the rates, carload minimums and per car charges in effect prior to June 25, 1918; those now in effect, and those now proposed. It showed that a total increase of 71.35 per cent would be effected in the rate on tight barrels, new, loose, from St. Louis to Kansas City, Mo., as compared with the rate in effect prior to June 25. The minimum per car charge would be increased 49.45 per cent compared with the per car charge in effect prior to June 25. It showed that between the same points the percentage of increase in the rate on slack barrels would be 125.64 per cent, and in the per car charge 61.17 per cent. It also showed the percentage of increases in rates and per car charges between Chicago and Kansas City, and St. Louis and Texas common points, the percentage of increases being substantially the same.

Another exhibit made similar comparisons in the rates

and per car charges effected by the proposed changes in classification ratings on tight barrels, new, loose, and slack barrels, loose, from St. Louis to New York City, Chicago to New York City, and Pittsburgh, Pa., to New York City. It showed that cooperage in Official Classification territory has experienced two substantial advances since September 20, 1917. It showed a percentage of increase in the proposed rate and per car charge on tight barrels, St. Louis to New York, of 62.41 per cent compared with the rate and per car charge in effect prior to September 20, 1917. On slack barrels the increase under the proposed rating would be 78.20 per cent. Between Chicago and New York the increase on tight barrels, new, in rate and per car charge would be 63.04 per cent, and on slack barrels 78.57 per cent.

An exhibit making similar comparisons in Southern Classification territory showed an increase under the proposed rating on tight barrels, new, loose, carloads, from St. Louis to New Orleans of 56.25 per cent, and on slack barrels of 103.75 per cent. From Chicago to New Orleans the increase on tight barrels in rate and per car charge would be 54.25 per cent compared with the rate and per car charge in effect prior to June 25, and on slack barrels 100 per cent between the same two points. A similar comparison was made between rates from Memphis to New Orleans.

Those exhibits, he said, showed that the percentage of increase which would be effected under the proposed classification ratings would be so pronounced as in many cases practically to double the transportation charges in effect a year ago. They showed that in all three territories the proposed per car charges on slack barrels would be greater than on tight barrels and such an adjustment he contended was untenable. "Measured by every factor which generally applies in the determination of a classification rating and the fixing of an equitable transportation charge, the inconsistency of the proposed relative adjustment as between tight and slack barrels is apparent. The factor of value alone proves this. Manifestly, the relation of freight charges to the value of a slack barrel under the proposed rating would be out of line entirely with the relation of freight charges to the value of tight barrels.

"We submit that in the determination of a proper classification of cooperage the economic features involved must be taken into consideration. Many years ago, at which time lumber and cooperage stock were produced principally in the northern and middle western states—namely, Minnesota, Wisconsin, Michigan, Illinois, Indiana, Ohio and Pennsylvania—numerous large cooperage manufacturing plants were located throughout that territory, drawing their raw material from nearby producing sections. However, during the course of time the timber adjacent to the cooperage plants was gradually cut out and with the development of the south and southwestern timber regions those sections were called upon to supply raw material—namely, cooperage stock—for barrel manufacturing plants. The local market for cooperage is wholly inadequate to consume the output of cooperage plants located in the territory described. In consequence their continued operation is dependent entirely on the availability of the primary market for barrels—namely, the eastern seaboard territory. While there has been a marked increase in the last ten years in the manufacture of empty barrels throughout that territory, which draws its supply of cooperage stock from contiguous territories of production—namely, the south and southeast—the inadequacy of that production makes necessary a substantial movement of cooperage from Pennsyl-

vania, Ohio, Indiana, Illinois and Mississippi River points. The production in the southwest and southern states in the Mississippi Valley finds its market largely with cooperage manufacturing plants located in the middle west and western termini territory, and a restriction in the output of those plants would inevitably affect the production of cooperage stock in the south and southwest.

"Generally speaking, cooperage has been burdened with advances in transportation charges in the last few years, exclusive, however, of the 25 per cent increase which became effective on June 25, which was recognized as a war measure and accepted as such by those involved. Considering the character of this traffic, there is obviously a point beyond which transportation charges are too high to permit of its movement and this point will have been reached if the proposed ratings are made effective. Thus it would inevitably affect the movement of cooperage manufactured in the middle west to eastern seaboard territory. The additional burden of freight charges placed on the manufacturer in the territories named would make it impossible for him to supply cooperage in competition with that manufactured on the Atlantic seaboard, and it would inevitably result in the shifting of the manufacturer of cooperage from the middle west to the east. During the period of readjustment the production of finished cooperage would be seriously curtailed.

"The labor engaged in the manufacture of cooperage, and which represents a very large percentage of the total cost, is usually localized, many operators having followed the trade for a long period of time and in some instances own their own homes in the neighborhood of cooperage shops. A curtailment in the operation of such shops would naturally cause labor to seek other employment or to migrate to other territories. In the meantime the effect on the production of cooperage would be disastrous. Then, again, in view of the labor conditions prevailing throughout the east because of the concentration of industrial activity in that territory, a further demand on labor to manufacture cooperage would be undesirable.

"Furthermore, the decrease in the production of cooperage in the middle west would result in a loss of capital invested in plants for the manufacture of cooperage, and which have been operating for many years in the justifiable hope that carriers would continue to recognize the peculiar characteristics of their product and the necessity of maintaining reasonable rates that would permit of its widest distribution.

"As is well known, barrels used as containers for food products, lubricating oil, alcohol and many other products are absolutely essential to the successful prosecution of the war, and a curtailment from any cause of the production of cooperage would seriously interfere in the conservation, transportation and distribution of these essential products.

"Furthermore, the scarcity of tin, steel, etc., makes the use of wooden barrels of particularly great importance at this time. In fact, the production of cooperage for food products, etc., falls under the general classification of purposes adopted by the priorities board. Too much emphasis, therefore, cannot be laid on the curtailment in the manufacture of cooperage which would result from the proposed ratings. Illustrative of the effect that the proposed ratings and the consequent increases in transportation charges would have on the conservation and distribution of important food products is the apple barrel situation. There are numerous relatively small apple growers whose requirements of apple barrels are of such limited nature as makes it necessary that they be purchased set up, and an in-

creased burden placed on them in the way of added transportation charges on empty barrels would necessarily discourage the packing of apples in barrels.

"However, there are other economic features involved which are of great importance to the carriers. In the first place, cooperage differs from the ordinary articles of merchandise in that its value depends solely on its availability as a container, which makes possible the conservation, transportation and distribution of many important commodities, chief among which are food products. The barrel as a container is absolutely essential to the movement of many products and, in fact, is often as necessary an instrumentality of transportation as the freight car into which it is loaded.

"Being used solely as a container, we respectfully submit that entirely different considerations should control in the fixing of a classification rating on cooperage than is generally used in determining the proper classification of other merchandise. In fact, consideration should be given primarily to the character of the product and not to its value, loading capacity, etc., etc., nor to the immediate revenue derived from its transportation. The movement of cooperage provides several sources of revenue. In the first place, the stock (manufactured in many instances out of waste product) is transported to the point of manufacture into barrels; second, the movement of cooperage to the point where it is to be used as a container; and third, the carriers derive a revenue on the weight of the barrels when transporting commodities packed therein. In this respect it differs from the ordinary articles of merchandise.

"While the problems which have confronted the carrier for many years, arising out of the enormous amount of loss and damage that they are called upon to assume, have received more or less consideration at their hands, for some unexplainable reason they have persisted in overlooking entirely the one simple and effective remedy—namely, making better forms of containers available to users at the lowest possible transportation cost. A stable and secure container weighs more than the lighter and insecure package and in consequence it is manifestly cheaper for the average shipper to utilize the lighter weight container. The first cost is less, the transportation charges on the content is lower because of the lighter weight of the container, and in the third place, the risk of loss and damage is of course assumed by the carrier.

"It is apparent that the framers of the consolidated freight classification entirely overlooked, and in many instances ignored, the character of the container in fixing relative ratings; certainly it has not received adequate consideration. In many instances products are accorded the same rating whether packed in barrels or insecure containers, although their safe-carrying qualities cannot be compared. Instead of encouraging the use of the kind of container which alone will reduce the risk of loss and damage, the proposed classification ratings are placing an increased burden on the best container known—namely, the barrel—and is thereby further discouraging its use by penalizing and restricting its distribution.

"It is entirely beyond our comprehension that, in the case of cooperage, consideration has apparently been given entirely to the revenue that will accrue to the carrier from the transportation of empty barrels, and that the ultimate use of the barrels and the advantage which thereby accrues to the carriers seems to have been utterly lost sight of. This is evidenced by the fact that a rating similar to that applicable on cooperage is accorded many prod-

is, among which are articles of furniture, which has a very much higher value in and of itself and from which carriers derive no further revenue.

"We submit that the time has arrived when serious consideration should be given to the character of the container and that every possible encouragement should be offered the users of containers by making available at the least possible cost to them the better forms of containers, among which cooperage is supreme.

"Measured, therefore, by the considerations which should properly control in arriving at a reasonable classification rating on cooperage, we submit that the ratings herein proposed cannot be justified and that because of the economic features involved, an increase in the existing ratings could prove disastrous."

Mr. Rodehaver, of St. Louis, speaking on the subject of coden drums, assented to what Mr. Kraft had said as applied to his commodity. Messrs. Fyfe, Collyer and Steadwell offered justification for the carriers, Mr. Steadwell insisting that the ratings on drums in Southern Classification were unfair.

Messrs. Winter and McNeely, of Indianapolis, appeared in gain for the Parry Manufacturing Company in regard to motor truck seat cabs.

Some Little Amenities.

An illustration of the fact that carriers and shippers do sometimes get together on matters of classification was furnished when Mr. Chandler, of the Dodge Manufacturing Company, Mishawaka, testified on the subject of power transmission machinery. He said he was appearing merely in order to comply with the rule that there must be an appearance before a brief could be filed and he would file a brief later. He discussed the proposed 20,000 minimum in wooden pulleys, the minimum in Official Classification now being 24,000, but he said the manufacturers were not yet decided on their position. He said they had always been able to deal with the carriers and had no doubt an agreement could be reached.

Mr. Collyer bespoke consideration for what Mr. Chandler had to say. He said Mr. Chandler and his associates had always met the committee in a fair spirit. At his suggestion the examiner appointed Mr. Chandler a committee of one to ascertain the position of the industry and appear later at Atlanta.

L. A. Clark, traffic manager for Ball Brothers, Muncie, discussed glass bottles or jars. His objection was that an item in the Official Classification had not been carried forward in the consolidated book.

Clifford Thorne, as attorney, put Mr. Schroeder, of the William Graver Company, East Chicago, Ind., on the stand to ask for a slight change in an item concerning storage oil tanks. The request was promptly granted by the carriers and Mr. Thorne and his client departed with thanks.

H. D. Cherry, of the Kewanee Boiler Company; Charles L. Guest, of the Gilbert & Barker Manufacturing Company, Springfield, Mass., and V. W. Davies, of S. F. Bowser & Co., Ft. Wayne, the latter dealers in oil storage systems, were on the stand each for a short time.

Rug Troubles Disappear.

C. M. Hanoway, of St. Louis, appeared as the representative of St. Louis, Chicago and Buffalo shippers of rugs. He stated at length the grievances connected with the shipment of rugs under the proposed classification, principally due to the great increase in the number of classes, making it impossible, he said, for either shipping or railroad clerk to work intelligently. He suggested two classes as a solu-

tion, based on the value of the rugs. But all his troubles—except that of packing—vanished when Mr. Collyer pointed out, by asking questions of Mr. Colquitt and Examiner Disque, that "actual" value under the decision of the Commission means the declared value and that by using a rubber stamp the rug shipments may be classified arbitrarily regardless of their real value. The rug shippers still had a grievance in that they are required to use burlap wrapping under certain conditions. It is hard to get, they pointed out, and is needed for essential industries. Examiner Disque suggested that the rug men and the carriers get together on a substitute wrapper.

Leon Hornstein, connected with a concern that manufactures so-called "fluff" rugs, also had a wrapping problem and was told to get in on the suggested conference.

P. M. Hanson, of the National Enameling & Stamping Company and chairman of the traffic committee of the Metal Trades Association, after testifying briefly himself, put two witnesses on the stand—Mr. Wernsey, of the Delphos Manufacturing Company, and A. Murawsky, of the National Enameling & Stamping Company. Mr. Hanson said it was his idea to show the Commission just what the proposed classification would do in his territory. His first witness made a proposal as to mixtures which was accepted by the classification men, subject to the approval of the Commission. They admitted that their hearty acceptance was due to the fact that the change would operate materially to increase the rate. Mr. Murawsky was still on the stand when evening adjournment was taken, having been interrupted for a few minutes to permit implement and vehicle men to talk about Rule No. 34.

Mr. Miller, of the Emerson-Brantingham Company, appearing for the national association, it was soon learned, was speaking of implements and not of the rule, and Examiner Disque remarked that if he had known what the witness was going to talk about he would not have permitted him to go on at that time. The other two implement witnesses whom Mr. Snow was ready to offer did not go on. Mr. Miller spoke to the question of applying the sliding scale of minimum weights to agricultural implements. He had no objection to the principle involved in the rule, but he did object to it as applied to implements.

Business of the Brewers.

Persons in attendance at the hearing August 14 who were not familiar with the facts, but had the popular misconception of them, lost any sympathy they might have had for the brewers because of the prohibition wave. It was shown pretty conclusively that the business in so-called "near-beer" or cereal beverages had far greater possibilities than that of beer and more than offset any losses on account of prohibition, though the industry is suffering because of the war conservation of grain.

Mr. Burchmore, as attorney for the Shipping Brewers' Traffic Committee, put on the stand Warren Burkhart, traffic manager of the Peter Schoenhofen Brewing Company of Chicago, who proved an able witness. The principal burden of his complaint for himself and his associates was with respect to the absence in Official Classification territory of estimated weights on returned cereal beverage bottles. He also complained of certain proposed increases in rates, directing his attention more particularly to southern territory. The effect of the proposed changes in ratings, he said, would be to localize the business.

Mr. Colquitt started the line of questions that devel-

oped the facts as to the tremendous business the breweries are doing in near-beer. The witness said the cereal beverage had brought up the tonnage seriously affected by prohibition. His brewery, for instance, had started a campaign in eighteen states and expected to sell 2,000 cars as a result of it, but by reason of the curtailment by the government of the grain allowance, the salesmen had to be called in and the efforts were confined to four states. There is a larger field now, he said, for cereal beverages than there ever was for beer and the brewery tonnage would probably have greatly increased had it not been for the government curtailment of supplies. The business of the brewers was thus on the increase instead of the decrease, as popularly supposed—or will be so when government curtailment of supplies comes to an end.

Mr. Burkhart wanted the system of estimated weights continued in Official Classification as a time and labor saver, or he would be satisfied with weight agreements if they could be made elsewhere as they have been in Western Classification territory. But he said the brewers had been unable to get together with the weighing and inspection bureau in C. F. A., it having arbitrarily refused to make such agreements.

Mr. Collyer said he conceded the value of the principle of an estimated weight in the classification, though he believed it a difficult matter because of the variation in the weight of the packages. But he volunteered to confer with Mr. Markey, of the weighing and inspection bureau, with a view to clearing up the situation as to weight agreements, and said he would make a report later.

H. W. Knoche, traffic manager of the Theodore Hamm Brewing Company, St. Paul, was on the stand for a moment to offer an exhibit and corroborate the testimony of Mr. Burkhart.

What Are Essential Oils?

Mr. Hanson's witnesses were ready to continue at the opening of the morning session, but were put aside for a time. The first thing on the program was a consideration of the classification of peppermint and spearmint oil. W. H. Smith, of the A. M. Todd Company, Kalamazoo, conducted the examination of J. F. Campbell, accountant and traffic manager of that company. He wanted a first class rating on these oils, the only changes proposed being in Southern and Official territories. There was a long and technical argument between him and Mr. Lawrence, of the Official Classification Committee, as to the meaning of "essential" oils. When it ended everybody still thought "essential" meant what he thought it meant when he began to argue.

Mr. McNabb, of the Edible Oil Company, Louisville, wanted the same rating given to cottonseed oil, solidified, as to lard, with which, he said, it comes into competition. It is proposed to increase the rating from sixth to fifth.

A. C. Giacioli, of the Bowen Products Corporation, Chicago, protested against placing the grease cups manufactured by his concern in the same class with higher priced automatic lubricators. He also would like to retain the privilege of shipping in bags, though he did not insist on that point.

W. D. Wells, representing the Clay Products Association, composed of thirty-one shippers of sewer pipe, wanted to talk about rule 6 (the marking rule) which, in Western Classification, is not as now proposed in the consolidated book. Mr. Fyfe remarked that that was a rule of the Director-General and the Western Committee

had been directed to "get in line, which we shall do mighty quick."

The question was raised as to whether this matter could properly be discussed in this proceeding. Examiner Disque said the remedy was to ask the Director-General to change the rule.

Mr. Wells also objected to the Western Classification rating on chimney caps or tops because it is higher than the rating on other clay products, but was ruled out of order on the ground that no change is proposed, though he insisted that there had been a change proposed in the principles governing mixtures which would affect him in this matter. Mr. Colquitt made the point for the record that even when no change is proposed, wherever the application of the proposed rule 10 would work such a hardship as to necessitate a mixed carload rating, the Commission ought to know about it.

C. C. Crause, representing the Iowa Pipe and Tile Company, the Plymouth Clay Products Company and the Whatcheer Clay Products Company, wanted a change in the specifications for loading sewer pipe. He was told to submit his own specifications and the carriers said they would consider them.

R. O. Youngerman, traffic manager of the Mason City Brick and Tile Company, wanted specifications to provide for the use of straw instead of wooden gates in loading. He also was directed to get together with the carriers. Mr. Fyfe said attention would be given to the matter after the close of the present hearings. He will also submit a rule as to method of bracing.

Murray Billings represented a group of concrete pipe manufacturers under the name of the American Concrete Pipe Association. He put on several witnesses who were examined by Mr. Harris, engineer for the association. They presented a set of specifications for loading their product which the carriers will consider. The substance of their case was that their product does not require as stringent provisions for loading as the clay products.

Beer Containers.

Mr. Steadwell, who took the stand at the opening of the August 15 session, to justify ratings on beer containers, explained that the low rates on empty containers in Southern Classification were made in the halcyon days before prohibition waxed so strong and competition in the southeast was high. They were made in the interest of both carriers and shippers, but now, he said, the effort must be to get away from that condition. The former arrangement, he said, really amounted to a commodity rate adjustment by classification. It was a preferential arrangement for a special industry. The carriers now, he said, were proposing to establish fairly consistent and reasonable ratings on empty ale and beer packages.

Asked on cross examination why several items in the book were not shown by proper symbols to be advances Mr. Steadwell said he could not explain the fact, but he knew the man who dealt with the matter was an honest man and would not have done such a thing intentionally. He also knew of many reductions that were not indicated by symbols, he said. Mr. Colquitt interposed to say that he had sat with the committee that prepared the consolidated classification and the markings were made as accurately as was consistent with the pressure under which the committee had to work. He said he had himself urged the carriers to indicate advances wherever there was even a possibility of an advance being effected. Mr. Steadwell said that errors of the kind pointed out were due simply to oversight. Mr. Burchmore, who had asked

the questions, said he was satisfied that that was true, but he merely wished to bring out the facts.

Mr. Lawrence, of the Official Classification Committee, took the stand to say that since the session of the day before he had had a conference with Mr. Markey and had learned that, in principle, the latter favored weight agreements on the inbound traffic of the brewers, but that the details would necessarily require discussion. Mr. Burkhart acceded to the suggestion that Mr. Burkhart and his other clients arrange a conference with Mr. Markey, at which it is hoped an adjustment of this matter will be reached.

The next subject taken up was trailer trucks. H. E. Bruce, of the Troy Wagon Works Company, Troy, O., was the first witness. His point was that the proposed classification would make a higher rate on his trailer than on self-propelled motor trucks. As an example of the increase proposed, he said his rate to New York was now \$37.80 and under the proposal it would be \$94.50. Under the proposal, he said, his company would be practically prohibited from shipping in less than carload lots. Mr. Fyfe asked him how he could justify a different rating, considering trailers as a whole, from that on horse-drawn vehicles. Mr. Bruce said the two things were entirely different as to construction, use, and in other respects. He said he wouldn't consider such a difference in rating as a discrimination.

Mr. McEwen, representing the Warner Manufacturing Company of Beloit, confirmed the testimony of Mr. Bruce as to the general situation and offered his own testimony as to two-wheeled carts, showing how the proposal would work an increase, though he said a reduction was indicated in the book. Mr. Collyer said the matter was somewhat confused because of the comparative newness of the industry and the number of different types of trailers springing up overnight in all parts of the country. Mr. Fyfe introduced many photographs and catalogs from his file to show the wide variance in the types of trailers manufactured and to support his theory that they cannot be differentiated from horse-drawn vehicles in classification.

Mr. Collyer said the Commission ought to take into consideration the fact that manufacturers of horse-drawn vehicles have gone very largely into the motor truck and trailer business, and the types are many. His committee, he said, was confronted with the situation that the classification of horse-drawn vehicles must be revised to fit with the Western and Southern classifications to remove the discrimination, but because of the rapid development of the trailers the time for making this revision was put off until all the committees could work the thing out together. In the meantime the present Official Classification provisions were adopted to bridge over. When the consolidated committee was called on to do its work at once there was no agreement as to ratings on trailer trucks. The committee's solution, he was frank to admit, had resulted in some difficulties and he did not know the

At this point Mr. Hanson was allowed to put back on the stand Mr. Murawsky, who discussed ash sifters, coal hods, sheet iron or steel cuspidors, roasters, oil tanks, and oil cans. He disagreed with the position taken previously by Mr. Hanson's other witness, who wanted a separate item on oil cans, even at the expense of an increased rate. Mr. Hanson explained that he had done the best he could to get the members of his association together on everything, but he didn't believe that could be accom-

plished in any association of manufacturers. Mr. Collyer heartily agreed that that was his experience also.

At the afternoon session, which continued until after six o'clock—adjournment being taken until nine o'clock the next morning—consideration of trailers was resumed, Stanley Bates of the Lee Loader and Body Company, Chicago, being the first witness. He spoke on behalf of heavy motor truck trailers, with two and four wheels, more particularly as to the latter.

The carriers put on C. E. Childers, secretary of the Pittsburgh Freight Committee and joint agent of the inspection bureau, to explain what a steel billet is, that being the next item up for consideration. Murray Billings, for the American Iron and Steel Institute, put on Robert Korson to do the same thing for the steel men. This was a resumption of the matter heard in New York, where Mr. Colquitt, then acting as examiner, had asked the iron and steel men to try to reach an agreement with the carriers on certain matters and appear later at Chicago. The result was evident when Mr. Collyer arose and made a statement to the effect that the carriers were willing to withdraw the ten-foot limitation in view of the extreme need of the government at this time for steel, it being understood that this was done without prejudice to what might be decided as best after the war.

Mr. Laing of Libby, McNeill & Libby, offered some testimony as to tin cans, which he later withdrew in the light of further information given him on the subject.

H. R. Brasheer, of the St. Louis Chamber of Commerce, appeared on rule 3, which concerns the list of valuable articles not accepted for transportation by the carriers. His protest was against the action of carriers in refusing to accept catalogs with stamps affixed. There was an argument of some length, Mr. Fyfe characterizing the purpose of those behind Mr. Brasheer as "attempting to skin the Postoffice Department" and Mr. Brasheer contending that the process could not be called "skinning" as long as it was legal.

Mr. Sizemore of Louisiana, Mo., appearing for the American Association of Nurserymen, complained against the Western carload rating on nursery stock.

George S. Watts, of the St. Louis Brass Manufacturing Company, pleaded the cause of semi-indirect lighting globes. What is a globe and what is a shade and what kind of each or either would break easier than another was debated. The item is new in Official and Southern and a revision is proposed in Western. Mr. Fyfe explained that the Western had made its classification on the basis of value, but the other representatives on the consolidated committee did not think this proper, so the proposal now presented was the result.

Mr. Lawrence, who took the stand in justification of the proposed adjustment, pointed out how the second Cummins amendment had resulted in the nullifying of effective attempts to use value as a factor in rating, because a shipper can and does declare a less than actual value in order to get the lower rate, being able to insure himself against loss at less expense to him than would be caused by paying a higher freight rate.

Fred C. Peters, representing several companies, appeared in behalf of Pittsburgh water heaters.

Fred L. Fisher, of the Hunt, Helm, Ferris Company, talked about tank heaters, on which, he said, the rating had been advanced and the minimum reduced in all three territories, and children's coaster wagons. He wanted a separate entry for the latter, because the loading was extremely heavy. He thought such loading ought to be recognized and encouraged.

Mr. Kern, representing the Wagner Manufacturing Company and the Burnham Manufacturing Company, also makers of coasters, wanted the same thing.

W. L. Dryer, of Elkhart, representing a manufacturer of children's carriages, sulkies and go-carts, condemned what he said was an effort to get more revenue for the carriers on his product—already productive of high freight returns—in spite of the fact that Director-General McAdoo had said that his order No. 28 would produce all the additional revenue needed. At one time, when the discussion turned on the higher minimum on baby carriages and the witness said his company had cheerfully accepted it, Mr. Collyer, the father of seven, spoke feelingly in agreement with the statement that the cost was passed on to the consumer.

Disque Suggests Subterfuge.

B. C. Jones appeared for the National Association of Baby Vehicle Manufacturers. He protested the proposed rating on baby carriages, but he was opposed to a separate item on coasters, because, he said, it would not serve the best interests of the industry as a whole. He was satisfied with the description as it stood. He was questioned by Messrs. Fisher and Kern, who do not belong to his association, and they protested that they were getting the worst of it. Examiner Disque remarked that he did not hesitate to say that in his opinion Fisher and Kern had good cause for complaint, though he saw the difficulty in reaching an adjustment. He suggested that one go-cart in a carload of coasters would give the minimum desired, but Mr. Kern, who does not deal in go-carts, said he did not believe his concern ought to be forced to any such makeshift. Mr. Collyer arose to say that he thought such a thing would be indulging in a questionable practice and he believed Mr. Kern had something of that sort in his mind, to which Mr. Kern assented.

"Do you think it would be wrong?" asked Mr. Disque.

"It would be legal, no doubt," replied Mr. Collyer, "but it is a practice that is regarded as questionable by carriers and arouses their ire. They try to prevent it whenever they can."

Mr. Kern, when Mr. Disque again suggested this plan, said his company, to take advantage of it, would have to buy or manufacture a line of go-carts and would have to give them away as premiums.

Though the Chicago hearing has proceeded with dispatch, there will not be time to consider all the matters that were scheduled for hearing, the time being further shortened by the fact that some things were carried over from New York. Persons interested in the following commodities have asked for and are expected to have separate hearings after the present schedule is finished: Packing-house products, fresh meats, poultry and eggs, dairy products, petroleum and its products, stoves and ranges, and furniture. There may also be others later.

New York Hearing.

New York, N. Y.—Iron and steel lamps, reinforced concrete, steel and concrete, bridge-builders' outfits, "skull crackers" and a few other things in the iron and steel list consumed the morning session of August 8.

Murray Billings, of the Illinois Steel Company, was closely questioned on shell billets, which, according to a note defining or limiting the sizes and shapes, the witness maintained, would require the payment of fifth instead of sixth for no reason other than that their shape and chemical composition differ from other billets. The classification men tried to ascertain the prices and value of the shell steel as distinguished from billets used in

making boiler tubes and other things less costly than cannon shells.

"Skull crackers" as steel hardware would be intolerable to C. M. Andrus, who spoke for the Otis Steel Company of Cleveland. He objected to a note which says that castings, needing no further work, shall be rated as hardware, N. O. I. B. N. The crackers are steel balls weighing from 2,000 to 20,000 used for breaking scrap material, and Mr. Andrus suggested it is ridiculous to put that kind of castings on the hardware basis simply because the balls can be used as soon as taken from the sand. They are rough castings, he said, entitled to the sixth class. Mr. Colquitt told Mr. Andrus and the classification men to get together.

Another instruction to hold a "get together" meeting was given to E. M. Wood, traffic manager for the Truscon Steel Company of Youngstown. He objected to the increase in minimum on scrap iron from 40,000 to 50,000, in official territory, for the reason, he said, that it is impossible to load thin scrap sheet and wire clippings to 50,000. He had no objection to the advance to fifth in the south.

"I feel sure these carriers have no desire to establish a minimum that cannot be loaded," said Mr. Wood. "In the ordinary gondola we can load about the present minimum. If we could always get cars with sides of more than four feet we could load 50,000 most of the time."

The witness said that within ten days he would furnish detailed data as to loading in a lot of cars.

A. M. Hughes of the Reiter-Conley, Charles McNichol of the American Bridge, C. S. Belsterling, Mr. Colquitt and the classification men got into a discussion on the question of weights, ratings and other parts of bridge builders' erection outfits. Hughes and McNichol seemed unable to give facts for which Mr. Colquitt asked.

"It is unjust to other witnesses for you gentlemen, who are not prepared, to take up time," said Mr. Colquitt.

Hughes and McNichol said the change in official territory would cause an increase of 80 per cent in the charges. The change is from 70,000 minimum at fifth to actual weight and sixth class. Mr. Colquitt asked for supporting data, but none was forthcoming. Mr. Colquitt commented unfavorably on the fact that no figures were offered by the complainants.

"Perhaps if the carriers offered their justification, as the law requires, we could have come here better prepared," suggested Belsterling.

"They will do that," said Mr. Colquitt.

"But when?" asked Belsterling.

"We hope to do so at Chicago next week," said Mr. Collyer.

Belsterling, Hughes and McNichol said they could not be at Chicago.

"We will let the matter go by default," said Belsterling, "and take it direct to the Commission. We do not know what facts the carriers rely upon to justify these advances. We cannot meet what they offer until we know what they offer."

Mr. Fyfe took the stand to say that so far as the west is concerned the new provision is more liberal than the existing one. Mr. Collyer also took the stand to say that the changes in Official would increase the charges.

The questions asked by Messrs. Fyfe and Collyer indicated that the classification men, when they wrote the item, believed the bridge builders had hoaxed the carriers in fixing the tare weight of the cars on which their erection cranes and other parts of the outfit are placed. The

tare weight is stenciled on the largest outfits at 80,000, thus leaving the lading weight comparatively small.

H. W. Holden of the Pittsburgh-Des Moines Company, bridge builders, objected to the omission of hoisting engines and air compressors from the list of things constituting a contractor's outfit. Messrs. Fyfe and Collyer remarked that the Commission had not favored the making of rates on machinery used by contractors any lower than rates for other shippers. Messrs. McNichol and Hughes claimed increase in cost for transporting the outfits their companies use in the erection of bridges, but they had no specific movements with which to back up their contention. They will furnish material of that kind. Mr. Holdrege had figures, but he was persuaded to put them into the record without reading.

H. H. Pratt of the Crucible Steel Company of America wanted to talk about the packing and loading of graphite crucibles, 1,000 of which are loaded in a standard car. His only interest in the matter was the increase of cost, which he said would not increase safety. He had detailed figures and was prepared to go into the subject.

"We have no desire to be arbitrary," said Mr. Collyer before Mr. Pratt had gone into the subject. He suggested a conference and it was so ordered, on the theory that the classification men can figure out a rule that will be just and satisfactory.

Mr. Wood of the Truscon Steel Company was recalled to talk about increases in the south on single, twin and triple loads, reinforcing bars, steel floor arches, metal lath, column hooping and steel sash in less-than-carload quantities. He frankly said it was a commercial proposition altogether. The south does not use reinforced concrete steel in carload quantities. Therefore it is desirable to encourage the use of this kind of building material in the south by keeping the L. C. L. rating at sixth instead of raising it to fifth.

H. L. Andrus of the Cleveland Hardware Company began talking about hardware items, but was stopped by the classification men announcing that they would change their work as he desired.

C. E. Spangenberg, traffic manager for the Corrugated Bar Company of Buffalo, asked, as had E. M. Wood, for the retention of sixth class on bars.

C. B. Parsons of the Macbeth-Evans Glass Company of Pittsburgh objected to the changes required in crating lamps, globes, fountains and other articles going into the make-up of lamps. He particularly objected to the destruction of the distinction between plain and decorated lamp fountains in official territory. The effect is to reduce the rating on decorated fountains and to increase on the plain from rule 25 to second in official and from second to first in the south. He said that not more than one-half of one per cent of the tonnage is decorated, so the effect is to make a big increase on practically the whole tonnage.

Disque Back on the Job.

Attention was drawn by Mr. Colquitt during the hearings on August 8, to the fact that the carriers had not put in justification for the increases caused by the consolidated classification.

Examiner Disque was able to resume his place at the afternoon part of that day's work, having escaped the danger of an operation for appendicitis. At one point he drew marked attention to the fact that the carriers had not offered testimony tending to show that what they propose would be just and reasonable as required by the act to regulate commerce. Their failure may be

cured at later hearings. The law does not say they shall have the burden of going forward as well as the burden of proof, but in practice before the Commission they bore both burdens. In these hearings the shippers have borne the burden of going forward as if they were responsible for the changes. The shippers did not dwell on the fact, but if oral arguments are allowed the point may be raised, especially if no opportunity is presented to some of them for cross-examination.

There was reference to the change in control of the carriers that took place January 1. When Examiner Disque announced that he had been advised that the Director of Traffic would authorize the elimination from the classification of the rules pertaining to the equalization of empty and loaded tank mileage. That elimination will be made because, as between federal-controlled roads, equalization has been abolished. Equalization between controlled and non-controlled roads has been ignored.

Automobiles, acids and nitrate of soda were under attack and defense at the afternoon session.

That automobiles are necessities was the major proposition laid down by Traffic Manager Marvin of the Automobile Chamber of Commerce in discussing the proposal to separate passenger and freight vehicles, increasing the passenger rating from double to $2\frac{1}{2}$ times first and reducing the freight to first in Western Classification territory. On January 1 there were 4,973,000 motor vehicles in the United States, of which about 400,000 were trucks. Two million machines, it is estimated, are owned by farmers. In western territory there are 2,147,570 machines.

The ratings, the witness said, were made in the first instance, when the idea was that motor vehicles were akin to sporting goods. Mr. Marvin asked for a separation of freight and passenger vehicles, higher minima and lower rating on carloads of knocked down or partly knocked down machines. This, he said, was no time to increase the ratings, especially in view of the fact that the production has been cut down so as to afford material for more needed articles.

Mr. Marvin submitted memoranda on various phases to show the classification men the necessity, as he sees it, of their scrutinizing their work to make it more logical. One memorandum, for instance, shows that a mixed carload containing one freight automobile in a load of passenger vehicles, in a 40-foot car, would cost more, to the shipper, than a carload of passenger cars. Mr. Marvin submitted an exhibit showing the value of different kinds of cars, of the lighter types.

"Put in some of the heavier types," said Mr. Fyfe, and Mr. Marvin proceeded to do so, although, he said, the heavy machines furnish only a small percentage of the tonnage.

On cross-examination Mr. Fyfe emphasized the fact that the new ratings in the west will bring them up to the official ratings. He wanted to know why Mr. Marvin said the increase would restrict the market.

"I said that because any addition to the cost of automobiles means a restriction," said Mr. Marvin. The manufacturers have had to increase their prices to cover the cost of materials and labor. The result of that has been a restriction in the market. Therefore the increase in freight means restriction.

Mr. Fyfe, in justifying the readjustment of ratings, said he estimated it would just about keep the revenues where they have been.

"I'm willing to keep ratings where they are," said Mr.

Fyfe, "If there is no benefit to be derived from a raising change, in official from third to rule 25 on the lighter freight. I'm inclined to agree with Mr. Marvin that a mixture of freight and passenger vehicles on the passenger rating would be all right."

Traffic Manager Sharp of the Chevrolet Company objected to third class in official on jacks, L. C. L. That is the rating in Western. He said the matter was not important. He was sandwiched on the stand between parts of Mr. Marvin's testimony.

When Mr. Marvin resumed the stand he criticized the provisions relating to automobile gasoline tanks on the ground that no justification had been offered for the of the rating on pleasure vehicles and a lowering on tanks. Mr. Collyer said the official lines had always felt that third class on a 12,000 minimum was too low, even if the west and the south do impose only third. The increase is only on the lighter tanks.

The lighter automobile manufacturers objected to an increase in the minimum in the east on axles, from 24,000 to 30,000 and 36,000. In the west the 30,000 minimum carries the fourth rate and the 36,000 minimum class A. Two of the manufacturers use axles with attachments that will not allow them to load 30,000. Most of the manufacturers, however, can and do load 30,000 or more. Mr. Marvin said he was speaking only for the manufacturers of the axles with the attachment of what is known as the "third member." Mr. Collyer said that the minimum seemed to suit a majority of manufacturers.

"Mr. Collyer, are you going to offer any justification for this minimum?" asked Examiner Disque.

"Yes, at Chicago."

"Are you going to be in Chicago, Mr. Marvin?" asked the examiner.

"No, sir, I am not."

"Do you think it is fair to the shipper to defer your justification to a time when the shipper will not be there to hear it?" asked Mr. Disque.

"We'll submit justifying facts some time this week," Mr. Collyer then said.

"Then let the record show that neither side was prepared with facts to justify or oppose this minimum," said the examiner.

A similar entry was made with regard to the advanced minimum on automobile wheels, although the classification men said they would submit facts before the end of the week.

J. K. Corbett, of Grace & Co., of New York, objected to the increase in the south in the L. C. L. rating on nitrate of soda, which he said is a fertilizer material. Since 1910, he said, nitrate of soda has been carried in the list of fertilizer materials, at 120 per cent of the carload rate.

Answering a question by Mr. Colquitt, Mr. Voorhees said the fertilizer list had been abolished by the consolidated book and the commodities separately listed.

Answering questions from the same source, Mr. Corbett said that nitrate of soda was the only one of the nitrogen producing fertilizer materials that has received as high as fifth class L. C. L. The result is that the L. C. L. rate on nitrate of soda Mobile to Decatur, Ga., goes from \$4.20 to \$12.80 per ton. Every other nitrate fertilizer shipped from Mobile to Decatur remains at \$4.20 a ton. The increases on nitrate fertilizers L. C. L. are from 200 to 365 per cent.

Mr. Corbett objected to an increase in the carload minimum from 30,000 to 40,000, because it is too high as a commercial unit. The cotton planting communities have

been educated to dealing in 30,000 units. Many of them would prefer a unit of 20,000 pounds.

The classification men made the witness admit that nitrate of soda is one of the chief sources of nitric acid, without which there would be only a small amount of ammunition. Mr. Corbett cheerfully admitted that it is easy to load the minimum.

The witness rather insisted on the railroads making some kind of justification, and Mr. Voorhees took the stand to say that while the southern committee has tried to put all L. C. L. ratings into the first four classes, an exception, it felt, should be made of nitrate of soda, hence only fifth for it.

Chairman Fyfe asked for the nitrogenous content of nitrate of soda and cottonseed meal because Mr. Corbett mentioned the meal as a competing fertilizer material. Mr. Corbett had Dr. Jacob G. Lipman, a chemist, on hand to answer questions, but Examiner Disque waved him aside because, he suggested, the point is not big enough for consideration in such a formal way. Mr. Fyfe also lost interest in the chemical side of the question. He did not care for the information even when Dr. Lipman was willing to offer it in behalf of the farmers, who, he said, should not be called on to pay any more for their fertilizers.

C. H. George, for the New Jersey Zinc Company, objected to paying the L. C. L. rates on acid returned in tank cars.

The zinc company suggested that the charge should not be greater than the carload rate. The acid returned is that left in the tank cars, either through crystallization, inability of the consignee to unload in a reasonable time or any other of a half-dozen reasons. The zinc company derives no benefit from the return of the acid, especially sulphuric, which crystallizes the minute the weather becomes a bit chilly. The rate, the zinc people suggested, is in the nature of a penalty. Same pay should be exacted, the zinc company told the classification committee. Similar testimony was given respecting chloride of zinc.

The only justification offered was for increased ratings on sulphuric acid in carboys. Respecting them Mr. Voorhees said the effort was to bring them up to the level of sulphuric acid in carboys in Official and Western. Mr. Disque asked if that was all and the witness said it was.

Question of Actual Value.

Tin cans, fiber and tin cans or boxes, and fiber containers for tobacco, toilet preparations, coffee, and the other things put into such boxes or cans were the principal articles under consideration at the morning session of Aug. 9. A small part of the time was also given to a discussion of "actual," "released," and "declared" values. That last mentioned subject was brought up by Walter Gordon Merriitt, representing the Silk Association of America, who objected to the classification descriptions in which the words "actual value" appeared. He said such words were confusing and misleading in view of the law as declared by the Commission in its decisions under the Cummins amendments. He said there was no reason why the classification committees should not make their language conform to the law and make it plain that the shipper has the option of shipping on a declared value and the carrier cannot compel him to disclose the value, especially in silks or anything else on which the Commission has given permission or required the establishment of declared or released value rates.

Declaring that the proposal to increase the rating on tin cans from fourth to Rule 26 in Official classification

sides arguing, in effect, that the carriers were asking to be wholly freed from the troubles produced by the war.

Murray N. Billings had general charge of the testimony offered in behalf of the members of the Portland Cement Association. One of the specific requests of the portland cement men was for the addition of a note to the description of old used bags of a paragraph specifically covering old used cement bags, requiring them to be put into wire-bound bales and marked with a linen tag so that the cement maker will get the benefit of the efforts they have put forth to procure the return of old bags.

One of the questions at the hearing was as to the specification for old manila rope and kraft papers to be used in bags intended for L. C. L. shipments of lime and cement. The intricacies of that subject were discussed, for the benefit of the classification men and the Commission, by L. K. Southard, John A. Manning and L. H. Hartman before Mr. Collyer took the stand to say that the classification men, in trying to prepare specifications for the paper to be used in making the containers, were like the man with many masters. The manufacturers want one thing and the users want another. All the carriers desire, he said, is the use of containers that will perform the function they are supposed to discharge. After he had been on the stand the question was further discussed by G. S. Shields of the Palmer Cement & Lime Company, who was particularly interested in kraft paper bags as a user thereof. He protested against the high Mullen test for bags of that kind and proposed a lower test, claiming that the standard set by the classification men is unnecessarily high.

Mr. Billings protested against the classification provision that imposes the next higher class for any failure to observe the specifications or failure to have the name of the manufacturer upon the bag. The increase in value by reason of the printing on the bags may be two per cent, but the next higher rate is imposed because of that, making a twenty per cent increase in rate.

S. B. Smith of the West Jersey Cement Company protested against the elimination of Manila rope bags, because they do not contain as much of the Manila fiber as the specifications call for, although the weakness resulting from the inability of the bag makers to put as much Manila fiber into the bag as the specifications call for has been overcome, he claimed. He submitted samples of the old rope paper bags that company desires to use to show that it stands a higher tensile test than is required for the bags containing a larger percentage of Manila fiber, because it has been made heavier.

Mr. Southard protested against a higher rating on bags printed than on bags not printed. The food administration, he said, requires flour bags to be printed and for compliance with the law which may increase the cost of the bag two per cent the penalty is an increase in the rating to the next higher class.

S. H. Brown of the Union Bag & Paper Corporation said the changes are unreasonable and unwarranted as to L. C. L. shipments of printed bags, the increase in the rate being thirty-one per cent in Official and 20 per cent in Southern.

"When is a rag a wiping cloth?" was one of the questions that worried the examiners, the classification man and Chas. M. Haskins, secretary of the National Association of Waste Material Dealers. He said the proposal to eliminate the carload rating in Official Classification territory did not worry the men who gather up rags, scrap rubber and the other things the ordinary citizen calls junk. Mr. Haskins said the dealers who were shipping rags that

might be used for wiping machinery do not specifically prepare the rags for use in wiping machinery, except in perhaps one place.

The witness asked the classification man to cut out the requirement that scrap rubber be baled with wire because wire is too hard to obtain and itself becomes a waste material at the rubber mill, while if the junk man is allowed to use the old rope of which he has always a large supply on hand there will be no waste. The witness also objected to the elimination of the word "junk" from the classification. It has caused trouble in the west, hence its exclusion. (The east and south would not accept junk as a commodity to be shown in the classification. Fyfe argued vehemently against Mr. Haskins' request for a carload minimum on mixed waste materials lower than the minimum on the articles of value that may be included in the mixture.

A. M. Bovier, treasurer and general manager of the American Sales Book Company, contended that increased ratings on the roll from bills of lading have not been justified. Mr. Fyfe wanted to know why that kind of printed matter should be lower than on the bills of lading printed and put in block form. The question raised by Mr. Bovier also brought out the rating on order blanks, sales checks and things of that kind. D. T. Lawrence of the Official Classification Committee defended the advances and incidentally brought out the history of the effort to get these order blanks, duplicating bills of lading and other business forms on a settled classification basis. The new classification increases some and reduces others in an effort to bring about harmony. He submitted a file of forms given to the committee a number of years ago, to enable it to see the kind of paper used. That exhibit aroused the ire of Mr. Bovier, who had testified that sixty-five per cent of the paper used by his corporation is news print, the lowest grade, so far as price is concerned, that is made. He pointed out that the forms used by Mr. Lawrence for purposes of illustration are the permanent, loose-leaf ledger file forms, while his are the first record papers produced by the salesman. The paper used by Mr. Lawrence in illustration of his remarks, Mr. Bovier said, are bond and worth many times that used in making sales slips, etc.

Hard Week in New York

It took every working hour of the working week beginning August 5 to carry out the Commission's program for classification hearings in New York. The work was begun at 9 o'clock in the morning and continued until 6 in the evening. Nearly every item in the classification was mentioned, even if the new proposed book made no change therein and was not therefore subject to criticism.

Only once during the hearings did anything out of the usual develop. That was at the morning session of August 10 when George G. Brown, speaking for the receivers of live poultry in New York, intimated that the beef packers are including boxes of dressed poultry in shipments of dressed beef and are thereby obtaining the benefit of the lower carload rating applicable to beef. Mr. Brown said he did not profess to know anything and was merely suggesting to the railroad men that they check up on the shipments of the beef packers to ascertain if any shipping agent might be doing something of that kind. It was only on such a hypothesis that the witness could explain, to himself, the loss to the packers of the L. C. L. poultry market in the east.

A reduction in the rate on dressed poultry without a change in live would be unjust, said Mr. Brown. He is himself a receiver and represented receivers in New York.

The hazard, he said, is greater on dressed than on live. There are many claims on dressed, but hardly any on live poultry. His protests came because the committee recommended a reduction to R25 without any change in the dressed rate. Mr. Brown said that New York must have live poultry on account of the 1,500,000 Jews in the metropolitan district. Their religious beliefs make it necessary for them to have live poultry. The Italian population is also averse to buying dressed stuff.

"I cannot understand why the railroads make such a discrimination against live poultry," said Mr. Brown. "The trade is forced to believe the large packers in Chicago have had more than usual influence in the adjustment of rates to New York. They are our big competitors in the west in buying. They can ship dressed poultry on a rate of 75 cents from Chicago to New York, while we pay 99 cents on the raw material, so to speak. I could never understand how the railroads carry live cattle at a rate of 47 1/2 cents and 69 cents on dressed meat, while charging 99 cents on live poultry and exacting only 75 cents on the dressed product."

Mr. Brown said the live poultry men are going into the question even if, as suggested by Mr. Collyer, it is the eleventh hour in the matter of classing poultry with butter and eggs instead of with cattle. He told about the destruction, as he said, of the markets for live poultry in nearby cities. The big packers, he said, with their progressive methods, have captured those markets. How they did that he did not profess to say, but he suggested that perhaps the big packers mix boxes of dressed poultry in carloads of dressed beef. He said he knows nothing about the matter, but he suggested there must be some rate situation that enables the packers to take the nearby L. & N. markets away from the New York dealers with poultry from Chicago.

Mr. Collyer then made his explanation in justification of the changes in ratings and descriptions on automobile axles and jacks. Mr. Marvin of the Automobile Chamber of Commerce communicated the fact that one axle manufacturer had telephoned that if the provision for automobile axles is left unchanged it will be a great hardship on it. The last thing at the New York hearing was the putting into the record statements made by Mr. Marvin and other automobile men when they appeared before the Official committee, which statements, Mr. Collyer held, are in conflict with what they said to the examiners.

Objection to a reduction of the minimum on lime from 30,000 to 20,000 was made by G. S. Shields of the Palmer Lime & Cement Company. He admitted that the reduction does not hurt, but he made the protest on the ground that probably in a short time the railroads will be back asking for a higher rating. That is a way they have, said the witness. Fyfe said that by reducing the minimum to the point where the west can meet it was the only way to bring about uniformity.

A list of objections to illuminate which required a large part of the morning session was presented by C. L. Hilleary, traffic manager for F. W. Woolworth Company. One of the points he made, in a discussion of the specifications for fiber boxes, is that since the requirement that the contents of fiber boxes be stated on the outside thereof, there has been a great increase in pilfering.

"The thief knows what he needs and how to get it when the box is marked," someone observed. "It is a labor-saving device, an evidence of efficiency."

Mr. Hilleary wanted to know what steps, if any, are being taken to bring the ratings in the different territories

into the same relation to first. He observed that there is not much gain, even if there has been uniformity, in description, if third class in the south is seventy odd per cent of first, while in Official it is two-thirds of first. Specific objection was made by him to the changes in ratings on wooden candlesticks in the south; the higher rating on candy in Official, which, he remarked, within a year will have been called upon to stand increases of fifteen, twenty-five and twenty per cent; paper bags, not printed; twine, N. O. L. B. N.; fish globes, in Southern; salted peanuts in Official and Southern, especially in view that the unsalted remain without change; and pin cushions, untrimmed, at first class.

"Down in your heart, Mr. Fyfe, you know first class on this article," said Mr. Hilleary, holding up a collection of pink cushions, "is not right."

"I haven't any more heart than a rabbit," retorted Mr. Fyfe, refusing to treat the complaint as seriously as the witness.

Walter Cox, representing the Pennsylvania Wire Glass Co., had models of packing cases for wired glass which he claimed are better and cheaper than the specifications written into the new book. The classification men were inclined to agree with him, but they did not want to be put into the attitude of defending what they had proposed until after they had had a chance to examine his models.

Russell C. Jones, for E. F. Houghton & Co., strenuously opposed the substitution of sixth carloads and third less for fifth, any quantity, on cotton and wool softener paste in the south. The increase will increase the freight cost on a barrel of softener from \$3.25 to \$3.95 on shipments to a typical point and probably, he said, make it impossible for the manufacturer to compete with the natural tallow brought to the cotton mills from the farms of the south. Messrs. Fyfe and Voorhees undertook to show that that could not be the fact, because the average price of tallow is greater than that of the softener.

The proposed elimination of the carload rating, in Official, on cork shapes, N. O. L. B. N., brought forth a protest from C. George Siedle, for the Armstrong Cork Company of Lancaster. The shapes are used as carburetor floats, bottle caps and dozens of other things. It was developed that the desire for the carload rating was desired so that there may be carload mixtures of such articles. He wants third class throughout the country on the not otherwise indexed by name cork articles and third and fifth on cork soling, a composition that is known in the trade as cork sole. The book gives the composition second and fourth in the south, which, the classification men pointed out, makes the matter uniform throughout the country.

At the afternoon session of August 10, R. A. Van Kirk, for the National Varnish Manufacturers' Association, discussed the rating for asphalt and coal tar varnish, so called, claiming that they are merely paints and not varnishes at all, having no varnish gums in them. He also wanted an exception written into Rule No. 15 to take care of the New York carloading and unloading situation. The rule says the carrier may charge so much for unloading carload freight. Mr. Collyer pointed out that there is no need of any change in the rule because the charge can be made only in the event that the tariffs of individual carriers do not otherwise provide. He said that the tariffs certainly do otherwise provide for carload freight sent to New York.

He also asked for a provision in the rules for a symbol on drums not filled with inflammable things, so as to make unnecessary the stencilling now required. Examiner Disque

appointed Mr. Van Kirk a committee of one to take up the subject with the manufacturers. The classification men will help. He also asked for a lighter gauge of steel in such drums. He and Mr. Griffith were appointed members of a committee to take up that subject and report later during the hearings.

Another long list of articles to which objections were laid was submitted by A. S. Atwater, traffic manager for the American Hardware Corporation of Bridgeport. He objected to the elimination of carload ratings on various items in the list of builders' hardware and the creation of a special group of brass, bronze and copper hardware. Elimination of the carload ratings will make the mixing privilege more expensive. He said it is impracticable to keep brass, bronze and copper hardware separate from the other kind because in every line the more expensive metals are used for different parts. The new group would be either useless or force up rates on the hardware that constitutes more than sixty-five per cent of the list.

The good old licorice stick that grandfather carried around in his pocket to ward off coughs and colds came in for discussion and sampling; also the penny sticks which have excited the curiosity of chemists and others with inquisitorial minds because they have wondered what they contain. D. D. Sanford of the National Licorice Company said the elimination of stick licorice from Official, third class, as a separate listing, puts it up to second, the same as confectionery. He said it should be third throughout the country. The classification men pointed out, however, that its value is greater than that of the ordinary kind of candy.

Fred A. Fiedler, traffic manager for the Feigenspan Brewing Company of Newark, N. J., asked for the retention of estimated weights on bottles in cases, empty, returned. The proposal is to have actual weights applied. Fiedler said there is no objection to the actual weight being used, but he said the trouble with such a rule would be the application of guess weights and a constant fight to have freight bills corrected. The brewers of the middle west will appear in great force at the Chicago hearing to urge the retention of the estimated weights.

Allan Wallace, for the H. W. Johns-Mandeville Company, objected to the elimination of asbestos shingles from the list of artificial slate roofing materials with a resulting rise in the south from fourth and fifth to third and fourth. He also objected to changes made in regard to roofing cement, packing material and a number of other things in the list of building and roofing materials.

DISMISSED AS RESPONDENT.

Not being a party to any of the classifications, the Alaska Steamship and Copper River Railroad, operating in Alaska, has been dismissed as a respondent in the consolidated classification case.

MAY REVISE EXPRESS RATES

The Traffic World Washington Bureau.

It is not improbable that the Railroad Administration and the express company will ask the Commission to revise the express rate structure with a view to eliminating what they think are absurdities, especially such as are found in Louisiana, where the same train runs in and out of two zones and creates endless rate confusion. The absurdities, so called, are being accentuated by the ten per cent increase and attention is being drawn to them by a conference now going on between Director Prouty and representatives of the state commissions of Iowa, Nebraska,

South Dakota and Utah with a view to having those states allow the increase to be made.

Mr. Prouty is pointing out to them Mr. McAdoo's interest in both gross and net revenue. The contract between the Administration and the express company makes them partners and McAdoo is interested, as much as they, in having rates hoisted.

TO COMMITTEES FIRST

The Traffic World Washington Bureau.

The Administration henceforth will insist on the rule that complaint against situations created by order number twenty-eight and amendments thereto and other rate matters be first taken up with local or general regional committees. Applications for interviews in Washington are being turned down emphatically.

The policy, according to inferences to be drawn from what the officials of the Railroad Administration have said on the subject, is to be without exceptions that can be avoided by the Administration. Exceptions, it is suspected, will have to be made when senators and representatives insist on having interviews with either the Director-General, Director Chambers or Director Prouty. No government official has ever flatly said he would not listen to members of Congress. Some cabinet officers, in the last few years, however, have made it so uncomfortable for congressmen that many of them avoid the executive departments, because they do not like to be forced to assume the attitude of beggars. Time was when the earth in Washington trembled when a senator asked an executive officer for something. That, however, was when Congress was more independent of the executive branch of the government and thought itself entitled to order the executive branch, by resolution or otherwise, to do something.

The desire is to build up the committees by giving them an opportunity to show complaining shippers that they can make recommendations to Washington that will be followed unless it can be shown there is an overwhelming reason for disregard of the recommendation. The fact that Washington approved the recommendation of the committee in regard to the Oklahoma commodity rates is going to be used, it is suspected, to show that it is not a waste of time for complainants to state their cases to the local or general traffic committees. The traffic division at Washington approved the recommendations made by the St. Louis committee, after conference by it, the Oklahoma complainants, and the local officials of the railroads. The commodity rates on grain and grain products, it is pointed out, were put into effect almost the minute the recommendation was submitted. Commodity rates on green hides, live stock, junk, scrap iron and other commodities under consideration at the conferences, it was pointed out, were delayed for no reason other than that the tariff clerks and printers could not get their work done as rapidly as those who desired reductions thought they should be able to act.

It is possible for the Railroad Administration to enforce this policy, because there is no possibility of one carrier upsetting the situation by giving the complainants what they desire. Inasmuch as changes can be made only on rate authorities issued by Director Chambers, he has it in his power to compel complainants to go where he says, on pain of accomplishing nothing other than further delay by remaining in Washington to insist on a hearing there.

It is a bitter pill which shippers are being forced to

swallow by reason of the enforcement of the rule that they must go to the district and general rate committees with their requests for changes in rates. They feel they are being required to appear before men who made the rates in the first instance, notwithstanding protests. But they are going to take it so as to be in an unassailable position, when, if ever, they make formal complaint to the Commission. Practically all of them now say they are going to take their complaints to the Commission. Some of them add that if the Commission does not give relief they will appeal to Congress. But appealing to Congress, in war time, it is pointed out, is somewhat futile. Congressmen who hope to continue in office cannot afford to antagonize the executive branch of the government.

McADOO BANISHES LIQUOR

The Traffic World Washington Bureau.

In general order No. 39 Director-General McAdoo August 12 banished "liquors and intoxicants" from dining cars, restaurants and railroad stations under federal control.

Mr. McAdoo decided that the government should not be a partner in the liquor traffic and one of his first official acts after returning to Washington from the west was to issue the following order:

"The sale of liquor and intoxicants of every character in dining cars, restaurants and railroad stations under federal control shall be discontinued immediately."

EXPORT BILL OF LADING

The Traffic World Washington Bureau.

Limited and hedged about so that shippers cannot use the warehouses of the railroads as places for the storage of their commodities while they are hunting buyers, the through export bill of lading will be continued through the Pacific ports, notwithstanding the order of Director Chambers to cancel it on September 30. He has appointed a committee, of which H. A. Scandrett is chairman, and the other members are Messrs. La Bau, Devant, A. R. Smith, Clapps and Biddle, regional traffic managers, to prepare a through export bill limited to shipments having a specific buyer, a specific destination, and a specific cargo reservation on an indicated ship.

A shipper who has a customer in the orient for a commodity he has on hand will be able to obtain a through export bill after September 30. The shipper who thinks he has a customer in China, or will have by the time the goods can arrive at the port, will not be able to obtain such a bill, because, under a contract of that kind, the railroad is required to take care of the shipment from the time of its acceptance to its deliverance, even if it remains in the warehouse at the port for a year or two.

Withdrawal of the through export bill was ordered to prevent the doing of business on the pre-war basis. Before the war the railroad could afford and was pleased to become a partner, so to speak, in export business by carrying goods that would be needed overseas, to the port, putting them into the warehouse and then taking them out when the owner had found a customer. The warehouses were big enough to take care of the amount of business of that kind that could be expected.

Under present conditions there are not ships enough to take care of the tonnage sold before war started for the seacoast. The exigencies of war are such that even when a shipper, in good faith, starts his goods to the port for

a particular ship, he cannot be reasonably sure that the government will not commandeer the vessel before the goods can be loaded therein.

When Director Chambers ordered the cancellation of the through export bill he took the position that the railroad should not be called on to assume any of the risks incident to the commandeering of ships. Cancellation of the through bill relieved the carrier from any liability to care for the goods if it was necessary, by reason of the diversion of a ship, to keep them in the warehouse for an unusual period.

Protests by Pacific coast interests and bankers in the interior of the country constrained the Director-General to direct the men mentioned to make up a through bill limited in the way indicated.

At the same time the committee is to recommend the machinery for handling such traffic, the director suggesting that the permit system, such as has long been in use in the east and south, be established, with export committees at the principal ports.

The Pacific coast people fought with vigor against the proposal to eliminate the bill, demanding hearings in Washington. They refused to take the matter before any committees, holding that that would be a waste of time, because shippers beyond the confines of the Western Classification territory are interested in shipments via the Pacific ports and they could not be expected to travel to present their views to either a local or regional committee.

The hearing that had been set on this matter before the western traffic committee in Chicago, August 22, is now, of course, called off.

RATES IN OKLAHOMA

The Traffic World Washington Bureau.

In the course of time, when printers and tariff clerks can accomplish what they have been told to do, the Oklahoma commodity rate situation—the one with which the Oklahoma corporation commission began dealing July 31—will be as agreed on in the conferences between Oklahoma shippers and state officials, and the rate-committees in St. Louis and Chicago.

Director Chambers approved the agreement which the Oklahomans call the protocol and the grain rates agreed on in the conferences went into effect July 10. Other rates became effective or will become effective when the clerks finish their work, which will be when they receive printed copies of the tariffs and post them at the freight stations. Filing with the Commission is mere routine. The rates are in effect before the Commission receives any knowledge of them. They could be cancelled out before the Commission could know they were in effect.

Vigorous denial was made by several officials of the Railroad Administration of the report that word had been sent to the Oklahoma commission by the Administration that the Interstate Commerce Commission is the body to see about rates. The denial, however, is not considered worth a great deal because there are so many ways that the Administration is being committed or implicated that unless the question happens to be put to the official who wrote a letter or telegram, denials by others could be made in good faith.

A statement that the Commission was the body to which appeal might be taken would be no more than the expression of opinion anyhow. The question as to who has jurisdiction over pure intra-state rates has not been answered. The Director-General claims the power to make

rates for state application by filing them with the Commission. By analogy, the officials of the administration are inclined to hold that the power of review rests with the Commission. The latter has never claimed any jurisdiction over state rates except to prevent discriminations against shippers in other states.

The state commissioners are giving the matter extended consideration. If they can persuade the courts that Congress did not deprive them of the power to regulate rates in their own states, then the old fight—the one typified by the Shreveport case—is revived, probably with greater vigor than ever, on account of the feeling among the state commissioners that the railroad men and the Railroad Administration have intentionally treated them with no consideration. There is greater bitterness on the part of the state commissioners than there is on the part of the shippers.

NAMES McADOO RESPONDENT

The Traffic World Washington Bureau.

The Cedar Rapids Chamber of Commerce, in a complaint against the rates on coal from Illinois mines, naming McAdoo as principal respondent, asserts that its rates are approximately double the average of rates in Western Trunk Line territory and three times as high as rates from Illinois and Indiana mines to destinations in Indiana, Illinois, Michigan and Wisconsin for similar hauls, and that already grossly unfair rates were made worse by rate order No. 28.

REPORT FROM MARKHAM

The Traffic World Washington Bureau.

Director-General McAdoo has received the following report from C. H. Markham, regional director for the Allegheny region, summarizing the work of the railroads in that region for the two months' period ended July 31, 1918:

Transportation conditions during June and July were fair and showed continued improvement. Freight traffic, considering the volume, moved with reasonable promptness. There was no congestion, as the movement of business to the larger industrial centers and for export is controlled by permits. The embargo against lumber from the south has been removed except as to points on the seaboard between Washington and Jersey City, where it is moved on permits.

During June and July the car supply was generally good and met the demand.

In June anthracite coal loading was 63,187 cars, increase 4,179 cars over last year; bituminous, 101,767, increase 22,781. July anthracite loading was 69,630 cars, increase 2,329 cars; bituminous, 223,014 cars, increase 35,100.

Coal dumped at tidewater increased 223,537 tons in June and 444,916 tons in July, as compared with corresponding months last year.

Blast furnace operation reports for the last week in June and July show:

	June Per cent	July Per cent
By-product ovens in operation.....	95	93
Blast furnaces in operation.....	94	90
Open-hearth and Bessemer converters in operation	88	85

and the operations not affected by any transportation deficiencies.

There has been a material improvement in our perishable service in the past sixty days, and the vegetable movement from the trucking sections of Maryland, Delaware and New Jersey is being handled in a manner satisfactory to shippers. The southern peaches were handled in excellent shape.

The heavy passenger business was well handled, and

passenger train schedules were maintained with reasonable regularity.

Troop movements have been heavy throughout June and July, but were handled in a most satisfactory manner.

Shortage of mechanics and laborers is retarding progress in repairing bad-order cars, resulting in an accumulation above normal. Repairs to locomotives are progressing satisfactorily.

Constant study is being given the question of co-ordinating facilities and service, and the handling of traffic via the most favorable routes.

Since June 1, 204 unifications have been effected, relieving a large number of employes for other service. There have been 36 diversions of freight traffic of considerable magnitude for the purpose of relieving congested routes and districts, using routes which are shorter or have more advantageous grades, or increasing capacity of certain routes for other traffic. Typical of this is the re-routing of B. & O. freight and passenger trains over the P. & L. E. tracks between McKeesport and New Castle Junction, and the co-ordination of passenger traffic on the Pennsylvania, and Philadelphia & Reading, between Philadelphia, Norristown, Reading and Pottsville, effecting a saving of 322,296 passenger train miles yearly, all of which represents a yearly saving of approximately \$1,240,000.

Additions and betterment work is progressing well considering the difficulty in obtaining labor and materials.

SHORT LINE CONTRACT

The Traffic World Washington Bureau.

The present short line executive committee which is negotiating the contract with the Director-General consists of B. B. Cain and W. M. Blount, both of whom were members of the committee which drew up the proposed contract. Mr. Cass, the other member of the committee, has resigned, as his line has been taken over by the Railroad Administration and he has been appointed federal manager. B. B. Cain and W. M. Blount are acting as the present committee by reason of the fact that they have handled the matter up to the present time. Both are anxious to leave Washington and turn the work over to some one else, but consented to remain for the present.

The territorial vice-presidents of the Short Line Association are as follows:

Eastern—H. D. Swayze, Gen. Mgr., Kalamazoo, Lake Shore & Chicago, Lawton, Mich.; Allegheny—E. G. Slaughter, Gen. Mgr., Wildwood & Delaware Bay Short Line, Wildwood, N. J.; Pocahontas—Sturgis G. Bates, Gen. Mgr., Eastern Kentucky, Riverton, N. Y.; Southern—B. S. Barker, V. P. & G. M., Gainesville & Northwestern, Gainesville, Ga.; Northwestern—C. L. Luce, Pres. & Treas., Electric Short Lines Ry., Minneapolis, Minn.; Central Western—W. O. Orem, Pres. & G. M., Salt Lake & Utah, Nevada Copper Belt, Salt Lake City, Utah; Southwestern—Ben B. Cain, V. P., Texas, Okla. & Eastern, Dallas, Tex.

LUMBERMEN DISAGREE

The Traffic World Washington Bureau.

Disagreeing with the National Lumber Manufacturers' Association, the North Carolina Pine Association, through W. J. Strobel, its traffic manager, has advised the Railroad Administration to adhere to its twenty-five-cent advance on lumber, with a maximum advance of five cents per 100 pounds. It disagrees with the national association's petition for a flat advance of three cents. It is one of the members of the national association, a committee from which had a hearing before Luther M. Walter, Paul Hastings and George Atkins in the middle of July on behalf of that petition.

At that hearing Arthur B. Hayes, in behalf of the Michigan Hardwood Association, objected to the change from

the percentage to the flat increase. There were intimations then that other members of the national association would adhere to the petition for the change, although the petition of the national association mentioned them as members, and by inference the Railroad Administration might believe they approved.

The North Carolina manufacturers ship largely into the territory north of the Virginia gateways as far west as the Pittsburgh-Clarksburg line. On such traffic they pay the maximum of five cents. To that they do not now object. But they do object to an increase of three cents flat to destinations in their own local territory to which less than the maximum of five cents applies. In his memorandum to the Railroad Administration Mr. Strobel said:

Everyone is aware of the serious car shortages and congestions which have existed, and the resultant appeals for a conservation of equipment. It is not conservation of equipment, neither is it sound economics, to so construct rates at this time, which will influence the movement of a car of lumber several hundred miles when lumber, which will answer the same purpose, can be had within 50 miles.

Due to the very scattered situation of numerous small camps of timber, many ground—or temporary—mills are operated in our territory and the rough lumber, in many instances, is shipped to a nearby point for further manufacture and then reshipped. Under the change proposed by the National Lumber Manufacturers' Association, such shipments will be subject to an advance of three cents into, and out of, the reshipping point, making a total advance of six cents unless tariffs were published which would permit the protection of the through rate from initial point of shipment to final destination.

On pages 17 and 18 of its petition, the National Lumber Manufacturers' Association admits that a flat application of a flat three-cent advance would, in certain instances, on short-haul shipments, work an undue hardship on some producers. As a remedy for this hardship they suggest the following:

"In such instances, it is to be understood that the lumber producers subject to such undue hardship, can present, through the district committee of the United States Railroad Administration, having jurisdiction, applications for acceptance to the general rule of a flat advance of three cents per 100 pounds. Each application to be determined on its merits, and where substantial justice warrants such reasonable modification of the general rule to be made by the United States Railroad Administration as will be reasonable, just and proper under the circumstances of each case."

The hardship occasioned by a three-cent flat advance would not be only in certain instances; it would be universal in our territory. It would make every rate under twelve cents unreasonably high and to adjust the unreasonable rates made so by a flat three-cent advance, to a reasonable basis, would consume much valuable time and the conservation of time and energy is needed now just as much as the conservation of anything else.

To arbitrarily fix the increase at three cents, whether the haul be long or short, is nothing more or less than a subsidy to the long haul of more than 1,000 miles. In these war times, especially, conservation of equipment is of vastly more importance than the conservation of the alleged rights of producers to ship long distances at the expense of nearby producers.

The North Carolina Pine Association plants itself upon the proposition that it is in the interest of the public that the consumer should be supplied with what he wants, including lumber, with the least expenditure of transportation energy. To deliberately adopt the policy suggested by the National Lumber Manufacturers' Association, of a flat advance instead of a percentage increase upon its face, is for the purpose of encouraging long-distance lumber movements. When the lumber moves long distances to the consumer, the nearby producer does not make the shipment. If the long distant producer deems it advisable to market his product in distant markets it should be accomplished through the shrinkage

of the price of lumber f. o. b. the mills and not at the expense of the transportation interests of the country.

General Order No. 28 has now been in effect 49 days and the percentage increase on lumber appears to be working out satisfactorily. We earnestly recommend against the change to a flat advance in cents per hundred pounds.

ORDER NO. 37 REVISED

The Traffic World Washington Bureau.

A revised general order, No. 37A, has been given out as follows:

General Order No. 37 of July 19, 1918, is hereby revised to read as follows (the words underscored indicating the additions to the order as originally issued):

(1) The local treasurers appointed by federal managers, or by general managers appointed in lieu of federal managers, shall hereafter be designated "federal treasurers" and are expected to devote themselves exclusively to the work of the United States Railroad Administration. They ought not to handle any funds for a railroad corporation or perform any other services therefor except in special cases after obtaining express authority.

The federal treasurers should be nominated by the federal manager (or general manager appointed in lieu of federal manager), and the nomination, when it shall have been approved by the regional director, should be transmitted to the Director of the Division of Finance for consideration and final action. In cases where federal treasurers have already been appointed the appointments should be submitted promptly through the regional director with his recommendations for confirmation by the Director of the Division of Finance.

(2) Immediately upon the appointment of federal treasurers the designation of the bank account subject to check of such federal treasurers shall be "(name of railroad), federal account."

(3) (a) All cash representing receipts from the operation of its railroad since and including January 1, 1918, now in the hands of the railroad corporation for whose railroad a federal treasurer has been appointed, or held for account of the corporation, and

(b) Any and all other cash now in the hands of such railroad corporation or held for its account for use in connection with the operation or improvement of its railroad shall be at once transferred by the railroad corporation to accounts in the same banks in which it is now held, designated as prescribed in paragraph (2) hereof, which shall be subject to check by the federal treasurer.

(4) Federal treasurers shall draw on the new accounts thus to be opened and subject to their check only for

(a) The payment of materials and supplies purchased since December 31, 1917; and also of materials and supplies purchased prior to December 31, 1917;

(b) The payment of operating expenses (including approved claims for personal injuries and loss and damage), and also equipment and joint facility rents, traffic balances, overcharges and taxes (other than the war income tax and the excess profits tax) accrued since December 31, 1917; and also all items clearly applicable to the period prior to January 1, 1918, commonly called "lap-overs," which are required to be set up on the federal books pursuant to Order No. 17.

(c) The payment of such addition and betterment costs as may be approved by the federal manager (or general manager appointed in lieu of the federal manager).

Federal treasurers shall not draw on such accounts for any other purposes except when expressly authorized to do so by the Director of the Division of Finance and Purchases.

(5) A specimen form of check which has been approved for use by all railroads under government control is attached hereto. In ordering checks for the use of the railroad, the federal treasurer will follow as closely as practicable the general arrangement and language of the specimen form. The account with every bank must be stated in the name of the railroad with the name "federal ac-

count" immediately following on the same line as shown in the attached specimen.

(6) Until further ordered checks signed by the treasurer should be countersigned according to the practice now in vogue on the different roads where regulations now call for such countersignatures.

STATES ATTACK NEW RATES

The Traffic World Washington Bureau.

Washington, Oregon and Idaho, through their public utility commissions, Aug. 13, reached the files of the Commission with the first formal complaint against the increased railroad and express rates effective, respectively, June 25 and July 10 and 25. They declare the rates on fresh fruits and vegetables and canned stuff to be unjust, unreasonable, discriminatory and burdensome by reason of the changing of relationship of competing markets. Director-General McAdoo is named as the first respondent and the Santa Fe as the first railroad respondent in the complaint against freight rates. The American Railway Express Company is the only one mentioned in the express case.

O. O. Calderhead of the Washington commission signed the complaints for the three states. The most significant part of the complaints is the statement that the increased charges are a needless burden, because money is not needed to maintain the railroads. Calderhead is a statistical expert and probably will make his case along the lines Clifford Thorne laid down in the fifteen per cent case, thereby raising a sharp issue with Director-General McAdoo as to whether he is raising money to maintain railroads or to provide revenue for the treasury, which latter, of course, is beyond his power, Congress being the only taxing authority for revenue purposes.

The filing of the complaint, it is believed, is the forerunner of a number of challenges by the state regulating bodies, acting not on their own initiative, but on the urge of shippers who feel that they are being deprived of markets to which they are entitled, notwithstanding the views of food administrators and other officials who are making changes in the commercial life of communities that would not be thought of in normal times.

While C. O. Calderhead signed the complaint on behalf of the three states it is well known that it is not his individual effort. It is the product of the thought of men elected in the various states and charged by the statutes of their creation with the duty of prescribing just, reasonable and non-discriminatory state rates, and procuring such rates for interstate application, whether by conference with railroad officials or by complaint before the Interstate Commerce Commission.

In this tri-state complaint the vital allegation, other than the general one of unreasonableness and discrimination, is that the new rates are adding an unusual and unnecessary burden on the producers of the northwest by the collection of charges which are not needed by the railroads and railways under federal control and protection by the Pacific northwest transcontinental routes.

It may be answered, in the ordinary way of argument, that the surplus that may be earned in the Pacific northwest is needed elsewhere, but then the question would be raised as to whether Congress intended to authorize the taxation of one section for the benefit of another. The only argument that could be made on that point, it is believed, is that the law requires the President to operate the railroads as a unit and that it is obvious that if roads in the southeast cannot earn enough to keep themselves in good condition, then it is the duty of the Director-General

to obtain money from the northwest or some other section. The complaint is as follows:

The complainants respectfully show:

That the complainants are duly qualified and acting officers in the states of Washington, Oregon and Idaho, and are authorized by law to file complaints for and on behalf of shippers and producers, or in the public interest, before the Interstate Commerce Commission.

That the Fruit Growers' Agency, Incorporated, Yakima, Wash.; Wenatchee Valley Traffic Association, Wenatchee, Wash.; Yakima Valley Traffic and Credit Association, Yakima, Wash.; Yakima Commercial Club, Yakima, Wash.; Wenatchee Commercial Club, Wenatchee, Wash.; Walla Walla Commercial Club, Walla Walla, Wash.; Boise Commercial Club, Boise, Idaho; Spokane Chamber of Commerce, Spokane, Wash., are representatives of shippers and industries engaged in the production and transportation of fruits and vegetables, and the products of the same, in the states of Washington, Oregon and Idaho, and of the containers used for the shipment of manufactured fruit and vegetable products.

That acting under the authority of an act of Congress approved August 29, 1916, entitled "An Act Making Appropriations for the Support of the Army in the Fiscal Year Ending June 30, 1917, and for Other Purposes," the President of the United States by proclamation took under federal control, on December 28, 1917, various railroads and systems of railroads, including those defendant herein, and appointed W. G. McAdoo, defendant herein, to be Director-General of Railroads to act for him, in his name and stead, in the control, operation and supervision of said railroads.

That the above named railroad and railway companies, defendants herein, were and are common carriers engaged in the interstate transportation of passengers and property by railroad between points in the states of Washington, Oregon and Idaho, and all of the other states of the Union, and as such common carriers are subject to the provisions of the act to regulate commerce, approved February 4, 1887, and acts amendatory thereof and supplementary thereto; that said railroad companies named as defendants herein are the principal and controlling lines in the United States handling the traffic involved herein.

That under and by virtue of an Act of Congress, approved March 21, 1918, entitled "An Act to Provide for the Operation of the Transportation Systems While Under Federal Control, for the Just Compensation of Their Owners, and for Other Purposes," Defendant W. G. McAdoo, as Director-General of Railroads, on May 25, 1918, issued and promulgated an order known as General Order No. 28, and on June 12, 1918, issued and promulgated a supplement to said order, by the terms of which there was established, effective June 25, 1918, a 25 per cent increase in all carload class and commodity rates covering the transportation of fresh fruits, fresh vegetables, fruit juices, canned fruits, canned vegetables and containers used in the shipment of the manufactured products thereof, upon all railroads mentioned as defendants herein, and upon all of the railroads and systems of railroad under the control of the federal government, and that said rates are now in effect upon all of the said lines.

That the rates so prescribed are unjust, unreasonable and discriminatory, and disturb the relationships which heretofore existed between competing markets, and are adding an unusual and unnecessary burden upon the producers of the northwest by collection of charges which are not needed by the railroads and railways under Federal control and protection by the Pacific Northwestern Transcontinental routes.

That the material and labor used for growing, producing and marketing fruits and vegetables and the products thereof have greatly increased in value during the past two years, while the prices charged and received by the growers for these commodities has remained stationary, and the greater per cent of the growers have actually operated at a loss under the old established rates during the last four or five years; that the increased freight rate will impose an unjust and unreasonable burden upon these producers, tending thereby to diminish the quantity of the products of the soil and to destroy the industry, deprive the people of the country of a necessary and nutritious food and cause an actual shrinkage in revenue to the carriers from the transportation of these commodities; that

while other productions of the soil have either had prices fixed by the government greatly in excess of values in normal times or through an extraordinary demand created by the war, the fruit and vegetable industry has had its consumption curtailed through the elimination of the foreign markets, resulting in proportionately lower returns to the producers than for years prior to the war.

The percentage basis of increasing rates from the states of Washington, Oregon and Idaho will wholly disturb and destroy the past relationship between such producing territory and other fruit and vegetable producing sections located in the central and eastern states, resulting in unjust discrimination against the industries located in the states of Washington, Oregon and Idaho, as, for example, the following rates to the consuming points of Chicago, St. Louis, Buffalo, New York and Philadelphia:

Comparison of rates in effect June 24, 1918, and increase under Order 28, effective June 25, 1918, showing disturbance of relationship caused by the 25 per cent advance—in dollars per 100 lbs.:

From	To				
	New York	Philadelphia	Buffalo	Chicago	St. Louis
Pacific Northwest points	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Rochester, N. Y.	.18	.18	.09	.25	.29½
Lockport, N. Y.	.19½	.19½	.07	.21½	.27
	Increase				
Pacific Northwest points	.25	.25	.25	.25	.25
Rochester, N. Y.	.04½	.04½	.02½	.06½	.074
Lockport, N. Y.	.058	.058	.018	.054	.068

It will be noted that the increase alone from Pacific Northwest points to these principal markets, except Chicago and St. Louis, exceeds the original rate plus the increase from the producing points of Lockport and Rochester, N. Y.

That by reason of the great number of tariffs involved and the great number of rates contained in said tariffs, it is not practicable to give specific reference to the tariffs or to said rates, but that it would appear to be sufficient to allege that Order 28 heretofore described in paragraph four, has made a precise 25 per cent increase in all carload rates and contained in rates under which the articles described in this complaint moved prior to June 25, 1918. A few references to some of the tariffs carrying the increased rates complained of follow:

Transcontinental Freight Bureau Eastbound Tariff No. 2 N. R. H. Countiss, I. C. C. 1042, Supplement 7.
Items 565 B, 1196 B, 1195 B, 1299 B, 1295 B, 1210 A, 1231 B, 1235 B, 1288 B.

Pacific Freight Tariff Bureau Tariff No. 1 C. Gough, I. C. C. 349.

Items 1455, 1909.

Oregon, I. C. C. 130 A.

Items 20, 30, 40, 50.

R. H. Countiss, I. C. C. 1042 as amended by Special Supplement 4, effective June 25, 1918.

Items 145, 200, 1240, 1245, 390, 530, 1290, 1407.

Minneapolis, St. Paul & Sault Ste. Marie Ry., I. C. C. 2350.

Rates on apples, fruit, carloads, vegetables, carloads, and articles taking the same rates named in said tariff from Spokane and Republic, Wash., to stations index Nos. 11 to 120, inclusive, as named in said tariff and increased by special supplement No. 4 to same.

Chicago, Milwaukee & St. Paul Railway Company, I. C. C. 1044.

From points in Oregon, Idaho and Washington as indicated by groups to points named in section 1 of said tariff as increased by special supplement to same, effective June 25, 1918.

Great Northern Railway Company, I. C. C. A4442.

All rates as increased by special supplement 1, effective June 25, 1918.

Oregon Southern Railway Company, I. C. C. A4589, effective June 25, 1918. All rates.

Great Northern Railway Company, I. C. C. A387.

All rates on apples, carloads, named in said tariffs and fresh fruit, deciduous, N. O. S., also vegetables (except straight carloads of vegetables taking class C), also vegetables (except potatoes and onions) from index 34 on page 2 to and including index 340, page 111 of said tariff and

items 13, 14, 15 and 16 and as such rates are amended by special supplement increasing the same 25 per cent.

Northern Pacific Railway Company, I. C. C. 5790:

Rates named in tariff from stations in groups shown and indicated at the top of each page, to stations indexed 2050 to 4624, inclusive, pages 33 to 120, inclusive, on "apples, carloads," "fruits, fresh, deciduous, N. O. S., etc.," "vegetables as described in Western Classification, etc.," "vegetables (except straight carloads, etc.) taking class C rates, etc.," and items 5, 20, and 50 as such rates are increased by special supplement, effective June 25, 1918.

Oregon Short Line Railroad, I. C. C. 2033:

All rates in said tariff as increased by special supplement, effective June 25, 1918.

R. H. Countiss, I. C. C. 1049: Item 3115-A.

* That by reason of the facts stated in the foregoing paragraphs, the complainants and those whom they represent, have been and will be subjected to the payment of rates for transportation which were and are still unduly discriminatory, unjust, unreasonable and excessive, in violation of sections 1 and 3 of the act to regulate commerce, and section 10 of the act to provide for the operation of transportation systems while under federal control.

Wherefore, your petitioners pray that the defendants may be severally required to answer the charges herein; that, after due hearing and investigation, an order be made commanding the defendants and each of them to cease and desist from the aforesaid violation of said act to regulate commerce, and the said act to provide for the operation of transportation systems while under federal control, and to establish and put in force and apply in the future to the interstate transportation of fruits, fresh vegetables, fruit juices and the fruits, canned fruits, canned vegetables and containers for the use of the manufactured products thereof in carload lots between the points of origin and the destined points named in the tariffs on file with the Interstate Commerce Commission, in lieu of the present rates, reasonable, just and non-discriminatory rates not exceeding those in effect June 24, 1918, and to establish and put in force, and thereafter to maintain and apply rates on said commodities not higher than those that were in effect June 24, 1918, and that such other and further order or orders be made as the Commission may consider proper in the premises.

The complaint is not the suit that some day may raise the question as to the President's right to prescribe rates within the states. The most it does is to bring forward the question as to whether Congress meant, when it told the President to operate the railroads as a unit, that the corporations owning the routes serving those states should be used as collection boxes for the gathering of money to maintain service on the rails of less prosperous corporations—say, for instance, the Tennessee Central or the Atlanta, Birmingham & Atlantic—or whether it meant merely for him to disregard the prohibition about short-hauling, and haul the freight over the most direct open routes. In a way it raises an issue between the most prosperous and the less prosperous communities. In the Cincinnati Shippers' and Receivers' case, the Commission laid it down as a rule that rates may not be made without regard to the circuitous routes and unprofitable branches of a system. Therefore the class scale between Cincinnati and Chattanooga had to be left higher than if only the cost over the rails of the old Cincinnati Southern had been involved. But, it may be argued; there is no analogy between the situation on the northern transcontinental routes and the Cincinnati situation. There is no proposal that the rates via one of them must be lower than before June 24 on the ground that they were so high that the most favorably located line made more than a reasonable profit. The allegation is that the lines in question, even under the old rates, made enough to enable them to meet increased costs without such an increase in rates as the Director-General put on the fruit and vegetable growers and canners in the Pacific northwest.

CONTRACT WITH RAILROADS

The Traffic World Washington Bureau.

Compensation contracts between the government and the fairly prosperous railroads may be signed shortly. Then again they may not. Director-General McAdoo expects to decide soon whether he can offer contracts more liberal in their provisions than those contained in the draft of agreement promulgated August 7. If he says he cannot, the chances are that the railroad presidents will advise their stockholders to accept. That is to say, such advice will be given by the presidents who think it will be politic to come to an agreement with the government, even if the agreement does not give the companies as much as they think they should receive.

Whether the contracts will be signed will depend, it is believed, on the amount of influence S. Davies Warfield and Samuel Untermyer can exercise, if they decide that the interests of the bondholders require them to go into the courts asking for injunctions forbidding the companies to sign the agreements. It is assumed that some judge can be found who would issue an injunction forbidding the officers and directors of companies to sign the contract, suspending, for a time, at least, the execution of the tax agreement to which Alfred P. Thom and his associates have agreed, tentatively.

It is to be remembered that the holder of a mortgage has an equitable interest in the property on which he has a claim, enabling him to procure a writ from a chancellor commanding the mortgagor to do or refrain from doing a specific act, on the ground that such act, if committed, or not done, will tend to impair the security pledged for the payment of the mortgage. It is a proceeding of that kind that Warfield and Untermyer, on behalf of men who own about \$4,000,000,000 worth of railroad bonds, have indicated they may be constrained to undertake if the officers and other stockholders of the trunk lines execute the agreement that has been formulated in the negotiations between John Barton Payne, and those assisting him in behalf of the Director-General, and Alfred P. Thom and those assisting him on behalf of the railroad presidents' advisory committee.

The bondholders object to the railroad companies undertaking to pay for additions and extensions made for war purposes, as they claim the agreement obligates them to do. Their representatives claim that the companies should pay for nothing in excess of what would be normal as shown by the reports of the companies with regards to extensions and improvements during the three years ending with June 30, 1917. Untermyer, in the meeting on August 14, contended that everything over and above the amounts shown in the reports for the pre-war period shall be paid for by the government and accounted for between the parties at the end of federal control. He fought with fevor against the provisions that would compel the companies to accept as conclusive as to cost of these extensions and improvements the prohibitive prices now prevailing. He said the provisions to which he referred would forbid the companies showing their loss and damage. He further contended that if the companies are compelled to pay for extensions and improvements at present prices, their property would be practically forced into the hands of the government and the owners of the bonds would be practically forced to accept government ownership as their only alternative against ruin.

The point made was that while the government is operating the roads it will desire to make many extensions.

Inasmuch as war never counts the cost the extensions and improvements will be made, no matter how much they cost. Rails will be laid even if they cost \$100 a ton instead of the \$30 that was the prevailing price for most of the period that is to be used as the standard for compensation. If the railroad companies are compelled to pay for extensions and improvements at the war prices, while required to take their compensation at pre-war figures, they will owe such a debt to the government that their property will belong to the government instead of to them.

Another point made by him was that the government shall not charge "excess maintenance" until after it has paid all fixed charges—that is, if it thinks a given railroad was not maintained up to the standard it should have been during the three years preceding the war, it shall not charge the cost of bringing it up to standard until after it has paid the interest on the outstanding mortgage. In other words, the men who loaned money to the railroads long before the war was thought of shall not have their loans wiped out by the government taking money out of the company's till until after the interest and other fixed charges have been paid. They want the government to be in the position of a second mortgage holder, with its interests subordinate to those of the first holders, which is the rule in transactions between private parties.

The third objection made by the lawyer was laid against the requirement that as a condition to the agreement, the company signing the contract shall agree not to bring claims for loss and damage against the government and shall agree to that in advance of knowing what the government intends doing with the property.

The object of the bondholders is to have the bonds issued during peace times made as secure against the foolishness or rascality of government officials as a mortgage bond issued in transactions between private parties.

As summarized by the attorney, the main objections of the committees of the association to the contract are as follows:

1. To the charging of additions and extensions for war purposes against the companies. He contended that everything over the usual additions as measured by those of the test period should be borne by the government and accounted for between the parties at the end of federal control. Pronounced opposition was made to the provisions that compelled the companies to accept as conclusive the cost of these improvements at the prevailing prohibitive prices and he stated that this would prevent the roads from proving their loss or damage, that it violated the spirit of Section 6 of the Federal Control Act besides seriously impairing the credit of the companies by piling up charges against them which they would be unable to meet and thus virtually forcing them into government ownership as their only alternative against ruin.

2. That all charges for excess maintenance, if any are retained in the contract, should come after and not before fixed charges.

3. The so-called "acceptance" clause of the contract, which as now drawn requires the companies to now release their claims for damages for any abandonment of a portion of their systems or for the disruption and diversion of their business should be either stricken out or at least so modified that should such a thing occur as the government taking over the roads permanently, they will not be thereby precluded from being compensated for the abandonment of any portion of their lines and loss or diversion of their business which this provision would prevent them from receiving.

4. That the decisions of the Interstate Commerce Commission are made final and conclusive, whereas they should be subject to the review of the courts.

5. That all provisions which tend to impair the certainty that a railroad company shall receive its fixed standard

return or compensation as contemplated by the act of Congress be removed from the contract.

6. That the companies be allowed interest on the cash working capital that they are advancing to the government—at least the rate of interest they were receiving from their banks and which the government will now get on their moneys.

7. That on all moneys borrowed by the companies for the making of additions and extensions the company should receive at least as high a rate as they are required to pay for the moneys used in making such additions and extensions.

Mr. Thom suggested among other things:

1. That there should be no charges for deferred maintenance.

2. That the companies be not required to furnish the government any working capital.

Mr. McAdoo August 14 began conferences with Messrs. Thom, Untermeyer and Bledsoe with a view to coming to a definite agreement about the principal or standard clauses in contracts to be offered to such roads as had operating revenue during three years to warrant accepting the average thereof as compensation during federal control. Untermeyer objected to conferring with McAdoo in presence of Thom and Bledsoe, who speak for railroads as corporations. He represents security holders who profess to believe that the proposed contract will make it impossible for the railroads to pay interest on their bonds.

The railroad lawyers had tentatively accepted the contract clauses, but Untermeyer, representing the bondholders, wanted definite terms assuring bondholders that the President will not use up all income in ordering extensions and improvements, at the expense of the companies. He made a distinction between stockholders who are partners in the business, and bondholders who took a pledge on the property, without assuming risks of operations, to assure a return on their money.

When the security owners submit their brief August 19 Director-General McAdoo and his assistants will hold final consultations to determine whether they can afford to make any changes in the draft of the contract submitted August 7.

Samuel Untermeyer, talking to Messrs. McAdoo, Payne, Hines, Lovett and Prouty, submitted his objections.

Draft of the Contract.

Following is the tentative draft of the standard clauses for the contracts between the government and the railroads for use in the ordinary case. The tentative draft is subject to the government's reserved right to insist on different provisions in cases imperatively requiring a different treatment:

Preamble and Recitals

This agreement, made this day of, 1918, between William G. McAdoo, Director-general of Railroads, hereinafter called the Director-General, acting on behalf of the United States and the President, under the powers conferred on him by the proclamations of the President hereinafter referred to, and the Company, a corporation duly organized under the laws of the state of, hereinafter called the company.

Witnesseth that—

(a) Whereas, By a proclamation dated December 26, 1917 the President, acting under the powers conferred on him by the Constitution and laws of the United States, by the joint resolutions of the Senate and House of Representatives bearing date April 6 and December 7, 1917, respectively, and particularly under the powers conferred by section 1 of the act of Congress approved August 29, 1916, entitled "An act making appropriations for the support of the army for the fiscal year ending June 30, 1917, and for other purposes," took possession and assumed control at 12 o'clock noon, on December 28, 1917, of certain railroads

and systems of transportation, including the railroad and transportation system of the company and the appurtenances thereof, and directed that the possession, control, operation and utilization of the transportation systems thus taken should be exercised by and through William G. McAdoo, appointed Director-General of Railroads; and

(b) Whereas, The Congress of the United States, by an act approved March 21, 1918, hereinafter called the Federal control act, has authorized the President to enter into agreements with the companies owning the railroads and systems thus taken over for the maintenance and upkeep of the same during the period of Federal control, for the determination of the rights and obligations of the parties to the agreement arising from or out of Federal control, including the compensation to be received or guaranteed, and for other purposes, as in said act more fully set out, and authorized the President to exercise any of the powers by said act or theretofore granted him with relation to Federal control through such agencies as he might determine; and

(c) Whereas, By a proclamation dated March 29, 1918, the President, acting under the Federal control act and all other powers him thereto enabling, authorized the Director-General, either personally or through such divisions, agencies, or persons as he may appoint, and in his own name or in the name of such divisions, agencies or persons, or in the name of the President, to agree with the carriers, or any of them, or with any other person in interest, upon the amount of compensation to be paid pursuant to law, and to sign, seal and deliver in his own name or in the name of the President or in the name of the United States such agreements as may be necessary and expedient with the several carriers or other persons in interest respecting compensation, or any other matter concerning which it may be necessary or expedient to deal, and to make any and all contracts, agreements or obligations necessary or expedient and to issue any and all orders which may in any way be found necessary and expedient in connection with the Federal control of systems of transportation, railroads and inland waterways as fully in all respects as the President is authorized to do, and generally to do and perform all and singular the acts and things and to exercise all and singular the powers and duties which in and by the said act, or any other act in relation to the subject hereof, the President is authorized to do and perform; and

(d) Whereas, The Interstate Commerce Commission has certified to the President that the amount of the average annual railway operating income of the Company, computed in the manner provided in section 1 of the Federal control act is, dollars, subject to such changes and corrections as the Commission may hereafter determine and certify to be requisite in order that the accounts and reports of the Company used by the Commission as the basis of computing said average annual railway operating income may be brought into conformity with the accounting rules or regulations of the Commission in force at the time of such accounting, or in order to correct computations based on such accounts or reports.

Now, therefore, the parties hereto, each in consideration of the agreements of the other herein contained, do hereby covenant and agree to and with each other as follows:

Section 1.—Privy, Alterations, Definitions, Etc.

Section 1. (a) This agreement shall be binding upon the United States, the Director-General and his successors, and upon the Company, its successors, and assigns.

This agreement shall not be construed as creating any right, claim, privilege, or benefit against either party hereto in favor of any state or any subdivision thereof, or of any individual or corporation other than the parties hereto.

(b) The provisions of this agreement may be altered, amended, or added to by and only by mutual consent signified by instruments in writing signed by the Director-General and by some officer of the Company thereto duly authorized by the Board of Directors of the Company.

(c) Wherever in this agreement the word "Commission" is used it shall be understood as referring to the Interstate Commerce Commission, acting by divisions or otherwise as authorized by law.*

*The following may be added as a part of paragraph (c) by any Company desiring to do so:
; and, in addition to the powers in this agreement spe-

officially given to the Commission, it is hereby further provided that if in respect to any question of fact arising under any provision of any section of this agreement, except sections 1 and 3, the parties after the matter has been duly presented to the Director-General are unable to agree, the matter shall then be referred, upon application either of the Director-General or the Company, to the Commission, whose decision, after notice and hearing, shall be final, leaving either party free to take any question of law arising out of the facts thus found to the courts if it so desires.

(d) Wherever in this agreement the words "Federal control" are used to indicate a period of time, they shall be understood as meaning the period from 12 o'clock midnight of December 31, 1917, to and including the day and hour on which said control shall cease.

(e) Wherever in this agreement the words "test period" are used, they shall be understood as meaning the period between July 1, 1914, and June 30, both inclusive.

(f) Wherever in this agreement the words "standard return" are used, they shall be understood as meaning the average annual railway operating income of the Company, computed in the manner provided in section 1 of the Federal control act, and ascertained and certified by the Commission.

(g) Wherever in this agreement the words "Director-General" are used, they shall be understood as designating William G. McAdoo, or such other person as the President may from time to time appoint to exercise the powers conferred on him by law with relation to Federal control, or such agents or agencies as the Director-General may from time to time appoint for the purpose; and wherever by this agreement any notice is to be given by the Director-General, the same may be given in his name by any subordinate thereto duly authorized.

(h) The descriptive words at the heads of the several sections of this agreement and the table of contents are inserted for convenience merely, and are not to be used in the construction of the agreement.

Section 2.—Property Taken Over

Sec. 2. (a) The Company's railroad and system of transportation of which the President has taken over possession, use, control, and operation shall be considered as including the following roads and properties:

[Here insert list of roads, noting names, principal termini, etc.]

together with all branches, tracks, trackage, bridge, and terminal rights, and lines of railroad owned or leased by the Company as a part of its system of transportation, and all other property, with the appurtenances thereof, whether included in the foregoing list or not, the revenues of which were used, or which, if the property had been then revenue bearing, would have been used, in computing the Company's standard return.

[Here insert such reservations and provisions respecting industrial leases and other matters as may be agreed on.]

(b) All materials and supplies on hand at midnight December 31, 1917.

[This item to be supported by an inventory, which, however, is not to be incorporated in the contract except by reference.]

(c) All balances in the account or accounts representing the total of "Net balance receivable from agents and conductors" as of midnight December 31, 1917;

(d)dollars*

[*Roughly speaking, the amount of this item should be about one month's operating expense, modified by such consideration as should properly be given to materials and supplies and other operating assets taken over.]

in cash in addition to the foregoing items, which last-mentioned amount is taken over as a cash working capital, the use of which the Director-General is to have during Federal control without interest; and

(e)

[Here insert list of such other operating assets and of any deposits or funds as may be agreed on in each case.]

Section 3.—Acceptance

Sec. 3. (a) The Company accepts all the terms and conditions of the Federal control act and any regulation or order made by or through the President under authority of said act or of that portion of the act approved August 29, 1916, referred to in paragraph (a) of the preamble to this agreement which authorizes the President in time of war to take possession, assume control, and utilize systems of transportation; and the Company further and expressly accepts the covenants and obligations of the Director-General in this agreement set out and the rights arising thereunder in full adjustment, settlement, satisfaction, and discharge of any and all claims and rights, at law or in equity, which it now has or hereafter can have, otherwise than under this agreement, against the United States, the President, the Director-General, or any agent or agency thereof, for compensation under the Constitution and laws of the United States for the taking possession of its property, and for the use, control, and operation thereof during Federal control, and for any and all loss and damage to its business or traffic by reason of the diversion thereof or otherwise which has been or may be caused by said taking or by said possession, use, control, and operation.

No claim is made by the Company for compensation for the period between noon of December 28 and midnight of December 31, 1917; and the revenues of said period shall belong to the Company, and the expenses thereof shall be paid by the Company, allocated in both cases as provided in paragraph (b) of section 4 hereof.

(b) The Company, on its own initiative or upon the request of the Director-General, shall take all appropriate and necessary corporate action to carry out the obligations assumed by it in this agreement or lawfully imposed upon it by or pursuant to the proclamation of December 26, 1917, or by the Federal control act.

(c) The Federal control act being in section 16 thereof expressly declared to be emergency legislation enacted to meet conditions growing out of war, nothing in this agreement shall be construed as expressing or prejudicing the future policy of the Federal Government concerning the ownership, control, or regulation of the Company, or the method or basis of the capitalization thereof, and the recitals or provisions of this agreement shall not be used, as evidence or otherwise, by either party hereto in any pending or future proceeding which involves the acquisition or valuation of the Company's property or any part thereof; but nothing in this paragraph shall be taken or construed as affecting the settlement and discharge contained in paragraph (a) of this section nor as limiting or qualifying any of the provisions of said paragraph for the purposes thereof.

Section 4.—Operation and Accounting During Federal Control.

Sec. 4. (a) All amounts received by the Director-General under paragraphs (c), (d), and (e) of section 2 hereof and all other amounts collected or realized upon by him from current operating assets belonging to the Company or arising from railway operation prior to midnight of December 31, 1917, shall be credited by him to the Company.

Unless objected to by the Company the Director-General may in any case, and in cases where the current assets, including materials and supplies taken over by him under the provisions of this agreement, are in his judgment clearly in excess of the current liabilities of the Company paid or assumed by him, shall pay and charge to the Company all expenses arising out of railway operation prior to January 1, 1918, including reparation and other claims.

Balances of the above accounts, except the cash taken over as working capital, shall be struck quarterly on the last days of March, June, September, and December of each year, and the balance found on such adjustments to be due either party shall be then payable, and if not paid, shall bear interest at the rate of 5 per cent per annum unless the parties shall agree upon a different rate; but in cases where the current assets taken over clearly exceed the current liabilities of the Company as hereinbefore

provided the payment of the amount due by the Company may at its option be postponed until the end of Federal control, bearing interest in the meantime.

(b) Railway operating expenses, reparation and other claims, hire of equipment and joint facility rents shall be allocated with reference to the time when incurred as between the period prior and subsequent to midnight of December 31, 1917, and as between the period of Federal control and the period subsequent thereto. Railway operating revenues shall be allocated, as between the period prior and subsequent to midnight of December 31, 1917, in accordance with the established accrual practices of the Company; and a like method of allocating railway operating revenues shall be made at the end of Federal control.

(c) All expenditures made by the Director-General during Federal control for additions, betterments or extensions begun prior to January 1, 1918, shall be charged to the Company, and if the completion of any such addition, betterment, or extension is approved or ordered by the Director-General, the Company shall be entitled under the provisions of paragraph (d) of section 7 hereof to interest on the cost thereof from the completion of the work; but no interest (except to the extent that the same may be allowed and included in the compensation provided for in paragraph (a) of section 7 hereof) shall be due the Company upon any such expenditures for work done prior to January 1, 1918. Payments for all equipment ordered or under construction by the Company prior to January 1, 1918, but delivered on or after that date, shall also be considered as expenditures made by order or approval of the Director-General under paragraph (d) of section 7 hereof. Interest during construction payable under this paragraph, and also interest during construction on the cost of any additions, betterments, and extensions made by the Company or at its expense to the company's property during Federal control, shall be included in the cost of the work.

(d) Cash receipts or disbursements and other items arising out of transactions which do not enter into or form a part of those used in determining the Company's stand-ard return shall not be received or paid by the Director-General unless such transactions are negotiated or conducted by his order for account of the Company and with its consent. When moneys are so received or paid by the Director-General in connection with such corporate transactions they shall be credited or charged to the Company. There shall be an accounting of the amounts due by one party or the other under this paragraph at the end of each quarter year of Federal control, and the amount found due either party shall be then payable and if not paid shall bear interest as provided in paragraph (a) of this section.

(e) Any funds taken over as provided in paragraph (e) of section 2 hereof shall be maintained by payments and charges to appropriate operating expense accounts and used by the Director-General during Federal control substantially in the same manner as prior to January 1, 1918. All sums paid by the Director-General to maintain pension funds or pension obligations or practices, and all contributions to Young Men's Christian Associations of employees, employees' savings funds, relief funds or associations, reading rooms, or death benefits for employees, shall be treated as a part of railway operating expenses during Federal control.

(f) All salaries and expenditures incurred by the Company during Federal control for purposes which relate to the existence and maintenance of the corporation, or to the properties of the Company not taken over by the President, or to negotiations, contracts, valuations, or any business controversy with the Government or any branch thereof, and which are not specially authorized by the Director-General, shall be borne by the Company; except that the expenses of valuation now being made by the Commission to the extent that they are in the opinion of the Director-General necessary to comply with the valuation orders and other requirements of the Commission, and to the cooperation of the Company in the making of such valuation, shall be paid by the Director-General as a part of railway operating expenses. If the Company is dissatisfied with the ruling of the Director-General it may appeal to the Commission, whose decision shall be final.

(g) The Director-General shall furnish for additions, betterments and extensions to the Company's property approved or ordered by him any of the materials and supplies taken over under paragraph (b) of section 2 hereof,

or purchased by him and held for use in connection with the Company's property, in so far as, in his judgment, he can do so with due regard to his own requirements. Materials and supplies so furnished shall be charged to the Company at cost.

(h) The Director-General shall at his option be substituted for the period of Federal control in the place of the Company in respect of the benefits and obligations of contracts relating to operation in force January 1, 1918 (including contracts made by subsidiaries for the use and benefit of the Company and the right to abrogate or change and make new contracts with express companies for the period of Federal control), except as to contracts between the Company and subsidiary companies which shall be considered and treated as arrangements or practices; and the Director-General shall in like manner at his option be substituted for such period in respect of the benefits and obligations of arrangements and practices in force during the test period in regard to fuel, materials, and supplies for the operation of the property described in paragraph (a) of section 2 hereof and of any additions and extensions thereto, obtained from any mine, oil field, or other source of supply owned or controlled by the Company, it being understood that under such arrangements or practices, if availed of by the Director-General, he shall, to the extent necessary to offset any increase in the standard return growing out of the furnishing by the Company or of its subsidiaries, during the test period, of fuel, materials, and supplies under an arrangement or practice at less than the then cost or the then market value thereof for railroad purposes, be charged for such fuel, materials, and supplies a price expressed in dollars or cents per unit below or above the then cost or the then market value thereof for railroad purposes (as the practice of the Company may have been) in the same amount that the prices charged the Company during the test period were below or above the then cost or the then market value thereof for railroad purposes.* Provided, however, That a source

*In view of the differing situations of the various carriers, a uniform standard clause covering the subject matter of paragraph (h) will not be insisted upon, the same being left open for such separate treatment as may be agreed on in each case.

of supply which the Company had acquired to safeguard its own operations shall not be depleted or reduced for use on other transportation systems, except in cases of emergency to be determined by the Director-General, in which event the quantity so used on other transportation systems shall be accounted for to the Company at the fair value thereof: And provided further, That materials and supplies secured under contracts which the Company had made for its own operations shall, so far as practicable, be used on the Company's property, and that, if used on any other transportation system, materials and supplies of like character shall be furnished by the Director-General for use in making such additions, betterments, and extensions as shall be chargeable to the Company, and shall be charged at cost under such contracts.

(i) The Director-General shall, except as provided in paragraph (b) of section 5 hereof, pay, or save the Company harmless from, all expenses incident to or growing out of the possession, operation, and use of the property taken over during Federal control, and all rents called in the monthly reports to the Commission equipment rents or joint-facility rents, and all judgments or decrees that may be recovered or issued against, and all fines and penalties that may be imposed upon, the Company by reason of any cause of action arising out of Federal control, or of anything done or omitted in the possession, operation, use, or control of the Company's property during Federal control.

(j) The Director-General shall save the Company harmless from any and all liability, loss, or expense resulting from or incident to anything done or omitted during Federal control in connection with, or incident to, operation or existing contracts relating to operation; and shall do and perform, so far as is requisite under Federal control for the protection of the Company, all and singular the things, of which he may have notice, necessary and appropriate to prevent, by reason of anything done or omitted under Federal control, the forfeiture or loss by the Company of any of its property rights, ordinance rights, or franchises, or of its trackage, lease, terminal, or other contracts involving a facility of operation; but

nothing herein contained shall be construed to require the Director-General to make any capital expenditure necessary to preserve a franchise or ordinance right not heretofore availed of by the Company. The Director-General shall also save the Company harmless from any and all claims for breach of covenant heretofore entered into by the Company in any mortgage or other instrument in respect to insurance against losses by fire.

Nothing in this or in the preceding paragraph shall be construed to be an assumption by the Director-General of, or to make him liable on, any obligation of the Company to pay a debt secured by a mortgage or any rent under a lease, except rents which during the test period were called in the monthly reports to the Commission equipment rents and joint facility rents and rents which under the accounting rules of the Commission in force during the test period were classified as operating expenses.

(k) In carrying out the provisions of the paragraphs (a), (b), (c), and (d) of this section and the provisions of section 6 hereof the Director-General shall not settle any claim by or against the Company against the objection in writing of the president or of any other duly authorized officer of the Company. The conduct of all litigation before any court or commission arising out of such disputed claims shall be in charge of the Director-General's legal force and the expense thereof shall be paid by the Director-General; but the Company may, at its own expense, employ special counsel in connection with any such litigation.

(l) Nothing in this agreement shall be construed as inconsistent with the provision in section 10 of the Federal control act that no process, mesne or final, shall be levied against any property under Federal control, nor as a waiver by the United States of any claim that might otherwise be made by it that the rights of any state or subdivision thereof or of any individual or corporation have been abrogated or suspended by the taking over of the Company's property or by Federal control.

(m) The Company shall have the right at all reasonable times to inspect the books and accounts kept by the Director-General relating to the property of the Company, or to the operation thereof, and the Director-General shall during Federal control furnish the Company with a copy of the operating reports relating to its property, and as soon as practicable after the end of each fiscal year shall furnish to the Company a complete list of its equipment as of the end of such fiscal year.

Section 5.—Upkeep.

Sec. 5. (a) During the period of Federal control the Director-General shall, annually, as nearly as practicable, expend and charge to railway operating expenses, either in payments for labor and materials or by payments into funds, such sums for the maintenance, repair, renewal, retirement and depreciation of the property described in paragraph (a) of section 2 hereof as may be requisite in order that such property may be returned to the Company at the end of Federal control in substantially as good repair and in substantially as complete equipment as it was on Jan. 1, 1918: Provided, however, that the annual expenditure and charges for such purposes during the period of Federal control on such property and the fair distribution thereof over the same, or the payment into funds of an amount equal in the aggregate (subject to the adjustments provided in paragraph (c) and to the provisions of paragraph (e) of this section) to the average annual expenditure and charges for such purposes included under the accounting rules of the Commission in railway operating expenses during the test period shall be taken as a full compliance with the foregoing covenant.

(b) The Director-General may expend such sums, if any, in addition to those expended and charged under paragraph (a) of this section (subject to the adjustments provided in paragraph (c) of this section) as may be requisite for the safe operation of the property described in paragraph (a) of section 2 hereof, assuming a use similar to the use during the test period and not substantially enhancing the cost of maintenance over the normal standard of maintenance of railroads of like character and business during said period; and the amount, if any, of such excess expenditures during Federal control shall be made good by the Company as provided in paragraph (b) of section 7 hereof.

(c) In comparing the amounts expended and charged under the provisions of paragraphs (a) and (b) of this section with the amounts expended and charged during the test period, due allowance shall be made for any difference that may exist between the cost of labor and materials and between the amount of property taken over and the average for the test period, and, as to paragraph (a), for any difference in use between that of the test period and during Federal control which in the opinion of the Commission is substantial enough to be considered, so that the result shall be as nearly as practicable, the same relative amount, character, and durability of physical reparation.

(d) At the request of either party there shall be an accounting of the amounts due by one party or the other under paragraphs (a) and (b) of this section at the end of each year of Federal control and at the end of Federal control.

(e) If during Federal control any of the property described in paragraph (a) of section 2 hereof or any replacement thereof or addition or extension thereto is destroyed or damaged otherwise than by fire or public enemies, and is not restored or replaced by the Director-General, he shall reimburse the Company the value of the property destroyed or the amount of the damage at the time of the loss; and the cost of restoration or replacement, or said value or damage, as the case may be, shall be charged to annual railway operating expenses: Provided, however, that if the Commission, on application of either party and after giving due consideration to the practice of the Company during the test period in respect to such matters and to any other pertinent facts and circumstances, determines that it is just and reasonable that the said cost or value shall be apportioned or extended over a period of more than one year, this shall be done, and so much of said cost or value as may be apportioned by the Commission over the period subsequent to Federal control, shall be charged to the Company in the final accounting at the end of Federal control and shall be paid by it.

If, during Federal control, any of the property described in paragraph (a) of section 2 hereof or any replacement thereof or addition or extension thereto is destroyed or damaged by fire, and is not restored or replaced by the Director-General, he shall reimburse the Company the value of the property destroyed or the amount of the damage at the time of the fire, and the cost of restoration or replacement or said value or damage, as the case may be, shall be charged to annual railway operating expenses.

The foregoing parts of this paragraph are subject to the proviso that in case of loss or damage any additions and betterments made in connection with or as a part of the restoration or replacement of property damaged or destroyed and chargeable under the accounting rules of the Commission in force Dec. 31, 1917, to investment in road and equipment, shall be charged to and paid by the Company.

The Director-General shall not be liable to the Company for any loss or damage due to the acts of public enemies.

(f) If any additions, betterments, or extensions are made to the property taken over or any equipment is added at the expense of the Company and with the approval or by order of the Director-General during Federal control, he shall expend and charge to railway operating expenses such sums either in payments for labor and materials or by payments into funds, as may be requisite for the proper maintenance, repair, renewal, retirement, and depreciation of such property until the end of Federal control.

(g) The Company shall have the right to inspect its property at all reasonable times during Federal control, and the Director-General shall provide reasonable facilities for such inspection.

(h) If any question shall arise, either during or at the end of Federal control, as to whether the covenants or provisions in this section contained are being or have been observed, the matter in dispute shall, on the application of either party, be referred to the Commission, which, after hearing, shall make such findings and order as justice and right may require, which shall be final as to the questions submitted and shall be binding on and observed by both parties hereto, except that either party may take any question of law to the courts, if it so desires.

Section 6.—Taxes.

Sec 6. (a) All taxes assessed under Federal or any other governmental authority for the period prior to Jan. 1, 1918, including a proportionate part of any such tax assessed after Dec. 31, 1917, for a period which includes any part of 1917 or preceding years, and unpaid on that date, all taxes commonly called war taxes which have been or may be assessed against the Company under the act of Congress entitled "An act to provide revenue to defray war expenses and for other purposes," approved Oct. 3, 1917, or under any act in addition thereto or in amendment thereof, and all taxes which have been or may be assessed on property under construction, and all assessments which have been or may be made for public improvements, chargeable under the accounting rules of the Commission in force Dec. 31, 1917, to investment in road and equipment, shall be paid by the Company; but upon the amount thus chargeable to investment interest shall be paid to the Company during Federal control at the rate provided in paragraph (d) of section 7 hereof. Taxes assessed during construction on additions, betterments and extensions made by the Company with the approval or by order of the Director-General during Federal control, shall be considered a part of the cost of such additions, betterments, and extensions and shall, under the provisions of paragraph (d) of section 7 hereof, bear interest as a part of such cost from the date of the completion of such additions, betterments, or extensions. Assessments for public improvements which do not become a part of the property taken over shall bear interest from the date of the payment of such assessment.

(b) If any tax or assessment which under this agreement is to be paid by the Company is not paid by it when due, the same may be paid by the Director-General and deducted from the next installment of compensation due under section 7 hereof. If any taxes properly chargeable to the Director-General have been or shall be paid by the Company, it shall be duly reimbursed therefor.

(c) The Director-General shall either pay out of revenues derived from railway operation during the period of Federal control or shall save the Company harmless from all taxes, and the expense of suits in respect thereof, lawfully assessed under Federal or any other governmental authority for any part of said period on the property under such control, or on the right to operate as a carrier, or on the revenues derived from operation, and all other taxes which under the accounting rules of the Commission in force Dec. 31, 1917, are properly chargeable to "railway tax accruals," except the taxes and assessments for which provision is made in paragraph (a) of this section.

(d) If any such tax is for a period which began before Jan. 1, 1918, or continues beyond the period of Federal control, such portion of such tax as may be apportionable to the period of Federal control shall be paid by the Director-General, and the remainder shall be paid by the Company.

(e) Whenever a period for which a tax is assessed cannot be definitely determined, so much of such tax as is payable in any calendar year shall be treated as assessed for such year.

(f) In the event of a change by Congress in the system of taxation whereby the present distinction between war taxes and other taxes is altered or abrogated, the Director-General shall continue to pay such part of the taxes imposed under such changed system, by whatever name they may be called, as will bear a fair relation to the taxes which under the Federal control act he is required to pay out of revenues derived from railway operations while under Federal control.

Section 7.—Compensation

Sec 7. (a) The annual compensation guaranteed to the Company under section 1 of the Federal control act shall be the sum of dollars during each year and pro rata for each fractional part of a year of Federal control, subject, however, to any adjustment of amounts in the standard contract hereafter made by the Commission as provided in paragraph (d) of the preamble of this agreement.

(b) The said compensation shall be paid to the Company quarterly on the last days of March, June, September and December of each year for the quarter ending there-

with, except that the first two installments shall be due as of March 31, 1918, and June 30, 1918, respectively, but shall be paid upon the execution of this agreement; but from each installment there may be deducted any amount then due by the Company under paragraphs (a) and (d) of section 4 hereof, under paragraph (b) of section 5 hereof, and under paragraph (b) of section 6 hereof, and all amounts required to reimburse the United States for the cost of additions and betterments made to the property of the Company not justly chargeable to the United States, unless such matters are financed or otherwise taken care of by the Company to the satisfaction of the Director-General, and the Director-General may apportion any such amounts to two or more subsequent installments: Provided, however, That said power to deduct the cost of additions and betterments not justly chargeable to the United States shall not be so exercised as to prevent the Company from paying out the sums required to support its corporate organization, to keep up sinking funds for the Company's debts required by contracts in force December 31, 1917, to pay its taxes, to pay rents and other amounts properly payable by the Company for leased, operated or controlled roads and properties, to pay interest which has heretofore been regularly paid by the Company, and interest on loans issued during Federal control and approved by the Director-General; nor shall such deduction be made in respect of additions and betterments which are for war purposes and not for the normal development of the Company, nor in respect of road extensions, nor in respect of amounts due under paragraphs (a) and (d) of section 4 hereof, in cases where the current assets of the Company taken over by the Director-General under the provisions of this agreement clearly exceed the current liabilities of the Company paid or assumed by the Director-General under said section. In the event of a difference as to the fact whether additions and betterments are for war purposes and not for the normal development of the Company, or as to whether an addition is a road extension, the question may be referred to and determined by the Commission.

The power provided in this paragraph to deduct the amount due by the Company for the cost of additions and betterments not justly chargeable to the United States is further declared to be an emergency power, to be used by the Director-General only when he finds that no other reasonable means is provided by the Company to reimburse the United States, and, as contemplated by the President's proclamation and by the Federal control act, it will be the policy of the Director-General to so use such power of deduction as not to interrupt unnecessarily the regular payment of dividends as made by the Company during the test period.

Overdue installments of compensation, or balances thereof, provided for in this section shall bear interest from maturity at the rate of five per cent per annum, except that if the Director-General shall, prior to the execution of this contract, have loaned the Company any money, the installments of compensation overdue at the date of the execution hereof shall bear interest from maturity at the same rate as that charged to the Company on such loans.

(c) During Federal control, the Company shall not, without the prior approval of the Director-General, issue any bonds, notes, equipment trust certificates, stock or other securities, or enter into any contracts (except in respect of corporate affairs and property not taken under Federal control), or agree to pay interest on its debt at a higher rate, or for rent of leased roads and properties a larger amount, than the rates and amounts payable as of, or required by contracts in force on, December 31, 1917. The Company may, however, procure the authentication and delivery to it under any mortgage or trust deed or agreement in force December 31, 1917, of bonds or notes issuable thereunder in respect of additions, betterments, extensions and equipment, or for refunding purposes.

(d) Upon the cost of additions and betterments, less retirements in connection therewith, and upon the cost of road extensions, made to the property of the Company during Federal control, the Director-General shall, from the completion of the work, pay the Company a reasonable rate of interest, to be fixed by him. In fixing such rate he shall take into account not merely the value of money, but all pertinent facts and circumstances, whether the money used was derived from loans or otherwise.

(e) From its compensation so received by it or from

other income, if adequate for the purpose, the Company shall make all payments of interests, rents and other sums necessary to prevent a default under any mortgage or lease of any of the property described in paragraph (a) of section 2 hereof; and if at any time during Federal control the Company, by virtue of any change in the right of possession (subject to the rights of the United States) to any of said property or otherwise, shall no longer be entitled as between itself and any other person or corporation to receive the entire compensation herein provided, such compensation shall be apportioned and paid, as between the parties entitled thereto, as justice and right may require.

Section 8.—Claims for Losses on Additions, Etc.

(a) Prompt notice in writing, except as provided in paragraph (d) of this section, shall be given the Company of the making or ordering of any additions, betterments, road extensions, terminals, motive power, cars, or other equipment to or for the property of the Company costing more than one thousand dollars, with an estimate of the cost thereof. Such notice shall be given before the beginning of the work or the acquisition of the property whenever in the judgment of the Director-General it is practicable to do so. There shall be furnished the Company, as soon as practicable after the end of each month, a written statement of all expenditures estimated to cost one thousand dollars or less chargeable to investment in road and equipment authorized during the month, with a brief description of the work to be done or of the property to be acquired. Within a reasonable time after the completion of such additions, betterments, road extensions, and terminals or the acquisition of such motive power, cars, or other equipment, a written statement of the final cost thereof shall be given the Company. The notices provided in this paragraph may be given to the president of the Company unless the Company designates some other officer to receive the same, in which event the notice shall be given to such other officer.

(b) Any claim of the Company for loss accruing to it by reason of expenditures for additions and betterments made to the property by the Company during Federal control in connection with or as a part of the work of maintaining, repairing, and renewing the Company's property and chargeable under the accounting rules of the Commission in force December 31, 1917, to investment in road and equipment, except such expenditures as are incurred in connection with the replacement of buildings and structures in new locations, may be determined by agreement between the Director-General and the Company, or, failing such agreement as to the fact or amount of such loss, the questions at issue may be referred by either party to the Commission, whose determination thereof, after hearing, shall be final and conclusive: Provided, however, That no loss shall be claimed by the Company and no money shall be due to it in respect of such additions and betterments upon the ground that the actual cost thereof at the time of construction was greater than under other market and commercial conditions; and for the purpose of determining such controversy the amount paid for any addition or betterment shall be deemed the fair and reasonable cost thereof and shall be taken as the basis for such determination; nor unless the Company, within sixty days of notice to it that the work will be done, shall give the Director-General notice of objection thereto and shall make its claim within sixty days after notice of the completion of the work.

(c) Any claim of the Company for loss accruing to it by reason of any additions and betterments which are not made in connection with or as a part of the work of maintaining, repairing, and renewing the Company's property, or by reason of road extensions, terminals, motive power, cars, or other equipment, or which are incurred in connection with maintenance in the replacement of buildings and structures in new locations, made to or provided for the property of the Company during Federal control, may be determined by agreement between the Director-General and the Company, or, failing such agreement as to the fact or amount of such loss, may, by proceedings instituted not later than six months after the end of Federal control, be ascertained in the manner provided in section 3 of the Federal control act: Provided, however, That no loss shall be claimed by the Company and no money shall be due to it in respect of such additions, betterments, road

extensions, terminals, motive power, cars, or other equipment mentioned in this paragraph upon the ground that the actual cost thereof at the time of construction or acquisition was greater than under other market and commercial conditions; and for the purpose of determining such controversy the amount paid for any additions, betterments, road extensions, terminals, motive power, cars, or other equipment shall be deemed the fair and reasonable cost thereof and shall be taken as the basis for such determination; nor unless within sixty days after notice to the Company of such construction or acquisition written notice is given to the Director-General by the Company that it will claim a loss in respect thereof. With and as a part of such notice the Company shall state its objections to such construction or acquisition as far as reasonably practicable at the time.

(d) Where additions, betterments, or road extensions have been made to, or terminals, motive power, or other equipment provided for, the property of the Company during Federal control but prior to the execution of this agreement, the Director-General shall not be required to give the notice thereof provided for in paragraph (a) of this section and notice by the Company of any claim of loss in respect thereto may be given the Director-General within ninety days after the execution hereof; and such claims shall thereafter be proceeded with in the manner provided in paragraph (b) or paragraph (c) of this section, as the case may be.

(e) The Director-General shall reimburse the Company for the amount of loss ascertained under this section with a proper adjustment of interest thereon.

(f) The Director-General shall not acquire any motive power, cars or other equipment at the expense, or on the credit, of the Company in excess of what in his judgment is necessary, in addition to its then existing equipment, to provide for the traffic requirements of its own system of transportation; but this provision shall not prevent the Director-General, after the acquisition of such equipment, from using the same, or any part thereof, on the line of any other Company.

Section 9.—Final Accounting

Sec. 9 (a) At the end of Federal control all the property described in paragraph (a) of section 2 hereof shall be returned to the Company, together with all repairs, renewals, additions, betterments, replacements and extensions thereto which have been made during Federal control, except as any part thereof may have been destroyed or retired and not replaced, in which case the provisions of section 5 hereof shall govern and except that the Director-General shall not be obliged to restore or replace property destroyed or damaged by the acts of public enemies.

(b) At the end of Federal control the Director-General shall return to the Company materials and supplies equal in quantity, quality and relative usefulness to that of the materials and supplies which he received and to the extent that the Director-General does not return such materials and supplies he shall account for the same at prices prevailing at the end of Federal control. To the extent that the Company receives materials and supplies in excess of those delivered by it to the Director-General it shall account for the same at the prices prevailing at the end of Federal control, and the balance shall be adjusted in cash.

(c) The total amount of the account "Net balance receivable from agents and conductors" at the end of Federal control may be turned over by the Director-General to the Company. He may also turn over all assets which have accrued out of operation; and the Company shall to the extent of the cash received or realized from such assets, pay and charge to the Director-General all expenses arising out of railway operations during Federal control including reparation and other claims, and may, unless objection is made by the Director-General, pay and charge to him any such expenses including reparation and other claims in excess of the cash so received or realized. On the first day of the third month following the termination of Federal control an accounting between the parties shall be had, and so on the first of each third month thereafter. Any balance found due either party shall be payable as of the date on which the account is stated and shall bear interest until paid.

(d) At the end of Federal control there shall be paid to the Company without interest an amount of money

equal to the cash working capital received by the Director-General from the Company, and also an amount equal to the other cash and special deposits received from the Company at the beginning of Federal control, together with any unpaid interest which may have accrued upon the said other cash and deposits under this agreement. There shall also be paid to the Company all special funds which were taken over by the Director-General as enumerated in section 2 hereof, and any funds created under the provisions of this agreement, except to the extent that such funds may have been properly used under this agreement.

Wherever under any provision of this section there is to be an adjustment of interest, it shall be at the rate of five per cent per annum unless the parties shall in any case agree on a different rate.

(f) After Federal control no claim by or against the Director-General shall be settled by the Company against the written objection of the Director-General or the Attorney-General of the United States. The conduct of all litigation before any court or commission arising out of such disputed claims shall be in charge of the Company's legal force and the expense thereof shall be paid by the Company; but the Director-General or the Attorney-General may, at the expense of the United States, employ special counsel in connection with any such litigation.

The next three pages indicate the manner in which the government would prefer to have the contracts executed. If in any case a special stockholders' meeting is impracticable, some other mode of execution, if deemed equally valid, will be accepted.

Traffic Lesson No. XLIII

Methods of Developing Freight Traffic (Concluded)—Forty-third in the Course of Fifty-two Lessons Written for the Traffic World by Grover G. Huebner, Ph.D., Assistant Professor of Transportation and Commerce, University of Pennsylvania, and Published Bi-weekly—(Copyrighted)

Before the railroads were taken over by the government an increasing number undertook development work especially designed to create new freight traffic. The officials, variously known as industrial, agricultural, horticultural, market, immigration, or exhibit agents or commissioners, or by other titles are in some instances included among the officials of the traffic department, while in others they are in separately organized bureaus or departments. Some railroad companies have brought together all special agents of this kind into a single department separate from their regular traffic department. The Southern, for example, organized a "development department" headed by an assistant to the president and a commissioner, under whom are an assistant commissioner and special agents known as immigration, advertising, industrial, exhibit, horticultural, farm demonstration, chief farm products, market and tobacco agents, and a geologist. The Baltimore & Ohio similarly has a "commercial development department" divided into six bureaus: Industrial bureau, bureau of industrial surveys, facilities bureau, geological bureau, interchange commodity bureau and an agricultural bureau.

Any railroad, whether or not it has special development agencies of this kind, may have general freight agents in charge of particular commodities. It is a common practice to have a general coal freight agent, general live stock agent, a milk agent, or general dairy agent, etc. They are usually included in the traffic department, for their duties are mainly like those of the general freight agents, who are in charge of all traffic that has not been specifically assigned to special officials. They are, however, frequently concerned with the development of new traffic, as well as with rate making and traffic solicitation.

Industrial Development Work.

The industrial agent, or otherwise designated official performing industrial work, is primarily concerned with the location of new manufacturing plants on his line and with the development of those already in operation. He interviews and directs interviews with and corresponds with business men; co-operates with commercial organizations; informs other railroad officials of industrial resources and transportation needs; compiles detailed statistical and other industrial data; and at times issues publications. The industrial agent is a business promoter.

It is for this reason, as well as because of the extensive co-operation with other railroad departments necessary to make his work effective, that many railroads have seen fit to detach him from the traffic department.

The statistical work performed by the industrial agent covers a wide range. He compiles data concerning raw materials, markets, exports and imports, population, labor supply, nationality of laborers, wages, local customs and prejudices, living expenses and housing facilities, death rates and health conditions, banking facilities, taxes, fuel, water power, climatic conditions, warehouses, land leases, factory sites, terminal facilities, private sidings, freight services, charges and regulations, and other factors influencing the production and distribution of manufactures. His statistical work virtually includes the taking of an industrial census.

Some of the data collected is at times published in booklets entitled "Industrial Opportunities," etc., for distribution to business men. Industrial maps are similarly published, as are also periodical lists of the industrial plants that have actually located on a company's lines.

Industrial development work of a special kind is frequently performed by railroad geologists, who analyze ores and are experts on mineral resources.

Agricultural Development Work.

Similar to this industrial development work is the work of developing the agricultural industries undertaken by numerous railroads. An extensive campaign of education has been conducted by some lines. The Pennsylvania Railroad, for example, has in recent years issued many thousands of copies of pamphlets dealing with alfalfa; the use of lime on land; planting; cultivation; pruning; spraying; the essentials of soil fertility; potato culture; seed grain suggestions; corn culture; beef production in Pennsylvania; use of dynamite on the farm; farming possibilities of the Delaware-Maryland-Virginia peninsula; good roads at low cost; and other similar agricultural subjects. The purpose of the company is stated as follows:

It means there will be more fertilizers to haul, more farm implements, more raw materials from which these tools are made, more crops to haul, and more passengers to carry; it means that the railroad will be doing its duty to the public and to its stockholders in the intelligent exercise of its initiative, and, when reduced to a finality, that the railroad is performing its share of the work which must be done by the newly

formed partnership—railroad and farmer—if agricultural communities are to progress and prosper.

Agricultural education as conducted by railroads has not been confined to the distribution of publications. It has included co-operation with agricultural colleges and experiment stations; the operation of demonstration farms; the making of agricultural exhibits at county fairs and other farm product exhibitions; the delivery of lectures; and the running of "agricultural trains." These trains, previously advertised or announced along selected routes extending through farming districts, variously include cars containing exhibits of farm products, fertilizers, implements, crop pests, soils, etc., and they are accompanied by lecturers and farming experts. In May, 1917, the Union Pacific as a typical instance ran a "farm preparedness special" consisting of seven cars with sixty-six lecturers and assistants.

As the relationship between agriculture and the conduct of the war became manifest many railroads made additional efforts to stimulate farm production. Various railroads provided seed free of charge or on credit to those who needed it or who agreed to prepare properly the soil, plant the seed, and harvest the crops; some took options on seeds until they could be turned over to farmers; others offered selected grain seed, cleaned and treated for smut, in exchange for grain owned by farmers. Some railroads have also made farm labor surveys, helped to organize labor exchanges, encouraged high school and college students to work on farms, and otherwise made efforts to provide farm laborers. One line purchased farm tractors and gang plows and offered them to farmers on a cost-of-operation basis. Various lines offered the use of parts of their right-of-way and vacant lands to railroad employes and the public either free or on payment of small charges. Efforts were made to stimulate live stock production by organizing clubs and by encouraging the sale of calves and sheep for feeding and stocking purposes rather than for slaughter.

Educational efforts have not been directed entirely to agricultural production. Realizing the importance of methods of marketing, various railroads have instructed farmers and shippers of farm products in methods of packing, grading, marketing, loading, and handling. Some lines have gone even farther. They have supplied lists of growers and local shippers to commission men and other central produce market agencies; they have advertised the products of given districts, supervised their inspection and sale on arrival at markets, and at times have undertaken the sale of the products.

Special kinds of agricultural traffic have sometimes been assigned to the care of special traffic agents. Thus a milk or dairy agent or commissioner with a force of assistants may encourage new fields for the production of milk and other dairy products. Central dealers are put into touch with producers, prospective milk producers are assisted in locating on farms in dairy regions, and in co-operation with the operating department a service for the prompt handling of dairy products is organized.

Immigrant, colonial, or land agents, or otherwise designated freight or passenger traffic officials or bureaus, encourage the location of immigrants as well as residents of the central west and east communities and newly opened land. Colonist trains have at times been run to encourage the taking up of farm lands. Some western railroads have offered large tracts of railroad-owned land for sale to prospective settlers. The eastern and western trunk lines, moreover, through their traffic associations

have, in co-operation with the steamship lines, made arrangements for the sale to immigrants of through ocean-rail transportation from foreign countries to interior destinations and for the operation of an inexpensive immigrant railway service. Activities of this kind concern passenger as well as freight traffic.

Help for Traffic Man

This department is conducted by a traffic man of long experience and wide knowledge. In it he will answer questions relating to practical traffic problems. We do not desire to take the place of the traffic man, but to help him in his work. We reserve the right to refuse to answer any questions that we judge it unwise to answer or that involve situations that are too complex for the kind of investigation contemplated. Questions will be answered as promptly as possible. No answers will be given by mail except for a fee.

Address "Help for Traffic Man," The Traffic Service Bureau, Colorado Building, Washington, D. C.

Combination Coal Rates Under General Order 28.

Q.—In regard to the complaint made by shippers in connection with the advances in coal rates due to the railroads misunderstanding General Order No. 28, the following question has arisen and we would thank you for information covering the situation.

How would the special supplements effective June 25, 1918, be applied on a shipment from, say, New York to a point beyond the river where there are no through rates in effect? Would one obtain the combinations effective prior to June 25, add them and then refer to the rates in column B, special supplements, or would each combination be increased and then added together.

A.—The rates in column B of the special supplements filed pursuant to order of the Director-General of Railroads effective June 25, 1918, carry an increase of twenty-five per cent and do not apply to coal or other commodities listed in section 2 of General Order No. 28, which commodities are given specific increases except as otherwise provided in said section 2. Coal is given specific increases per net ton. It is the intention of the Director-General that the specific coal increases be applied to the through charge as it existed on May 25, 1918, whether such through charge is based upon a joint through rate or a combination of rates, and if the tariffs or special supplements filed by the roads which are operated by the Director-General do not so provide they are not in conformity with his order increasing the coal rates. That is to say, the proper way to determine the present through charge where there is no joint through rate in force is to combine the separate rates or factors as they were in force on May 25, 1918, and add to the total thus obtained the specific increases prescribed by the Director-General in section 2 of his order. Tariffs as published and filed govern. If they do not carry out the intention of the Director-General it would be well to call the particular instances to the attention of Director Prouty of the Division of Publicity of the U. S. R. R. Administration.

Showing Gross, Tare and Net Weights on Freight Bills.

Q.—It frequently happens that members of this association receive carload shipments of lumber rated at a minimum weight, and in the course of weeks or months receive a revision showing scale weights. A number of our members have frequently requested the railroads to show gross, tare and net weights on their bills of lading or freight bills, but this is only done in a few instances.

I wish you would kindly advise if there is any ruling governing this matter, for, while our shippers do not

want to be arbitrary, they desire to know what they are paying for before settling bills. Can a shipper request gross, tare and net weight on all cars before making payment of freight charges?

A.—In the Matter of Freight Bills, 29 I. C. C., 496, the Commission said: "It is obviously the duty of carriers in rendering a bill for transportation service to state thereon such information as will enable the consignor or consignee with the aid of the published tariff to verify the correctness of the charges which he is called upon to pay." The weight of the shipment is information necessary to a verification of the charges and, as to carload shipments, the gross, tare and net weights are equally necessary to a verification of the weight upon which charges are assessed, as your own experience apparently demonstrates. In the investigation mentioned the carriers and shippers agreed upon a form of freight bill which the Commission approved, and it will be noted that in rule 4 of the approved form it is required that "When charges are assessed on track scale weights, gross, tare and net weights on which charges are based and name of weighing station must be shown." In the National Code of Weighing Rules submitted jointly by carriers and shippers and approved by the Commission on June 5, 1914, it is provided in rule 7, section B, that freight bills must show "The point at which car is weighed and the gross, tare and net weights will be noted in ink or indelible pencil on regular waybill and slip bill or card bill. . . . This information must also be shown on . . . freight bills." So we would say that you are clearly within your rights in demanding that your freight bills shall show the gross, tare and net weights of your shipments.

EXPRESS RATES ON FISH

The Traffic World Washington Bureau

The Washington Public Service Commission having filed a formal complaint against express rates on fish, the Commission has formally denied that body's application for a modification of the rates allowed by the federal body to be increased ten per cent on June 17. Application for modification was filed July 16 and the formal complaint August 16, the Washingtonians having come to the conclusion that the matter could be disposed of in that way and that they could make a showing of unreasonableness.

PERSONAL NOTES.

The United Fruit Company announces the following appointments in its freight traffic department: C. A. Torrence, assistant freight traffic manager, with headquarters at New York; J. W. Lees, acting general freight agent, with headquarters at New York, vice W. V. Harloe, re-

signed to accept service with the government; J. F. Van Riper, commercial agent, with headquarters at New York; W. J. Bennett, general western freight agent, with headquarters at Chicago, vice Mr. Torrence, promoted.

The Kansas City, Clinton & Springfield Railway is added to the jurisdiction of Federal Manager L. Kramer, headquarters at St. Louis, Mo.

Regional Director Smith announces that to G. L. Peck, Federal manager at Pittsburgh, is given jurisdiction over the Ohio River & Western Railway, and E. M. Costin, Federal manager at Cincinnati, receives jurisdiction over the Muncie Belt.

A. H. Smith, regional director, has appointed Martin J. Alger executive assistant to the regional director.

C. H. Markham and A. H. Smith, regional directors, announce the appointment of Walter B. Pollock as marine director, in general charge of the operation of all railroad-owned floating equipment in New York harbor.

J. S. Davant, Memphis, cannot serve on the Southern Freight Traffic Committee, and T. M. Henderson, Nashville, has been appointed instead.

POSITIONS WANTED OR OPEN

GOOD TRAFFIC MEN ARE MORE THAN EVER IN DEMAND and **THE TRAFFIC WORLD** is the logical medium for getting the men and the positions in touch with one another. The rates for classified advertisements are as follows: Five cents per word first insertion, three cents per word second insertion and two cents per word for each additional insertion, payable in advance. Answers to keyed advertisements forwarded free and all correspondence held in strict confidence. **THE TRAFFIC WORLD**, 418 South Market Street, Chicago, Ill.

WANTED—Change of location by married man, class four. Fifteen years' experience responsible positions, accounting, transportation and traffic departments. Familiar construction of rates, I. C. C. traffic and accounting rulings. Minimum salary to start, with prospects, \$2,100. Address A. T. T., care of *The Traffic World*, Chicago, Ill.

Well known traffic man, open for position September first; references, ability, honesty, qualifications, character. Address S. A. G. care of *The Traffic World*, Chicago, Ill.

WANTED—Industrial concern in East or Southeast needing services experienced and capable traffic man, active and energetic, exempt from draft and of large acquaintance in transportation circles to communicate with "Industrial," care of *The Traffic World*, Chicago, Ill. All references. Now connected with trunk line railroad in executive capacity, but conditions justify new field where there is opportunity for constructive work and advancement.

TRAFFIC MANAGER is seeking desirable opening; sixteen years' experience, railroad and industrial. Thoroughly familiar with I. C. C. regulations and procedure; rates and efficient handling of claims. Capable of assuming charge or organizing traffic department. Married. Address "Manager," care of *The Traffic World*, Chicago, Ill.

TRAFFIC MANAGER, graduate La Salle University, interstate commerce. Fifteen years' railroad traffic. Age thirty-two. General experience in traffic matters. A live wire with results. Pershing, care of *The Traffic World*, Chicago, Ill.

TRAFFIC MAN—Age 56, expert correspondent on claims, settlements, adjustments, executive ability, initiative, now employed, seeks a wider field. Address P. G. 89, *The Traffic World*, Chicago, Ill.

TRAFFIC MANAGER for industrial concern desires to make change and invites correspondence. Thirty-eight years old, married. Twelve years' actual experience traffic department large western carrier and eleven years as traffic manager for large industrial corporation. Capable of preparing and handling rate cases before state and federal commissions. Address C. M. W., care of *Traffic World*, Chicago.

WANTED—Position as traffic manager or assistant traffic manager, in large concern. Ten years' experience and above draft age. Address T. M. 358, *Traffic World*, Chicago, Ill.

WANTED—Traffic position with very large industrial concern where young man with twenty years of technical and practical traffic experience of a wide scope can have plenty to do. Be glad to discuss matter and furnish as references some of the best traffic people in the business, commercial and railroad. Address D. T. C. 20, *The Traffic World*, Chicago, Ill.

WANTED—RAILROAD BILL CLERK. Flour milling company has a splendid opening for man of good character and habits, experienced in freight rates. Give full particulars as to age, experience and references, with application. Address Lawrenceburg Roller Mills Co., Lawrenceburg, Ind.

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THE TRAFFIC WORLD

A working tool for traffic men, both industrial and railroad; a national journal of important transportation news; independent as between carrier and shipper.

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SHORT LINE TREATMENT.

Owners of short line railroads and shippers believe officials of the Railroad Administration are more inclined to take advantage of their necessities than government at any time should take. They may be in error. It is always difficult to judge between buyers and sellers. The shippers and short line men proceed upon the theory that but for the war the government officials would not think of doing what they are, namely, establishing rates on a high level, and holding the short line railroad owners on the outside so long they fear their money will soon be gone and their credit disappear. After hearing about the lavish way in which money was spent to obtain results in the erection of cantonments under the "cost plus" system of letting contracts they cannot understand why they, as they believe, should be singled out as victims for Shylock bargains and high rates.

Assuming that the Railroad Administration officials have been tempted into playing the role of a grasping financier, it would be easy to understand why they should undertake to beat down the price if Congress had commanded them to buy the property of the railroad companies at the lowest possible figure. But Congress has not issued such a mandate. It ordered seizure of the railroads and the payment of just compensation for their use, not higher than the average of the operating income for the three fiscal years ending with June 30, 1917. It may be meritorious for a government official to make a good bargain for the country, but the best bargain, it may be suggested, is one that will make the owners of the railroads, and especially the pioneers known as short lines, feel that

the government has not called upon them for war sacrifices any greater than those made by other citizens.

Moralists hold up to scorn the man who takes advantage of the necessities of another, and especially if he has so maneuvered as to make those necessities painful and acute. Under the act to regulate commerce, the Commission long ago abolished rates that represented more than a fair return upon the investment. Shippers no longer fear to speak out against injustice lest their speaking bring upon them rates still more unjust. It may be said the courts are open for the owners of railroads who think the compensation offered them for the use of their property is not just. No one who realizes the foolishness of a fight in which the treasury of the United States is on one side and the lean treasury of a small railroad on the other would make such a suggestion. A contest between the combined big railroads and the government would be more nearly equal, but even that would result in distress to the holders of stock in paying railroads, who have been accustomed to depending upon dividends as their means of livelihood.

This would seem to be the time for a getting together of government officials on one side and the representatives of the shippers and the owners of the railroads on the basis of the golden rule instead of on the basis of let the buyer beware.

MORE, NOT LESS, SERVICE.

The establishment of a bureau in Chicago for the handling of passing reports, reconsignment and diversion of fruit and vegetable traffic moving from the west to the east is a thing to be commended. It suggests that in time many of the dismissed freight solicitors, off-line agents and men supposed to have been on the staff only because the railroads were in competition with each other will be back in service. The public needed the men who were let out last spring. It will continue to need them, even if the railroads do not return to the hands of their owners. Transportation is only one part of a commercial transaction. While some of the duties of the dismissed traffic men existed solely because there was competition, much of what they did was a service that should be rendered to the public regardless of whether there is or is not competition. Those who ship and those who receive vegetables should be advised as to when the cars pass certain points. Reconsignment or diversion should be facilitated instead of restricted. The railroad, while operated by the government, should be more of a servant than ever, if that be possible, because the sole duty of a government is to serve and direct the efforts for the common defense. The idea that it should do less for the public than a

private corporation organized and operated for profit is ridiculous. In war time the quick dispatch of foodstuffs is all the more important because any loss resulting from failure of the carrier company to keep the consignor or consignee advised as to the whereabouts of a particular car is an inexcusable waste of needed food. On the day Regional Director Smith published the circular of George H. Ingalls, resident traffic assistant, announcing his intention to establish such an office, the Director-General's office in Washington called attention to the fact that since the establishment of a tank car record office in Chicago, the average daily mileage of tank cars had been increased from about 21.4 to about 58. That is to say, by giving attention to the movement of cars, the daily average mileage had been more than doubled, thereby indicating the possibility of the mid-continent oil field taking care of the fuel oil requirements of the country without any great addition to the supply of tank cars, such as last spring was regarded as absolutely essential. While the Railroad Administration may not be entitled to all the credit for that because W. E. MacEwen and F. W. Boltz busied themselves with tank cars before the Railroad Administration established the record office, the main point that government control should give more and not less service is believed is well made by the fact that one service office is already prepared to report facts showing the wisdom of establishing such offices to fill the void created by the closing of the off-line offices.

RECOGNIZE SHIPPERS' COMPLAINTS

The Traffic World Washington Bureau.

Appearances indicate, it is believed, that the influence of the shipper is having greater effect on the Railroad Administration now than it had three months ago. Three things have happened within ten days that may be cited as reason for the belief. The first is the decision of the Administration to continue the through export bills of lading at Pacific ports, notwithstanding the order to cancel them on September 30. The second is the suspension of the rate authority directing the publication of class rates from New England to trunk line points that would be another big increase in charges on that part of the country. The third is the readjustment of rates on manganese ore, so that they are just about what they were before General Order No. 28 became operative.

They are victories for the shipper. Prior changes in No. 28 were concessions granted to state commissions and other public bodies. The determination of the Administration to put the twenty-five per cent increase on the existing state rates, instead of first raising the state rates and then imposing the advance ordered by No. 28, was the result of pressure from southern senators and from state commissions, rather than the pressure exerted by shippers. The senators and state commissions of course acted because the shippers appealed to them or threatened them, as the case may be. No pressure from political bodies, however, was brought to bear upon

the three things before mentioned, as being the result of work by shippers.

Appointment of shippers to the rate committees was the first evidence that the policy of ignoring the shipper would not be adhered to, even if the men composing the Railroad Administration had consciously framed such a policy. Of course, the shippers on the committees are in the minority, but the fact that they were given representation of any kind was a big concession. It was as great a concession, in form at least, as if some representative or representatives of the shipper had been invited to become a member of the Central Freight Association committee.

The suspension of the rate authority directing the establishment of class rate advances between New England eastern trunk line territory leaves in effect a ragged rate fabric covering New England, with ends that do not match the rate fabric in trunk line territory. The proposal of the New England lines, approved by the Administration, was to make the two fabrics join each other by bringing up class rates in trunk line to the basis of the New England on traffic to and from New England. That meant giving trunk line territory rates such as the Commission made for the northern half of the southern peninsula of Michigan, for application on goods going to and from New England. The suspension of the authority was due largely to the efforts of W. H. Chandler of the Boston Chamber of Commerce. At least his representations on the subject were the ones quoted by the men in the division of public service and accounting, who backed the protest of the New England interests, as showing the reasons why the advances should not be made, at least not until after there has been more investigation to see whether such terrific advances as from 42 to 73 cents from Boston to Philadelphia are warranted by anything other than the desire of the New England lines to obtain all the benefit conferred by the permissive report of the Commission in the New England rate investigation on which Commissioner Anderson made a report.

The readjustment of rates on manganese ore was made without any public knowledge that any representations had been made by shippers. They are high, even when brought back to the level of June 24. Inasmuch as the government is the chief buyer of steel, high rates on manganese meant objections from steel makers whose prices have been fixed by the government. Continuance of the high rates on manganese meant either an increase in the price of steel to the government or withdrawal of contracts by the steel makers who could not make a profit on the price fixed, at the rates on their raw materials, among which is manganese.

The following announcement was made August 17 with regard to the readjustment on manganese:

"Director-General McAdoo has authorized the following rates on manganese ore. These rates are much lower than the prevailing rates carried in current tariffs:

MANGANESE ORE, C. L. PER TON OF 2,000 POUNDS, MINIMUM C. L. WEIGHT 60,000 POUNDS.

From stations in—	(1) Group D.	(2) Group.	(3) Group B & C.	(4) Group A.
Oregon	\$11.00	\$12.50	\$12.50	\$15.50
Washington	11.00	12.50	12.50	13.50
California	11.00	12.00	12.50	13.50
Montana	8.00	9.50	9.50	10.50
Arizona	9.50	9.00	10.50	11.50
Colorado	7.00	7.00	8.50	9.50
Nevada	10.00	11.00	11.50	12.50
Utah	9.00	10.00	10.50	11.50
New Mexico	7.00	7.00	8.50	9.50

(1) Group D—Chicago, Indiana Harbor & Gary.
 (2) Group 2—Points in Alabama and Tennessee taking Group C rates.
 (3) Group B & C—Youngstown, Pittsburgh, Buffalo and points in Ohio.
 (4) Group A—Points in seaboard territory, including Goshen, Va., Graham, Va., Reusens, Va., and Roanoke, Va.

Current Topics in Washington



Why Not Some Publicity?—At this time there is only one point on which the public that pays freight bills is doing any considerable quantity of fussing. There is a desire to be advised as to the freight rate authorizations issued by Director Chambers. The director holds them in his own organization to the same degree of confidence as he held orders to his tariff men while the railroads were in the hands of their owners. In the private operation days the fact that the traffic authority of a railroad or a group of railroads had ordered the tariff men to check in certain rates sometimes became public in advance of the appearance of the tariffs. Like information sometimes reaches the public now as to orders from Mr. Chambers, but there is no desire to give them publicity. The idea seems to be that the public is not entitled to know about changes in rates until the tariffs are ready for posting. That, it is admitted, was not a bad theory at all while the law required the giving of thirty days' notice. Now, however, the law authorizes the President to make changes in rates on whatever notice to the public and to the Commission he thinks desirable. Thus far, one day has been the rule. Longer notice has been the exception, especially as to changes to remove inequalities caused by General Order No. 28. The practical effect is no notice to the public at all, unless some member of it finds what orders have been issued by Director Chambers. If the so-called freight "authorities" were given to the public as soon as issued to the tariff men, shippers would have some opportunity to adjust their affairs to meet the new conditions. It has been said that Congress gives no notice when it changes customs tariff rates or internal revenue rates. The answer to that observation is that the proceedings of Congress are always open and the public knows in a general way what is probable.

Small Addition to Tax on Transportation.—Congress is getting the war revenue legislation into shape for final action. About the only change in existing law that the House will make, so far as transportation by rail or water is concerned, is the imposition of a tax on that part of a freight bill covering a shipment from Canada or other adjacent foreign country into the United States appertaining to the haul within the United States. At present the tax of three per cent is not levied upon that kind of traffic. The treasury has held that the law does not cover imports into the United States. Why such a holding was ever made cannot be imagined except that it was thought to be unjust to impose a tax on import freight bills so long as the constitution forbids taxes upon export freight. The ruling placed the shingle manufacturers of the north Pacific coast at a disadvantage in their competition with shingle men in British Columbia. The latter advertised the fact that the freight bills on their shingles were not taxable and they gave the benefit of the tax exemption in all competitive markets. The American shingle men beatified themselves to the end that their congressmen insisted in having a tax provision

relating to the American end of the haul written into the revenue bill by the House committee on ways and means, which had the initial burden of writing a measure to raise \$8,000,000,000 during the fiscal year beginning next July, or earlier, as to some items in it. The tax on transportation by pipe line is also to be increased from five to six and a half per cent. That, however, is not a great revenue raiser. It tends, however, to narrow the spread between rates on oil carried in tank cars and oil sent through the pipes. The first mentioned rate was increased 4.5 cents per 100 pounds upon which a three per cent tax is to be paid. The pipe line transportation, however, is to be taxed 6.5 per cent. General Order No. 28 did not increase the transportation by pipe line rates.

Potential Rate Disturber.—The Louisiana Railway & Navigation Company, crossing the Pelican State from Shreveport to New Orleans, has been released from federal control as of August 9, the relinquishment being at the request of the company. The judgment of the Railroad Administration, therefore, is that that road is not needful in the winning of the war. Many roads have been relinquished, some at their own request and others upon the determination of the Railroad Administration that it did not need them, but none, so far as can be recalled, affords an opportunity for the raising of so many questions as this one. It was under federal control on June 10 and June 25. Therefore, it has in effect the rates prescribed by the Director-General. Now, however, it has been allowed to betake itself from federal control and become a free agent for the initiation of rates desired by it. In a way it becomes a carrier similar in situation to the Florida East Coast before the latter was taken over. It lies wholly within Louisiana, connecting the two largest municipalities, and passing through Alexandria and Baton Rouge, the two next largest. It taps the oil fields and forests in the north and the quarries at Winnfield, the only ones of considerable size in the state, so that, taken all around, it is probably the most independent railroad in the state. It connects with every important railroad in the southwest and once afforded entry into New Orleans for the Frisco. Except as it makes provision for carrying freight and passengers into and out of the state, it is subject to the Louisiana commission. That means nothing as to passenger fares, because Louisiana was a three cents a mile state during all the delirium other states had about two cents a mile. But as to freight rates, it can be made a disturbing element and remain such unless and until the President again takes it under federal control. It can be made a disturbing element without connivance or action on the part of its owners simply because of the jurisdiction Louisiana has over it. It is more than 300 miles long.

McAdoo on Government Operation.—When Director-General McAdoo, in General Order No. 40, admonishing railroad employees to be courteous to the public, said, "there are many people, who, for partisan or selfish purposes, wish government operation of the railroads to be a failure," stepped on the toes of probably two dozen senators who hold the same political faith as his own. The inference to be drawn, it is suggested, is that all those of that political faith believe in government operation, while those who do not are not of that faith. That could not be accurate unless the Director-General has organized a political party of his own. Senator Pomerene of Ohio, for instance, is so bitterly opposed to government owner-

ship that he fought against the short-line amendment more vigorously than the opponents of rate-making power for the President opposed that part of the federal control bill. He warned senators that the short-line amendment meant that the government would be required to take over all the little lines, some of which should never have been built and many of which probably will be an expense instead of a source of revenue, for years to come. He pointed to that amendment as the really dangerous part of the legislation, because, as might be inferred, the owners of many short lines, after they were taken over, would never move for their return, being satisfied to leave them on the hands of the government. "Every employee who is discourteous to the public or makes excuses or statements of the kind I have described," continues the Director-General, "is helping these partisan or selfish interests to discredit government control of the railroads," thereby, it is suggested, by implication, committing every man employed on a railroad to the proposition that government control is an end desirable in itself, rather than merely a help toward winning the war. From these things it might be inferred that the Director-General favors indefinite control of the railroads, if it were necessary to draw inferences, which it is not, because, in other utterances, his language on that point has been fairly plain, that he thinks it should so continue.

More Politics Than Rates.—Although Congress has resumed work and the summer is gone, midsummer lethargy has held both the Railroad Administration and the Commission in its grip for the past week. The near-hysteria of the first six months had disappeared and everything seemed to be getting down to the humdrum, even if the greatest battle the world has ever known was going on on the western front. Everybody who has been engaged in the struggle created by General Order No. 28 is apparently satisfied that nothing can be done now other than get ready for the fight before the Interstate Commerce Commission, which, if the revenues of the railroads are satisfactory by the time it is ready to make a decision, it is believed, will give the complainants some relief from the rigors of broken relationships. There is not now any definite or organized move to amend the federal control law, the one under which the shippers have been deprived of notice of changes in rates and of the power to require the rate-making authority to prove that what he was about to do would not result in violation of the rule that rates shall be just, reasonable and non-discriminatory. People in Washington are giving more or less attention to politics in Mississippi, Georgia and Illinois, the states in which, either by reason of the President's letters or the acts of one or more of the candidates for the senatorial nominations, the question has been raised as to whether the voters can be influenced from the White House. In other words, even the folks who live by rate regulation are trying to think of something else for a while, A. E. H.

OFFICIAL CHANGES RUMORED

The Traffic World Washington Bureau.

Almost innumerable reports that changes are to be made in this, that or the other office in the Railroad Administration are circulating among shippers. There is only one man who knows what is possible or probable and Director-General McAdoo has not been talking in such a way as to give the public any intimation as to what he has

in mind. They are all based on the belief that the Director-General by this time knows what men have done the things that deprived the Railroad Administration of the confidence of that part which comes into most intimate relation with it, namely, the shippers, and that he intends restoring the confidence they had at the time the railroads were taken from their owners.

No one who has been in touch has the least doubt about the accuracy of the assertion that the Railroad Administration is regarded with distrust by the shippers. They have respect for the individuals composing it, but they cannot understand how the product of the collection of individuals in whom they have trust can be so unsatisfactory. They know Edward Chambers as a fair man, yet they know that rate authorities issuing from his office create the most unjust conditions, so unjust that at times there is wonder whether malice did not inspire some of the things attempted. Naturally they expected advances in rates. They did not, however, expect anyone to propose advances that would have the result of closing factories at a time when the largest production of nearly everything was essential.

There is a feeling that some changes will be made and rumor has been busy with the name of nearly every high official in the Administration except that of the Director-General himself. Even if he were responsible for the ludicrous situations, it is not likely that any subordinate would escape blame. Subordinates of high position are supposed to know what would produce trouble and be big enough to tell the Director-General that he would burn his fingers if he touched the particular thing in question.

It is not necessary to go back to the abolition of the average agreement or any of the earlier errors to illustrate the situation that the Director-General, according to the reports, is on the point of changing so as to reduce the friction between his office and the rate-buying public. Errors are coming to the front frequently to show that somebody is not exercising good judgment to prevent even the proposal of things that will irritate large sections of the country or large elements of the population. Attempts to establish rates for the removal of starving "feeders" from the drought stricken ranges of Texas is the latest fact to illustrate the point that poor judgment robs the Administration of the public confidence it had when it entered upon the discharge of its duties. While the cattle have been starving, much time has been lost in making concessions in rates that would enable the cattle to be moved to pastures and water that would not bankrupt the owners and make impossible profits for those who bought the starving cattle.

At the time this was written the thought was that that matter would be fixed up within a few days. But the point is that it should have been fixed up along about August 15 instead of along about August 23 or later. The first proposal was for a rate on the starving feeders almost if not quite as high the rate on fat cattle, at a minimum as high, if not higher, than fat cattle. That was talked about in face of the fact that the Commission has made rates on feeders only seventy-five per cent of the rate on fat cattle.

The talk, as before mentioned, is that the Director-General is determined to find why his administration is so often put into a position to be beaten over the head and made to retreat from an untenable position, whereas if his higher subordinates were wiser they would never allow such proposals to be entertained long enough to enable the public to hear about them and get ready with its criticisms.

Consolidated Classification Hearings

Chicago and Omaha Hearings Concluded—The Latter Somewhat Ahead of the Schedule—
Rule 10, the Subject of Much Testimony

E. O. Kern, speaking for manufacturers of children's vehicles at the August 16 hearing, objected to the change in the specifications, which required them to be knocked down flat, and Mr. Collyer said perhaps the different types should be given different ratings and that the makers of the heavier vehicles had, in his opinion, justified their position, but that the makers of the lighter ones had not.

H. E. Fairweather, speaking for the Chamber of Commerce of Fort Wayne, Ind., said they felt that the zenith in rate advances must soon be reached. It seemed to him, however, that it was a matter in which the carriers had no terminal facilities.

He objected to the continued use of Official Classification in Indiana or of the consolidated one and of the Illinois Classification in Illinois.

Walkerville, Canada, asked either the changing or the eliminating of the footnote on page 238 of the consolidated book, which was to the effect that Southern Classification ratings would not apply on boxes containing less than 2% gallons as the minimum which would be accepted in one package.

W. J. Buchanan, representing pepsin manufacturers at Detroit, objected to the dropping of the item stomach linings from the consolidated book and asked for the same rating as on calf stomachs, which is 3rd class L. C. L., and it was agreed that this would be taken care of.

D. L. Kelley of the South Dakota Railroad Commission protested against the elimination of power agricultural implements and tractors from the emigrant movable list, also the reduction in the number of animals allowed and in the heavy penalty for excess value on these movables. He said the interest of South Dakota and the other western states was in immigration and they wanted no additional burden put upon such movement. He said that in a typical case putting in one additional horse, cow or mule under the new provision would cost 69.40, two would cost 104.18 and three 128.90.

D. Bowes of the Judson Freight Forwarding Company, and representing in this case also the Transcontinental Freight Company, objected to having the minimum lowered and having it made subject to rule 34. According to his statement it had been the custom for the carriers to supply his company with the sized cars into which the present minimum could be loaded.

Mr. Fyfe said the Western Classification was the only one in which emigrant movables was carried, and that the provisions were extremely liberal, so liberal, in fact, that the other classification men would not agree to it, and the changes were made as a compromise and to meet the varying conditions in the different territories as well as to prevent the manipulation of live stock rates in the east. He felt that 12,000 pounds was a reasonable carload minimum which would take care of the man who was moving into the west under the description of emigrant movables. He also stated that commodity ratings had been given no consideration in the making of this consolidated classification.

Mr. Collyer said that the inclusion of 6 horses brought the charge up to the L. C. L. basis, and it had been necessary to maintain the rate on horses.

C. T. Stripp of the National Malleable Castings Company, and representing the Mark Manufacturing Company, the Gisholt Machine Company, the Cleveland Hardware Company, Fuller & Johnson, the Otis Steel Company, the Iroquois Iron Company and the American Iron & Steel Institute, objected to the items covering iron stampings, forgings and castings. He said the iron and steel people had just had a conference with the carriers which he hoped would result in the adjustment of their differences and he asked that the record be left open until October first and this was agreed to. On pig iron, billets, blooms, etc., and on ferro-silicon and ferromanganese commodities he objected to the proposed change from a gross to a net ton.

Upon being questioned as to whether he thought it fair for the carriers to haul 2,240 pounds of these products and get pay for 2,000 pounds, he said that was not the case—that the rate was originally based upon the gross ton, the idea being that the 6th class rate on a net ton basis was too high and Mr. Collyer called attention to the fact that pig iron was now practically moved on commodity and not on 6th class rates.

Mr. Collyer felt that the ferro alloy commodities which do not move in such great volume as pig iron and which are more valuable, might well be given separate classification treatment.

T. F. Treudley of the Joseph Joseph & Brothers Company, Cincinnati, and representing generally the scrap iron people, objected also to the change from the gross to the net ton basis, and he said that while scrap largely moved on commodity rates, it moved on class rates from Michigan, which was a large producing territory.

Robert C. Ross, traffic manager, Joseph T. Ryerson & Son, objected to the increase in the iron and steel advances in Southern territory from 6th to 4th class L. C. L. He also objected to having certain plates listed at 5th class and others at 4th, when they were all practically the same thing. He thought structural plates would cover all of them and that 5th class in Southern territory would be proper. He said that the proposed change would seriously disturb the relationship between the manufacturers and the jobbers.

C. E. Christopher of the same company filed exhibits to show that if the changes proposed were allowed to go in there would have been an increase from Chicago, New York, Cincinnati, St. Louis and other jobbing centers in the north to points in the southeast since January 1, 1916, ranging from 140 to 150 per cent. In another exhibit he undertook to prove that the relationship between the first and fourth class in the Official and Western territories was substantially the same as between the first and the sixth in the south, and he said he felt that the sixth class rating in the south would be fair to use as the fourth class rate.

H. F. Prince, traffic manager of the American Steel Foundries Company, and representing also a number of other iron and steel makers, wanted eleven specific parts of railway cars and locomotives specifically named in the new classification and he voiced the same objection as had previous witnesses to the proposed increase in L. C. L.

ratings in the south. He said railway springs, coiled or elliptical, in January, 1915, carried a L. C. L. rate of 55½ cents from Chicago to Atlanta, that it now was 91½ and that under the proposed classification it would be \$1.15. What he proposed would make the rate 89½.

Mr. Fyfe said that because of the complaint of discrimination made by makers of other springs in general use, the rating on railway springs had been advanced.

M. J. Parlin, traffic manager of the Belknap Hardware & Mfg. Co. of Louisville, was opposed to the proposed advance on iron and steel articles in the south and he filed an exhibit showing 6th class rates in the south as high or higher than 4th in Official territory, and that as their L. C. L. movement to the south averaged 30 tons a day the proposition was a serious one for them.

E. De L. Wood of the Chattanooga Manufacturers' Association also protested the increased L. C. L. ratings in the south and said the reductions in carload ratings would not begin to compensate for the increases.

J. H. Brough, assistant traffic manager Crane Company, said that pipe fittings moved into the south almost entirely in L. C. L. quantities and that the increases would be more than 50 per cent and that rule 10 would be of no benefit to his company, as the mixtures could not be assembled at Chicago so as to be consolidated. He objected also to the change proposed in item 14, page 311, pipe fittings made of iron or steel, combined with copper, brass or bronze, and Mr. Fyfe said they had not for a long time been satisfied with the rate on fittings in which there was more or less brass, that they had from time to time ironed others out and that this was the last bite.

He said that the advance in steam or oil separators was unwarranted, as they were in no sense machinery, having absolutely no movable parts. He had been before the Western Committee in 1915, when it had been proposed to increase the rating, and that he felt that he had at that time convinced them 4th class was proper.

Mr. Fyfe said they were not then satisfied, but as they then advanced the valve rates, the separator proposition was simply put into embalming fluid. He also protested the advance from 6th to 4th on iron or steel pipe hangers N. O. I. B. N.

Mr. Lawrence, for the Official Committee, said he wanted to put into the record some figures in connection with the Christopher exhibit number 174, which would indicate that the ones prepared by Mr. Christopher were not representative as to the relationship between first and fourth classes in Western territory. He said that 40 per cent of first for fourth as represented by the Chicago-St. Louis rates was the lowest of any of the important scales, and 42 per cent represented by the Chicago-St. Paul rates was the next. From the Missouri River to St. Louis it is 45 per cent, Colorado to Chicago 47, Colorado to St. Louis 50, Iowa to Kansas and Nebraska 50, Billings to Chicago and St. Louis 54, Salt Lake City to Chicago 60, Salt Lake City to St. Louis 58, three for different distances between Oklahoma and Texas, ordered in by the Interstate Commerce Commission, were 61, 62 and 71, Texas to Chicago 74, and Pacific coast to Chicago 61.

Mr. Steadwell said they would at the Atlanta hearing undertake to justify in detail the proposed increases in the south, and that he would at this time simply say the changes had been proposed because it was felt that they were fair and reasonable and such as would tend to bolster up the infant industries of the south. Upon cross-examination he said he was not in favor of the Disque scale nor of any fixed relationship between the various classes.

He knew that the roads in the south were not satisfied with the present iron and steel proposition and that they were at this time going to do everything they could to get a proper adjustment.

Mr. I. W. Potter, traffic manager of the Aluminum Goods Utensil Company of Pittsburgh, protested the proposed increased rating on aluminum ware not decorated, as he said that product was in direct competition with enameled ware, upon which no increase was proposed.

Mr. E. C. Webber of the Aluminum Goods Mfg. Co. of Manitowoc, Wis., also protested these proposed increases and read into the record figures to show the average car loading, weight per cubic foot, value and small liability to loss or damage. He said the proposed increase would put many of their freight rates up to a point where they were almost as high, and in some cases higher, than the rates by express. From Manitowoc the proposed change would make the freight rate to New York 2.97 and the express rate was but 3.30, and to Atlanta it would be 4.12, while the express rate to that point was but 3.60.

Mr. Collyer said that the revision made by the Official Committee was based on the nature of the article, the character of the material, etc., and they had followed the Commission in its decision in 44 I. C. C. 562 and had made aluminum not nested or flat one class higher than tinware and enameled ware.

Mr. Burkhardt of the Peter Schoenhofen Brewing Company reported that they had come to an agreement with Mr. Markey of the weighing and inspection bureau with reference to weights on beer packages and their objections were, therefore, withdrawn.

W. R. Johnson of the Kiel Woodenware Company of Kiel, Wis., wanted the rating on cheese boxes continued at 4th class, minimum 15,000 pounds, but Mr. Fyfe said the cheese industry of the country as a whole would not stand for such a minimum. He told Mr. Johnson that if the cheese people would get together and present a proposition, the committee would be glad to entertain it.

At the night session, August 16, which lasted until a few minutes before eleven o'clock, Osborn Van Brunt, general traffic manager and railway sales manager of the Certain-teed Products Corporation, St. Louis, representing also the Barrett Company and the B. F. Nelson Company, and other manufacturers who are members of the Minneapolis Traffic Association, talked about roofing paper. He was assisted by Mr. McGrath, commerce counsel of the Minneapolis Traffic Association, who brought out several points in the course of the examination.

Mr. Van Brunt pointed out the change in description involving composition or prepared roofing. There is in Western Classification, he said, a different rating on roofing paper and composition or prepared roofing, and he went into the long controversy between the manufacturers and the Western Committee. He was anxious, he said, to have the description correct if it is going to be uniform. There should be no difference in the ratings, he argued, and if there were none there would, of course, be no controversy about the description. Roofing paper in the Western is third class and composition or prepared roofing is fourth class. In the other territories the ratings are the same on both products. He wanted an entire line of the product described as composition or prepared roofing, while the Western Committee insists that it shall be described as roofing paper. He pointed out that the saturated felts are shut out of the rating on composition. That was the issue as defined by Mr. McGrath. Mr. Fyfe insisted that sheathing or insulating papers are building papers.

Mr. Steadwell pointed out that certain other manufacturers wanted exactly the opposite and that the Southern Committee was therefore in an embarrassing position. Examiner Disque remarked that this was the situation in classification all the time.

"That's what the Commission is for," put in Mr. Colquitt.

Mr. Fyfe said the controversy started when the Minneapolis people began shipping some of their sheathing paper and so on as prepared roofing. They had been misdescribing, he said. Mr. McGrath retorted that they had not. Mr. Fyfe, when he took the stand with a mass of evidence—catalogues, samples and so on—said that when the classification was issued he thought there would be added a separate item on tarred felt.

"You don't propose to do that without notice to the public?" inquired Mr. Colquitt.

"Why not?" said Mr. Fyfe. "We would not be changing our ratings."

"But you would be changing the description," replied Mr. Colquitt, "and there might be very serious objection. You never can tell where objections will come from."

Julius A. Hafner, traffic manager for Rueckheim Bros. & Eckstein, Chicago, candy makers, one of whose products is "crackerjack," talked about popcorn. When he had finished Mr. Collier said a conference would be held with manufacturers with a view to reaching an agreement in Official territory.

James Bales, of the Grand Rapids Plaster Company, speaking also for the Michigan Gypsum Company, objected to the proposed specifications for the bags used in shipping his product. It tended, he said, to increase the cost to his company of the paper sack. Mr. Collier remarked that in this time of war, when everything was increasing in price, that seemed hardly a legitimate argument against the standardizing of a container. Mr. Bales thought the rope sack he now uses would meet the specifications, but he feared it might not and he didn't want to take the chance. He said he would be glad to use some other kind of bag if a proper one could be found, but he knew of none.

Incidentally it was brought out that there is a scarcity of old rope—used in making the bags—in this country and that the main supply now is imported from Europe.

In the course of the colloquy Mr. Collier, in reply to a suggestion made by the witness, said, in his opinion it would be one of the finest things that could happen if the law were so amended that shipper and carrier could get together in such manner as not to submit to onerous packing requirements the fair shipper, willing to do the right thing, in order to protect the carrier from the fellow who doesn't care to take proper precautions.

J. W. Cobey, of the Dayton Cash Register Company, spoke of an addition in the proposed classification which has the effect of depriving his company of a carload rating on cash register parts in Official Classification. The company ships a carload a week to its branch at Toronto, he said. Mr. Fyfe said he thought such a movement hardly sufficient justification for a carload rating for the entire United States.

M. T. Smiley of Clinton, Iowa, had some troubles in regard to building wood work items in Official Classification. After hearing him Mr. Collier said he thought that if Mr. Smiley and Mr. Lawrence and Mr. Smith of the Official Committee would get together the next day the matter could be ironed out.

Chicago Hearings Close.

The Chicago hearing adjourned finally at 5:30 p. m. Saturday, August 17. A large part of the day was devoted

to soap. Mr. Burchmore represented a number of concerns, among them the Colgate, Fairbanks and Kirk concerns, Peet Brothers, Procter and Gamble, the Louisville Soap Company, and the Globe Soap Company. His two witnesses were Mr. Van Slyck, traffic manager of the Globe Soap Company, and H. Ignatius, of the traffic department of the Procter and Gamble Company.

Mr. Van Slyck said the changes proposed would increase the freight charges greatly. "Why can't you pass it on to the consumer?" he said, was the usual question asked by the carriers, but there had been a number of advances on soap in the last two years and the fear was that if the price went any higher the consumption would decrease. The seriousness of such a condition he pointed out by stating that the government had called on the soap manufacturers to increase their production of dynamite glycerine and in order to do this they must increase the output of soap, of which dynamite glycerine is a by product. He was really afraid, he said, that the time was approaching when the country might largely go back to the time of backyard kettle competition. This one advance in freight rates might not have that result, he said, but one thing added to another might have such a cumulative effect, "and if it does," said he, "you gentlemen will have to shoulder the responsibility."

Mr. Ignatius dealt with traffic figures, offering exhibits to show the effect of what was proposed. He wanted the present ratings continued. The proposed changes, he said, were not only unreasonable per se, but also with relation to other commodities. He pointed to higher rates on soap than on other articles which he said were higher in value and less desirable for the carriers. He argued that the instructions of the Director-General for a consolidated classification did not call for uniformity of ratings. He said the proposed descriptions were the same but the ratings were different from those that had been decided on by the Uniform Classification Committee. If uniformity was to be attempted, he said, soap, which is so generally used, should be among the last articles on which it was attempted.

He said his study of the proposed consolidated classification disclosed to him that at least one of its purposes was to bring about a closer relation of rates in Southern territory to those in other territories regardless, apparently, of the transportation situation.

The proposed classification, he pointed out, would operate automatically to cancel all commodity rates to the southeast. He wished he could be assured that these rates would be maintained. Mr. Steadwell said of course he couldn't give that assurance, since he did not have control of the tariffs. Mr. Burchmore said he had taken the matter up informally with officials connected with the Railroad Administration in Washington and they had expressed general sympathy with his position. "But, of course," he added, "general sympathy doesn't make rates."

On account of the lateness of the hour and the fact that Mr. Steadwell desired to catch a train for Atlanta, it was decided that the defense of the proposed rates should be put in at the time when the packing house interests are heard at later hearings.

C. H. Rodehaver, of St. Louis, representing a variety of clients, also discussed soap briefly earlier in the day, representing in that matter William Walke, of St. Louis.

He was also heard with reference to his objection to the proposed description of transformers, representing electric wagon companies of St. Louis. At one time in his

testimony, comparative rates being under discussion, Mr. Fyfe asked:

"Is Henry Ford an agricultural implement manufacturer?"

"I don't know what Henry Ford is," replied the witness. "Nobody has been able to find out since the war began."

Mr. Rodehaver had contended that the transformers were made by agricultural implement manufacturers who should be able to ship them as agricultural implement parts.

He also spoke of certain types of baskets for fruits and vegetables. The express rates, he said, were lower than the freight rates but under the abnormal conditions that prevail the express companies refuse to accept business than can move by freight, so the shippers were compelled to ship by freight at the higher l. c. l rate. In this matter he was speaking for the National Basket and Fruit Package Manufacturers' Association.

He objected to changes proposed on box or crate material for the reason that the general lumber case is still pending before the Commission.

"That is tantamount, is it not," asked Mr. Collyer, "to saying that you object to the Railroad Administration making a consolidated classification?"

Mr. Colquitt asked if the witness would have all the lumber items in the book held up until the result of the Commission's lumber investigation was made known.

The witness said he had not examined all the lumber items but he thought the Commission was in better condition, after its extended investigation, to decide the matter than were the carriers.

He wanted a lower minimum on this commodity than the weight that could easily be loaded. Asked why, he gave "commercial conditions" as the reason. Mr. Fyfe demanded a statement of actual loadings to show whether the cars are loaded light on whether the commercial conditions mentioned as necessitating light loading existed only "in the dome of the witness."

Woodford Shannon, of the Shannon Bed Springs Company, talked about methods of packing bed springs for shipment. He wanted to use twine instead of wire.

Mr. Peyton, of the Hercules Buggy Company, Evansville, was again on the stand. He discussed freight automobile bodies, horse-drawn vehicles in Southern Classification, (on which he wanted a ten thousand minimum) and gasoline engines.

R. C. Jones talked about cocoanut, other than desiccated.

Mr. McEwen was back on the stand to talk about refrigerator or water cooler tanks, passenger automobile bodies, and toilet paper.

Mr. McGrath, of Minneapolis, discussed Rule 7 (desiring it to apply to order bills of lading), shellers, corn huskers, fodder shredders, castings, chains, coffee, wheelbarrows, automobiles and woodenware. He was assured by Mr. Fyfe that if Rule 10 is permitted to go in as proposed, the mixtures in Western Classification will be taken care of.

Opens at Omaha.

The Omaha hearing on the consolidated classification opened on schedule, August 19, with the usual statement from Examiner Disque as to its meaning and scope. It was explained more specifically than at previous hearings, perhaps, that the proposed ratings in the new book represented, in each territory, the judgment of the member of the consolidated committee from that territory.

Mr. Voorhees accompanies the party as the representative of the Southern committee on the western trip.

Before taking up proposed rule 10, which was the order of the day, Examiner Disque listened to potash people, represented by George A. Lee of Omaha, who put on the stand E. E. Stevens, president of the Potash Reduction Company, speaking for the Nebraska Potash Producers' Association. The protest was against the proposed increase from 6th to 5th class on alkali salts or potash from western Nebraska to eastern seaboard territory. It was explained that this Nebraska product is used only as fertilizer and after there had been full discussion, Mr. Collyer said there was no reason why an agreement should not be reached if a term could be devised covering the alkali salts shipped by the Nebraska potash producers. There was no objection, he said, to the same rating as on sulphate or muriate. "Crude potash salts" was suggested, but Mr. Collyer was not sure that would do. However, it was the understanding that an agreement would be reached that would be satisfactory and the classification corrected accordingly.

M. S. Hartman, appearing for dairy interests, inquired if, as he understood, a separate hearing was to be held on this matter in Chicago. If so, he said his people would wait until that time. Examiner Disque said there would be a separate hearing, but asked how Washington would suit as the place. Mr. Hartman objected, because of the difficulty in getting hotel accommodations there and because Chicago is more central. Mr. Collyer also said he thought Chicago would be better suited to the accommodation of the smaller shippers. In answer to a question from Mr. Disque, he said the same thing applied to the packers. The matter was left in this shape.

Mr. Childe of the Omaha Chamber of Commerce had a flock of witnesses on the matter of Rule 10. All were opposed to the proposed rule. Mr. Childe said he regarded the question of this rule as far more than a rate matter. If affected distribution and general economics, he said, and for that reason the evidence offered would be more or less general.

R. C. Carmien, traffic manager of the Ridenour-Baker Grocery Company, Kansas City, spoke against the proposed rule. There was no commercial necessity for it, he said, and it could only be used to advantage by jobbers at rate-making points like St. Louis and Chicago—this to the disadvantage of the jobbers in the country further west.

Mr. Berry of Reid, Murdoch & Co., Chicago, was present and cross-examined Mr. Carmien and other witnesses to show that the rule would not work an undue advantage to Chicago. One of the points he made was that store door delivery was the custom with some of these western houses.

Mr. Carmien, as to the general plan of the proposed consolidation, said there was no demand for uniform ratings and that shipping conditions ought to be recognized as differing in the different territories. If there is to be such a rule, however, he thought the proposed rule the best way to accomplish it.

Mr. Colquitt made the point that mixing must be done either by a general rule or by specific items. Mr. Carmien asked why, if the ratings are to be different, the rules could not be different also. Mr. Colquitt replied: "Because the consolidated committee was instructed to make the rules uniform."

In answer to a question from Mr. Haynes of Sioux City, the witness said that nobody west of Chicago approves the proposed rule.

Mr. Disque asked Mr. Fyfe, at one point, by asking if

he opposed the proposed rule, but merely put it in for the sake of uniformity.

"I'm on the fence," replied that gentleman, drawing a laugh and the remark from Mr. Childe that the record ought to show that it was the first time Mr. Fyfe had ever been on the fence. Mr. Fyfe said he was willing that the shippers should fight it out.

E. H. Draper of the Western Grocer Company, Marshalltown, Iowa, spoke for grocers of Iowa and Nebraska in opposing the rule, though he said it was much more acceptable than the one proposed in I. and S. 76. It was inconsistent for the carriers to be trying at this time to put it in, he said, and he thought that, even on the theory that the rule would be a good one then, it ought to wait until after the war. The rule, he said, would increase Chicago's advantage over the houses he represented.

Mr. Colquitt asked if the argument wasn't simply that "you people think this territory out here belongs to you and you want to keep it." The witness denied that this was true.

Speaking of heavy loading of cars, Mr. Fyfe wanted to know why it was, if these people were loading so heavily, there was such a "howl" from them a year ago when the Western Committee attempted to increase minimums. The witness replied that that was because they did not want to be compelled to do something that they preferred to do voluntarily from patriotic motives. Mr. Collyer explained that also they wanted to keep down the minima so they could go back to them after the war.

John S. Brady, of the McChord-Brady Company, Omaha, has been in the grocery business fifty-two years and he testified that personally he wasn't afraid of Chicago or any other competition. He looked as if he might have included Germany also in the list of things not feared. He testified that the success of the jobbing business in the west results from the fact that the long distances make jobbing centers necessary.

At the afternoon session August 19 the attempt of western jobbers to discredit the proposed rule No. 10 as an advantage to Chicago jobbers and a disadvantage to themselves as giving the larger jobbers opportunity to come into this territory with mixed carloads of merchandise—groceries and hardware being the items dealt with—at carload ratings, was continued. The witnesses were James E. Ludlow, of the Omaha branch of the Crane Company; Mr. Thackeberry, of William Thackeberry & Co., Sioux City, wholesale grocers; L. C. Reeves, traffic manager, Knapp & Spencer, Sioux City, wholesale hardware; H. W. Bishop, of Grand Forks, N. D., representing the North Dakota Wholesale Grocers' Association; R. D. Springer, secretary and traffic manager, Sioux Falls Commercial Club; W. A. Haverson, Norfolk, Neb.; M. A. Gray, traffic manager of a Kansas City, Mo., concern; A. L. Timms, of Omaha, of the Lee-Coit-Andresen Hardware Company; and J. H. Tedrow, assistant to R. D. Sangster of the Kansas City Chamber of Commerce. These men were questioned on direct examination by Mr. Childe, of Omaha, and Mr. Havens, of Sioux City. All were opposed to the proposed rule No. 10.

Mr. Tedrow had circularized all the members of the Kansas City organization. General opposition to the proposed rule had been expressed and he had heard no one say a word in favor of it. Mr. Ludlow's fear was that the western houses would encounter competition that does not now exist and that it is not necessary should exist.

Mr. Thackeberry spoke not only for his own firm of wholesale grocers but for the members of the Traffic Bureau

of Sioux City. He thought the proposed rule economically unsound and that it would be detrimental to the interests of both jobbers and railroads. It would cut the revenue of the carriers, he said, and would result in poorer service.

Mr. Bishop said one of his chief fears was the competition that would probably arise from the big packers, of whom, he pointed out, the Federal Trade Commission had said they threatened to monopolize the grocery business of the country. He couldn't understand why the Railroad Administration should be attempting to force this rule on the west when the west didn't want it.

Mr. Collyer arose to explain that the Railroad Administration was not committed to anything in the new book and he explained at length the steps that had led up to the present proceeding and its nature and status. The demand for a uniform classification, he said, was not new and it had come from the public as represented by Congress, the state commissions, and the Interstate Commerce Commission. The carriers had always been made to appear as opposing it, or at least as backward in accomplishing it.

Mind of Administration Open.

Examiner Disque remarked here that counsel for the Railroad Administration had advised him that the Railroad Administration desired to keep an open mind on every change proposed.

Mr. Childe put repeated questions to Mr. Collyer to ascertain whether the consolidated committee had been actually instructed to make the rules uniform, his point being that a consolidated book—if consolidation were the only purpose—could embody different rules for different territories, just as well as different ratings. Mr. Collyer said that though the committee had not been instructed to make one mixed carload rule it had been instructed to make uniform rules.

"It was your choice, then, to make one rule instead of leaving specific mixtures?" asked Mr. Childe.

"It was not a matter of choice," replied Mr. Collyer, "but our view was that we should make mixtures on a principle. It was just as well to take the broad view and let shippers protest, as to take the narrow view and have the uproar from other interests."

Mr. Bishop, whose concern also has houses in Canada and who is familiar with conditions there, said that Canada, which has also been trying to bring about uniformity, has recognized the principle of different mixture rules for different territories. Mr. Childe asked why this could not be done in the United States in view of the fact that the west did not want the universal rule. Mr. Collyer replied that the boundary between east and west was not so clearly defined in this country as in Canada—there was a large area in which traffic conditions are overlapping and scrambled. Mr. Childe made the retort that under the proposed classification rates will overlap just as much as specific rules would.

Mr. Fyfe kept insisting that in spite of what had been said at Omaha the west was not unanimous against the proposed rule. He said he had correspondence from interests in the west who were not willing to testify, but who were in favor of the rule. He said there were some in interior Iowa and he read into the record the petition made by the state commissions of Nebraska, Kansas, North Dakota, South Dakota, Illinois, Wisconsin, and Oklahoma at the time of I. and S. 76, asking that Official Rule No. 10 be applied in Western Classification. Mr. Childe, however, drew from Mr. Fyfe an admission that it was fair to say

that the majority of the sentiment in the west was in favor of specific mixtures as against the proposed rule.

The subject of rule No. 10 was continued August 20 with Mr. Tedrow on the stand for cross-examination by the carriers. He insisted that the objection of those he represented was to the conglomerate mixtures possible under the proposed rule. He believed that if where there was a real necessity for mixtures they should be permitted by specific items. Examiner Disque remarked that the objection of the witness to the proposed rule was perhaps because he had all the mixtures he thought necessary and that possibly if he did not have these mixtures he would favor the rule.

Not Afraid of Rule 10.

W. J. C. Kenyon, manager of the traffic bureau of the Commerce Club of St. Joseph, Mo., was the next witness. He threw a bomb into the ranks of his western associates by saying, in reply to questions, that, though in this respect he was not speaking for the industries he represented, personally he did not believe the proposed rule would hurt western interests.

"We have met Chicago competition in the grocery line for 72 years," said he, "and we shall continue to meet it." His point was that the west needed light as to what results would be worked by the rule, for it had had no experience with it and did not know.

He said he did not think the attitude expressed by Mr. Fyfe that it was a "shippers' fight" was proper. Light ought to be given to the Commission by the carriers. He said he thought that if consideration of rule 10 at the Chicago hearing had not been closed the first day there, others would have appeared against it.

He took exception to the appearance of H. C. Barlow as a witness at the Chicago hearing on the ground that he was a member of a committee under the Railroad Administration and a quasi official of the government.

He reminded those present that Missouri was the home of the "Show Me" slogan and he expressed the hope that someone some time in the course of the hearings would "show us" the value of the proposed rule.

Examiner Disque characterized the attitude of the west as presented by Mr. Kenyon as one of not caring to take any chances with a new fangled device.

As to Mr. Barlow's testimony, Examiner Disque said he had felt that the Commission and the Railroad Administration would like to know his position as the representative of a large number of shippers. If anyone wished to cross-examine Mr. Barlow, he said, an opportunity would be afforded at the later hearings.

Harry S. Sharp, secretary of the Atchison Commercial Club, Atchison, Kan., was on the stand for a moment in opposition to rule 10, indorsing the things that had been said by Mr. Carmien.

Then Mr. Berry, of Chicago, traffic manager of Reid, Murdoch & Co., who had been cross-examining the western men and otherwise sustaining the proposed rule, went on the stand in support of it. He showed actual car movements from January 1, 1917, to March 21, 1918, to eastern territory, containing more than one commodity and subject to rule 10. There were about 90 cars moving to Pittsburgh containing at least a portion of the same commodities produced by the Heinz Company, but he said Heinz did not object to rule 10 or the competition of the Reid, Murdoch Company, nor did the latter object to the competition of Heinz. He pointed out that his company was a manufacturer as well as a jobber and that it manufactured the same general line as that produced by Heinz.

On one actual carload movement, Chicago to Waterloo, Iowa, he said the charges were \$107.22 and under rule 10 they would have been \$85.03.

In the same period that 200 cars had moved to the east, only two cars on which a saving could have been effected if rule 10 had applied, had moved to the west. This, he said, indicated an unhampered and free flow of traffic to the east under the rule. His view was that rule 10 offered a means of mixing carload freight. He said his company would not be able to place its goods in the hands of consumers at jobbing points without some such rule, except at great additional expense.

"Rule 10 would be a great benefit to you in shipping into the west?" inquired Examiner Disque.

The witness said it would.

"Then who would be the loser? The western jobber?"

"No, because they have said they didn't fear us."

He assented to Mr. Colquitt's suggestion that if rule 10 went into effect he would expect to ship more mixed cars into western territory.

In reply to a question from Mr. Colquitt as to whether, if Chicago should thus come into the west, Omaha and Kansas City jobbers would not, to that extent, be displaced, the witness developed a theory that caused considerable amusement. It was that no one would be shut out, but that consumption would merely be increased through the introduction to the westerners of a line of food products they had never seen before, and he dwelt touchingly on his younger days in the west when meal time meant simply more pork.

There were some asides as to whether now was a time to advocate measures to increase food consumption and as to what a real easterner might think as to a Chicago man attempting to educate an Omaha native on the theory that the latter was a benighted westerner, but lack of time prevented many questions of this sort, and Mr. Berry was permitted to leave the stand without being quite torn to pieces.

E. G. Wiley, traffic commissioner of the Greater Des Moines Association, talked about contractors' outfits; Mr. Carmien about coffee and empty carriers, returned; Mr. Kenyon about paper and bottle items; and W. H. Young, of Fremont, Neb., on the return movement of empty beer containers. He testified himself and also put on the stand a representative of the Nebraska State Bottlers' Association. They testified that if the proposed classification went into effect they would make their shipments by express. The express company returns the empty containers free, they said. Mr. Young said as to other returned empty carriers, there was no such volume or continuity of movement as in the case of these containers and he thought that ought to be taken into consideration in making rates.

Mr. Tedrow put on Mr. McGlyn, traffic manager of the Kansas City Brewing Company, who discussed the same subject.

He also put on E. G. Gervais, traffic manager of the Tarkio Molasses Feed Company, who wanted lower rates on returned bags. Mr. Fyfe, in justification of this item, said the proposal was to get in line with the decisions of the Commission that because an article has once paid freight is no argument for a low rate on a return movement.

Mr. Childe put on John W. Gamble, of Omaha, representing some thirty manufacturers of feed. He objected to advances in Western territory and also to the proposed prepayment of freight charges on condimental foods. Mr. Fyfe consented to make "prepaid" read "prepaid or guar-

anteed" and that was satisfactory; but then arose an argument as to what railroad official should pass on the reliability of the shipper. The proposed rule puts that duty on the freight department. Mr. Childs wanted the local treasurer specified, on the ground that a freight agent might discriminate or bring pressure to bear in order to get tonnage for his line. The railroad classification men scoffed at this as ridiculous and there was a long argument, the classification men finally refusing absolutely to change the item in this respect.

Conclude Omaha Hearings.

By means of working full speed for three days of more than the usual number of working hours, Examiner Disque was able to bring the Omaha hearing to a close Wednesday evening, August 21, and leave Thursday morning for Portland, where the hearing will be resumed Monday, August 26. The expedition of the proceedings in Omaha was aided also by the fact that some of the protestants who had planned to be heard there were persuaded that their complaints would fit in better with the subjects to be presented at the deferred hearings after the present series is over.

Wednesday was largely a day for clearing up odds and ends. It opened with the question of stock food still under consideration. Louis Randell, representing the Pratt Food Company, of Chicago, was the first witness. He said that at the proposed higher ratings his company would not be able to compete with more favorably located producers in western territory.

Mr. Gamble was on the stand again for cross-examination. E. E. Overton, of the International Stock Food Company, Minneapolis, was another witness.

The discussion of these items served to develop further how, under the second Cummins amendment to the interstate commerce act, the element of value as a factor in rate making has disappeared to great extent.

George M. Cummins, traffic commissioner of the Davenport Commercial Club, discussed punches and shears, objecting to proposed increases on the ground that the ratings on other machine parts of more complex nature had not been increased.

He also discussed rule 34 as related to washing machines manufactured by a Davenport concern. These machines, he said, could not be loaded to the minimum provided. Mr. Fyfe declared that the 16,000-pound minimum for a standard 36-foot car was written on the request of washing machine manufacturers. The witness said he did not know that, but that there was a great variety in the types of these machines. Some could be loaded and others could not. The concern he was speaking for could load a mixture of about 10,000 pounds and 12,000 to 13,000 pounds, straight carloads. In the larger cars, however, the minimum could be loaded. He also discussed castings.

A. D. Peters, representing the M. C. Peters Mill Company, Omaha, discussed burlap bags used in shipping alfalfa hay from Wyoming points, principally, and then shipped back empty.

N. G. Powell, rate expert for the Nebraska state commission, was on the stand for a few minutes to talk about some changes proposed in the charges for emigrant movables. He wanted motor vehicles included in the mixture, for instance, but this request was ruled out because automobiles never had been included. It was testified that every Nebraska farmer now has a "silver."

E. F. Brown, representing the Western Newspaper Union, talked about antimonial lead, scrap lead, and stereotype

plates. His principal trouble was that a different rating is provided for returned stereotype plates, sent out to and used by country newspapers as "patent insides," when broken up into scraps from that applied when they have been used but are not broken up. In both cases, he argued, the value of the article is only that of old metal to be remelted and it could be used for nothing else. The classification men argued that, though it might not be put to any different use, there was still a difference in value between metal scraps and a stereotype plate that had been used.

In the course of this discussion Mr. Childs inquired of Mr. Voorhees if it was the intention in Southern Classification to make only four l. c. l. classes. Mr. Voorhees did not think it necessary to answer the question. Examiner Disque and Mr. Colquitt both said, then, that the Commission would like to know, but Mr. Voorhees refrained from making any definite answer other than that the matter would be gone into extensively at the Atlanta hearing.

W. S. Whitten, manager of the traffic bureau of the Lincoln (Neb.) Commercial Club, discussed the packing of a certain type of automobile bodies, for the Hebb Automobile Company.

Atlanta Most Important Hearing.

That the most vital part of the proceedings in the present series of country-wide hearings on the proposed consolidated freight classification will come in the South, particularly at Atlanta, is pretty well settled. This arises partly from the fact that the changes proposed on many of the more important commodities, such as packing-house products, petroleum, stoves, furniture, and dairy products, have been taken out of the present series to be considered at later hearings, and partly from the fact that the South has a wider concern in the proposed changes anyhow. More of them are proposed in the South than in either of the other territories, there being something like 800 reductions and about 2,500 increases there.

The greater number of changes proposed in the South—at least so the classification men would have the country believe—is due, not to a desire to increase the railroad revenue in that territory, but rather to the fact that it was somewhat behind the procession in the effort at uniformity that has been in progress for some time and that when the Railroad Administration called for action at once there was necessarily, for this reason, more of an upset in the South than elsewhere. It has already developed in the course of the hearings that—as may be ascertained from a study of the proposed classification—the plan is to confine southern L. C. L. ratings to four classes instead of six, except on some of the grosser commodities, thus getting into line with the other territories. This, of course, is outside of the positive instructions given to the consolidated classification committee, which were simply to make descriptions and rules uniform and print the ratings in three parallel columns, but, as has been stated before, a considerable degree of uniformity as to ratings has also been reached, and this effort necessarily increases the ratings in the South more than elsewhere.

That there is great interest by and that there will be much opposition from business interests in the South to what is proposed in the proposed consolidated classification is shown, for instance, by letters that have been written to the Railroad Administration by Frank Wilby, traffic manager of the Traffic Bureau of the City of Savannah, Ga., copies of which have been sent to The Traffic World. In a letter under date of August 12 to C. A. Prouty, director of the Division of Public Service and Accounting, he points out that letters from him to Director-General Mc-

Adoo, under dates of July 24, 30 and 31, asking for information with respect to the present hearings, had not been answered. Some of the questions he asked in those letters—at least in the one of July 24—copy of which he sends *The Traffic World*—have since been answered in the record of the present hearings, at least as far as those conducting those hearings are authorized to answer. For instance, it has been stated that the Railroad Administration is not committed to anything in the proposed book; that the proposed ratings represent the ideas only of the carrier representatives of the various territories; that it is the understanding that the exceptions to the classifications will be continued; and that so far as this proceeding is concerned the consolidated classification does not apply to intra-state business, whatever may be proposed later on. Mr. Wilby's letter to the Director-General continues thus:

At the hearing in Atlanta of September 19 is it the purpose of the administration to have evidence and exhibits filed showing all rules, ratings, minimum weights, etc., that are unreasonable or is it the purpose to confine investigation to increases and changes in rules as shown in Consolidated Classification No. 1, over rules and ratings as shown in Southern Classification No. 43, the Administration accepting previous rules and ratings of Southern Classifications No. 43 as being a fair basis of freight charges for all lines in southern territory?

It is no doubt known to the Administration that Southern Classification ratings on many carload shipments and on heavy commodities are not suitable for movement. The removal of the state classifications and exceptions to classification may prove ruin to the business of many and is believed would result in the closing of industries.

We feel that you realize the tremendous consequences from classification changes. A freight scale can be increased a few cents without material injury, while classification changes work untold hardship. To illustrate result of classification change, if classification as shown in Consolidated No. 1 on plow irons were adopted, the increase ratings in Georgia for 160 miles, less than carload, would be 265 per cent and 204 per cent for carloads over rates as charged on June 24; a greater percentage difference would apply between many other points.

The hearing by the Commission will prove of benefit to cities and industries who are financially able to protect themselves by representation. More than 98 per cent of all shippers and consignees will not be represented; in fact, they will have no advice as to pending changes until presented with expense bills showing increased charges. The average industry of the South is small, they are doing business on small capital, they are not able financially to appeal to the Interstate Commerce Commission and subject themselves to the long delays for rulings. The result is the business is closed down, proving of injury not only to the man directly, but affects the prosperity and livelihood of many.

In justice and fairness to every citizen would it not be the right of the government and at the government's expense to place a shippers' representative on each of the classification boards? It could hardly be considered equitable that any individual or firm should go to the expense and protect the transportation rights of cities, industries and even states.

In his letter to Mr. Prouty, after stating that his letter to Mr. McAdoo had not been answered, Mr. Wilby said:

The information asked for was also for use of the Southern Traffic League in preparation of such facts as should be considered needed for the protection of the shipping public of the South and to be utilized for preparation of facts for hearing at New Orleans on September 12 and in Atlanta on September 19. For some reason, no response whatever has been received to these communications.

As information, beg to advise that on May 31 and June 1, 1918, a meeting of traffic men representing a large number of the important industries and municipalities of the South met at the Piedmont Hotel, Atlanta, for the purpose of giving consideration to the provisions of Mr. McAdoo's Order No. 28. The result of this meeting was that

a committee was appointed to confer with the Railroad Administration having in view the securing of a modification in Order No. 28. On arrival in Washington we ascertained that Mr. McAdoo was in Hot Springs. We had conference with Mr. Chambers and others. The result of the Washington conference was the issuance of supplement to Order No. 28, eliminating many of what were considered objectionable provisions. It was understood at Washington and from this supplement, that rates should be increased 25 per cent over rates of June 24 and no more, further that question of classification should be eliminated—in other words, whatever classification was effective on June 24 should be the classification for movement of freight on June 25, whether the classification was intrastate or otherwise.

The committee of the Southern Traffic League expressed its desire to aid the Administration in securing all revenues that may be considered needed. Representing hundreds of millions of dollars invested capital, the committee went further in stating that they would do everything possible for the successful handling of transportation by the Railroad Administration. This statement was made in face of facts that, based on earnings of southern lines, it was believed, would have justified shippers of the South in opposing the increases as shown in Mr. McAdoo's Order No. 28, or supplements. At the meeting in Atlanta it was considered the part of wisdom and patriotism to assume a 25 per cent increase in freight charges, although it was felt that the increase for the South was not warranted, than to take any action that would have resulted in causing a lack of confidence in the Washington government.

The business interests of the South are not unmindful that in 1917 the transportation companies issued tariffs increasing rates 15 per cent. It is believed that you are as well informed as those in the South that the newspapers and magazines were used to a tremendous extent in propaganda work by the railroads, which resulted in many business men actually believing that the railroads would go into bankruptcy unless given the 15 per cent increase. It may be known to you that those interested in industries and business insisted that the Commission hear from shippers before the increase was allowed. The hearing resulted in a positive denial by the Commission that the railroads of the South were entitled to the increase. This was a surprise verdict to many people when consideration was given to the propaganda that the railroads had published extensively as to bankruptcy, ruin, etc. The saving in freight tax was enormous, ranging as high as \$50,000 to \$100,000 per month or more to many important business centers of the South.

Notwithstanding what was considered by some as an understanding in Washington that rates should not be increased more than 25 per cent, a new classification is presented for adoption and to be used by carriers under Federal control. In letter dated July 24, we asked Mr. McAdoo:

"I am sure you will pardon us for asking if ratings have been suggested by employees of the United States Railroad Administration or have been suggested by representatives of lines from whom the United States government has leased the lines."

We received no response from the Administration. The question, however, is, as we understand, answered at the hearing before the Commission in Boston on August 2. The *Traffic World* reports that Mr. Joe Colquitt representing the Commission, made Mr. Collier say that he (Colquitt) had nothing to do with the ratings, that its ratings had been placed by the railroads themselves. In the same letter we asked:

"Had the Interstate Commerce Commission, on behalf and in the interest of shippers and consignees, checked proposed rules, regulations, minimum weights, carload and less carload ratings, with a view of ascertaining whether proposed ratings are of themselves reasonable for the shipping public?"

We have had no reply, but the fact remains that if ratings were adopted as shown in proposed Classification No. 1, the increases would, it is believed, be ruin and stoppage to more than 90 per cent of industries of the south and eliminate a similar number of business interests. It is in the minds of many that the application of ratings as provided in Consolidated Classification would make the raw products of mines and forests of the south practically

worthless and drive industries of the south to what are termed by transportation companies primary markets, which markets are usually in the east or north of the Ohio River.

The increases in freight charges over rates as now charged if Consolidated Classification was adopted would range from 30 to 600 per cent or even higher. A statement covering 340 items shows the average increase to be 185 per cent over rates as now charged.

If consistent, we would like to ask who Mr. McAdoo expects to attend these hearings. The south's industries are usually small, they are run on small capital, they have no working funds to be spent on hearings; besides, the average business man is not able to cope with the ability of transportation attorneys in rate and classification matters.

In the past, it has been considered in some instances the part of wisdom and cheaper to quit business than for the average small business man to protect himself from the ruin of his business or industry, or by unreasonable demands of transportation companies. It may be consistent to ask as to why a man should appear before the examiner in New Orleans or Atlanta, traveling possibly hundreds of miles and at great expense to himself, to protect an entire industry.

Was it not the intent of the law of 1897 that this was a government's duty, realizing that no individual should be expected at his own expense to protect industries, cities and even states from ruin caused from aggrandizement of those having invested capital in transportation companies? The Commission has made repeated reference to these conditions in their reports. We feel that Mr. McAdoo would not expect a man with a small sawmill to travel hundreds of miles to New Orleans or Atlanta to tell an examiner that his freight on June 24 for 50,000 pounds of lumber for one hundred miles was \$31.25 and that under proposed classification the cost would be for the same car on August 12, 1918, \$140, and that such charges would ruin his business and investment.

Would Mr. McAdoo think it required that a man having a graphite property should go to New Orleans or Atlanta to tell an examiner that under proposed ratings a car of low grade graphite would cost for freight charges \$235 to haul 50,000 pounds 100 miles, and that on June 24 the cost for hauling the same car was \$25? Would it be the purpose that this man should prepare a printed brief to prove that an increase of 840 per cent is unreasonable and would prove ruin and make his property of no value?

A man with a sand pit could ship a car of sand weighing 50,000 pounds 100 miles on June 24 for \$20. Under proposed Consolidated Classification ratings it will cost him \$116 for the same car. It is believed you will concede that it hardly requires testimony in Atlanta or New Orleans and printed briefs from sand men that 460 per cent increase is unreasonable and that such an increase would make their sand property worthless.

Under a recent decision of the Interstate Commerce Commission, and after full hearing, \$25.50 was charged allowed for hauling 60,000 pounds of logs for 100 miles. Consolidated Classification ratings would make \$165 the proper charge. Would it be necessary for log men to offer evidence and submit printed briefs to prove that an increase of 550 per cent on logs is justified?

To haul a bale of cotton 100 miles on June 24th was \$1.25. If ratings shown in proposed Consolidated Classification were adopted as being reasonable, it would cost \$3.55 per bale. The only reason that the Railroad Administration fails to hear from the farmer is caused from the fact that the farmer is not informed as to what is being proposed. This does not apply to cotton alone; the farmer is subject to tremendous increases on scores of other commodities.

It would be useless to cite further. It is possible to fill several pages of the Manufacturers' Record with increases that are equally absurd. It must be clearly understood that we are not criticizing. It is felt that if full conditions as to changes in classification were known the proposed classification would not be tolerated as long as it takes to write this sentence. The railroads have been trying for years to have Southern Classification ratings adopted. In their appeal to the Railroad Commission of Georgia the transportation companies said:

"The mileage rates in Mississippi are governed by

the Mississippi Classification, which is practically old Southern Classification No. 25. About three years ago the Railroad Commission of Mississippi, after an exhaustive hearing, authorized the cancellation of the separate Mississippi Classification and application of the Southern Classification, with limited exceptions on intrastate Mississippi traffic. This authority was granted by an outgoing commission just prior to the time its term of office expired and as soon as the incoming commission was installed, an order was issued, without hearing, rescinding the action of the old commission and re-establishing the old Mississippi Classification for application on intrastate traffic."

The Railroad Commission of Mississippi in letter dated April 7, 1916, advised the following particulars:

"Regarding the matter of classification in Mississippi, in 1911 the carriers petitioned the Mississippi Railroad Commission to adopt the Southern Classification, in lieu of Mississippi Classification, for application to intrastate traffic. The commercial organizations learning that the matter was to be considered by the Commission, filed protests and sent representatives to appear before the Commission and oppose the change. The Commission conducted an exhaustive hearing, in the course of which it was shown at that early date that by the adoption of Southern Classification the carriers would make a large net gain at the expense of the shippers, and the change was not made.

"Later, in 1911, it was learned that the railroads were again at work endeavoring to have Southern Classification adopted; representatives of the commercial organizations met in Jackson and sent a committee to confer informally with the commissioners and if necessary to request a hearing before action should be taken on the petition of the carriers; the committee called on the commissioners and being assured by them that no action would be taken on the matter, returned to their respective home towns and reported accordingly to their commercial organizations. Shortly afterwards it was announced through the newspapers that Southern Classification had been adopted by the Mississippi Railroad Commission, this having been accomplished by the votes of two members who had been defeated for re-election. As soon as the new commissioners were installed in office, in January, 1912, the commercial organizations filed protests against the adoption of Southern Classification and petitioned for the restoration of Mississippi Classification, whereupon the Commission gave notice to all parties in interest, and another exhaustive hearing was held on the matter, after which the Commission restored the Mississippi Classification and it is still in force."

Honorable R. Hudson Burr, chairman of the Florida Railroad Commission, said:

"Personally, I am unalterably opposed to the adoption of the Southern Classification. When you do, you place yourself at the mercy of the Southern Classification Committee (which usually meets in Atlantic City), and that committee can, by classification changes, raise your rates at will, and your only recourse would be to make unheeded protest. This commission does not care to place itself in the hands of the Southern Classification Committee, to practically make state rates for us."

In a recent letter to traffic men of the south representing municipalities, we said:

"In our opinion, a definite and fixed purpose as to classification and rules for the south should be adhered to by the Southern Traffic League, Railroad Administration, commissions of the several states, and by all trade organizations. There are, in our opinion, no conflicting conditions of transportation in the southwest and southeast as to require 89 different exceptions to Southern Classification No. 43. Such conditions are confusing to shippers and consignees and are not warranted.

"The principal objections to state rates, classifications and rules has been from their multiplicity or lack of uniformity. There is merit in this contention. However, to remove the lack of uniformity does not require adoption of a classification having rules and ratings that would prohibit movement of freight and cause industrial stagnation and loss in property values in every state of the south. No doubt we would be told that such a condition is not desired by transportation companies. However, rates and classification as promulgated by lines of interest where state lines intervene should be sufficient answer

as to what could be expected if the protection of railroad commissions were withheld.

"Southern Classification territory is substantially south of the Potomac, south of the Ohio, and east of the Mississippi. To go before the Interstate Commerce Commission requires either acquiescence in what is presented, or be prepared to present a solution of what is to the shipping public an unfair condition. Don't you think it advisable for the Southern Traffic League, in conjunction with Railroad Administration, the traffic commissions of the several states and in conjunction with the business interests, through the boards of trade of all cities, whether large or small, to formulate a classification or exception sheet, having fair rules, ratings, storage, demurrage, re-consignment charges, etc., each state commission adopting the uniform classification as maximum state rates and requesting the United States Railroad Administration to adopt same for interstate business in Southern Classification territory?"

"If the transportation companies have been and are sincere in their clamor for uniformity, then they can reasonably have no objections to uniformity based on justice to shippers, consignees and those having invested capital."

The uncertainty of transportation charges is causing serious impediment to business. We are sure the government does not desire such conditions to exist. The fairness of Mr. McAdoo is known to all. We are sure if conditions are true as enumerated in this letter that steps will be taken to protect the shipping public and not leave an unorganized shipping public to protect themselves as against one of the strongest organizations.

It will be realized by you that more than 95 per cent of shippers do not know as to the unreasonable ratings and rules that have been suggested for adoption and will have no knowledge until presentation of expense bills showing increased charges if it should be so unfortunate as to have proposed classification adopted.

With the tremendous facilities at your command, could we ask in the name of the shippers of the south and those having invested capital that you take personal interest in this classification case, making comparisons of ratings actually paid to-day with those as proposed in Consolidated Classification? We believe if this investigation is made the hearings by the examiner will be useless, as the Administration will develop the unreasonableness of proposed rules and ratings. We would be very glad to have an expression from you regarding this very important matter, with a view of submitting same to the shipping interests of the south. This letter is based on provisions as shown in Consolidated Classification—that is, that Southern Classification No. 43, with exceptions, is cancelled and that if Classification No. 1 is adopted that same will be used in place of state classifications and exception and for full use of carriers under federal control.

HEAVY L. C. L. LOADING ON PENNSYLVANIA

The injunction to make one freight car do the work of two has probably had the effect, on some lines, of decreasing the less-than-carload traffic, while increasing the carload. At least that is the inference drawn from the fact that in July the Pennsylvania lines west of Pittsburgh heavily increased L. C. L. loading in each car used for that purpose, but the total of such traffic was considerably less than for July of the preceding year and also considerably less than for July, 1912, when, it is notorious, there was a slowing down of business.

In the last-mentioned year, judging from the figures gathered by the superintendent of freight transportation, if a freight house boss had two plows to ship to the same destination, he called for two cars, if the second plow did not happen to be ready the same minute the first one came from the hands of those who crated it. No such stunts were done last July.

Last month the lines west of Pittsburgh handled 23,856 cars of less-than-carload freight, with an average loading of 19,402 for all the lines west, including the St. Louis

system, or 19,902, exclusive of it. No figures for July, 1917, for the St. Louis system are available, so that in many items that system has been omitted. In 1917 the lines west, exclusive of the St. Louis system, had an average loading of 17,836. The July, 1918, loading, therefore, was 11.68 per cent greater than the July of last year.

But 1917 itself was a heavy loading year, so that the increase of 11.68 per cent does not represent what has been done in the last few years. Comparison with 1912 gives a better notion of what has been going on. In that year of grace the average loading was just a shade over 11,000 pounds. If the L. C. L. business in July, 1918, had been done on the basis of lading in July, 1912, the 475,224,895 pounds of L. C. L. freight handled in July, 1918, would have required 43,803 instead of the 23,856 cars used.

The less-than-carload business is the true index to the record that is being made by a given railroad. Comparisons of corresponding months in different years will show whether the superintendent of freight transportation and his freight house men are going backward or forward. The figures herein given indicate that during July J. W. Roberts, superintendent of freight transportation of the lines west, and his men saved about 2,800 cars. That is to say, if the loading done by the men in the freight houses had been as generously loose as in July, 1917, 2,800 more cars would have been used for the same amount of freight.

The quantity of freight handled in less than carloads last month was smaller than in July of the preceding year or the corresponding month six years ago. That is what leads to the belief that the intensive loading campaign has led shippers to bring their business up to carload quantities, which, of course, is good for the railroad, provided the shipper loads above the minimum. There are some minima lower than the average of the L. C. L. loading done in July, although not many. Generally speaking, therefore, it is safe to say that if the shippers have taken to doing carload rather than less-than-carload business, the benefit to the railroad companies is great, because it relieves their freight houses and reduces the amount of work done in handling from one car to another. These figures were compiled by the superintendent of freight station service, Bessemer building, Pittsburgh. In extenso, as to last July and July, 1917, there are as follows:

Pennsylvania Lines West of Pittsburgh—July, 1918.
TOTAL NUMBER OF CARS USED IN FORWARDING L. C. L. FREIGHT IN JULY, 1918, AND IN JULY, 1917.

	July, 1918.	July, 1917.	Decrease, per cars. cent.
Pennsylvania Lines ..	23,856	33,471	9,615 28.72
Northwest System ...	10,202	15,350	5,148 33.53
Central System	2,158	2,901	743 25.61
Southwest System ...	11,496	15,220	3,724 24.46
*St. Louis System....	3,052	.....	.....

TOTAL WEIGHT IN POUNDS OF L. C. L. FREIGHT FORWARDED IN JULY, 1918, AND IN JULY, 1917.

	July, 1918.	July, 1917.	Decrease, per pounds. cent.
Pennsylvania Lines ..	475,224,895	596,994,250	121,769,355 20.39
Northwest System ...	201,460,717	279,106,449	77,645,732 27.81
Central System	39,720,503	44,942,233	5,221,730 11.61
Southwest System ...	234,043,675	272,945,568	38,901,893 14.26
*St. Louis System....	46,866,520	.....	.....

AVERAGE NUMBER OF POUNDS PER CAR OF L. C. L. FREIGHT FORWARDED IN JULY, 1918, AND IN JULY, 1917.

	July, 1918.	July, 1917.	Increase, per pounds. cent.
Pennsylvania Lines ..	19,920	17,836	2,084 11.68
Northwest System ...	19,747	18,182	1,565 8.60
Central System	18,406	15,491	2,915 18.81
Southwest System ...	20,358	17,933	2,425 13.52
*St. Louis System....	15,356	.....	.....

*St. Louis System not included in comparisons as no figures available for July, 1917.



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Decisions of Interstate Commerce Commission

HEATED CAR RULES

I. AND S. NO. 1155

(50 I. C. C., 620-625)

Submitted March 18, 1918.

Under their present tariff rules the respondents are liable for loss or damage due to frost, freezing, or overheating, not the direct result of actionable negligence of the shipper, when, at the request of the shipper, and for a charge in addition to the rate, the carriers furnish protection to perishable commodities against heat or cold. A proposed amendment intended to relieve the respondents of liability for loss or damage to protected shipments between points in the United States and points in the Dominion of Canada found to have been unlawful as to traffic from points in the United States to destinations in Canada. The determination of the propriety of the proposed new tariff rule applicable to shipments from points in Canada to destinations in the United States left with the Canadian commission.

BY THE COMMISSION:

Rules of certain carriers governing heated car service provide for the protection of perishable articles from loss on account of frost, freezing, or overheating, under two so-called options: (1) The shipper furnishes the service and assumes all responsibility for loss not the direct result of actionable negligence of the carrier; and (2) the carrier, at the request of the shipper, furnishes the service and is liable for loss, not the direct result of actionable negligence of the shipper. When the carrier furnishes the service certain charges are provided in addition to the transportation charges.

In supplement No. 10, filed to become effective October 29, 1917, of Counties, agent, tariff I. C. C. No. 1014, providing rates for heated car service between points in Oregon, Washington, Idaho and Montana and points in the Dominion of Canada, as well as numerous points in the United States, the respondents herein proposed to confine the application of their liability for loss due to freezing or from artificially overheating, not the direct result of the negligence of the shipper, to between points in the United States and to provide a new paragraph as follows:

(Applies only on freight destined to or shipped from points in Canada.) The Canadian carriers, on account of extremes in temperature, do not guarantee protection of carload shipments of perishable freight by the use of any artificial heat in transit or to and from points on tracks. Therefore, when artificial heat is furnished by carriers to such shipments on request of shipper or owner, it shall be solely at owner's risk of loss or damage by heat or cold not the direct result of the actionable negligence of the carriers. In such cases the charges for artificial heat furnished by carriers provided under option 2 will be collected.

On protests of the General Brokerage Company, Grand Forks, N. D., on behalf of certain wholesale fruit houses located in Manitoba, Saskatchewan, and Alberta, Dominion of Canada, and of the Dominion Brokers, Limited, of Calgary, Alberta, Dominion of Canada, the operation of the proposed amendment was suspended until August 28, 1918.

On October 31, 1917, the Board of Railway Commissioners for Canada, in the Matter of the Complaints of the General Brokerage Company et al., suspended similar

clauses in the issue for Canada of the same tariff, until further order of the board.

In its first supplemental order in this case, dated December 3, 1917, the Commission suspended the operation of similar amendments in Canadian Northern Railway Company's tariff I. C. C. No. W. 347, applying between Duluth, Minneapolis, St. Paul, and other points in Minnesota, points in Wisconsin; Missouri River crossings and points in the Dominion of Canada; Great Northern Railway Company's I. C. C. No. A-4452, applying between points in Indiana, Illinois, Iowa, Michigan, Minnesota, and other states in the United States and points in the Dominion of Canada, and supplement No. 13 to Minneapolis, St. Paul & Sault Ste. Marie Railway Company's I. C. C. No. 3857, applying between points in Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, South Dakota, and Wisconsin and points in the Dominion of Canada and the state of Washington, filed, to become effective December 5, 1917.

None of the respondents offered any evidence in justification of the proposed amendments to these tariffs. The only respondents represented in the proceeding either at the hearing or on brief are the Canadian Northern Railway Company, the Canadian Pacific Railway Company, and the Grand Trunk Pacific Railway Company. Their plea is that our jurisdiction does not obtain, and in support of that contention cite numerous decisions of this Commission. These decisions hold that traffic between the United States and an adjacent foreign country is within our jurisdiction to the extent of its movement within the United States. *Black Horse Tobacco Co. vs. I. C. R. Co.*, 17 I. C. C., 588 (The Traffic World, Mar. 12, 1910, p. 302); *Emery & Co. vs. B. & M. R. R.*, 38 I. C. C., 636 (The Traffic World, April 29, 1916, p. 885).

Upon this record, no evidence having been produced by respondents, nor justification made of the proposed rule in so far as it is applicable to transportation within the confines of the United States, to or from the Dominion of Canada-United States line, the examiner recommends that the Commission find the proposed amendments to have been not justified for application from points in the United States to the Canadian border or from the Canadian border to points within the United States specified in the tariffs the operation of which has been suspended in this proceeding.

HARLAN, Commissioner:

It appears from the foregoing statement of facts by the examiner who heard the testimony that under the existing tariffs of the respondents fruits and vegetables may move between interior Canadian points and interior points in the states of Oregon, Washington, Idaho, and Montana on joint through rates that offer shippers two alternatives. Under one alternative the shippers furnish their own protection against heat and cold, in which event they assume all responsibility for loss occasioned by those elements,

except such as may result directly from the actionable negligence of the carrier. Under the other alternative the carrier furnishes protection against heat and cold and assumes all responsibility for such loss not the direct result of the negligence of the shipper. Under the latter arrangement the carrier makes certain charges in addition to the transportation charges. At the request of the Canadian carriers our domestic lines filed tariffs proposing to cancel this second alternative and to put in its place a clause under which the carriers will continue to supply protection at the additional charge now in effect, but will accept no liability for any loss resulting from heat or cold. The item states that it is published on account of the extremes of temperature in Canada. It is this provision that is under suspension.

As they had filed the suspended tariffs only because so requested by their Canadian connections the American respondents did not appear at the hearing. The Canadian lines were represented, however, and after a general explanation of their unsatisfactory experience under the present tariffs, raised a question as to the jurisdiction of this Commission to require the continuance of a tariff provision that imposes upon them a liability that they are no longer willing to accept.

For some years joint through rates from Canadian points to interior domestic points have been regarded as being within the general control of the Canadian commission, while joint rates from domestic points to interior Canadian points are left under the general control of this Commission. The origin and scope of this understanding between the two commissions is explained in International Paper Co. vs. D. & H. Co., 33 I. C. C., 320 (The Traffic World, March 13, 1915, p. 541). It is also referred to in Rates on High Explosives to G. T. Ry. System Stations, 33 I. C. C., 567 (The Traffic World, May 1, 1915, p. 943), and was followed in Aetna Powder Co. vs. Wabash R. R. Co., 39 I. C. C., 199 (The Traffic World, May 27, 1916, p. 1094). It has proved to be an efficient working arrangement and will not be departed from by this Commission on light grounds, although we have felt it necessary to point out that our jurisdiction extends to the service of our domestic lines performed within the United States and to the charges therefor and that where circumstances seem to make such a course necessary we would require the domestic carrier to withdraw from participation in joint through rates to and from Canadian interior points and to establish a local or proportional rate to and from the border.

Whether by his recommendation that the Commission enter a finding that the rule under suspension has not been justified, in so far as it is applicable to transportation within the confines of the United States, the examiner intended to suggest that the American lines should withdraw from the existing joint through rates on fruits and vegetables moving to and from the Canadian points and that they should be required to publish local or proportional rates to and from the border is not altogether clear. But whether the traffic shall continue to move on joint through rates or upon local or proportional rates to and from the Canadian border, it would necessarily move as through traffic, and the examiner's proposal, if adopted, might result in a difference in the character of the liability of the Canadian and that of the American lines and might also involve the necessity, in order to fix the liability of the respective lines participating in the service, of opening the cars at the border to ascertain the condition of the traffic at that point. It is doubtful whether this would be practicable and whether such an arrangement would be satisfactory either to the carriers or to the shippers. Moreover, under certain weather conditions, the opening of the cars at the international line would not improbably result in damage to their contents.

Under all the circumstances disclosed of record, and in view of the fact that the so-called Cummins amendment to the act to regulate commerce does not relate to traffic moving from points in an adjacent foreign country to points in the United States, we are inclined to leave with the Canadian commission the determination of the propriety of the proposed new tariff rule respecting the liability of the carriers for damages resulting from heat or cold to fruits and vegetables moving from interior Canadian points to interior points in the United States under joint rates. Should the Canadian commission feel that the present rule in that particular involves hardships from

which the carriers should be relieved, the shippers of such traffic would be remitted to their remedies in the courts.

It is our understanding, however, that the bulk of the traffic affected by the proposed rule here under suspension moves from domestic points to interior Canadian points. Such traffic is affected by the Cummins amendment. Omitting parts that are not pertinent, that provision as it now appears in the act to regulate commerce, as amended, reads as follows:

That any common carrier * * * subject to the provisions of this act receiving property for transportation from * * * any point in the United States to a point in an adjacent foreign country shall issue a receipt or bill of lading therefor, and shall be liable to the lawful holder thereof for any loss, damage or injury to such property caused by it or by any common carrier * * * to which such property may be delivered or over whose line or lines such property may pass within the United States or within an adjacent foreign country when transported on a through bill of lading, and no contract, receipt, rule, regulation or other limitation of any character whatsoever, shall exempt such common carrier * * * from the liability hereby imposed; and any such common carrier * * * from any point in the United States to a point in an adjacent foreign country * * * shall be liable to the lawful holder of said receipt or bill of lading * * * whether such receipt or bill of lading has been issued or not, for the full actual loss, damage, or injury to such property caused by it or by any such common carrier, railroad or transportation company to which such property may be delivered or over whose line or lines such property may pass within the United States or within an adjacent foreign country when transported on a through bill of lading, notwithstanding any limitation of liability or limitation of the amount of recovery or representation or agreement as to value in any such receipt or bill of lading, or in any contract, rule, regulation, or in any tariff filed with the Interstate Commerce Commission; and any such limitation, without respect to the manner or form in which it is sought to be made is hereby declared to be unlawful and void.

While we have approved rates on fruits and vegetables offering shippers the two alternatives—(a) of furnishing their own protection against loss or damage by heat or cold with an assumption by them of all responsibility not the result of the negligence of the carrier, or (b) requiring the carrier, for an additional charge, to furnish protection and assume the liability for loss or damage resulting from heat or cold when not the result of the negligence of the shipper—Protection of Potato Shipments in Winter, 29 I. C. C., 504 (The Traffic World, March 14, 1914, p. 504)—and see no occasion for holding such adjustments to be illegal, the rule under suspension, while retaining for the carrier the present extra charge for the heating service on traffic moving from domestic points to interior Canadian points, proposes to relieve the carrier from all liability, although the extra charge is intended to compensate it for the element of risk involved. Such a rule we regard as hostile to the provision in the law just quoted.

It follows from what has been said that the tariff rule under suspension must be canceled, permanently, so far as it affects the traffic in question to interior Canadian points, and until the matter shall have had consideration by the Canadian commission, so far as it may affect such traffic from Canadian points to interior domestic points. As the control and operation of the lines of the respondents have been taken over by the Director-General of Railroads since the record in this investigation was closed and submitted, an order giving effect to the findings herein seems unnecessary, it being assumed that the matter will have timely attention by the Director-General in conformity herewith.

POSTPONE CLASS RATES

New England interests, by means of violent protests, have persuaded the Administration to indefinitely postpone the publication of class increases from New England to trunk line which Boston shippers believe would shut them out of business west of the Hudson River. One increase will show the character of the proposal. Under the proposed class scale, the rate from Boston to New-ark, N. J., Philadelphia and Philadelphia rate points would go up from 42.5 cents on June 24 to 72 cents first class under 28. The increase would be to only 53 cents, but the New Haven claims that to enable it to obtain the full benefit of the Anderson report and clear fourth section, it must make that big jump of 19 cents over the maximum of 28.

PRIVATE CAR DECISION

The Traffic World Washington Bureau.

In No. 4906, known as the private car case, the opinion being by Commissioner McChord, it is stated that it is to the interest of everybody that transportation in privately owned cars should be continued under rules that will assure efficient handling without discrimination against any shipper or particular description of traffic. Its hardest order against any present practice is that owners of cars shall not be allowed to re-ice in transit either their own or cars of their competitors. It says carriers should provide in their tariffs that private cars standing on the tracks of their owners should not be subject to demurrage, thereby reversing the rule in the Proctor & Gamble case. M. C. B. rules, the decision says, should not be put into tariffs. Other recommendations are that shippers should be permitted to obtain cars from sources independent of carriers; no charge should be made in addition to the rate for furnishing refrigerator tank or other special type car unless rates are predicated on use of less expensive type of equipment; that mileage should be computed both loaded and empty without deductions for movements in switching districts; that allowance of three-fourths of a cent should be increased to one cent on live poultry palace stock and heater cars, but not on stock, coal, coke, rack, flat, box or pocket cars, although privately owned, because they are ordinary types such as railroads provide; that tariffs should provide for return to owner unless otherwise ordered; that where carriers furnish tank cars they shall prescribe rules for their fair distribution. The order requires increased allowance to be paid and abolition on demurrage charges on private cars on owners' tracks on or before October 15.

TENTATIVE REPORT ON MILLING IN TRANSIT

In a tentative report on No. 7803, Royal Milling Co. vs. Great Northern, with which No. 7894 was tried, Examiner Graham recommends a re-affirmance on rehearing, a finding that the maintenance of a transit charge of two cents on wheat milled at Great Falls, Mont., while no such charge is exacted at the terminal milling points like Minneapolis and St. Paul on the east and Seattle and Tacoma on the west, results in undue prejudice against the complainant.

This matter has been in the final disposition stage for more than two years. In July, 1916, in 41 I. C. C., 263, the Commission reported that neither the transit charge nor the rate and charge combined was unreasonable. Another report was made in 47 I. C. C., 263, in November, 1917, and the tentative report is on rehearing on that.

In the 1917 report the Commission said that the two-cent charge amounted to an undue prejudice against the Great Falls complainant and directed the defendant to remove it by one of three suggested methods. Instead it asked for another trial. It was granted, with the result that Examiner Graham recommends as before set forth.

The Great Northern is not responsible for the situation at the twin cities, but the Commission is of the opinion that it can adjust the transit charge at Great Falls in such a way as to put the complainant more nearly on a footing of equality with its competitors at the terminal mills. It objected to a suggestion that it make arrangements at the twin cities for placing the mills on equality,

because such an arrangement involved carriers not parties to the complaint.

The Commission, however, reiterated its expectation that the Great Northern will make arrangements for the removal of the prejudicial situation.

TENTATIVE REPORT ON POTATO RATES

The Traffic World Washington Bureau.

In a tentative report on No. 10081, Rice Potato Company vs. Baltimore & Ohio et al., Examiner Graham recommends that the Commission report that the through rates on potatoes from Rice, Minn., to destinations in Iowa, Missouri and Illinois were unlawful because in excess of the aggregate of intermediates and that to the points in those states and Central Freight Association territory where there are no through rates, they were unduly discriminatory in favor of potatoes from the Princeton group in Minnesota, because more than two cents higher than from the Princeton group.

The report also recommends an order of reparation and a denial of fourth section relief in favor of the through rates in excess of the combinations.

PRIORITY AGENTS UNNECESSARY

The War Industries Board authorizes the following:

Edwin B. Parker, priorities commissioner of the War Industries Board, has issued a letter pointing out to manufacturers and the public generally the uselessness and inadvisability of employing agents to obtain priority certificates or preference treatment from the board. The letter follows:

"To the Public:

"The attention of the Priorities Division of the War Industries Board has been called to the fact that certain individuals are offering their services and soliciting employment to present priority applications and procure the issuance of priority certificates, and also to use their alleged influence in having industries accorded preferential treatment.

"The rules and regulations of the Priorities Division are clear, simple, can be readily followed and will be furnished to anyone applying therefor. The employment of agents not only burdens the applicant for priority with a wholly unnecessary expense, but an attempt on the part of such agents to exert personal influence—which it is needless to say they do not possess—may have a tendency to prejudice the applicant's cause."

FEDERAL MANAGER FOR PULLMAN

The Traffic World Washington Bureau.

Christening the operating department of the Pullman Company the Pullman Lines, so as to distinguish it from the manufacturing department of that company, McAdoo to-day appointed L. S. Taylor, comptroller of that company, to be federal manager of the car line part of that company, which has been taken over by the government. He is to separate himself from the Pullman corporation and become the government's agent in the management of that property.

The terms on which the company is to be dismembered have not been settled, but the Pullman company has not objected to the steps the government has taken.

RELATIONSHIP OF MARKETS

The Traffic World Washington Bureau

With a view to placing all primary and terminal grain markets on an equality so far as rates are concerned, Director-General McAtee has instructed the Western Traffic Committee to take up the subject of the relationship of markets at a meeting in Chicago August 16. The committee will work on the principle that markets are entitled to such recognition as will enable them to use their marketing machinery and facilities to expedite the movement of grain crops. Nearly every market now has a complaint that one or more of its competitors has an unfair advantage. At this meeting inequalities of all kinds will be noted out, whether caused by Order No. 26 or otherwise.

Minneapolis, the keenest complainant against the No. 16 adjustment, will have raised before August 16, probably by the installation of a proportional rate of 95 cents to Chicago instead of the local rate three cents higher. Publication of such a rate constitutes similar action respecting Duluth. Otherwise Minneapolis elevators are likely to remain unused to a large extent, while eastern and country elevators will be crowded.

Strong representations in behalf of a rate adjustment that will permit the country to have the full benefit of the 15,000,000 bushels storage capacity of the grain elevators at Minneapolis and of the largest collection of floating mills in the world was made to Director Chambers August 14 and 15 by John R. Mitchell, member of the Federal Reserve Bank board for the district in which Minneapolis is situated, and John C. McHugh, secretary of the Minneapolis Chamber of Commerce. They asked either that through rates be made from the grain fields of the northwest to Chicago and other lake ports, or proportional be established from Minneapolis that will make it possible for the grain to be hauled to Minneapolis and placed in the elevators there. If through rates are established, then Minneapolis can handle the grain under transit rates.

Under the adjustment now Minneapolis merchants must pay full freight in and out. As a consequence grain goes to Chicago, Duluth or the already congested elevators of the east. The eastern elevators cannot take the grain as fast as the country elevators receive it. The result is congestion at both country and Atlantic seaboard elevators, which will be made worse as the harvesting nears an end.

Mr. Mitchell and McHugh contended that it would be to the interest of the whole country to have the grain cars of the northwest sent to the nearest terminal markets, there unloaded and sent back in the shortest possible time to the grain fields. As the rates are now adjusted the cars go through to Chicago and the eastern markets on the through rates to those points and the elevators in Minneapolis have not the privilege of being wharfing stations. They told Mr. Chambers they were not asking that Minneapolis receive any advantage, but merely that rates be made so that the country will have the full benefit of the grain handling machinery built up at Minneapolis, while it was to the selfish interest of the Great Northern and Northern Pacific to haul grain to that city. He said that when they bought the Burlington, their interest was to haul to Chicago and when the Soo Line bought the Wisconsin Central its interest was to haul to Duluth. They said that while Chicago and Duluth are on the Great Lakes, the bodies of water do not belong to them. They made the further point that there is not now any reason why any railroad should undertake to preserve to

itself the long haul, because the earnings of each company are guaranteed by the government.

DIRECTOR-GENERAL EXPLAINS

The Traffic World Washington Bureau

The Director-General has just issued the following statement to the public:

Complaints have reached me from time to time of overcrowded trains and unsatisfactory conditions prevailing in some sections of the country in passenger train service. I feel certain that there are grounds for some of these complaints, but I am sure the public will be interested to know that the reasons are twofold:

First, the great number of troops now being handled over the various railroads between the homes and the cantonments between the different cantonments and then to the seaboard, is making extraordinary demands upon the passenger car and sleeping car equipment of the country. This has caused a scarcity of day coaches and sleeping cars which it is impossible to remedy immediately.

Secondly, the increased demands upon track and terminal facilities for the transportation of the tremendous amounts of coal, food supplies, raw materials and other things required for military and naval operations, as well as for the support of the civil population of the country, force the largest possible curtailment of passenger train service. The movements of troops and war materials are, of course, of paramount importance and must be given at all times the right of way.

It was hoped that the increase in passenger rates recently made would have the wholesome effect of reducing unnecessary passenger traffic throughout the country. The smaller the number of passengers who travel, the greater the number of locomotives and cars and the larger the amount of track and terminal facilities that will be freed for essential troop and war material movements. Engineers, firemen and other skilled laborers will also be released for service on troop and necessary freight trains.

Among the many patriotic duties of the American public at this time is the duty to refrain from traveling unnecessarily. Every man, woman and child who can avoid using passenger trains at this time should do so. I earnestly hope that they will do so. Not only will they liberate essential transportation facilities which are necessary for war purposes, but they will save money which they can invest in Liberty Bonds and thereby help themselves as well as their country; and the fewer who travel, the more ample the passenger train service will be.

I may add that consistently with the paramount demands of the war, every possible effort is being made by the Railroad Administration to supply the largest possible amount of comfortable and prompt passenger train service.

COAL TRANSPORTATION

Attaching two newspaper editorials, R. H. Aishton, regional director, writes to northwestern railroads as follows:

I beg to call your attention to the attached newspaper clipping from the Chicago Herald-Examiner of August 12, 1918, urging, on behalf of the President, that coal miners get out every pound of coal possible.

This applies with equal force to the railroad end of it, and I wish that you would please impress on all subordinate officers the absolute necessity of seeing that the greatest maximum utility is gotten out of coal cars, and that extraordinary efforts are put forth in order to keep the mines in full operation so far as the supply of equipment is concerned.

The public importance of this is emphasized by the editorial from the Chicago Tribune of today, also attached. If there is any failure in commercial fuel supply, please see that such failure cannot possibly be charged in any degree to your railroad or any of its officers or employees for any neglect to provide adequate transportation service for fuel and fuel cars.

To insure full car supply at coal mines, it is imperative that:

1. Loaded cars must not be delayed in transit or at destination;

2. Coal empties must be moved daily.
3. It is suggested the practice of certain lines operating mine empty sweep-up trains daily might be partially adopted, thereby insuring regular and current movement of empties to mines.
4. Arrangements to train less and give preferential service, if necessary, to insure current movement to mines.
5. Improve transportation department facilities there must be no slowing up in movement of coal or mine empties regardless of increased traffic occasioned by usual heavy fall business and grain movement.

MORE CARS FOR COAL

Manager Kendall, of the Car Service Section, in his Supplement No. 1 to Circular CS-13, has issued the following order, looking to an increase in the supply of cars for hauling coal:

In accordance with the understanding expressed in Car Service Section Circular CS-13, and to avoid decline in coal hauling, carriers will immediately amend their practices regarding car supply for stone, sand and gravel so as to increase cars available for coal hauling as promptly and as extensively as possible. Necessary curtailment of open top car supply for stone, sand and gravel must be effected so as to avoid effect the movement of raw materials for blast furnace and foundry operations.

National producing railroads will be expected hereunder to make promptly return empty open top cars to their coal producing customers.

SAILING DAY PLANS

The Traffic World Washington Bureau.

As part of the sailing day scheme, a suggestion has been made that L. C. L. shipments from a given city to a particular region of destinations be confined to a specified railroad. For instance, a concrete suggestion under consideration by the sailing day committee that has Philadelphia within its jurisdiction is that L. C. L. shipments for the northwest, that is, beyond Chicago, be carried via the Philadelphia & Reading and its connections.

An inkling of what is under consideration has reached those who are interested in such shipments to that territory of destination and it has aroused the opposition of those whose shipping points are situated on other railroads and who have been using either trap cars or hauling to freight stations nearer than those of the Philadelphia & Reading. Under the ferry car rules, of course, such cars are furnished only when the carrier owning the car is to have the road back. That rule, unless modified, would require those whose warehouses are in the Pennsylvania, to either give up the business to the destination territory or make arrangements to haul to the Philadelphia & Reading loading points.

Owing to the fact that so many things have been proposed since the government took over the railroads that had been disapproved by the Commission, some of those who helped defeat the same made by the railroads to either eliminate trap or ferry car service or make it extremely expensive are inclined to the belief that some of their former railroad friends who are now government employees are trying to "put over" something that will have the effect of depriving the shippers during the period of federal control of the benefits of trap and ferry car service, notwithstanding as the shippers believe, they convinced the Commission that such service results in a saving of equipment and of expense to the shipper. It is assumed that the discussion has been made to at least the chairman of all the committees appointed to consider the elimination of the sailing day idea. The chairman, according to Manager Kendall of the Car Service Section, are:

Eastern—C. H. Kenham, inspector of transportation on the staff of the regional director.

Allegheny—J. R. Keary, assistant to the vice-president of the B. & O.

Pennsylvania—J. A. Talbot, superintendent of car service on the N. & W.

Southern—R. A. De Pina, formerly general freight agent of the L. & N. at Montgomery.

Northwestern—T. C. Foster, formerly assistant general freight agent of the Chicago, Milwaukee & St. Paul.

Central Western—George Morton, assistant general freight agent of the C. B. & Q. at Chicago.

Southwestern—F. M. Looose, assistant general manager of the Southern Pacific, Louisiana Lines.

OBSERVANCE OF EMBARGOES

R. H. Ashton, regional director, writes to northwestern railroads as follows:

The Clearing House Committee in Chicago, handling embargoed cars, disposed of 215 cars during the week ending July 25, all of which were loaded in violation of embargoes.

The failure to observe embargo instructions was one of the causes of the serious accumulation during the past winter, and it is extremely important that such instructions are heeded by each line as will positively insure that cars are not loaded in violation of existing embargoes.

If any difficulty is experienced in disposing of cars that are loaded, but not delivered to your connections subsequent to the issuance of the embargo, please call it to the attention of this office.

YARD OPERATIONS

R. H. Ashton, regional director, has issued the following to northwestern railroads:

Complaints from shippers respecting delays to cars indicate necessity for careful consideration of the following:

1. That the operation of yards be so arranged as to provide as nearly as possible continuous movement of traffic.

2. Where for any reason continuous movement is impossible, cars should be moved in the order of arrival.

3. Most accumulating complaints arise from delay to individual cars for which no reasonable or satisfactory explanation can be offered. This is particularly true at a season of the year when yards are free from congestion.

4. It is the duty of operating organizations to know that the work is so arranged in all yards as to avoid unusual delays. Reports made by inspectors show that on many lines there has not been provided a system that focuses unfailing attention to all loaded cars; that for any reason fall out of the regular current of movement, including no bills, cars improperly billed, cars held for disposition or reclassification, company material, and cars in bad order, including the repair of loaded cars is prohibited.

5. A careful study should be made of the organization and facilities at all important yards and terminals to insure a proper and efficient method:

- (a) as to proper organization of force,
- (b) assignment of individual responsibility of duties,
- (c) supervision of office and yard operations,
- (d) working facilities of yards and power,
- (e) yard office facilities.

6. It is suggested that with the curtailed activities of traffic department some of the various employees, formerly acting as traveling agents, might, with profit be put in charge of yard office organizations at some of the larger terminals or assigned to special duties in connection therewith.

7. With efficiently organized force should follow a very careful study to determine a possibility of further extension of so-called trackage movement to avoid extending expense. This plan is now in effect from the larger terminals to the seaboard, and the average miles per car per day made by these solar trains (hauling full tonnage) is the best indication of the importance of extending this

practice wherever possible. Where there is not sufficient tonnage available, loads for common points should be assembled together to facilitate train lot consolidations at other points.

8. Delays in yards and congestions are frequently caused by failure of agents to observe embargoes. No valid excuse exists for this if clear instructions are in the hands of every agent as to embargoes in effect. Prompt report should be made to this office of any accumulation of cars occasioned by loading prior to issuance of embargoes with details as to car numbers and full billing reference.

The larger part of the transportation troubles of the railroads arises from improper conditions in the terminals, and if you will provide a proper organization and direct them on the lines outlined above, with such further directions as your experience no doubt will dictate, it will bring surprising results.

May I not ask that all officers responsible for terminal and yard operation on your line be especially directed and instructed to give these matters their very closest attention and may I further ask that you have experienced men especially detailed to check up the operation of these yards to the end that the Railroad Administration may get the most efficient operation possible out of their operation, and that you advise me of action you have taken.

ASKS PENSION SYSTEM DATA

In P. S. & A. Circular No. 22 Director Prouty ordered the chief accounting officers of all carriers under Federal control to at once prepare and forward to him, not later than September 15, a statement giving a concise and brief outline of the pension system or plan, if any, in effect December 31, 1917. If no regular system or plan was in effect and payments were made in the nature of pensions, outline the method of calculating such payments and the method of selection of the pensioners. In addition to the foregoing, fully answer the following questions:

1. Was the system or plan continued after December 31, 1917, and is it in effect at the present time? If discontinued after December 31, 1917, advise when and why discontinued.

2. Are the payments to pensioners being made on account of the Director-General and treated as part of operating expenses?

3. Has the rate of payment for pensions been increased or decreased since December 31, 1917? If so, give particulars and authority therefor.

4. State the total amount of increases or decreases caused by changes in rates of pensions paid from January 1 to June 30, 1918.

5. Does the corporation or do the employees contribute to the pension fund, or to the payments that were made to pensioners subsequent to December 31? If so, to what extent and how were these contributions made and accounted for?

6. State the number of retired employees (not including officers) that were being paid pensions in the month of December, 1917.

7. State for each month separately for the period January 1 to June 30, 1918, the number of employees (not including officers) that were paid pensions and the aggregate monthly amount paid, and the amount thereof that was charged to operating expenses.

8. State the number of retired officers that were paid pensions in the month of December, 1917, and the aggregate amount of pensions paid.

9. State for each month separately for the period January 1 to June 30, 1918, the number of retired officers that were paid pensions and the aggregate monthly amount paid, and the amount thereof that was charged to operating expenses.

10. Submit a list of the names and designations of retired officers to whom pensions have been paid during the period from January 1 to June 30, 1918, and state the monthly amount of salary paid at the date of retirement and the monthly rate of the pension paid at June 30, 1918.

11. State for the month of December and separately for the months January to June, 1918, inclusive, the number of employes and officers, not included in any of the foregoing answers, that are carried on the regular payrolls, who perform little or no service or a different service than when regularly employed; and who receive full or partial rates of compensation formerly paid, but who, because of the absence of a pension plan, or because of the belief that pension plans might be discontinued, are not carried on the pension rolls.

12. State in reference to Question 11 separately, for each month, the total amounts paid, and show the accounts charged therewith and the amount distributed to each account, showing, in addition, the name of each person so appearing on the payroll for the month of June, 1918, and the amount payable to such person for that month.

13. What portion, if any, of the amount charged to operating expenses for pensions paid during the period January 1 to June 30 is chargeable to the corporation?

URGES COURTESY

The Traffic World Washington Bureau.

Director-General McAdoo, in General Order No. 40, asks, in the following language, courtesy toward the public by all railway employees:

Complaints have reached me from time to time that employes are not treating the public with as much consideration and courtesy under government control of the railroads as under private control. I do not know how much courtesy was accorded the public under private control, and I have no basis, therefore, for accurate comparison. I hope, however, that the reports of discourtesy under government administration of the railroads are incorrect, or that they are at least confined to a relatively few cases. Whatever may be the merits of these complaints, they draw attention to a question which is of the utmost importance in the management of the railroads.

For many years it was popularly believed that "the public be damned" policy was the policy of the railroads under private control. Such a policy is indefensible either under private control or government control. It would be particularly indefensible under public control when railroad employes are the direct servants of the public. "The public be damned" policy will in no circumstances be tolerated on the railroads under government control. Every employe of the railroad should take pride in serving the public courteously and efficiently. Courtesy costs nothing and when it is dispensed it makes friends of the public and adds to the self-respect of the employe.

My attention has also been called to the fact that employes have sometimes offered as an excuse for their own shortcomings, or as a justification for delayed trains or other difficulties, the statement that "Uncle Sam is running the railroads now," or "These are McAdoo's orders," etc. Nothing could be more reprehensible than statements of this character, and nothing could be more hurtful to the success of the Railroad Administration or to the welfare of railroad employes themselves. No doubt, those who have made them have done so thoughtlessly in most

instances, but the harm is just as great if a thing of this sort is done thoughtlessly as if it is done deliberately.

There are many people who for partisan or selfish purposes wish government operation of the railroads to be a failure. Every employe who is discourteous to the public or makes excuses or statements of the kind I have described is helping these partisan or selfish interests to discredit government control of railroads.

Recently the wages of railroad employes were largely increased, involving an addition to railroad operating expenses of more than \$475,000,000 per annum. In order to meet this increase, the public has been called upon to pay largely increased passenger and freight rates. The people have accepted this new burden cheerfully and patriotically. The least that every employe can do in return is to serve the public courteously, faithfully and efficiently.

A great responsibility and duty rest upon the railroad employes of the United States. Upon their loyalty, efficiency and patriotism depends in large part America's success and the overthrow of the Kaiser and all that he represents. Let us not fail to measure up to our duty, and to the just demand of the public that railroad service shall not only be efficient, but that it shall always be courteously administered.

SAILING DAYS IN SOUTHWEST

Regional Director Bush, in his circular, No. 71, announces that a committee to develop concentration of merchandise loading and sailing day plan, with headquarters at Houston, Tex., has been appointed, with membership as follows: F. M. Lucore, assistant general manager, S. P. Lines, Houston, Tex.; T. P. Adams, local freight agent, Mo. Pac., St. Louis, Mo.; J. H. Duggrell, superintendent transportation, Frisco, Springfield, Mo.; O. C. Smith, superintendent car system, M., K. & T., Parsons, Kan.; E. J. Lambert, superintendent Trans-Miss. Terminal, New Orleans, La.

This committee is authorized to call upon railroads in the southwestern region for such information and reports concerning L. C. L. traffic as may be required, and all concerned should be instructed to co-operate fully with the committee to the end that the best results may be obtained.

LAND GRANT RATES

Regional Director Markham, in his Circular No. 91, makes the following statement to the government-controlled lines in the Allegheny region:

It has been agreed between the United States Railroad Administration and the War Department that third-class freight rates, subject to land grant deductions, will be applied to shipments of military impedimenta, described as follows:

Military Impedimenta:

Camp equipment, subsistence, stores, medical stores, emergency ammunition and other property of the U. S. Army, Navy or Marine Corps, other than live stock, generally known as impedimenta, accompanying troops, loaded in miscellaneous quantities in mixed carloads, and covered by government bills of lading (without requiring listing of specific packing, but simply described as military impedimenta), maximum weight 24,000 pounds.

Does not include personal baggage or other property of officers or men. Such baggage or property will be handled only under terms and conditions of current passenger and freight tariffs.

Please arrange to render bills on this basis.

WAR TAX ON FEEDING IN TRANSIT AND YARDAGE

Regional Director Bush, in Order No. 40, makes the following ruling as to the application of war tax on bills covering feeding in transit and yardage of live stock at destination: Some controversy arose as to the application of war tax on bills covering feeding in transit and yardage of live stock at destination, and the matter was referred to the Internal Revenue Bureau, Treasury Department, for final determination. The queries submitted to the Treasury Department, together with the finding on each, are as follows:

1. Should the tax be paid by the owner on live stock stopped for feed, water and rest as required by the Twenty-eight Hour Law (34 Stat. 607) on feed bills which accrue?

(a) When the railroad admits its liability for the extra feed and willingly assumes the cost thereof.

Finding: If the amount of the feed bill is collected by the carrier from the consignee or consignor, it is a charge incurred in connection with transportation and is taxable, unless such charge is absorbed in the through rate collected by the carrier.

(b) When the feeding service is performed by other than railroad employes and the charge therefor not covered by any tariff publication.

Finding: If the feeding service is performed on behalf of the carrier and the charge therefor is collected by the carrier or by another on behalf of the carrier from the consignor or consignee, the charge is incidental to the transportation of the property, and it is taxable, unless such charge is absorbed in the through rate collected by the carrier.

(c) When the feeding service is performed by railroad employes but not covered by any tariff publication.

Finding: Same answer as No. 1 (b).

(d) When the owner pays for the feeding service direct to those performing the service and the charge does not follow as advances on the waybill nor does the carrier have record of same.

Finding: If the charge for this feeding service is not included in the total amount collected by the carrier for the transportation of the property, it is not taxable.

(e) When the feeding service is performed by the carriers' employes after delivery has been made to consignee and the transportation has entirely ceased, e. g., shipments to the East Buffalo Stock Yards of the New York Central are delivered to consignee who is dependent upon the New York Central Stock Yard employes to feed the stock while awaiting sale.

Finding: If the transportation has been actually completed by delivery of the property to the consignee and the cancellation of the bill of lading, the tax would not apply to charges for feeding services rendered subsequently thereto, even though the stock yards where such feeding services are performed is owned and operated by the carrier who transported the live stock.

2. Should the tax be paid by the owner of live stock on feeding charges on animals such as sheep or cattle which is stopped off at an intermediate feeding or finishing station for a long period of time under tariffs permitting this privilege when certain rules are complied with?

(a) When the carrier completely surrenders possession of the stock to the owner or his agent and disclaims all liability until their return into transportation. The feeding or fattening to be done by persons in no way connected with the railroad company. (See C. B. & Q. R. R. Tariff, I. C. C. No. 11405 for examples.)

Finding: Same answer as No. 1 (e).

(b) When the carrier operates the feeding yard, such as the Chicago, Burlington & Quincy Railroad yard at Montgomery, Ill., and makes a charge for the use of their pastures and feed lots which are embodied in tariffs such as C. B. & Q. Tariff, I. C. C. No. 11941, this tariff including charges for grazing and shearing in addition to feeding.

Finding: If the grazing, shearing and feeding services are rendered by the carrier in connection with the transportation of the live stock, the charges for such services are taxable.

3. Should the tax be paid by the owner of live stock on

yardage charges, i. e., payment of certain amounts per 100 pounds, or per animal yarded after delivery to the consignee at stock yards owned or operated by railroads?

(a) When such yardage is not published in any tariff.

(b) When it is published in a tariff.
Finding: Same answer as No. 1 (e).

In collecting freight charges and taxes at various feeding and yarding points, you should be governed by the ruling of the Treasury Department.

CHICAGO RECONSIGNMENT BUREAU

Establishment of a reconsignment and diversion bureau and passing report office for fruits and vegetables from the west to the east has been sent out by George H. Ingalls, resident traffic manager in Chicago. In his announcement Mr. Ingalls said:

A Reconsigning and Diversion Bureau, in charge of J. B. Crawford, Room 1402, No. 58 East Washington street, Chicago, Ill., has been established for the purpose of providing facilities for the transmission of information to shippers and receivers and, ultimately, for the handling of reconsignments and diversions of fruits and vegetables moving from the west to eastern destinations.

Agencies of the Bureau will be established at Buffalo, Boston, Cleveland, Cincinnati, Detroit, Indianapolis, Pittsburgh and New York.

Telegraphic passing reports of cars destined to the following points will be communicated to shippers and receivers as outlined below:

Destination	Passing at	Shipments Routed
Detroit, Mich.....	Chicago	All lines
Buffalo, N. Y.....	Chicago	All lines
Cleveland, O.....	Chicago	All lines
Cincinnati, O.....	Chicago	All lines
Indianapolis, Ind....	Chicago	All lines
Pittsburgh, Pa.....	Chicago	All lines
Boston, Mass.....	Chicago-Buffalo	Via Buffalo
Boston, Mass.....	Chicago-Hornell	Erie-D. & H.-B. & M.
New York	Chicago-Hornell	Erie R. R.

Reports will be transmitted to other points as conditions warrant.

Consolidated mail reports, showing departure of all cars from Chicago, will be sent agents of the Bureau at the above points in order to provide record on cars diverted after departure from Chicago.

The Bureau, for the present, will confine this service for the transmission of information on cars moving east-bound through Chicago. The handling of diversions or reconsignments will be taken over in the near future, as soon as arrangements can be perfected.

SHIP NOW

A "Ship Early" campaign is being waged up and down the Atlantic Coast by agents of the Railroad Administration, who hope thereby to avert winter congestion and lessen the demands that will be made upon the railroads during the season of heavy shipments. How the public may assist in the campaign is pointed out by traffic officers:

(1) Industries should store during the present summer months sufficient material to meet their needs for the coming winter.

(2) Wholesale concerns and distributors should persuade customers to take immediate delivery of goods.

(3) Encourage the use wherever possible of additional storage space for factory products nearest the point of ultimate consumption.

(4) Fuel oil consumers should stock up for their own protection.

(5) Hold question of early movement and storage of lumber for commercial purposes in abeyance for present.

(6) Comply with Fuel Administration's suggestions as to storage of coal.

Traffic representatives are already making a careful canvass of all industries, wholesale houses, jobbers, retailers and other receivers and shippers of freight located on their lines, with a view to securing their co-operation.

EXTENDS PORT COMMITTEE AUTHORITY

Regional Director Markham in Circular No. 17 says:

"The jurisdiction of the Freight Traffic Committee, North Atlantic Ports, is extended to cover consignments in carloads of domestic lumber and forest products, and scrap iron, as itemized below, to all points in the Allegheny region.

"Beginning August 12, 1918, when embargoes are in force affecting domestic lumber and forest products and scrap iron, viz.:

Lumber and Forest Products.

Billets,	Hoops,	Poles,
Blocks,	Lath,	Shingles,
Bolts,	Logs,	Shooks,
Edgings,	Lumber,	Staves.
Headings,	Piles,	
	Scrap Iron.	
Borings,	Old iron,	Salamander,
Mill scale,	Old steel,	Scrap iron,
Mill scull,	Roll scale,	Turnings.

such shipments, unless specified in the following list of exemptions, must not be forwarded to points in the Allegheny region, except on shipping permits issued by one of the following authorities: Freight Traffic Committee, North Atlantic Ports; New York Domestic Division; Philadelphia Domestic Division; Baltimore Domestic Division; Committee of Freight Traffic Control, Washington, D. C.

"Permits will be issued by each of the above authorities only for shipments consigned to the territory now under its jurisdiction, except that the Philadelphia Domestic Division will issue permits to any points in the Allegheny region not under the jurisdiction of any of the other authorities mentioned above.

"The following is the list of exemptions—Lumber and forest products, as itemized above; when consigned to: The United States Government, including Army, Navy, Naval Stations, Shipping Board and Emergency Fleet Corporation.* To officers of railroad companies, for railroad use.

"The consignee (not the shipper) will make application for permit to the railroad agent in charge of the delivery desired, who will forward the application to the committee having jurisdiction over the delivery point, as per paragraph 2 hereof. If operating and terminal conditions warrant, permit will be issued and sent to the consignee (copy to delivering carrier) through the same channel as presented.

"Consignee will send the permit to the shipper, which permit must be surrendered by the shipper to the initial road's agent, with the bill of lading and shipping order.

"Permits will bear serial numbers, prefixed with the initials F. T. C., as follows, when issued by New York Domestic Division, F. T. C.; Philadelphia Domestic Division, F. T. C.; Baltimore Domestic Division, F. T. C.; Philadelphia; Committee of Freight Traffic Control, Washington, D. C.; F. T. C., Washington, and waybilling agents must indorse on card and revenue billing, reference to these authorities as the case may be. Otherwise the cars will be rejected at junction points.

"Permits will not be issued for the reconsignment of lumber and forest products or scrap iron into embargoed territory.

"The initial roads must not accept freight in excess of

*Including shipping permits issued by the Car Service Section (C. S. S.) and transportation orders issued by the Director of Inland Transportation (Chief, Inland Traffic Service) War Department, Order No. 2, February 18, 1918.

quantity covered by permits, and shipments must not be accepted after expiration of permit time limit, nor for any other than the delivery specified in the permit."

JULY ANTHRACITE SHIPMENTS

Transportation of anthracite coal during July exceeded that for June of this year and also the record of July, 1917, according to reports made to A. H. Smith, regional director of railroads, eastern territory.

The record for last month, was 7,084,775 gross tons, against 6,867,669 tons in June and 6,724,252 tons in July of last year. The July shipments were the largest ever made in that month, and have been exceeded only twice—in March of this year, when they amounted to 7,276,777 tons, and in October, 1917, when they were 7,110,950 tons.

The total shipments for the first four months of the present coal year (April to July, inclusive) have amounted to 27,208,073 tons, against 26,283,113 tons for the same period of 1917, an increase of 924,960 tons.

The July returns show a substantial increase in the output of domestic sizes, which in the earlier months of the year had shown a relative decline. The shipments of domestic sizes, including pea coal, in July were 4,634,651 tons, an increase of 135,675 tons over the preceding month. In fact, more than 60 per cent of the total increase was in the domestic sizes of coal.

The figures by railroads are as follows:

	July, 1918.	July, 1917.	Coal year, 1918.	Coal year, 1917.
P. & E. Ry.	1,026,924	1,259,716	5,359,093	4,948,391
N. Y. P. & E. Ry.	1,811,781	1,254,647	5,176,042	4,866,238
C. & E. Ry.	611,547	603,704	2,359,412	2,379,374
D. & L. & W. R. R.	1,034,561	1,052,944	4,095,630	4,122,123
D. & H. Ry.	820,520	757,695	3,191,764	2,990,805
P. & E. Ry.	594,909	510,941	1,922,121	1,942,344
N. Y. P. & E. Ry.	824,242	767,346	3,067,121	3,026,806
N. Y. O. & W. R. R.	167,656	148,915	717,326	675,445
L. & N. E. R. R.	341,254	340,445	1,315,574	1,385,587
	7,084,775	6,724,252	27,208,073	26,283,113

COAL LOADING SUMMARY

A report was made to Director-General McAdoo Aug. 17 by the Car Service Section of the Railroad Administration on the quantity of coal of all kinds loaded by roads for the week ended August 3rd, 1918, as compared with the same period of 1917. A summary of the report follows:

	1918.	1917.
Total cars bituminous.....	217,117	185,787
Total cars anthracite.....	29,632	39,757
Total cars lignite.....	3,623	2,843
Grand total cars, all coal.....	250,372	228,387

A summary of reports for the week ended August 10th, 1918, based on actual reports from most roads, but with the results on some roads estimated, follows:

	1918.	1917.
Total cars bituminous.....	212,482	182,541
Total cars anthracite.....	37,176	41,325
Total cars lignite.....	3,661	2,802
Grand total cars, all coal.....	253,319	225,668

A summary of the decreases and increases in coal loaded since January 1, 1918, up to and including the week ending August 19, 1918, as compared with the same periods of 1917, follows:

Month.	De- crease, cars.	In- crease, cars.
January.....	79,172	
February.....		31,250
March.....		46,613
April.....		73,408
May.....		84,398
June.....		88,840
July (first four weeks).....		113,188
Week ended Aug. 3 and week ended Aug. 10.....		58,736
Increase, 1918 over 1917, 417,861 cars.		

RAILWAY FUEL CARS

Circular No. 67, which has just been sent out by Regional Director Bush, relates to equipment for railroad fuel loading and is as follows:

The following instructions issued by Car Service Section on July 6 were repeated in Circular No. 15, dated July 12, 1918:

"Effective July 10, 1918, please abolish the practice of assigning cars for railroad fuel loading at bituminous coal mines on all lines of railroad in the Southern, Southwestern, Central Western and Northwestern Regions. This will complete the program of abolishment of this practice in the entire country.

"The United States Fuel Administration is advised of these instructions and through its district representatives in the coal-producing districts affected will see that the carriers who draw fuel from such districts will obtain an adequate current supply of coal of substantially like quality as has heretofore been had unless vital war necessities make this impossible. In the latter event, the Fuel Administration will handle the matter with the Railroad Administration in Washington and Purchasing Committee here will deal with individual railroads on the subject as may be necessary.

"Should the result of this order be to deplete the essential coal supply of any road, the Car Service Section should be advised by wire immediately.

"We beg to suggest that all the coal-producing roads in your territory which will cancel their assigned car orders in accordance therewith, should immediately wire all foreign lines obtaining fuel from mines on their road so that such foreign lines will be advised of the change in car distribution."

To clear up any misunderstandings that may have arisen in complying with these instructions, please be advised that the abolishment of assigned cars has bearing only on the distribution of cars between mines and is not intended to affect car service or interchange between railroads. The purpose of the new arrangement is to avoid, at the request of the United States Fuel Administration, the working of some mines to full capacity, while other mines in the same competing district, shipping commercial coal out of the commercial distribution of cars, would work less than full capacity.

The practice heretofore followed of furnishing cars to the small coal-producing lines by the trunk lines for their railroad fuel can be continued and such cars should be placed at the mines holding railroad fuel contracts, to the extent that such mines are entitled to such cars under the common distribution of all cars available. Any excess should be delivered to other mines which the district representative of the United States Fuel Administration designates, to load railroad fuel to make up any deficiency of the contract mines on account of the abolishment of the assigned car practice.

It has come to our attention that the instructions abolishing the assigning of cars for railroad fuel loading were not given to some of the non-government-controlled lines. As a rule, such lines are short line feeders and probably secure such information through their trunk line connections; if, however, you have reason to believe that there are some lines still without instructions to the effect that the practice of assigned cars for railroad fuel has been abolished, kindly see to it that they are promptly so informed.

EMERGENCY FARES IN TEXAS

Because of unprecedented drouth conditions in certain sections of Texas, the governor of that state recently appealed to Director-General McAdoo for a one-cent a mile passenger rate to enable the people in the drouth stricken section to go to the more favored parts of the state, where more labor was needed in the harvesting of the crops.

Action on this appeal was as is indicated in Regional Director Bush's Circular No. 70, which follows:

Enclosed find a copy of letter written by the governor of Texas to the Director-General of Railroads regarding the conditions in the drouth stricken region of Texas.

Please get in touch immediately with the proper au-

thorities and arrange, so far as you can properly do so, to make use of this opportunity in filling the labor requirements on your lines.

Unless advised to the contrary, you are at liberty to furnish transportation to men to whom you are able to give employment. In doing this, it is expected that the issuance of transportation will be surrounded with the necessary safeguards to prevent abuse.

The governor's letter to Mr. McAdoo is as follows:

Hon. Wm. G. McAdoo, Director-General of Railroads.

Texas is now suffering from drought conditions which are unprecedented in its history. In more than two-thirds of the agricultural area of the state crops are either a failure, or will be extremely short. This condition has existed in most of the affected area now for three years, and it is going to be necessary for many thousands of people to move out and seek employment in more favored localities.

Many of these drought sufferers are in destitute circumstances, and are wholly unable to pay transportation to enable them to get where employment can be secured.

Every effort is being made by both state and Federal authorities to assist in getting these people employment, but one of the most serious obstacles in the way of success is the problem of transportation.

I would respectfully suggest that provisions be made for a low rate to people from the drought stricken sections of the state (say one cent per mile) to points where employment can be secured, with proper safeguards to prevent its abuse.

With a one-cent rate there will be no difficulty in securing an adequate supply of labor to gather the cotton crop in the more favored sections of the state, but without it, it is practically impossible to secure proper distribution, and as a result some sections of the state will experience an acute shortage of farm labor, while in other sections there will be a surplus, resulting in great loss to both the employer and to the laborer.

Hoping that you will give this matter your early and favorable consideration, I am,

(Signed) W. P. Hobby,
Governor of Texas.

Austin, Tex., August 5, 1918.

DEFERRED CLASSIFICATION FOR R. R. EMPLOYEES

Regional Director Bush, in his circular No. 68, which has reference to deferred classification for skilled and necessary railroad employes, has issued the following instructions to roads in the southwestern region:

In connection with circular 64, you are authorized to indicate to skilled employes that the Director-General wishes those entitled to deferred classification to apply for it because of the valuable service they can render the government by continuing in railroad service.

Please also have it fully understood that where an individual does not wish to make application, or where it is impracticable for him to do so, application may be made by the federal manager or other representative of the United States Railroad Administration. I understand that draft officials have been so advised by Provost Marshal-General Crowder.

SCRIP BOOKS READY

The scrip books, which have been arranged for by the Railroad Administration and which are to supersede all existing forms of scrip books and mileage tickets, are announced as now ready.

Thirty-dollar books will be on sale August 20 and fifteen-dollar books on September 15. The \$30 books will contain 980 coupons worth three cents each and 90 coupons worth one cent each. The \$15 books will contain 490 coupons worth three cents each and 30 coupons worth one cent each.

The war tax is to be collected at the time the books are sold. On \$30 books the tax will be \$2.40 and on the \$15 books, \$1.20.

Book coupons will be honored at face value by all roads

under federal control for any number of persons for payment for:

(a) Passage on trains in coaches, parlor or sleeping cars, not including payments for seat charges or sleeping car accommodations. The honoring of books on trains will be confined to the fares shown in tariffs carried by conductors. Detachments on trains will be based on ticket fares (not including war tax) and on penalty train fares.

(b) In payment for tickets at tariff fares (not including war tax) if presented at ticket offices.

(c) In payment for baggage charges as authorized in baggage tariff.

(d) War tax is not collected when detachments are made, since the war tax is paid for the whole book when it is purchased.

THE PULLMAN SEPARATION

The Traffic World Washington Bureau.

The divorcing of the operating from the manufacturing part of the Pullman Company is the first breaking up of a corporation by the Railroad Administration. The announcement made by the Administration makes no mention of the negotiations it is assumed took place between it and the company before the divorce decree was entered. There has been less publicity about the relations of the Pullman company with the government than any other. They have been agreeable and pleasant, according to the declarations made by officials of the Railroad Administration.

There is, however, mild interest among men who think they know something about law as to how the car line company became a common carrier within the meaning of the federal control law. There has been a general idea, based upon the contentions of the Armour Car Line Company and the decision of the Supreme Court, that a car line company is not a common carrier, but merely the person who places cars at the disposal of a common carrier or of a shipper, for hire, and that, while there are such employes as Pullman conductors and porters, they are really nothing more than agents of the common carrier company that has hired cars from the Pullman Company, subject to the orders of the lessee company and bound by all the rules and laws pertaining to the relations between master and servant in so far as their dealings with the carrier company are concerned, with an understanding on the side that the common carrier will allow the Pullman Company to manage the cars it leases to the railroad company for hire.

The Commission has fixed rates for sleeping car berths, but the orders on that subject are enforceable against the common carrier companies and not specifically against the owners of the cars. The common carriers would have to observe the rates or fares so fixed, no matter where they obtained the sleeping cars.

The action of the Administration is looked upon with a good deal of interest, as possibly foreshadowing other moves in the making and unmaking of companies with a view to easier operation of their facilities. In dividing the country into operating districts and in the use of equipment the Administration has disregarded the lines laid down by corporate ownership. Such disregard as has been taken may indicate the probable lines upon which the financiers will undertake to reorganize existing corporations when the time comes for the owners of railroad property to resume possession thereof. That has been the idea, although it is admitted that the owners of the New York Central might fight hard against a proposal to turn the Pittsburgh & Lake Erie over to some other

company, or the Pennsylvania to sell the Cleveland & Pittsburgh to some other corporation.

A number of the big systems have been divided and the impression has been created that that is part of a scrambling desired by the advocates of government ownership so as to make the unscrambling so hard that the owners will become advocates of government ownership as the easiest way to get out of a troublesome situation.

IMPROVED GRAIN LOADING

The loading of grain, according to a report made public by the Director General on Aug. 15, during the five weeks from July 6 to Aug. 3 inclusive, is greater, in every district but one than during the same period in the preceding harvest time. The one exception is the northwestern district, in which the loading this year has been only 17,974 cars compared with 20,147 last year. The table showing the loading is as follows:

Week ending—	Eastern district.	Allegheny district.	Pennsylvania district.	Southern district.
July 6	1,917 1,288	1,497 1,918	1,917 1,918	1,917 1,918
July 13	2,311 2,449	234 202	18 24	1,395 1,313
July 20	1,777 2,547	308 271	24 99	569 960
July 27	1,785 1,607	293 440	29 131	566 1,191
Aug 3	1,739 8,213	358 518	86 125	588 1,212
Aug 7	4,117 8,218	560 900	97 168	416 666
Total	19,070 26,790	1,790 2,323	221 567	3,534 5,243

Week ending—	Northwestern district.	Cent. West. district.	Southwestern district.	Total.
July 6	1,917 1,918	1,917 1,918	1,917 1,918	1,917 1,918
July 13	1,440 2,402	4,466 4,255	1,360 2,744	14,663 13,829
July 20	1,743 2,213	5,468 7,510	2,188 3,930	18,579 21,739
July 27	1,922 1,928	5,149 10,432	2,422 6,677	27,115 28,467
Aug 3	4,210 3,777	9,898 10,185	3,900 7,147	18,227 21,263
Aug 7	3,292 4,216	7,383 14,097	2,145 6,549	19,410 35,634
Total	20,147 17,974	27,996 49,879	15,215 29,067	87,993 31,943

LIBERTY BONDS ACCEPTABLE AS SURETY.

For the convenience of the shipping public, it has been decided by the Railroad Administration, and put out in P. S. & A. Circular No. 21, to accept Liberty Bonds in lieu of individual or corporate surety, as a basis for the extension of freight bill credit. These Liberty Bonds must be in coupon form, in amount required to meet the credit needs of the customer, and must be deposited as directed by the treasurer of the carrier.

The railroad treasurer's receipt will be given to the owner of the bonds, and arrangements will be made for their safekeeping. Coupons will be detached and paid to the owners on the semi-annual interest dates.

PERMITS FOR WOOLEN RAGS OR SHODDY.

Because all clothing now must contain woolen rags or shoddy, Administration has put it on equality with wool for movement to New York, Philadelphia and Baltimore. Permits will be issued for expedited movement by north Atlantic ports freight committee.

NEW RAILWAY FOLDERS.

Travelers in a hurry to locate the schedules of the trains they are about to take will hereafter not have to search through the familiar thirty-two-page folders. In place of a voluminous timetable, such as was used under private control, there will be issued to the public monthly a four-page condensed folder showing the principal through trains and six four-page district folders, separately covering various territories. This change will not only furnish travelers with the information they desire in concise and convenient form, but will also effect an economy in printing and paper.

SLEEPING CAR RESERVATIONS

R. H. Aishton, regional director for the northwestern region, by means of Supplement No. 1 to Circular No. 3, announces the following changes in the rulings as to reservations in sleeping, parlor car, etc.:

Paragraph 2 of Circular No. 9, reading as follows, is hereby cancelled:

"Assignments of space to offices located off the line of sleeping and parlor car runs must not be made."

It has been concluded to make assignments of sleeping and parlor car space to points off the line of the sleeping and parlor car runs, but it is not advisable to enumerate these points as exceptions to the rule. Therefore, the rule has been cancelled, which will permit the assignment of space at the discretion of the passenger traffic officers of the railroads concerned. Care should be exercised in making such assignments in order to maintain a minimum amount of vacant space and at the same time afford the traveling public every opportunity to utilize all available space.

FRUIT AND VEGETABLE DIVERSION

Southwestern Regional Director Bush in his Circular No. 66 makes the following announcement concerning handling of diversions and reconsignment of fruits and vegetables:

Arrangements have been made with Mr. H. B. Kooser, vice-president and general manager, American Refrigerator Transit Company, to provide facilities for transmission of information to shippers and receivers, and for handling of diversions and reconsignments of all fruits and vegetables in transit over lines in the Southwestern Region. Mr. Kooser will issue instructions as to how the information will be handled.

EXTENDS LIQUOR ORDER.

Regional Director Smith in a circular to federal managers and general managers in the Eastern Region says:

General Order No. 39, prohibiting the sale of liquors and intoxicants in dining cars, restaurants and railroad stations under Federal control, is applicable to all steamers, vessels, wharves or other places under control of the United States Railroad Administration in connection with its operations on the water.

Will you please be governed accordingly and acknowledge receipt.

FREIGHT CARS IN TROOP TRAINS

Regional Director Aishton in his Circular No. 22 has issued the following instructions:

Please instruct that troop trains handling freight cars must not exceed speed of twenty-five miles per hour.

LETTERING EXPRESS CARS.

Supplement No. 3 to Regional Director Aishton's circular No. 4 is as follows:

The United States Railroad Administration contract with the American Railway Express Company provides that adequate and suitable space will be furnished in cars properly equipped, heated, lighted and lettered American Railway Express Company.

Please arrange when cars are put through the shops, such cars as formerly carried the name of the express company operating over your road shall be relettered "American Railway Express," the word "Company" to be eliminated.

NEW SHIPPERS' REPRESENTATIVE NAMED.

L. C. Neff has been made shippers' member of the San Francisco rate committee, vice H. E. Stocker, originally appointed. The latter disqualified himself by entering the service of the Pacific Mail.

TRAFFIC LEAGUE DOCKET

The National Industrial Traffic League has issued the following docket for its summer meeting, which is to be held at the Hotel Lafayette, Buffalo, N. Y., on Thursday, August 29, and Friday, August 30.

Those who do not belong, but who are eligible, as well as all members, are urged to be present.

The first business session will begin at 10:00 a. m. on Thursday, the 29th.

Docket of Subjects for Business Sessions

Report of Board of Directors.

Proposed change in Paragraph 6, Article 5 of the Constitution.

Report of Executive Committee.

Shippers' Representation of the General and Division Freight Traffic Committees.

Double Loading Instructions of Car Service Section.

Establishment of Service Bureaus to take the place of off-line offices formerly maintained by the carriers.

Keeping Records of Less Than Carload shipments at transfer and junction points.

General Order No. 25—Payment of Freight Charges.

General Order No. 28—Advance in Freight Rates.

Postoffice Department's policy in adjusting loss and damage claims.

Report of Committee on Car Demurrage and Storage.

Proposed modification of Demurrage Rule 6, Section "D."

Amending Explanations and Instructions to Demurrage Rule 4 to provide for sending freight arrival notices by first-class mail.

Average Agreement Rule—Proposed restoration of.

Report of Committee on Transportation Instrumentalities.

Report of Bill of Lading Committee.

Notation required on Bills of Lading furnished by shippers on and after August 15, 1918.

Report of Express Committee.

Requiring express companies to absorb switching charges.

Consolidation of express companies.

Increase in Express Rates.

Rule 6 of Express Classification.

Uniform Express Receipts.

Acknowledging Claims.

Settlement of Express Claims.

Releases required by Express Companies of shipper presenting claim.

Telegraphic Tracing of Express Shipments.

Proposed Change in Express Packing Rules.

Report of Committee on Rate Construction and Tariffs.

Report of Baggage Committee.

Report of Freight Claims Committee.

General Order No. 34—Sale of Refused and Unclaimed Freight without notification to shipper.

Concealed Loss and Damage Claim Blanks.

Carriers' refusal to pay concealed loss and damage claims.

Refusal of Carriers to sign bills of lading with notation "Special Damages will Result from Unreasonable Delay."

Shipper's guide card for movement of carload business.

Report of Organization Committee.

Report of Legislative Committee.

Report of Weighing Committee.

Report of Classification Committee.

(a) Official Division.

(b) Western Division.

(c) Southern Division.

Report of Special Committee on Uniform Classification.

Proposed Consolidated Classification.

Report of Special Committee on Railroad Leases and Sidetrack Agreements.

New Business.

ATTACKS ADVANCED EXPRESS RATES

The Traffic World Washington Bureau.

The Washington Public Service Commission filed its formal complaint, No. 10230, against the advanced express rates on fresh fish, fresh canned fruits and vegetables, because it saw no hope of informally persuading the Interstate Commerce Commission to modify its order, allowing an advance in express rates of ten per cent, in its report of June 17. The Washingtonians found, upon inquiry, that only one commissioner voted against the imposition of that advance of ten per cent and that if they desired to get anywhere they would have to invoke the public-hearing process if they hoped to convince a majority of the commissioners that the advanced charges would be unjust for traffic from the Pacific northwest. They were, therefore, not surprised when the Commission denied the motion of the Washingtonians for a modification of the permissive order allowing the advance of ten per cent.

The Pacific northwest is of the opinion that charges for both freight and express service are too high, measured by almost any yardstick that can be imagined other possibly than that of the necessity of less prosperous carriers. They are not ready to admit that the poor roads are in such straits that the government, acting as soliciting agent, needs an advance of twenty-five per cent in freight rates to make good losses achieved in parts of the country that do not produce as much tonnage as Washington, Oregon and Idaho.

GOVERNMENT CONTROLS SHIPS

The Traffic World Washington Bureau.

American ships, shipyards, ship corporations, shipbuilding concerns, and, in fact, everything pertaining to the construction, repair, charter, transfer, use and operation of ships and accessories on August 14 went under the absolute control of the government, the U. S. Shipping Board being designated as the agency to carry out the orders of the President. If the Shipping Board decides that coffee, for instance, shall be brought into the United States only through San Francisco, then that will be the only port through which dealers in coffee may do business.

This is the result of legislation enacted by Congress at this session. The legislation increased the government's control over ships and shipping, authorizing the President during war or a national emergency thus to ignore the rights of the owners of such property, whenever he shall, by proclamation, set forth that such an emergency exists. As to the meaning of the legislation and the President's proclamation thereunder, Chairman Hurley, of the Shipping Board, in a prepared statement said:

The President's Proclamation puts into effect the provisions of the recently adopted amendments to the Shipping Act designed to make it impossible for foreign interests to obtain control of American shipping or shipyards.

The new act provides that during war or national emergency proclaimed by the President, it is a criminal offense to sell, mortgage, lease, or deliver an American ship to a foreigner, without the consent of the Shipping Board, or to make any agreement by which control of a ship is turned over to a foreigner. The prohibition applies not only to completed ships, but to ships under construction.

It is also made illegal, without the Board's consent, to make any contract for ship construction for foreign account, unless the contract expressly provides that construction on the ship shall not begin until after the war or emergency has ended. Shipyards, also, cannot be transferred to foreigners without the consent of the Shipping Board.

The act also has provisions which it is believed will absolutely prevent all attempts to evade the ship-transfer sections of the law by means of dummy directors and stockholders in corporations nominally American but actually dominated by foreigners.

The purpose is to make every ton of shipping available primarily for war purposes. While the submarine has been conquered in the sense that the new construction is exceeding the destruction, the tonnage available, or in immediate prospect, is not great enough to enable the United States to give the allies such a preponderance on the western front as to make the situation of the central empires utterly helpless, unless every ton be used to the maximum of capacity.

It will require 10,000,000 tons of dead weight shipping capacity to maintain an American army of 3,000,000 men in France and carry some foodstuffs to the neutrals and to Belgium. At present the United States has about 7,600,000 tons. It must be made to do more work than it is doing.

Therefore, absolute control and direction of all ships is to be exercised by the Shipping Board, either directly or through its subsidiary, the Emergency Fleet Corporation. The Board, through a port facilities commission, of which Edward F. Carry is the head, is studying port facilities. Through another division it is planning how to handle the commerce of the United States so as to procure the carriage of the maximum quantity by the minimum of ships.

One of the things that is as good as settled is that the wooden ships constructed and under construction will be used in the West Indian and South American trade and that New Orleans, Galveston and Charleston will be utilized to a much greater extent than heretofore for the trade with Latin America. Coffee, before mentioned, is one of the commodities that requires a considerable tonnage because the importations run to about 700,000,000 pounds. More than half has been coming from Brazil. Efforts will be made to increase the supply from the producing sections bordering the Caribbean so as to save ships the long haul to and from Brazil. The long hauls to and from Brazil may not be materially reduced because Brazil is coming into the market with large quantities of iron ore that will be made available for furnaces in the east so as to reduce the strain on transportation facilities from the lake region to the furnaces in the district west of the Alleghenies and also relieve the railroads from the necessity of hauling ore from the lake region over the mountains. Before the war, no ore was hauled over the mountains. It is not known positively, but it is suspected that since the war there has been some hauling of ore over the mountains because the lack of ships cut down the supply from Cuba.

Latin America needs coal. Plans are in formulation whereby that part of the world will probably be supplied from some of the southern ports, possibly New Orleans. That city has no facilities for loading coal for cargo purposes. Its bunkering facilities are not the finest in the world, but if it should be decided to undertake to divert traffic from New York, especially coffee, and bring it in through New Orleans, coal loading plants could be established at New Orleans. At present ships bringing coffee to New York frequently go to Hampton Roads for fuel. That is regarded as the most wasteful use that could be

made. It tends to congest New York and the rail lines leading to that port, as well as to impose a burden on the rail lines to Hampton Roads, which otherwise could be carrying coal for New England. That part of the country has a need for fuel greater than Latin America has, although that part of the western hemisphere would say that that is impossible.

While shipbuilding is going forward at a rate that stirs the pride of the country, the men charged with the responsibility of getting an American army to France are not deceiving themselves about the size of the task that has been laid on them. Director-General Schwab is doing everything possible to induce the shipbuilding craftsmen to engage in competition that will result in the production of more ships. He has got the competition started, but the eastern shipyards are not responding as heartily as he desires. A speed-up conference has been called for Philadelphia, August 20, at which eastern shipbuilders will be expected to make plans for putting more ginger into their work, which means, of course, putting pepper or some other condiment into the composition of the riveters. The men on the Pacific Coast have won the banners for speed. It is the desire of Schwab that the eastern men take the laurels away from the Pacific Coast men. The latter, of course, produce essential ships, but the bulk of the tonnage must be produced on the Atlantic seaboard. Schwab realizes that, and unless he can get the eastern workingmen to show more enthusiasm, the preponderance of man power on the western front will not be produced as soon as the energetic director-general has planned. The military men have the men on the way to the camps, but Schwab must produce the ships. The planning division must show how to use the ships now in existence and the Port Facilities Commission must be prepared to produce the facilities, when it has been supplied with information as to what is to be done.

Port Facilities.

An erroneous impression has been created in connection with the statement given out by the Shipping Board on the subject of port facilities. The idea has gone abroad that the port facilities are inadequate for present business. The idea is that the facilities will be inadequate for the amount of business that will have to be done to carry out the plan to have an army from three to five million strong at work on the western front. In its statement the Shipping Board said:

A doubling, and perhaps trebling, of docks, piers, marine railways and terminal facilities in general of Atlantic, Gulf and Pacific ports will probably be called for by the swiftly increasing American merchant marine. To provide for the fullest possible service of the ships, once they are released from war traffic, even new ports may become necessary.

These are the prospects as they are already shaping up in the preliminary studies of the situation which have been made by the recently created Port and Harbors Facilities Commission of the Shipping Board. Edward F. Carry, named Chairman of this Commission because of his experience as Director of the Division of Operations of the Shipping Board, will have before him shortly complete data of the present inadequate facilities. The comprehensive survey instituted by the Commission will be a constantly used basis of study for future developments.

In connection therewith the Chairman and the experts attached to the Commission will personally inspect the facilities at all the larger ports of the country, and from time to time, as the occasion may arise, obtain first-hand information on proposed new ports. To date they have given the harbors of New York and Boston thorough examination, and they plan to make visits soon to the rapidly growing ports of the South.

For the first time in the history of port development in the United States under the direction of Chairman Carry a complete inventory of port facilities has been undertaken, and is now well along. Every port used by ocean going traffic has been requested to forward to the Port Facilities Commission detailed data concerning its docks, marine railways, terminal arrangements in general, repair plants, and the entrances and clearances in its domestic and foreign trade—all this data covering the past five years.

In addition, every dock and repair plant has been requested to fill out a questionnaire calling for information concerning the type of its facilities, present condition, exact location, whether or not this location is advantageous for the most efficient handling of ships, the terms, rates and conditions on which ships are docked, the number of ships docked during the past five years, the average length of time each ship was in dock and for a brief statement explaining the nature of work done.

All ports where coal and oil are handled have been asked to equip the Commission with full information about their facilities for handling the trade in those first necessities. Here is perhaps the most important of all the coastwise trades in which past performances have been handicapped by inadequate facilities—a trade, as revealed during 1917 and the present year, limited only by shipping and port facilities. One of the immediate tasks of the Commission is to expand these facilities so that the bulk of coal for New England war industries may be expedited by water.

The survey of port facilities undertaken by the Commission shows them taxed to capacity by the present shipping—in many instances overtaxed, and in nearly all instances, unless they are speedily expanded, facing serious congestion. This is especially true of the facilities of New York harbor, the greatest problem of port development in the world today.

To a lesser degree some of the southern ports show congestion in sight unless the national government expands their facilities. A great deal of traffic is now being diverted by the railroads from overland routes north to southern ports either for shipment north or to the West Indies and South America. Galveston and New Orleans are notable examples, and the demand for expansion of port facilities at Mobile, Jacksonville and Charleston cannot be ignored. All southern ports face phenomenal expansion.

Among the larger problems of shipping up for profound and detailed study before the Commission is the diversion of imports and exports from northern to southern ports, especially those going to and from the middle west. Hitherto, they have passed through the port of New York, thus increasing not only the burden of the facilities of that port, but of the badly congested railroads along the north Atlantic seaboard and in Pennsylvania and Ohio. In the future, to relieve the congestion of the port and the eastern railroads, other routes may be supplied—to the middle west, for example, via southern ports, railways and waterways.

A great deal of the enormous trade in sight with South America is prospectively considered in relation with the ports of the south, and if plans for this diversion go through, the expansion of water front facilities in that part of the country becomes of front rank importance. For the first time there exists, in the Shipping Board, a department of the national government, charged with the duty of coping with problems of this character, and organized for undertaking whatever large enterprises may be necessary for solving them.

All the Pacific ports, if British shipping history points a moral, face likewise notable expansion of trade with the Orient, and therefore of port requirements far beyond all pre-war plans. To enlarge their port facilities to keep pace with the needs of shipping, once that shipping can turn from war to peace purposes, will become in large degree a task for the Port and Harbor Facilities Commission of the Shipping Board. For the Pacific trade in sight, as for that on the Atlantic and Gulf ports, the need of planning port facilities on a comprehensive scale is taken for granted.

Since the development of port facilities links up with the railroads, the Railroad Administration is represented on the Commission on Port and Harbor Facilities. The

plans and policies of the Shipping Board coordinate with those of the Railroad Administration to give ports in the future a closer connection between shipping and railroads than they have ever had in the past. Port development on both sides, land and water, becomes easier with shipping and railroads under government control.

And for the first time, with both great methods of transportation under government direction, the studies of what is needed to take care of requirements is accompanied by equally detailed tabs on what is being done—on the railroads by what each car is doing, on the water by what each ship is doing. So that the Port and Harbor Facilities Commission is equipped to measure not only what the port facilities are doing but what the ships are doing in ports. Their needs can thus be determined exactly in relation to one another, and so matched. They can also, of course, be determined in relation to accurately measured railroad facilities.

The task assigned to the Port and Harbor Facilities Commission of developing the water fronts to keep pace with the expansion of shipping has aroused tremendous interest on all three coasts, and existing port organizations, state and local, have offered to co-operate fully. Keenly alive to the peace time significance of the great shipbuilding program of the country, they realize, as their communications to the Commission reveal, the prime importance of the expansion of their port facilities to handle the prospective commerce adequately.

PROTESTS ORDER NO. 34

The Texas Industrial Traffic League, through a special committee appointed for the purpose, has made the following protest against Order No. 34:

To Hon. Wm. G. McAdoo,

Director-General, U. S. Railroad Administration,
Washington, D. C.

At a meeting of the Texas Industrial Traffic League, held at Galveston, Tex., Aug. 9 and 10, 1918, consideration was had of your General Order No. 34, providing rules to be followed by the agents of carriers in the sale of unclaimed freight. It is the desire of the league (which is made up of practically all of the commercial organizations of the Texas cities, and representatives of the principal industries in the state) to co-operate as fully as is consistent with business requirements with all of the orders of your honor, and at the same time we feel that we should call the attention of the Administration to any considerations that might affect the administration of any such orders.

It is doubtless known to you that in the past many abuses have arisen through the sale of unclaimed freight. Sometimes consignees, through an undisclosed agent, buy in the freight at sales where the consignor does not have an agent there to protect it. Sometimes sales are accomplished and agents of the carriers succeed in purchasing property for their individual use at far less than its value. In most states statutes have been passed making certain requirements of notice and advertisement of such sales in order to prevent these abuses, as well as others which need not here be named. In Texas the statutes provide that ordinary freight or baggage remaining unclaimed for three months may be sold for charges at public auction, offering each article separately as consigned or checked, and that thirty days' notice of such sale shall be posted at the door of the depot or warehouse where the goods are located, and at two other public places in the county and notice given at least in one newspaper in the county thirty days in advance of such sale. In the case of live stock sale may be made upon five days' notice in similar manner if they remain unclaimed for the space of forty-eight hours after arrival at destination, and sale may be made in the case of other perishable

property on such five days' notice if it remains unclaimed after arrival until in danger of depreciation.

Heretofore carriers in this section have generally followed the practice of making such sales in the principal towns or cities. As a result various dealers notice the posting places where such notices are customarily posted and attend such sales and there is usually spirited bidding, with the result that such freight is disposed of at a more reasonable price. It has been the general custom to give notice to the consignor and consignee of the time and place of such sale, but unfortunately this is not specifically required by the statutes. Failure to observe this requirement has resulted in many abuses of the character above specified. Many instances were called to mind by various persons in the meeting where such sales were so conducted as to work injustice and hardship, or so as to enable some agent of the carrier to reap an unjust profit out of such a transaction.

Frequently the consignor does not know that the consignee has refused to receive the freight. If the consignee has not paid for same the consignor may have great difficulty in protecting itself unless it has notice of the time and place of such sale. It is, therefore, the unanimous opinion of the members present at the meeting that notice should be given to consignors described in the waybilling, and in the case of perishable freight this notice should be given by telegraph, if necessary, as it frequently becomes necessary for consignors to take telegraphic action in protecting their rights. The expense of the telegram could properly be charged against the shipment, but this is an item which will certainly insure better service to the public in the handling of unclaimed or refused freight. Frequently the freight has been misdirected and the consignor does not know its whereabouts. In all cases the consignors should have a reasonable opportunity to have representation at the sale, whether of perishable or non-perishable freight.

Furthermore, in view of the custom of certain classes of dealers to attend sales of unclaimed freight and make bids thereat, it was the unanimous opinion of the members present that some character of public notice or advertisement should be provided. Notice by posting at the depot or warehouse and at two other public places in the county should be provided, and the agents should be instructed to have such notices posted at the customary public places for such notices, such as courthouse, post-office and city halls; otherwise many shipments may be sold for less than the sum sufficient to cover charges, and consignors will be held for the deficiency, whereas with due public notice few of such cases would occur. This notice should be posted at least ten or twenty days in advance in the case of non-perishable freight and at least three to five days in advance in the case of perishable freight. There has been little difficulty occasioned by the provisions for five days' notice in such cases under Texas statutes, according to the opinion of the members present.

Under the present wording of the order freight may be sold at any time, day or night, without any notice of any character whatsoever, except such as may be mailed to the consignee, who has already refused or failed to accept the freight, and the local agent may very easily manipulate this so as to work to his personal advantage. It provides a very dangerous opportunity for fraud which would not be covered by the ordinary bond of such agents and would be very difficult of proof in any case. In the state of Texas such sales must be held at the time and

place specified in the notice and must be between the hours of 10 a. m. and 4 p. m. This is a statutory provision and the bidders have a reasonable opportunity to be present at the time the sale is held.

The Texas Industrial Traffic League therefore respectfully requests your honor to amend and correct General Order No. 34 so that the above suggestions shall be accomplished. It was not the idea of the members present that the Director-General should be held to the statutory provisions in this state, but rather than such amendments should be made to the order as would insure fair sales and fair opportunity to persons interested in the freight to protect their interests. In this way the Railroad Administration would undoubtedly serve the shipping public better than by throwing open such opportunities for fake sales as would be possible under the wording of General Order No. 34. These additional requirements involve very little extra expense and insure the public as good service as they have heretofore received. This league has not protested against the twenty-five per cent increase in rates, but it does feel that the shipping public should receive as good service as heretofore wherever it is possible for this to be rendered, and it is their opinion that upon the presentation of this petition to your honor it will be thoroughly considered, and that such modification will be made in the order as will accomplish the character of service desired by the league.

This resolution in behalf of the league is presented upon the assumption that General Order No. 34 does not affect shipments by express, and that as to the sale of express shipments there has been no change made by authority of the Director-General. In order to facilitate the consideration of this petition a copy thereof is being mailed to the Hon. C. A. Prouty, Director of Public Service and Accounting, upon the further assumption that this matter will doubtless be considered by his committee before further action is taken.

Respectfully submitted,

R. C. Fulbright,
F. L. Clements,
U. S. Pawkett,

Committee Appointed by Authority of Texas Industrial Traffic League.

Houston, Tex., Aug. 13, 1918.

WIRE SERVICE ORDERS

The Traffic World Washington Bureau.

Public utility commissioners who have been forced by the federal government's taking over of both rail and wire carriers to spend much of their time in Washington, are watching the course of Postmaster General Burleson in respect of his dealing with the wire companies with intense interest. Thus far they think they have detected a purpose on his part to avoid antagonizing the states. They think that in that respect he has been better advised than Director-General McAdoo, who, it is not a secret, has not the confidence or co-operation of state commissioners. They wanted to co-operate, but they believe he listened too much to the railroad men by whom he is surrounded, and thereby created a situation they deplore and which they think he is coming to realize is good for neither him nor the country.

They believe Burleson is going to bring about such a scrambling of the wire companies that if they are ever returned to their owners it will be found as only one company. They believe that, notwithstanding the resolution

under which the President took over the wire lines is much narrower than the federal control law.

Postmaster General Burleson, in his first specific order to the telephone companies other than that of August 1, telling the officers and employees to carry on their work just as if there had been no change in control, issued August 15, appointed Nathan C. Kingsbury, vice-president of the American Telephone & Telegraph Company, and George W. Robinson, president of the Tri-State Telegraph & Telephone Company, and president of the organization of non-Bell or independent telephone companies, a committee to carry on negotiations for the unification and consolidation of telephone companies operating in the same communities. Otto Praeger, second assistant postmaster general, is the head of a committee appointed at the same time to consider the advisability of dividing the telegraph and telephone systems into districts corresponding with the mail and inspection territories of the post office department.

In other words, the scheme is to unite all wire companies, to bring the telephone and telegraph companies into one concern, which was attempted in 1910, but given up when the attorney-general threatened to bring the anti-trust law to bear upon the scheme, and then divide the wire service into districts corresponding to the mail districts. The orders issued by Mr. Burleson are as follows:

Pursuant to the authority vested in me by the President of the United States in his proclamation of July 22, 1918, you are notified that during the period of Federal control, and unless and until otherwise advised by me, all telephone companies operating in the United States are directed:

1. To confine extensions and betterments to imperative and unavoidable work to meet war requirements and the vital commercial needs of the country. All companies should at once adopt and enforce such rules and regulations as may be necessary and proper to accomplish this result because of the difficulties, incident to war conditions, of securing adequate supplies, labor and transportation.

2. To proceed as expeditiously as possible with the plans heretofore instituted for consolidating and unifying the telephone plants and properties. Plans for consolidating the plants and properties where consolidation is manifestly desired by the public, where it can be effected on fair terms and in accordance with law, should be formulated as soon as practicable and submitted to this Department.

3. Whenever two telephone systems are operating in the same area, the managements concerned should cooperate in making extensions and betterments, in order that unification and the elimination of waste in money, man-power and materials may be brought about as expeditiously as possible, in an orderly way, and with due regard to the rights of the owners of the properties and the convenience of the public.

4. This order is not intended to direct any action, course or policy which in the judgment of the owners of any property involved will result in damage or injury to their business or property. In any case of contemplated action hereunder, where in the judgment of the owners, damage or injury may result, the Company interest, before acting, will bring the matter to the attention of the Department, and await further instructions.

The postmaster general has issued orders making designations of committees as follows:

Nathan C. Kingsbury, vice-president American Telephone & Telephone Company, and George W. Robinson, president Tri-State Telegraph & Telephone Company, are designated by me for the purpose of making the necessary investigations, conducting negotiations and arriving at agreements for the unification and consolidation of the various telephone companies operating in the same communities within the United States. Any agreements resulting from these

negotiations will be submitted to the postmaster general for final approval.

James I. Blakeslee, fourth assistant postmaster general; James A. Edgerton, purchasing agent, and Ruskin McArdle, chief clerk post office department, are appointed a committee to study the question of the purchase of supplies for the telegraph and telephone systems and how the cost of such supplies compares with the list of the General Supply Committee, also with the schedules for the postal service.

Otto Praeger, second assistant postmaster general; George M. Sutton, chief post office inspector, and Marvin M. McLean, superintendent division of dead letters, are appointed a committee to investigate and determine whether it would be practicable to divide the country into telephone and telegraph districts agreeing with the number and territory of the railway mail service and inspectors' divisions.

BEHIND IN IMPROVEMENT

The Traffic World Washington Bureau.

Unless there is a great speeding up for the rest of the year the improvement of the railroad tracks and yards and the replenishment of the stock of equipment during the first year of federal control will not come near the total of allowances made for such things. In other words, while the Railroad Administration has made plans for the expenditure of nearly \$1,100,000,000 during the first year, the work done in the first half went so slowly that the improvements contemplated will not be made unless the rate of work in the second half of the year is much greater than the first half.

Work authorized up to August 15 called for the disbursement of \$123,652,786, to be charged to operating account and \$1,097,398,578 to capital account.

Up to June 30 the disbursements on operating account amounted to only \$22,486,453 and to capital account only \$221,914,726. In the first half of the year only a little more than one-fifth of the promised expenditures were made. Assuming that out of doors work can be done eight months of the year, three-eighths of the sum set aside for track work should have been spent by the end of June and five-eighths should remain to be expended. Work on equipment can be carried on during the twelve months. The total budget for equipment was \$486,979,925. The disbursements for equipment were: Chargeable to operating account, \$4,056,686 and to capital account, \$111,229,376.

The total unexpended balances, therefore, are: Items chargeable to operating account, other than equipment, \$88,405,321 and chargeable to capital account, \$302,557,757. Equipment: Chargeable to operating account, \$14,736,886 and to capital account, \$544,457,176. Inasmuch as the year for work on equipment is twelve months long, the fact that up to June 30, the end of the first six months, only \$4,056,686 was spent on equipment to replace that which had been worn out, and \$14,736,886 remained to be spent, the inference is that the repair and replacement work, so far as cars and engines are concerned, was not up to date on June 30. Increase in the rate of repair and replacement, chargeable to operating account, may bring that phase of the work up to a point where equipment will have been replaced to the full amount by the end of the year.

These figures are taken from the consolidated expenditure sheet issued by the Railroad Administration on

August 17. It treats all the railroads as part of a single system. From the sheet itself there is no way of telling whether the replacement work, represented by the sums charged to operating account, has been equitably distributed throughout the country or whether an unusual amount of work has been done in one or two sections.

Apparently the largest fact shown by it is that the decrease in man-power has made it impossible for the Railroad Administration to improve the physical property as rapidly as was expected early in the year when the budget was made up and announced. At the time the budget was given out the point was made that, considering the big increase in prices, it was no larger than the railroads had been accustomed to making. The report for the first six months shows, it is believed, that there is a vast difference between estimates and performance, especially when men are being put into the armies in the great numbers that are now being called to the colors. The budget was undoubtedly prepared with the idea that great things to improve the railroads could easily be done. The consolidated report, it may be suggested, shows that the government is finding it difficult to carry on even so necessary a work as bringing the railroads up to the point of equipment and tracks necessary for the transport of men and materials to Europe.

The official announcement as to the consolidated sheet says:

"This is a consolidated statement for all class I roads (having gross earnings in excess of \$1,000,000) showing all expenditures for capital account approved by the director of the Division of Capital Expenditures to Aug. 15, 1918, and all expenditures actually made upon such work to June 30—the first half of the year. It shows also the expenditures chargeable to operating expenses in connection with such work, and it includes equipment as well as additions, betterments and extensions.

"Additions and betterments (excluding equipment) actually authorized to August 15 call for \$106,835,086 chargeable to operating expenses and \$404,760,071 chargeable to capital account. Of these amounts \$18,429,765 chargeable to operating expenses and \$102,172,314 chargeable to capital account, or practically 25 per cent, had been spent to June 30.

"Equipment actually authorized to August 15 calls for \$18,798,574 chargeable to operating expenses and \$655,686,551 chargeable to capital account. Of these amounts \$1,056,683 chargeable to operating expenses and \$111,229,376 chargeable to capital account had been spent to June 30.

"The budget estimates of the same companies submitted in response to the Director-General's request some months ago, called for a total for additions, betterments, equipment and extensions chargeable to capital account of \$941,041,902, whereas the work actually authorized and the equipment actually ordered up to August 15 aggregate \$1,097,398,578. The budgets called for only \$212,856,464 for freight cars, of which \$121,203,743 were ordered by the companies, while the government itself has ordered for the companies \$289,450,000, making the total for freight cars for 1918 delivery \$410,653,743, as against \$212,856,464, asked for by the companies on their budgets, or an increase over the budgets of \$197,795,279."

MORE LINES TAKEN OVER.

The Athens (Ga.) Terminal, the Augusta (Ga.) Belt and the Atlantic & East Coast, Jacksonville, Fla., have been taken under federal control and contracts will be made with them.

FORMS OF PROCEDURE

The Traffic World Washington Bureau.

The Commission on August 17 completed, so far as now known, its form of procedure under the act to regulate commerce and its amendments and under the federal control act by issuing three illustrative forms, numbered 6, 7 and 8. The first is a sample motion for making the Director-General and additional party defendant. No. 7 is the form recommended for supplemental complaints and No. 8 is the form for an original complaint.

These forms, taken in connection with the rules of practice put out under date of August 3, it is believed, will show the complainant, whether he acts through an attorney or for himself, how to bring his troubles to a shape that will enable the Commission to carry out the duties imposed on it by the act to regulate commerce and the federal control act. The forms are as follows:

Illustrative forms to accompany supplemental announcement of August 3, 1918, and special rules of practice promulgated therewith. These forms may be used in cases to which they are applicable, with such alternation as the circumstances may render necessary.

No. 6

Form of motion to bring in Director General as a defendant in a pending case and for leave to file supplemental complaint.

Before the Interstate Commerce Commission.

vs.

Docket No.

Comes now

complainant in the above-entitled proceeding, and moves for leave to make William G. McAdoo, Director-General of Railroads, a defendant herein, and also moves for leave to file the supplemental complaint hereto attached in this proceeding.

And for grounds of this motion the complainant states: That certain railroads and system of transportation of parties named as defendants in said proceeding have been taken over by the President of the United States under powers duly conferred upon him, and possession, use, control, and operation thereof is now and has been continuously since January 1, 1918, exercised by and through William G. McAdoo, Director-General of Railroads who was duly appointed to said office by the President; that said Director-General is a proper [or necessary] party defendant in this proceeding, as more fully appears in and by said supplemental complaint.

Upon permission being granted to file said supplemental complaint making the Director-General of Railroads a party defendant, this complainant asks that said proceeding be set for further hearing [or, argument] [or, does not ask for further hearing or argument].

Dated, 19....

Complainant.

No. 7

Form of supplemental complaint.

Before the Interstate Commerce Commission.

vs.

Docket No.

....., by leave of the Commission, presents the following supplemental complaint in the above-entitled proceeding and shows:

I. That heretofore, on, 19...., this complainant duly filed an original complaint before said Commission against defendants therein named and prayed for certain relief set forth in said original complaint.

II. That certain railroads and systems of transportation of parties named as defendants in said proceeding, and specified in this paragraph, have been taken over by the President of the United States under powers duly conferred upon him and the possession, use, control, and operation thereof is now and has been continuously since

January 1, 1918, exercised by and through William G. McAdoo, Director-General of Railroads, hereinafter called the Director-General, who was duly appointed to said office by the President.

[Here name defendants under Federal control. This may be stated on information and belief.]

[That any order prescribing maximum rates, fares or charges, or classifications, regulations, or practices to be observed for the future in so far as it affects the railroads or systems of transportation of said defendants must be directed to the Director-General.]

[The following may be used when appropriate:

That, as complainant is informed and believes the Director-General under authority delegated to him by the President took over the current funds of said defendants, to wit, balances of cash in hand or in bank, including net balance receivable from agents and conductors as of midnight, December 31, 1917, and amounts thereafter collected or realized by the Director-General from current operating accounts belonging to said defendants arising from railway operations prior to midnight of December 31, 1917, which sums constitute the assets of said defendants in the hands of the Director-General applicable to the payment of obligations of said defendants, including claims for reparation, accruing prior to January 1, 1918.]

III. That the allegations of paragraphs of the original complaint are hereby made a part hereof. [Make such changes or modifications of allegations in original complaint as, in view of changed conditions, may seem proper.]

Wherefore this complainant prays that the order prayed in the original complaint be granted and be made effective against the Director-General [and for the following relief not therein prayed, but made necessary by the changed conditions hereinbefore set forth], and that such other and further order or orders be made as the Commission may consider proper in the premises.

Dated, 19....

Complainant.

No. 8.

Form of original complaint again Director-General.
Before the Interstate Commerce Commission.

vs.

Docket No.

The complaint of the above-named complainant respectfully shows:

I. [That complainant should here state nature and place of business, also whether a corporation, firm, or partnership, and if a firm or partnership, the individual names of the parties composing the same.]

II. That defendant, William G. McAdoo, Director-General of Railroads, hereinafter called the Director-General, is an officer acting for the United States of America and the President thereof, and is exercising authority delegated to him by the President in the possession, use, control, and operation of railroads and systems of transportation, taken over by the President under powers conferred upon him, over whose lines the rates [fares, charges, classifications, regulations, or practices] complained of herein apply and which were formerly operated by the following corporations or companies: [Here specify carriers or principal carriers whose railroads or systems of transportation are under Federal control and over which the rates, fares, charges, classifications, regulations, or practices apply, unless complainant elects to name the corporations or companies as defendants].

III. That the defendant above named is a [are] common carrier engaged in the transportation of passengers and property, wholly by railroad [or, partly by railroad and partly by water], between points in the state of and points in the state of and as such common carrier is [are] subject to the provisions of the act to regulate commerce approved February 4, 1887, and acts amendatory thereof or supplementary thereto.

IV. That [state in this and subsequent paragraphs to be numbered V, VI, etc., the matter or matters intended to be complained of, naming every rate, fare, charge, classification, regulation, or practice the lawfulness of which is challenged, and also each point of origin and point of

destination between which the rates complained of are applied. Whenever practical tariff references should be given].

[Where unjust discrimination or undue prejudice is charged, the facts constituting the basis of the charge should be clearly stated; that is, if the discrimination be under section 2, the person or persons claimed to be favored and the person or persons claimed to be injured should be named, and the kind of service and kind of traffic, together with the claimed similarity of circumstances and conditions of transportation, should be set forth. If the discrimination or undue prejudice be under section 3, the particular person, company, firm, corporation, locality, or traffic claimed to be accorded undue or unreasonable preference or advantage, or subjected to undue or unreasonable prejudice or disadvantage, should be stated. If the complaint is brought under section 10 of the Federal control act, approved March 21, 1918, that fact should be stated and appropriate allegations made.]

X. That by reason of the facts stated in the foregoing paragraphs complainant has [have] been subjected to the payment of rates [fares or charges] for transportation which were when exacted, and still are, (1) unjust and unreasonable in violation of section 1 of the act to regulate commerce, and [or] (2) unjustly discriminatory in violation of section 2, and [or] (3) unduly preferential or prejudicial in violation of section 3, and [or] (4) unjust and unreasonable in violation of section 10 of the Federal control act, approved March 21, 1918. [Use one or more of the allegations numbered 1, 2, 3, 4, according to the facts as intended to be charged.]

Wherefore complainant prays that defendant may be [severally] required to answer the charges herein; that after due hearing and investigation an order be made commanding said defendant [and each of them] to cease and desist from the aforesaid violations of said act to regulate commerce, and [or] said Federal control act, and establish and put in force and apply in future to the transportation of between the origin and destination points named in paragraph hereof, in lieu of the rates [fares, charges, classifications, regulations, or practices] named in said paragraph, such other maximum rates [fares, charges, classifications, regulations, or practices] as the Commission may deem reasonable and just [and also pay to complainant by way of reparation for the unlawful charges hereinbefore alleged the sum of or such other sum as, in view of the evidence to be adduced herein, the Commission shall determine that complainant is [are] entitled to as an award of damages under the provisions of said act for violation thereof], and that such other and further order or orders be made as the Commission may consider proper in the premises.

Dated, 19....

Complainant.

COURTESY TO THE PUBLIC

Hale Holden, regional director, has notified central western railroads that they are being supplied from Washington with copies of General Order No. 40, urging courteous treatment to the public by railroad employees, and that the Director-General requests that copy be distributed to each employe when next pay checks are delivered. Employees are told to post the order on all bulletin boards, and have it published in all railroad magazines and periodicals. "Widest possible publicity should be given beginning Monday, August 19."

Another letter from Mr. Holden to the lines says:

Please wire Mr. Oscar A. Price, assistant to Director-General, Washington, sending copy by mail to me, the approximate number (and to whom they should be sent and where) of posters required by your road for posting two in each coach, Pullman car and small station, and from fifteen to twenty-five at large stations and terminals. These posters will be sixteen by twenty-one inches, and will be fastened with stickers. They are addressed to the public, and invite suggestions and complaints with respect to service. They bear the signature of the Director-General.

SHORT LINE TROUBLES

The Traffic World Washington Bureau.

Another chill has been sent down the spines of the owners of short line railroads by a letter from the Railroad Administration informing the Morgantown & Kingwood that a contract for compensation for it would be entered into as of July 1. This follows notice to disregard the relinquishment letter as of the day it was issued.

The unfavorable condition of the vertebrae is produced by the fact that the short lines suffered great losses during the period between January 1 and July 1 wholly by reason of orders of the fuel and railroad administrations, and if the contract is dated July 1 instead of January 1, the losses will fall on the corporations and not upon the government which received the benefit of the things done by reason of the orders issued by the administrations mentioned.

While no explanation has been made as to why the Railroad Administration changed its mind and decided to retain the Morgantown & Kingwood, the belief is common that the change was brought about by the fact that there was some talk about that road quitting business. The orders of the Fuel Administration required it to send fuel, not to the points that would give it the largest divisions from the B. & O., its sole connection, but to points where the government required coal for its contractors.

The Morgantown & Kingwood is the only one that is able to bring to the Bethlehem Steel Company the particular kind of coal required for mixing with the coal which it is able to obtain in bulk on shorter hauls. It is therefore desirable that that road be operated and doubtless if its owners declined to continue operation under the status that would prevail if the government refused to make a contract dating from January 1, steps would be taken to operate it. That, however, would permit the corporation to insist, in the courts, upon payment, by the government, of all damages caused by it, whereas if the company made a contract running from July 1, the courts might hold that such a contract constituted a waiver of the right to claim pay for the losses caused during the first six months by the government orders, as distinguished from orders of the Railroad Administration.

Not all the short lines, however, are as favorably situated, in a financial sense, as the Morgantown & Kingwood. It is controlled by the estate of the late Stephen B. Elkins, which could stand for a long time the loss resulting from a non-operation pending the determination of the questions raised by the notice that a contract would be made from July 1 forward. Their owners have no money and the banks cannot lend them any, even if the War Finance Corporation Committee of the Treasury Department should say it would be all right for them to do so. They would not know what, if any, money the government intended to allow the short lines to earn. They have suffered losses by reason of the disregard of both terminal and intermediate routing instructions. Some have fragmentary records of such diversion. Most, however, have not. In their anxiety to show that they were whole heartedly for winning the war, and never suspecting that any government official could take the position that the government should act the part of a slippery trader to take advantage of the generous impulses of its own citizens to impose losses on them which they would not have had to suffer if they had acted on the assumption that they would have to be aware of their own government and deal with it only at arm's length in the relation

of buyer and seller, they did not keep any. They must have money wherewith to meet their bills and interest, or go into bankruptcy from which they probably could save nothing because there is not a free money market into which prospective purchasers could go for the funds wherewith to buy the property that had been forced to sale because of the losses their own failure to meet their own government in, the relation of vendor and vendee had forced upon them.

The hopes that the main clauses of the standard contract would be agreed upon in a short time, held at the beginning of August, have not been fulfilled. That failure, however, has not prevented an effort being made by the railroad and government accounting officers, sitting as a committee, to agree upon a plan for compensation for the lap-over business; that is, the business that was in transit when December 31 ended and January 1 began. The railroad accountants, headed by A. H. Plant, have suggested that the settlement be made on the basis of the accounting status at the time the railroads were taken over. That is to say, if the originating road had already taken the particular transaction into its accounts, then it should remain there, unchanged. If not taken into account until after the transfer of the control, then the government shall have the money resulting from the transaction. The government, represented by the division of public service and accounting, takes the position that each transaction shall be examined and accounting made on the basis of the position of the car containing the shipment at the time of the taking over. In that way, if ninety-nine per cent of the task was performed before the taking over, then ninety-nine per cent of the resulting revenue would accrue to the railroad and one per cent to the government, as the lessee of the carrier's property. The railroad auditors admit that that would be fair, but they say the amount of work to be done would be enormous and might cost more than the difference in results. The government men are willing to admit that if the volume of business, when the railroads are returned to their owners, is as great as it was when the owners were deprived of control, then the sums will cancel each other and no one would be either gainer or loser. But inasmuch as the return is not to take place until twenty-one months after war (they assume the President will hold on as long as the law allows), they believe it no more than fair to assume the volume will be smaller, and that even if the volume is as great the percentage of high rated munitions will be much smaller and therefore the return would not be so great as to warrant a conviction that the two lap-over period transactions would cancel each other.

A steamboat compensation committee is to be formed to deal with the lap-over question as relating to that kind of common carrier. Some of the ship lines now operated by the Railroad Administration have ships that are in the possession of the Shipping Board. Some of the vessels in the hands of the Shipping Board may have been returned to the companies for operation by the Railroad Administration, so that from any point of view the question is of the utmost complexity.

Practically no progress is being made in the negotiations between the government and the short line railroads because the big contract is not yet completed, and until it is the main features of the agreement between the government and the short lines cannot be reduced to writing, even if it were in existence.

It is practically certain that the short line owners will seek more legislation. They are in violent disagreement

with John Barton Payne, the Railroad Administration's chief counsel. They are almost prepared to believe that Mr. Payne believes it is his duty to the public to use the power of the government to force them into such financial condition as will give them the alternative of making a bargain with the government that will not give them a fair chance to survive the war, or of breaking off negotiations now with a certainty that their property would go to forced sale. Also with the certainty that it would fall into the hands of persons who would get it at so much less than the real cost that they would be able to make the bargain, Mr. Payne's lieutenants have suggested, verbally, or if retained, would make a return on a smaller investment, or leave them in position to sell the roads to their big trunk line connections, or to the government, at bargain prices, because all the possible profits and all the ill-advised expenditures would have been sloughed off, by means of judicial sales of the assets of bankrupt small railroad corporations. At times the owners of the small railroads speak bitterly of the treatment they are receiving, as they think, at the hands of their government. Their trunk line connections never had the power to squeeze them as they think the government officials are squeezing them, because the act to regulate commerce always compelled the trunk line connections to observe routing instructions, both terminal and intermediate, which the trunk lines have not done since the beginning of government control.

THE CAPE COD CANAL

Speaking of the Cape Cod Canal, which was recently taken over by the government and which is being operated by the Railroad Administration, Current Affairs of Boston presents the following interesting bit of history concerning that waterway:

When President Wilson interrupted the progress of a hearing anent the Cape Cod Canal a few weeks ago and a few minutes later decided to take over the Canal in the name of the United States government, the last page of the three hundred years old history of the canal was finished.

From the earliest days of the history of Massachusetts, the Cape Cod Canal figures frequently. Far back in 1630, when the Pilgrims were facing starvation, they met the Dutch ships from which they secured food. It was at this time that Myles Standish first remarked of the possibilities of a canal "the like of which was not in all Flanders?" The difficulties of trading with the Dutch settlements because of the perilous journey around the cape gave rise to several surveys of the land where the canal is located, even in those early colonial days.

The earliest known crossing of the cape was in 1717 when one Capt. Cyprian Southack reported "the place where I came through with a whaleboat being ordered by ye Government to look after ye Pirate ship Whido Bellame, command'r, cast away ye 26th day of April, 1717, where I buried one hundred and two men." This place was recorded by him as the borderlands of what are now the towns of Eastham and Orleans and a storm had caused the waters to overrun the land in between. It was so great that the citizens of the place turned out in force to fill in the breaches made by the storm.

In May, 1776, Thomas Machin, then one of the most eminent engineers of the time, made a survey and reported the advisability of cutting the canal, but Washington called him for army work and no more was heard of the project for some time.

In 1804 the work of digging the canal between Eastham and Orleans was started, but subsequently was given up, and again the residents filled in the excavations.

Just prior to the Civil War a commission appointed by Congress made a survey of the land and the chances are that the canal would have been built at that time, but the intervention of war precluded that possibility. In 1870 a

charter was granted to a company and was extended in 1872, 1874, 1876 and 1877, but no real work was accomplished.

Henry M. Whitney procured a charter in 1880 and later the Lockwood Company secured a charter to cut the canal. It was ordered that this company should spend \$25,000 within a certain time and the company had two dredges really at work. However, with three weeks of the allotted time remaining, they had not spent the sum named and decided that dredging would not use it up fast enough, so they began to rush piles and wharf material to Bourne by the carload.

Thousands of fine oak piles were sunk for wharfs that had no business and the result was that \$40,000 instead of \$25,000 was quickly eaten up. However, the activity was such that the people of the cape at last believed that the much talked of canal was at last to be actually completed and there were parades, bands and much red fire. However, this company failed and the effect was such that in 1891 the people of Bourne refused to purchase stock in a new company that was being formed.

On June 22, 1909, August Belmont removed the first shovelful of earth in what was the final and successful effort to bring about what Cape Codders "would believe it when they saw it." DeWitt C. Flanagan of New York was the originator of the company which was headed and backed by Mr. Belmont. This company consisted of August Belmont, president; Arthur L. Devens, vice-president; William Barclay Parsons, chief engineer; John B. McDonald, vice-president of construction; John F. Buck, secretary and treasurer; Dudley Packman, DeWitt C. Flanagan and E. W. Lancaster, directors.

The canal was dedicated on July 29, 1914, and thus Nantucket Shoals, "the graveyard of the Atlantic," is robbed of its terrors. The coast is strewn with the bones of men and the hulks of once fine vessels that came to grief on the rocks and shoals while rounding the cape, a journey that is now unnecessary.

The trip to New York and points south is shortened many miles and the greatest element of danger is gone. The canal is completed despite the Bournedale inhabitants' pessimistic views on the matter "that there wouldn't never be no canal dug," and under governmental operation should become one of the most important inland waterways of the world in the matter of volume of tonnage.

COAL TO LOCOMOTIVES.

Compensation is allowed mines for the service of furnishing fuel direct to the tenders of locomotives, under an order of the United States Fuel Administration, announced and effective Aug. 17.

Under the order there may be added to the applicable government mine price of coal delivered directly from mine tipples to locomotive tenders the sum of five cents per net ton, or such other sum as may be agreed upon between the operator and the railroad receiving the coal.

In case of failure to agree upon price the operator shall furnish such coal at the applicable government mine price, plus such additional sum in excess of five cents per ton as may be fixed by the Bureau of Prices of the U. S. Fuel Administration upon application of either the operator or the railroad.

UNLOAD ALL COAL.

Hale Holden, regional director in Circular No. 118, says: Eugene McAuliffe, manager, Fuel Conservation Section, Division of Operation, calls attention to the fact that cars loaded with coal, railroad as well as commercial, are not being made entirely empty at unloading points. It has been found that in a very large number of cases, cars are leaving the point of unloading containing a ton or more of coal.

This economic waste should be closely watched by operating officers, and the co-operation of commercial consumers solicited.

BACKING AMERICAN SHIPS WITH AMERICAN DOLLARS

(By Edward N. Hurley, United States Shipping Board)

The United States is the greatest coffee consuming nation in the world.

We buy every year from Brazil about \$100,000,000 worth of coffee. Potentially, that should be the greatest influence for sales of our own products to Brazil. Actually, this coffee consumption has yielded to the United States only a fraction of its potential benefits.

European shipping concerns have controlled practically all shipments from Rio de Janeiro and Santos to New York and New Orleans. About two-thirds of the coffee comes to New York and one-third to New Orleans. An average of three ships a month were required in normal times to carry to New Orleans the 2,000,000 bags for the south and middle west. In a well-balanced trade, these ships would have been available for return cargoes of American products.

The middle west, especially, might have been in an advantageous position, because it could command lower railroad rates to New Orleans than New York. But the ships of this coffee fleet, all under foreign flags, made no effort to secure return cargoes. After discharging coffee, they loaded with cotton and other raw materials for European manufacturers. They steamed away to Europe, took on cargoes of manufactured goods made largely from American raw materials, and carried these back to Brazil.

Lacking ships to South America and banks on that continent, our coffee importers had to pay exchange and commission to European banks. The foreign ships upon which we depended provided a smooth highway for Brazilian coffee into New Orleans, greased the way for American raw materials to reach European mills, and carried European goods to Brazil, where they were paid for with the Brazilians' profit on sales of coffee to the United States. These foreign ships were so routed that they rendered their first service to the European exporter, their second service to the Brazilian coffee grower—and we came in for service after that.

Our foreign trade has been full of opportunities like this. But, lacking American merchant ships and American banking facilities in other countries, we have let the foreigner improve the opportunities.

Now we are building a real merchant marine. American banks are establishing foreign branches. The American ship and the American dollar are going to work together, and the more attention we pay to this great field of business the harder they will work for us.

Shipbuilding for war purposes has made a tremendous appeal to the American imagination. We must now put our merchant marine into the nation's thought in just the same way. These are the nation's ships. They will increase prosperity for people in the corn belt even more than those on the seaboard. They will serve the farmer and consumer even more than the manufacturer and exporter. When we get the American merchant marine into the daily thought of every producer, and our boys and girls play with shipping toys, and American youth consider the sea in choosing a career, then we shall have something upon which to build foreign trade, foreign exchange, foreign investment.

War has made us a real creditor nation. We have bought back from European investors billions of dollars worth of American securities. We now own our own railroads and factories, and hold the bonds issued by our

state, county and municipal governments. We have lent billions of dollars to the allies, and will lend them billions more before the war ends. We have opened book accounts with nations not actively engaged in the war who want to buy goods on credit from us. Best of all, we have begun to learn new habits of thrift and investment through buying liberty bonds, so that peace ought to find us with the mortgage of foreign investments on this country paid off and money in pocket to lend other nations.

The world owes us a great deal of money. But our principal debtors are the great manufacturing and exporting nations, like England, France and Italy. Naturally, they will pay their debts in goods as far as possible, and much of the trade which grows out of these obligations will take the form of shipments of American raw materials to make the goods with which they will pay us. Necessity will also lead them to be active sellers of manufactured goods. In South America, the British colonies, and the Orient, and in that trade there will never be either American competition or jealousy over business that properly belongs to them, because we realize the enormous sacrifices they have made for humanity, and wish to see them return to peaceful prosperity as fast as possible.

But there is trade to be built on new shipping routes between this and other countries. More than that, there is service to be rendered other countries by our ships and money.

Let us take Brazil as an illustration. When American ships go to Rio and Santos for coffee, they will carry American officers and seamen. There are no better salesmen or creators of good-will in the world than the men who man merchant ships running on regular lines from one country to the other, for their employment depends largely upon freight traffic. With our coffee, brought to us in American ships, and paid for in American manufactures sent back to Brazil, our officers and sailors will work like those of other nations to get freight.

With our manufacturers making payments in goods to Brazil, there will be a direct money exchange between Rio and New York, Santos and New Orleans, instead of the old triangular payment of money by American coffee importers to Brazil through European banks. So American dollars will be working with American seamen to safeguard the trade that belongs to us.

What sort of manufactured goods will our ships carry back to Brazil?

Some of the stuff will be for consumption, such as textiles, shoes, hats, millinery, agricultural implements, office equipment, household furniture. But Brazil needs production and public service equipment as well. The Balkan war diverted European capital from her industries and communities. The world war has put her on still shorter allowances. Her prosperity thus far has rested on two products—coffee and rubber. The development of rubber plantations in the East Indies has decreased her sales of crude rubber and awakened her to the necessity of wider agricultural development—cattle raising, grain growing, and the like. This calls for investments in agricultural enterprises, the settlement of new lands, the building of new railroads, the financing of new communities. Brazil also possesses vast undeveloped water-power, and is endeavoring to establish manufacturing interests. She will need a market for her bonds and stocks, and if the American dollar helps her create the basis of prosperity, it will be followed by American electrical machinery, railroad equipment and other apparatus, thus

creating freight for the return voyages of American merchant ships operating regularly in the Brazilian coffee and passenger trade.

Ships are the keystone of this whole elaborate structure.

Our trade abroad has grown haphazard, like Topsy, and become lopsided in many ways. It has been unbalanced financially, so that our profits have gone to pay foreign shipping companies, bankers, and insurance brokers. It has been unbalanced in tonnage, so that while we bought products of other nations and should have been building trade with them in finished goods, we have merely supplied raw materials for other manufacturing nations. We have been set aside on one leg of the triangular voyage when we should have been doing business direct, give and take, as we do it at home—you deal with me and I deal with you. Our foreign trade has grown against every handicap simply because of excellent American products which overcome competition on merit.

Ships are the rallying point round which we must pull all this business together, and now is the time for every American to begin studying our merchant ships and all that goes with them in the way of ocean delivery service, foreign exchange and investments, sales of American products for the out voyage, and purchases of raw materials for the return trip. We will shortly have the ships. It is time to acquire the knowledge of ships which will enable us to utilize our new merchant fleet for the service of this and other nations.

SOUTHWESTERN LEAGUE FORMED

The Southwestern Industrial Traffic League, to be composed of traffic men of Texas, Louisiana, Oklahoma and Arkansas, was organized at a recent meeting of members of the Texas Industrial Traffic League and traffic men from Louisiana following the monthly meeting of the board of directors of the Texas league. Through the medium of the commercial organizations represented by its members the new league will look after the shipping interests of all four states. The constitution and by-laws will be drafted by a committee composed of H. D. Driscoll, of Waco; C. D. Mowen, of Fort Smith, Ark.; W. V. Hardie, of Oklahoma City, Okla.; H. J. Fernandez of Monroe, La.; and F. A. Leffingwell, of Houston.

U. S. Pawkett, of San Antonio, was elected president of the new league. The other officers are: H. J. Fernandez, of Monroe, La., first vice-president; W. V. Hardie, of Oklahoma City, second vice-president; C. D. Mowen, of Fort Smith, Ark., third vice-president, and F. A. Leffingwell, of Houston, Tex., secretary and treasurer. The board of directors is composed of L. F. Daspit, of Shreveport, La.; Ed P. Byars, of Fort Worth, Tex.; H. D. Driscoll, of Waco, Tex.; and C. A. Bland, of Beaumont, Tex. The Texans who were elected officers and directors are members of the state organization.

The new league will serve the shippers of the southwestern states in the same manner that the state league serves the shippers of this state. It is expected that practically all the members of the state organization will join the new league and the state organization will co-operate with the new league whenever possible. After the constitution and by-laws of the southwestern league are adopted the organization will appoint standing committees to represent the shippers and to confer with the railway administration on traffic matters.

L. F. Daspit, of Shreveport, and H. J. Fernandez, of Monroe, represented the Louisiana traffic men and shippers at the meeting. They said the traffic men and ship-

pers of Louisiana as a whole were in favor of the organization of a league to be composed of the traffic men of the southwestern states. None of the traffic men from Oklahoma and Arkansas was present at the meeting, but letters were received from traffic men of those states favoring the organization of the league.

LOADING OF COAL

The Traffic World Washington Bureau.

A report was made to Director-General McAdoo, August 10, by the Car Service Section on the quantity of coal of all kinds loaded by roads for the week ended July 27, 1918, as compared with the same period of 1917. A summary of the report follows:

	1918.	1917.
Total cars bituminous	224,572	193,144
Total cars anthracite	40,942	43,050
Total cars lignite	3,657	2,813
Grand total cars, all coal.....	269,173	239,007

A summary of the decreases and increases in coal loaded since January 1, 1918, up to and including the fourth week of July, 1918, as compared with the same periods of 1917 follows:

Month.	Decrease, cars.	Increase, cars.
January	79,172	.....
February	21,250
March	46,613
April	73,408
May	84,998
June	88,840
July (first four weeks).....	113,188
Increase, 1918 over 1917, 359,125 cars.		

QUESTIONS FROM AN AUDITOR

C. C. Lancaster, general auditor of the Carrollton & Worthville Railroad Company, Carrollton, Ky., writes as follows to the Southern Freight Traffic Committee:

I have several matters I wish to bring before you for your opinion and feel it will be some help to destination agents and auditors of freight accounts, as it is just as probable that destination agents have not available tariffs as the forwarding agents.

First, most forwarding agents fail to show on revenue billing where they rate the shipments to, and if the agent at destination has not the available tariffs, he is up against it. If the forwarding agent would insert after rate used where to, it would be a great help to the auditors as well as destination agents.

For example, C. I. & L. agent at Chicago, Ill., makes a shipment to Carrollton, Ky., route to Indianapolis, C. I. & W., Hamilton B. & O., Cincinnati, L. & N., and stamps on revenue billing not rated through, and does not mention where rated to, the rate used (if destination agent has not available tariff) cannot be construed whether he rated to Indianapolis, Hamilton or Cincinnati, Ohio, and in lots of cases junction agents fail to revise billing. I believe if Supplement to General Order No. 11 would call attention to this fact it would be of great assistance to all concerned, and know by actual experience it would eliminate unnecessary errors and claims in overcharges and undercharges.

Second, we have a joint interline rate arrangement with the L. & N. R. R., using Louisville, Ky., and Cincinnati, Ohio, combination basis for constructing through rate into and out of Carrollton, Ky., and also issue concurrences to M. P. Washburn and other tariff agents to file and issue rates in our behalf. The question is this—a car of lumber shipped from Chicora, Miss., to Carrollton, Ky., using Louisville combination, carried in Washburn's Tariff No. 2, I. C. C. 156, rate to Louisville 19 cents per 100 lbs., L. & N. Joint Tariff 1538, I. C. C. A-11545, Louisville, Ky., to Carrollton, Ky., of 7 cents per 100 lbs., making a through rate of 26 cents per 100 lbs.

I have been advised that M. & O. Tariff 4500, I. C. C., 1082, which is unknown to us, carries a rate from Chicora, Miss., to Worthville, Ky., of 21 cents per 100 lbs., and our rate from Worthville to Carrollton, Ky., 4 cents per 100 lbs., making a through rate of 25 cents. Which of these rates is applicable?

OPERATION NEAR NORMAL

The Traffic World Washington Bureau.

It is the impression of well-informed traffic men representing shippers that the physical operation of railroads is now as nearly normal as at any time since the European war began playing ducks and drakes with the American transportation system. They further believe that the railroads will go into the winter season in as good condition as ever; that if the coal miners will bestir themselves a little more, if the mine operators can induce more men to work or those that are working to dig a little harder, the country will be in a satisfactory condition during the winter.

As to rate situations, as a rule they do not want to talk for publication. They want to give the Railroad Administration all the chances it is entitled to have, to place itself on a right footing with regard to the money side of the matter. They are inclined to give Director Chambers credit with a determination to straighten out the kinks in the rate situation as rapidly as possible. They are aware that he is depending upon the local and general rate committees to make recommendations, and they agree that the regular way is the better way to handle any matter.

However, there is, they believe, a limit beyond which they cannot go in the matter of waiting for the local committees to remove monstrous injustices, as, for instance, an increase in the charges on switching movements which amounts to an increase in the charge for an engine and crew from \$7.50 an hour to \$60, or 700 per cent. In another way of calculating the increase it runs more than 1100 per cent, or more than enough to close the industry that is called upon to pay such increases.

The local committees have been working on some of these situations since the early part of July, but they have not yet sent their reports and recommendations to Washington. While the policy of the Railroad Administration is to force complainants to appear before the local committees, no way is known to prevent the complainants coming to Washington after they have given what they think is a reasonable time for a report on a glaring case to have been made and asking questions as to why there has been no report and filing a request that the heads of division request expedition in the making of reports.

An illustrative situation is afforded by the complaint against cattle rates in the drouth sections of Texas. The rates in that part of the country are higher now than ever before. Graddy Cary and Samuel H. Cowan, after fussing with committees in Chicago and St. Louis, came to Washington to protest against such a situation. They made the point to Director Prouty that it is preposterous that the already harassed cattle men of the southwest shall be held up by their own government when they are trying to save themselves and to keep up the supply of food for the army and the civil population, and be asked to pay rates that will leave them without a cent, and worse off than if they allowed the cattle to die and rot on the ranges.

The point is made, in connection with that situation, that the rate men in the southwest, to satisfy the complaints of Oklahoma, raised the rates in Texas and Arkansas so as to remove the facts upon which the Oklahoma commission based its charges of discrimination against that state. The allegation is that the southwestern rate men persuaded the Railroad Administration to take the scales made in two Commission cases and add increases

to them, so that the increases were added to the parts of the two scales that would give the highest rates.

The Oklahoma people a month ago were doing the floor-walking on account of the discrimination they alleged against their state and in favor of Texas and Arkansas. They persuaded the railroad men to remove the discrimination, which they did by raising the rates in Texas and Arkansas, hence the perturbation of Cary and Cowan.

Notwithstanding these irritations the traffic men, as before set forth, are determined to give the Railroad Administration officials all the opportunity they need to straighten out the inequalities before either setting forth their troubles to congressmen or to the technical newspapers, such as *The Traffic World*, because the physical operation of the carriers, as set forth in the initial paragraph, is better than it has been for a long time.

Nor is there any inclination to remark that much of the improvement that has taken place in the last six months could have been made last fall if the government had got back of the railroad officials and permitted them to do what the government itself has done, in the way of taking off trains in disregard of the orders of state commissions, pooling of freight in disregard of law, disregard of routing instructions in violation of law, and dismissal from control over traffic of army officers who issued so many priority and preference orders that eighty per cent of the freight of the country was supposed to be moving under such orders and but little under the usual rule.

On the contrary, they are willing to give the government officials credit for having discovered the way to free the railroads from the restrictions that made transportation almost impossible, long before the Gordian knot was cut by the taking over and the disregard of anti-trust laws, the act to regulate commerce and the statutes and rules of state legislatures and state commissions. They are not insisting upon saying, "I told you so" on any phase of the matter.

All they are asking is that the local and general rate committees use speed in dealing with rate quirks which they cannot believe will be tolerated by Director Chambers, when, in the way prescribed as a collateral matter running with General Order No. 23, the facts are placed before him.

MUST SAY HOW MARKETED

The Food Administration has issued the following:

Because of a lack of understanding of the way in which a commodity was to be handled and sold on the market, there has been a great deal of trouble between shippers and receivers. The Food Administration, however, has made rules and regulations which are designed to force receivers who handle poultry, eggs, butter and other produce to make clear to the shipper just how his goods will be sold.

Act in One of Two Capacities

Licensees act in either one or the other of two capacities. They are agents who sell for the shipper on commission or they are actual purchasers for their own account. Some of them are engaged in both lines of business, and the shipper is often at a loss to know whether the receiver has bought the goods for his own trade or sold them to someone else. In such a case there is the possibility that the price realized would not be so high as when sold on a competitive market.

Information for Shippers

The Food Administration now requires a receiver to give

detailed information to the shipper regarding the disposal of his consignment so that he may judge whether or not he has received the best treatment possible. When he buys the goods outright he must not use any expression in reporting to the consignor that would tend to give the impression that the sale had been a commission transaction. The expression "net return basis" is not to be used at all in describing purchases. It can be used only in reference to an agency transaction.

By this action the Food Administration is discouraging a very prevalent unfair practice.

COAL HANDLING AND FORWARDING CHARGES REGULATED

To adjust charges for handling and forwarding lake cargo coal and fuel for lake vessels, various amendments to the original regulations have been made, the U. S. Fuel Administration announced on August 17.

Heretofore, except during such period of time as specific sums were allowed by order of the Fuel Administration to be charged for designated service, the only restriction was that contained in the "Food and Fuel Control Act" declaring it unlawful "to make any unjust or unreasonable rate or charge in handling or dealing with any necessities."

Since June 1, 1918, and now applicable, under orders of June 5, 1918, and August 6, 1918, the following regulations and rates of charges for such service are in force:

- (a) A lake forwarder may charge 20c per ton on cargo coal for his services.
- (b) A lake forwarder may charge 25c per ton for fuel coal furnished a vessel, and 50c additional, or a total of 75c per ton, where the coal is delivered to the vessel by barge or scow.
- (c) A purchasing agent may be employed by the lake forwarder to buy either cargo or fuel coal and charge a commission of 15c per ton, if not prohibited by Rule 3 of Pub. 22 from so doing.
- (d) A lake forwarder may pay a purchasing agent 15c per ton for buying either cargo or fuel coal for him and add same to the 20c allowed for cargo coal and the 25c or 75c allowed for fuel coal.
- (e) A licensed distributor acting as a lake forwarder or lake fueller who purchases coal from an entirely independent mine, or from a mine not owned or controlled by another lake forwarder or lake fueller, may add the purchasing agent's commission of 15c per ton to the 20c per ton allowed on cargo coal, and to the 25c or 75c allowed on fuel coal, but such sum cannot be added if the lake forwarder has employed an independent purchasing agent in the purchase of such coal.
- (f) No commissions whatever can be added by lake forwarders or lake fuellers to the applicable government price of anthracite coal.

TEXAS MIDLAND VALUATION REPORT

The Traffic World Washington Bureau.

In a 186-page report on the valuation of the Texas Midland Railroad, the first of its kind, the Commission found that it would cost \$3,461,356 to reproduce that road with new material and \$2,597,442 with second-hand material of as good quality; that its land, including right-of-way gifts and donations, are worth \$1,058,018 and that its capitalization is only \$2,122,000. It found no "other elements of value." That is to say, it could not find that a railroad has such a thing as good-will, an element of value in commercial properties.

While the report is devoted to this short line, it is filled with a general discussion of principles to govern the Com-

mission in fixing the value of the property of other railroad companies. It has been a point of attack by railroad lawyers urging that a railroad has other elements of value than the cost of acquiring right-of-way, grading it and laying ties and rails and running cars and engines upon them.

The Commission did not fix upon a single sum as representing the value of the property. It will hear suggestions from those interested on that point and, if they do not make any, will fix such sum without their help.

This report will probably be made the basis for attacks in courts, because, while the Midland has a low capitalization, it has been contended that its value is greater than the sum of the units assembled and put in place; in other words, that it has a value as a going concern higher than the sum of the cost of the units plus the cost of putting them in place.

TROOP MOVEMENT

The Treasury Department has issued the following statement with reference to the transportation of our troops:

The world has been astonished at the great number of American soldiers transported to Europe in the last half year. The number now approximates 1,500,000, and the loss of life in transporting them has been almost infinitesimal.

The success with which we have moved our troops from the scattered camps in this country and across 3,000 miles of ocean to the battle front is great evidence of American efficiency. We have not only surprised our enemies; we have surprised our friends and ourselves.

The British controller of shipping, Sir Joseph Maclay, speaks of this movement across the sea as "A transport miracle." We have been inclined to attribute this achievement solely to our Navy and our shipping, but the British controller speaks in high praise of the share the American railroads had in the work. He says:

"If the American railroads had not been operated with success the whole transport movement might have failed, because it was essential to quick transportation that the troops should be ready for the ships."

Director-General McAdoo seems justified in his statement that, while the development of the policy of the Railroad Administration requires time, progress has been made toward the goal.

SHORT LINE OFFER REJECTED

The Traffic World Washington Bureau.

The administration has rejected the contract offered by the Short Line Railroad Association, calling for the operation of such railroad by their owners, observance of routing instructions, adequate divisions, car supply and opportunity to buy supplies at rates made to big roads. The short line people were told to negotiate farther with E. C. Niles' short line representative in Director Prouty's office.

The probabilities are that the short line men will take their troubles to Congress again.

EXPECT LOWER EX-LAKE GRAIN RATE

The Traffic World Washington Bureau.

Grain people, who have been pleading with Director Chambers, expect to have ex-lake grain rate from Buffalo reduced from 16.33 cents to 14.33 cents because they have shown him that with so high a rate grain will not move via lake. Practically no grain is moving via lakes for shipment east of Buffalo, hence the probability of re-establishing the differential so as to induce water movement.

Efficiency in Traffic

New Devices, Suggestions, and Methods for Increasing Efficiency in Freight Handling and Other Branches of Traffic Work

HOUSTON HARBOR FACILITIES

I have read with considerable interest the articles appearing on page 261 and 263 of the August 10 issue of *The Traffic World*, having reference to inadequate harbor facilities. As we have something over \$5,500,000 invested along with approximately \$3,000,000 invested by the Federal government in port facilities which on account of lack of ships have not been utilized to any extent during the past two years, this subject is of vital interest to us.

Approximately \$6,000,000 has been spent in deepening and widening the Houston ship channel from the Gulf of Mexico to Houston, a distance of fifty miles, to its present minimum depth of 25 feet and minimum width of 130 feet. A turning basin has been provided at the Houston end with a width of 1,100 feet at the top and 900 feet at the bottom. Passing points have been provided at intervals so that ships may pass without difficulty in the channel. In addition to the money spent in dredging the channel, the city of Houston has expended more than \$2,500,000 in providing wharves, docks and warehouses around the turning basin of this channel. Plans are now being made to deepen and widen the channel still further so as to permit its use by vessels drawing thirty feet of water.

We have completed and ready for use free municipal wharves with a water frontage of 3,649 lineal feet, of which 2,224 lineal feet are covered with sheds, and 1,229 lineal feet are provided with railroad tracks along the water front, the others having track back of the wharves. We have modern concrete rat and fire proof warehouses in connection with these wharves, with a cubic foot capacity of 1,496,000 cubic feet; and in connection with the cotton wharves we have modern cotton sheds with a capacity of 40,000 bales. In addition to this, we have a large reinforced concrete rat and fire proof warehouse situated just back of and connected with Wharf No. 4 by automatic elevators and runways and a 20-ton electric crane, with a cubic foot capacity of 2,012,030 cubic feet. The total area of wharves not covered with buildings is 218,654 square feet; total area of covered space is 587,991.7 square feet.

For the prompt handling of freight we have installed in connection with these wharves and warehouses five inclined elevators or escalators from shipside to warehouses; two 8-ton elevators; one 20-ton traveling crane from shipside to tracks and to the six-acre concrete warehouse situated just back of Wharf No. 4; and a 7,500-foot mono-rail in connection with the cotton sheds for handling cotton from any part of the sheds or wharf direct to ship. All wharves and warehouses are served by a system of rail lines, classification yards, sidings, etc., which are adequate to take care of several hundred cars. These tracks are owned by the city of Houston and connect with each of the eighteen railroad lines reaching Houston. The Houston ship channel is an inland or land-locked channel and will always be safe from the ravages of tidal storms; the wharves are municipally owned and no charge is made for wharfage or berthing.

I realize that the facilities above mentioned would serve only a very small portion of the export and import business of this country; but, in view of the fact that since the completion of these wharves and warehouses, about two years ago, practically no traffic has been handled through the port of Houston, and on account of shortage of ships our harbor facilities have not been used to any extent, it seems to me it is rather early to talk about creating new ports. There are many other ports on the Gulf Coast, which, together with the port of Houston, can handle an immense amount of tonnage, but I think I am conservative in saying that up to this time less than 15 per cent of their capacities have been utilized. Houston is one of the cities that has invested its money in port facilities and I feel confident our citizens will provide more facilities when needed. If necessary, wharves and docks could be constructed from one end of the channel to the other, a frontage of 60 miles. At this time the report of the Shipping Board Committee does not apply to Houston, as the business of this port has not outrun the facilities that have been provided, and we would welcome the government sending us ships to use these splendid facilities.

J. A. Morgan,

Manager, Traffic Department, Houston Chamber of Commerce.

TRUCK OWNERS' CONFERENCE

Plans are being made for forthcoming conventions of the Truck Owners' Conference, Inc., in many of the larger cities. As announced by Harold P. Gould, chairman of the conference, plans have been laid for nineteen two-day conferences in as many cities in the next ten months. The opening conference will be held at Detroit, September 19 and 20, at the Board of Commerce Building. The official program will be made up of Detroit speakers, each a truck expert in his particular field. Special films of a few of the more efficiently operated truck fleets in Detroit and Chicago will be shown.


Addresses by both large and small truck operators on their experiences in using methods that reduce operating expense and general discussions on the facts thereby brought out will feature all conferences. The purpose throughout is to secure greater efficiency in truck operation the country over. The subjects discussed range from "Loading and Unloading Methods That Save Time" and "Hauling More Goods With Fewer Units" to "Simplicity and Advantages of Keeping Costs on the National Standard Truck Cost System."

The conferences are open to all interested truck users—no fee of any kind being asked. The conference is not open, however, to the trade with the exception of specially invited representatives.

Said the chairman: "At this time when freight cars are at a premium the development of more efficient ideas

in motor truck transportation is a vital factor in the conservation of freight car space. Every foot of space so saved represents one more shell to harass the Hun, or another bit of flour for our allies. Thus the conference is a patriotic movement toward helping to win the war."

The various cities scheduled for conferences extend from coast to coast and each has been chosen because of a central location whereby as many cities as possible especially in that locality may be represented at each conference. Former conferences held in New York, Chicago and Detroit have been such successes that the outlook for successful conventions in the nineteen conference cities is considered promising.

 The headquarters of the Truck Owners' Conference, Inc., is at 327 South La Salle street, Chicago.

NEW ROUTING TARIFF

The Traffic World Washington Bureau.

A routing tariff that falls on the sacred short-hauling rule with all the force that could be brought to bear upon it has been published by A. C. Tummy, general freight agent for the Chicago, Indianapolis & Louisville, better known as the Monon. Mr. Tummy looked the fact that the supreme need now is a saving of car miles squarely in the eyes and has governed himself accordingly.

The Monon sprawls over eastern Illinois and the state of Indiana in the form of an elongated X, one leg extending from Michigan City on the north to Louisville on the south. The other leg extends from Chicago on the north to Indianapolis.

Under the ordinary rule against short-hauling it is the business of Monon officials to solicit business at Indianapolis for Greencastle, Ind. Having received it, it is their business to route that stuff via Monon, thereby assuring a ride for that freight four times as long as the distance between Indianapolis and Greencastle. Under the new tariff, C., I. & L. routing tariff No. 7757, canceling No. 7549, it will be the business of the Monon agent, either to decline the business altogether, or, if he accepts it, his duty will be to have a Monon yard engine take it to the east and west line that can take it to Greencastle without any hauling round Robin Hood's barn. The tariff contains routes numbered from A to L. It makes up through routes composed of a switching movement for the Monon to an east and west connection to final destination; from points on the Monon at Indianapolis and Fair Grounds, composed of a switching movement by the Monon at the point of origin, Big Four, Panhandle or Illinois Central to a connection with the Monon, thence to destination on the rails of the originating carrier. It does the same kind of drastic things to traffic at other points and via all junctions. At Indianapolis and Fair Grounds the east and west lines are to be preferred in this order: Illinois Central, Panhandle, Big Four and C., I. & W. If the first mentioned is embargoed or is unable for some other reason to handle the business, then it is to be given to the second on the list.

In designated circumstances, the carload freight is to be declined, or, as the tariff says, "conceded to the direct line." The Monon agent is to refer the shipper to the direct line and, if the direct line is embargoed, the agent is to ask the division freight agent about the matter. In his instruction to agents, which he calls "A Word to Agents," Mr. Tummy said:

"You are vitally concerned with the rest of us in winning the war. It is the supreme demand of the hour.

"In the discharge of your railroad duties you can serve your country in no more effective way than by a careful observance of the instructions contained in this routing tariff.

"To understand the principle upon which the instructions are framed, look at the map of the C., I. & L. Railway on page 8. There you will see that the main line and the Indianapolis division, south of Monon, Ind., form, roughly speaking, two sides of a triangle, with Monon, Ind., at the apex.

"The intention is that, with certain exceptions which are indicated in the tariff, all traffic from the main line and branches (south of Monon, Ind.) to the Indianapolis division, and vice versa, shall, instead of being hauled around via Monon, Ind., be turned to the C., C. & St. L. Ry., P., C., C. & St. L. R. R., Illinois Central R. R. and other east and west lines intersecting the main line and the Indianapolis division of the C., I. & L. Railway. To do this means to save 'car miles,' and that, in turn, means conservation of equipment, power, labor and the many other elements that enter into transportation costs.

"This is applicable not only to our local C., I. & L. Railway traffic moving between divisions as described in the preceding paragraph, but applies with equal force to through traffic moving from and over the C., I. & L. Railway to connecting carriers, east, west, north and south. The need and the opportunity for intelligent and persistent work in directing this through traffic into the most direct and economical channels is just as great as in the case of local traffic—indeed, it is greater, because of the larger volume of the through traffic and the longer distances over which it moves, as a rule, to its destination.

"If each and every station agent in the country could, by his individual effort and alertness in directing freight to the shorter and most economical routes, save, on an average, only ten (10) car miles per day, the results would be something tremendous. It would be equivalent to a very substantial addition to the rolling stock and man power of America's railroads.

"DO YOUR BIT! And ask the shippers to co-operate with you by specifying, when they specify at all, the most direct and economical routes.

"Keep in touch with your division freight agent in this work. Communicate freely with him when doubtful questions arise, and he in turn will report to the undersigned."

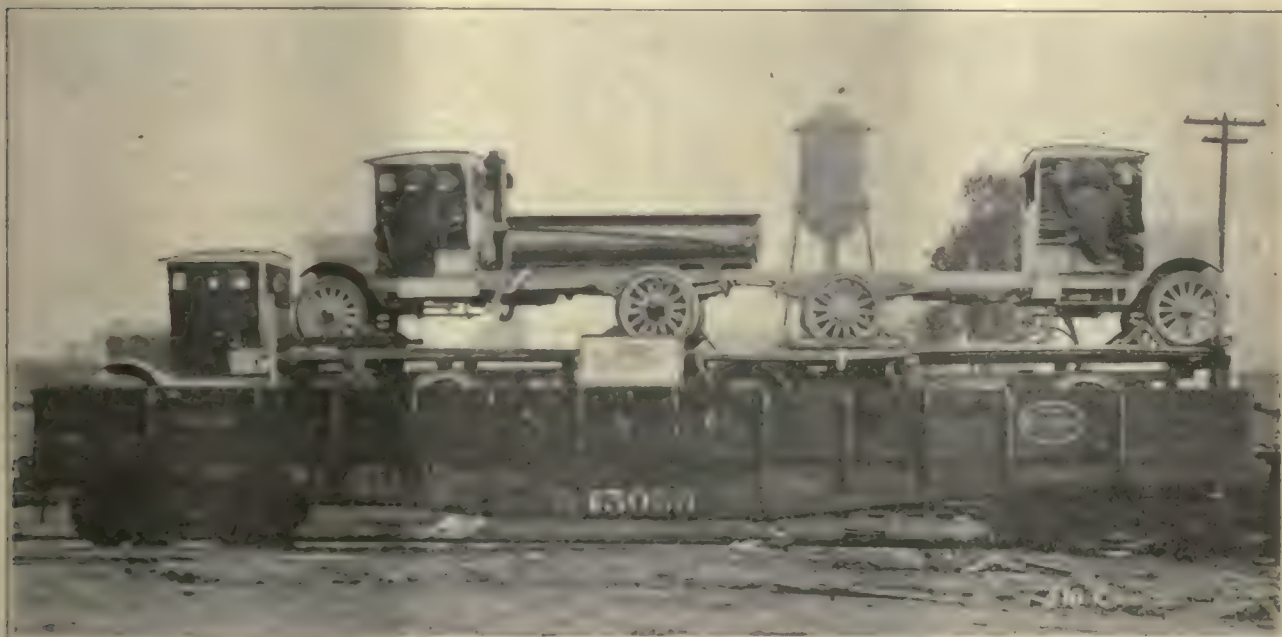
The tariff might have been made more explicit by the addition of a paragraph in the word to the agents, saying that these instructions are not to be construed as undertaking to deprive the shipper of his right to route his freight so that he will obtain the lowest possible rate for the delivery he desires. Such a note, of course, is not really necessary, because both agent and shipper are supposed to know the law on the subject. They are also supposed to know that if a non-controlled road is involved in the matter, it is a big question whether the controlled road had the legal right to deprive the non-controlled road of that part of the haul specified by the shipper.

That, in the eyes of well-informed men, is the weakness in the scheme of operating the railroads as a unit for the winning of the war. The Director-General, speaking for the President, has assumed that only some of the roads are needed for the winning of the war. Railroad agents mistakenly have construed the order to route freight by the shortest and most economical route as giving them license to disregard the part of the act to regulate commerce which protects the shipper and the

carrier in the routing of freight. Federal controlled roads need not respect intermediate routing of freight over the rails of other federal controlled roads, because all federal controlled properties have lost interest in the question of short-hauling. Their income is guaranteed by the government. They are bound only by the rule that they must respect routing for delivery purposes and for purposes of assessing freight. Of course, in theory the fifteenth section prohibition against short-hauling is still in effect as to all roads, but there would be no reason for a federal controlled road calling attention to disregard of it by another federal controlled road. That, however, is not the fact regarding roads that have been relinquished.

Inasmuch, however, as Mr. Tummy's tariff is only for the guidance of the men who physically handle the freight, it may be that the failure to call attention to the legal rights of shippers and non-controlled roads is of no importance, unless it should develop that those who route the freight undertake to compel a shipper to take delivery at a point other than he has designated, taking the routing tariff as their authority therefor. It confers no authority to disregard shippers and non-controlled roads. Orders relating to the movement of traffic cannot affect the legal rights of a shipper, whether issued by an inside or an outside road, nor can they add to or subtract from the legal rights of outside roads.

Heavy Car Loading



The above illustration shows how the Gramm Bernstein Motor Truck Company of Lima, O., is meeting the demand for heavier car loading.

Guy D. Kendrick, the traffic manager, in sending us this photograph, says that while his company is doing everything it can to conserve equipment, his observation, in going through the yards at various terminals, is that conservation is not being as generally practiced as it should be, particularly on export shipments.

This particular car was a 46-foot New York Central one and the load, which had a total assessable freight weight of 32,565 pounds, consisted of four 3½-ton trucks and one 5-ton frame.

SETTLES SOUTHWEST LIVE STOCK RATE ISSUE

The Traffic World Washington Bureau.

Director Chambers has decided to settle the live stock rate controversy in the southwest by extending the Commission's I. and S. 953 scale, commonly called the Shreveport one, over the entire region. That was his original instruction, but the local committee dealing with Oklahoma complaints got the latter to agree to a removal of discrimination against Oklahoma by the application of a

combination of the Shreveport and the so-called seventeen sixteen scale prescribed in a formal docket before the Shreveport case.

The Shreveport scale was to be taken where it made the highest and seventeen sixteen where it made the highest. Texas, Arkansas and surrounding states did not agree to the so-called compromise. Instead they made roof-raising protests, especially inasmuch as the rates put in to remove Oklahoma discrimination, intensified the distress arising from drouth, because the compromise rates abolished the stock cattle rate, which was seventy-five per cent of the fat cattle rate.

The stock cattle rate is also to be restored. The new scale will raise some Texas rates and reduce a large number of Oklahoma ones.

A further agreement between Mr. Chambers and the live stock interests was that the Shreveport scale with twenty-five per cent added, so as to bring it up to No. 28 level, with seven cents maximum, should apply from the southwest into the whole of Southern Classification territory, so that cattle may be moved from drouth sections to pastures east of the Mississippi River. This eastward extension in terms is to last only until January 1, but it may be extended, if conditions have not improved.

Legal Department

In this department a legal expert answers simple questions relating to the law of interstate transportation of freight. Readers desiring special service by immediate answer may obtain privately written answers to their inquiries by the payment of a small fee.

Address Legal Department, The Traffic Service Bureau, Colorado Building, Washington, D. C.

Claims Arising Prior to Federal Control.

Iowa.—Question: "Will you kindly advise us in the columns of your paper the status of claims arising prior to December 28th, 1917. We are advised by Mr. Edward Chambers, Director, Division of Traffic, U. S. R. R. Administration, that the Director General has no jurisdiction over claims arising prior to December 28th, 1917. In view of this statement, against whom should suit covering claims arising prior to December 28th, 1917, be brought? If against the individual carrier and judgment is awarded, would the Director General have jurisdiction over the judgment?"

"The carriers have made the excuse in a number of instances that they will not pay certain classes of claims until they know the Director General's attitude toward this class of claims. Is it not a fact that the Director General's attitude on claims should have no effect on claims arising prior to December 28th, 1917?"

Answer: The Act providing for the operation of railroads while under federal control does not contemplate changing the status of the carriers prior to that time, and Section 10 of that Act expressly provides that such carriers, after under federal control, shall be subject to all laws and liability as common carriers, whether arising under state or federal laws or at common law; that actions at law or suits in equity may be brought by and against such carriers and judgment rendered as now provided by law, and that in any action at law or suit in equity against the carriers, no defense shall be made thereto upon the ground that the carrier is an instrumentality or agency of the federal government.

It, therefore, follows that no claims arising prior to the time when the government took over the control of the railroads, that a suit thereon, instituted subsequent to that event, shall be brought in the same manner and place as if such control had never been exercised by the government. If such an action is brought against the individual carrier and judgment obtained, it is our opinion that such judgment should be satisfied out of the carriers own funds, and not chargeable against property under federal control.

Checking Shippers' Load and Count Shipments.

Kansas.—Question: "We had a shipment of 700 bundles of bale ties that moved intrastate within the state of Kansas. Two different men checked out and counted 5 bundles short, and gave consignee notation of freight bill '5 bundles short at destination.' Consignee filed claim for the 5 bundles; general claim agent investigated and found that shipment was loaded and counted for by the shipper and was so receipted for 'S. L. & C.' and car moved under the same seals from point of origin to destination and declined the claim. Consignee now files suit to recover the loss. Consignees' men have never counted the bundles. Please advise if carrier is liable."

Answer: It does not necessarily follow that a carrier is not liable for loss or damage to shipments billed "shippers' load and count," even though arriving with seals intact, if the carrier is in anywise at fault for the loss or

injury. The carrier is not liable for loss caused by the improper loading or by the non-receipt or by the misdescription of the goods described in the bill of lading, but would be prima facie liable for loss on proof that a given quantity had been loaded and that a lesser quantity had been unloaded at destination. Where a shipper loads and counts the shipment, and the carrier did not check the same, the mere fact that the bill of lading recites a given number of bundles is not conclusive on the carrier, even though unqualified, and the carrier is not estopped from showing that the number of bundles stated was not in fact delivered to it for transportation. See our further views on this subject as published on page 183 of the January 26th, 1918, issue of the Traffic World, in answer to "Illinois."

Measure of Damages at Time and Place of Shipment.

Washington.—Question: "Have been watching for your comments in regard to a recent decision in the McCaull-Dinsmore Company vs. C. M. & St. P. decided by the Hon. Page Morris, District Judge for the District of Minnesota, in which decision it was held that the measure of damage provided for in the standard bill of lading was contrary to the Cummins Amendment."

"It seems to me that this is a very important decision and has a far-reaching effect, as the carriers, in the past, have always insisted that the measure of damage was subject to the bill of lading contract."

Answer: We understand that Judge Page Morris, District Judge for the District of Minnesota, did deliver an opinion, in the case of McCaull-Dinsmore Co. vs. C. M. & St. P. Ry., on the validity of Section 3, Paragraph 2, of the Uniform Bill of Lading as affected by the two Cummins Amendments. This Paragraph computes the amount of any loss or damage for which the carrier is liable on the basis of the value of the property at the place and time of shipment. The above court held that this provision was in the nature of a limitation of liability, and, therefore, invalid under the Cummins amendment. The broad conclusion that the court reached in that case and the process of reasoning by which such conclusion was reached were given by the court as follows:

"What would have been the liability of the carrier, and the consequent amount of recovery, if that provision or stipulation had not been in the bill of lading? In the latter case there can be no question, and it was so admitted on the argument, as it had to be, but that the liability and the consequent amount of the recovery would have been that of the common law, namely the value of the goods at the point of destination at the time they should have been delivered. And that this is the actual loss to the shipper caused by the failure of the carrier to deliver the goods at that time and place, whether the value is greater or less than at the time and place of shipment is the foundation of the common law."

"From the foregoing simple statement, I do not see how it is possible to escape the conclusion, upon a fair and open minded consideration of the language of the amendment and the obvious and well known meaning of its terms, that this provision or stipulation in the bill of lading is a limitation of the liability of the carrier and the amount of recovery and is, therefore, unlawful and void."

We regret that we cannot concur in the court's views of the law as expressed by the Cummins Amendment, and until such views have been approved by the superior courts, we are not ready to accept them for ourselves. We do not understand that the object of the Cummins Amendment was to restore the common law. The purpose of it

was clearly to place upon the carrier liability for the full actual loss, or injury to the property, which is caused by them. It is not legally correct to say, as the court above stated, that the value of the goods at the point of destination at the time they should have been delivered represents the actual loss to the shipper. In ordinary straight consignments, the shipper's obligation ceases on delivery of the shipment in good order to the initial carrier at shipping point, and the shipper's contract of sale with the purchaser usually fixes the purchase price as the value at shipping point, and not at destination point. The shipper having entered into a contract of affreightment with the carrier, in which is a stipulation computing the loss at the value at the time and place of shipment, this agreement between the parties thereto is binding upon any parties who claim thereunder, such as the consignee, etc. In every shipment involving a loss or damage, such must occur either at the place of shipment, while in transit, or at destination point. It would be perfectly proper between the parties of the contract to fix some method for determining the full actual value of the loss or damage, and the purpose of the stipulation in the Uniform Bill of Lading is merely to the effect that the liability of the carrier is placed at the full value of the property as of the time and place of shipment. This is no limitation of liability made void by the Cummins Amendment, but simply a definite method for ascertaining the full actual loss or damage on the basis of the value of the property at a given point.

We see nothing in the court's decision above cited to change our views on this subject as fully expressed in our answer to "Massachusetts," entitled "Computing Damage at Value at Place and Time of Shipment," published on page 1145 of the December, 1916, issue of the Traffic World, and our answer to "Massachusetts" entitled "Changes in Common Law by Carmack and Cummins Amendments," as published on page 1273 of the December 15th, 1916, issue of that paper.

Loss After Delivery on Private Tracks.

Washington.—Question: A shipped to B, located in Oklahoma City, one car of pine windows. For some reason not known to A or B, the windows were transferred in transit to two cars by the carriers. On arrival of the shipment at destination B found it impossible to unload the cars, on account of not having warehouse room. The cars were held on B's unloading track for a period of five months before the unloading was completed. Demurrage was assessed by the railway company and paid by B every day that the cars were held except Sunday and legal holidays.

During the period that the cars were held for unloading B opened the cars several times and removed some of the material. The railway company was notified of these operations and the cars were immediately sealed after each entrance. After B had completed the unloading of the cars he discovered upon totaling his tally sheet that 50 windows checked short. Claim was filed immediately for the shortage. The railway company now decline to entertain B's claim on the basis that their records do not show any loss in transit and, in view of the fact that B entered the cars several times and removed some of the material, there was plenty of opportunity for some of the material to be removed and not accounted for. They also maintained that their contract closed when they placed these cars on B's unloading track. Will you kindly advise your opinion as to the carrier's liability

and, if you can, cite some decision on case of similar nature?

Answer: By section 5 of the uniform bill of lading property not removed by a party entitled to receive it within 48 hours after notice of its arrival has been duly sent or given may be kept in the car subject to a reasonable charge for storage and to carrier's responsibility as warehouseman only. Delivery of cars upon private or industrial interchange tracks will constitute notification thereof to consignee. Rule 4, section C, National Car Demurrage rules. As a warehouseman, a carrier is liable only for the want of ordinary care in the custody of goods. In the absence of negligence on its part a carrier as warehouseman is not liable for loss by theft. In addition, the carrier's liability is terminated when a consignee has actually accepted the goods, as where they are pointed out and he removes a portion, or where the carrier retains the goods at his request, or where the consignee gives a receipt for them, though a part is left with the carrier. *Michie on Carriers*, Vol. 1, sec. 843. In the case of *Whitney Mfg. Co. vs. Richmond, etc., R. R. Co.*, 17, S. E. 147, it appeared that the shipment of cotton had been transported to destination in safety, that the car was placed on a sidetrack for the consignee's convenience, that the waybill had been delivered to the carrier as a receipt, and that the consignee had removed a portion of the cotton. The court held that a delivery of the cotton had been made and that the carrier was not liable for the value of such as was burned in the car while standing on the sidetrack. Of course, the carrier would be liable if the shortage in windows occurred while the car was in transit and prior to its delivery on your sidetrack.

Freight on Goods Only Partly Delivered.

Louisiana.—Question: Shipment of fifteen boxes of marble from a point in Vermont to a point in Louisiana has been out about thirty days. Three boxes are received at destination and agent offers this part of the shipment to the consignee for delivery, but demands payment of freight charges on entire lot of fifteen packages. The consignee declines to pay freight charges in excess of charges on the three boxes which can be delivered, informing agent that he is willing to pay the charges on the remaining twelve cases when they are received and delivered to him. Can the agent lawfully demand payment of charges on the entire fifteen cases before delivering the three which are on hand?

Answer: In our answer to "Michigan," published on page 545 of the March 9, 1918, issue of *The Traffic World*, we said the following: "Under section 8 of the uniform bill of lading, the owner or consignee obligated himself to pay the freight accruing on property transported, and, if required, to pay the same before delivery. Further, to pay the charges on the articles actually shipped, if, upon inspection, they are not those described in the bill of lading. However, this latter provision has no application to shipments delivered short. The carrier who does not demand payment of its charges in advance, by accepting the goods for carriage, does not then become entitled to demand its freight charges until its duty has been performed, either by delivery or offer to deliver at the place of destination, unless the delivery is prevented, by the fault of the shipper or his agents. The contract for carriage is in its nature an entire contract; and unless it be completely performed by the delivery of the goods at the place of destination, the carrier cannot, in general, claim freight on the entire shipment."

Diversion Without Shipper's Consent.

Florida.—Question: The Southern Express Company published a "consigned" rate on fruit and vegetables moving from Florida points to Jacksonville by express and via boat lines beyond to various northern ports. A shipment of oranges was tendered and accepted by said express company to move on said rates, destination being Boston, Mass. It appears that prior to this tender of shipment there had been an embargo placed against this class of freight to Boston, and the agent at Jacksonville sent the shipment on through all the way by express, causing a very heavy charge. The express agent at point of origin having accepted the goods without giving notice of the embargo and shipment having been made in good faith, should not the agent at Jacksonville held the shipment and notified shipper that this route was embargoed, and requested disposition? Shipment could have been diverted to a commission man in New York or Philadelphia, which would have been satisfactory to shipper. Is not the express company liable for the difference between the through express charges and the consigned rate charge?

Answer: It is our opinion that the express company is responsible for the difference between the through express charges and the consigned rate charges for the same reasons that the Interstate Commerce Commission advanced in rule 83, Conference Rulings Bulletin 7, reading as follows: "A carrier accepted a carload shipment for movement to a point beyond its line. After delivering the shipment to a connection at a junction point it was advised that the connecting line had been closed by floods. The initial carrier accepted the return of the car from that line and ordered it forwarded to destination via another route carrying higher rates, taking this action without instructions from the shipper: Held, that the initial line was responsible to the shipper for the resulting increase in the transportation charges."

Demurrage Account of Embargo.

Michigan.—Question: A shipment of several carloads was accepted for transportation at point of origin by carrier without reservation. On arrival at junction point, where they were to have been turned over to the final delivering carrier, they were held up on account of embargo.

As soon as the shipment reached this point the consignor was notified by the initial carrier of such embargo. Consignor made every effort to have cars forwarded to destination, which was clearly shown in bill of lading. A long delay occurred, however, presumably due to the embargo, and a bill of demurrage charges piled up. Who is liable for demurrage charges accruing on account of embargo effective after shipment left the point of origin?

Answer: On the facts that you submit in the above inquiry, it is our opinion that the originating carrier is liable for the demurrage charges that have accrued on the described shipments. For further information regarding the present status of embargo, kindly refer to our answer to "Illinois," published on page 248 of the Aug. 3, 1918, issue of *The Traffic World*. We concluded this answer with the following statement: "It will thus be seen that the present status of embargoes is very uncertain and confused. It is certain, however, that unless the carrier gave the shipper some notice either by publication or otherwise of an embargo before or at the time of receiving the shipment for transportation, that any additional charges incurred or damages sustained, by reason of such default, should be borne by the carrier."

Ratification of Unauthorized Delivery.

California.—Question: We recently made a shipment of merchandise on an order bill of lading, the value of the consignment having been \$45. The shipment was made by us, say, A. B. C. Co., consigned to the order of the A. B. C. Co., notify John Smith. When the freight arrived the railroad delivered it to John Smith without presentation of the bill of lading. Mr. Smith then refused to pay the amount of \$45, originally agreed upon, claiming that a portion of the material was of inferior quality. We finally compromised with Mr. Smith for \$41, this having been the best arrangement we could make with him, as he had the material.

A claim filed by us against the railroad for \$4 was declined on the ground that our acceptance of \$41 from the consignee ratified the unauthorized action of the railroad agent in making delivery to Mr. Smith without surrender of the original order notify bill of lading.

It was our stand that if the railroad had refused delivery that we would have been able to collect the full \$45 from Mr. Smith; that, simply in order to help the railroad out, we tried to effect some kind of a settlement with Mr. Smith direct, instead of filing a claim against the railroad and holding them liable for the full invoice amount of \$45; and that under railroad law a carrier is, generally speaking, liable for any loss or damage resulting from its delivery of an order notify shipment to a consignee without production of the original bill of lading. The bill of lading is still in our possession.

Answer: Any misdelivery of property by a carrier is a conversion which will render the carrier liable without regard to the question of its due care or negligence. But a carrier's unauthorized delivery of goods may be ratified; and the right of action for wrongful delivery may be waived by any action which ratifies the delivery and thereby deprives the carrier of the right to recover over against the person to whom the delivery was made. *Michie on Carriers*, Vol. 1, sec. 866, page 562.

By your treating directly with John Smith and accepting \$41, in payment of the bill of lading, you deprived the carrier of the right to recover from John Smith either the goods wrongfully delivered to him or the full invoice price therefor of \$45. In the case of *Callaway vs. Sou. Ry. Co.*, 55 S. E. 22, where consignors delivered goods to a common carrier with directions to notify a third person and deliver to him on his presentation of the bill of lading and payment of the draft, and the carrier delivers the goods before payment of the draft and without presentation of the bill of lading, but afterward the consignors treat directly with such party, accepting a part of the purchase money in cash, and taking a check for the balance which was not paid, the court held that the consignors by treating directly with the party receiving the goods waived any right they might have against the carrier. Also see the case of *Sou. Ry. Co. vs. Kinchen*, 29 S. E. 816, and that of *McSwegan vs. P. R. R. Co.*, 40 N. Y. S. 51.

PULLMAN COMPANY WAGES.

Director-General McAdoo, in supplement No. 5 to general order No. 27, orders that, effective August 1, 1918, the wages, hours and other conditions of employment of employees of the operating department of the Pullman Company will be the same as those fixed in Supplement No. 4 to General Order No. 27 for corresponding classes of railroad employees, but none of the provisions named therein will be retroactive prior to August 1, 1918.

Help for Traffic Man

This department is conducted by a traffic man of long experience and wide knowledge. In it he will answer questions relating to practical traffic problems. We do not desire to take the place of the traffic man, but to help him in his work. We reserve the right to refuse to answer any questions that we judge it unwise to answer or that involve situations that are too complex for the kind of investigation contemplated. Questions will be answered as promptly as possible. No answers will be given by mail except for a fee.

Address "Help for Traffic Man," The Traffic Service Bureau, Colorado Building, Washington, D. C.

Notice to Carrier of Intention to File Claim.

Q.—We are herewith inclosing copy of our freight tracer. Kindly advise if, in your estimation, the inclosed copy of our tracer will comply with the requirements as set forth in I. C. C. Conference Ruling 510 regarding the written notice of intention to file claim.

A.—Under the Commission's informal holding, as stated in Conference Ruling 510, Conference Bulletin No. 7 of Aug. 1, 1918, we think the notice contained in your freight tracer reading, "If delivery of the complete shipment cannot be shown within a reasonable time, this tracer is to be considered as notice of our intention to file claim," is not a sufficiently definite statement or notice of your intention to file a claim for loss, damage or delay.

Shipper's Routing Controls Rate.

Q.—On Dec. 1, 1917, we made shipment of boxboard from Wabash, Ind., to Kansas City, Mo., routed Big Four to St. Louis, care of M. K. & T., Kansas City Southern. The car in question was routed via St. Louis in order to keep same away from the Chicago gateway, which was very badly congested at that time. The rate on this commodity via St. Louis is 25½ cents, made 12 cents to St. Louis, Big Four tariff 102-B, and 13½ cents beyond, Western Trunk Line tariff 1-J. There is a rate of 22.3 cents, made 6.3 cents to Chicago, Big Four tariff 525-D, and 16 cents beyond Western Trunk Line tariff 1-J. It is our understanding that we are entitled to the Chicago combination notwithstanding the fact that the car moved through St. Louis. Please advise if we are correct.

A.—Where there are two or more joint routes for the through carriage of freight the shipper has the right to designate which of such routes he desires his shipment to go. Having selected the route via which, for reasons of his own, he desires his goods to be moved, he must pay the rates lawfully applicable over such route and he has no claim against the carriers who obeyed his routing instructions because there may be lawfully applicable rates over another and cheaper route. The shipper in this case is bound by his own act, and is not entitled to the Chicago combination on a shipment specifically routed by him by way of St. Louis.

Interstate Shipment.

Q.—Kindly advise through your traffic publication the application of intrastate rates for shipments which are made from one point in a state and destined to a point in the same state, although it must leave the bounds of the state in reaching its destination. In other words, it must move out of one state into the other, then back into the same state again. One of the carriers advises this is irregular. However, we are dubious as to the application. Kindly also advise your construction of Kansas joint distance tariffs 1-A and 1-B, as being applicable to the above traffic. If this cannot be applied to traffic moving under regular one-line distance rate, do not see

why the same cannot be applied to the two-line application. In substance, this matter resolves itself into whether or not the shipment in leaving one state, although finally reaching its destination in the same state, is or is not an intrastate shipment.

A.—Although the origin point and the destination of the shipment are both in one and the same state, the shipment having moved through another and different state en route, it is a shipment in interstate commerce. When the shipment passed beyond the confines of the state in which it originated it passed out of the jurisdiction and control of that state, and since the one state may not claim extraterritorial jurisdiction in an adjoining state it follows that neither state had jurisdiction of the shipment which you describe, and it in fact was interstate in character. It has been held in one instance where a shipment originated at and was destined to a place in the same state, but passed out of the state in which it originated and in which the destination point was situated for a distance of about one mile through a tunnel, the haul in the adjoining state being wholly underground, that the character of the transportation was, nevertheless, interstate. There have been several decisions on the point you raise, including one or more by the United States Supreme Court.

Through Shipment Care Truckman at Intermediate Point.

Q.—An electric freight company in the east, operating under tariff filed with the I. C. C., accepts a shipment from a consignor on its line destined to a point in the middle west. The shipping papers read as per exhibit A, and are duly signed by agent at point of origin. The shipment is carried to the end of the electric line and turned over to a forwarder, who trucks same to the connecting line, and issues another bill of lading as per exhibit B.

The initial carrier (electric line) has no through rate with the connection. Therefore, can they accept and sign for goods as covered by exhibit A, or would you consider exhibit C the proper form, in view of the fact that new bill of lading is issued by forwarder to connecting line?

A.—Exhibit A is a through bill of lading of the electric line from a shipping point in Massachusetts to a point in Ohio, naming the consignee and routed c/o (freight forwarder) at Boston, Mass. Exhibit B is a through bill of lading of a steam road from Boston to the same destination point in Ohio. Exhibit C is a local bill of lading of the electric line from the same shipping point in Massachusetts to Boston naming freight forwarder at Boston the consignee and showing that the goods are marked with name of the real consignee at the Ohio point. Inasmuch as there is no joint route between the electric line and the steam road from and to the points mentioned, via Boston, and it is necessary for a freight truckman to intervene at Boston to make delivery to the steam road, we doubt the propriety of making shipments in manner specified in exhibits A and B. A truckman is not a carrier under the provisions of the act to regulate commerce, therefore he is not a proper party to a joint route. Under a through bill of lading such as exhibit A, the electric line would doubtless be held to have assumed responsibility for the safe through carriage of the goods to the consignee in Ohio, as provided in the so-called Carmack amendment to section 15 of the act to regulate commerce. Apparently the electric line could not divest itself of that responsibility under its through bill of lading in case of loss of or damage to the goods while they are in charge of a truckman to whom the

shipment has been committed by the common carrier. So we would say that it is our thought that the bill of lading illustrated by exhibit C is the more desirable form for the carrier to use. In either event the through rates would be the combinations to and from Boston.

NO CHANGE IN COTTON

A proposal to break up the time-honored custom of making any-quantity rates on cotton, with option to compress in transit vested in the carrier, has been sidetracked for the present season, on the ground that so much of the crop of the present season has been started to market that any change in rating would work injustice. Instead, however, the War Industries Board is expected to make higher allowances to the cotton compressors to cover the higher cost of compression, due to the higher cost of labor and materials, with a suggestion to them that the greater the density of the bale, the higher the allowance.

An announcement by the Railroad Administration that nothing was to be done this season contains the declaration that the producer, consumer, compressor and traffic interests had been consulted.

The thought, when the investigation was undertaken, was that the Railroad Administration should do what the Interstate Commerce Commission had refused to do, namely, provide carload and less-than-carload ratings. The carload minimum was to have been 100 standard bales, weighing, with their tare, from 51,000 to 55,000 pounds.

As planned the change was to inure wholly to the benefit of the carriers, as shown by one sentence in the announcement, that sentence being: "The allowance to the compresses will probably be increased by the War Industries Board, due to greater cost of labor and supplies, and in order not to deplete the carriers' revenue, it will be necessary to add the increase to the freight rate."

Several years ago the Commission was asked to make carload and less-than-carload rates, and to make a difference between the ordinary compressed bale and the high-density bale produced by the use of the machine manufactured by the complaining manufacturer. The Commission came to the conclusion that it was more in the interest of the public to continue the present any-quantity rating than to induce higher density baling by making it worth while to the shipper by giving him a higher rate.

The Commission recognized the fact that heavy loading is desirable, but it shrank from making rates that could not be used except by those who would be able to get to one of the powerful compression plants. The high-density bale is not in general use, and some spinners said they would not want cotton compressed to any greater density than that procured in the ordinary bale. The Commission also took note of the fact that, as a rule, cotton can be shipped in quantities on a respectable minimum only from compression points. It moves in carload quantities from many country markets, but it is only in the farm bale without high density. Application of the any-quantity rates is supposed to keep all parts of the cotton fields on an equality.

In its announcement the Railroad Administration said:

"For some weeks the Division of Traffic has been making a careful study of the existing transportation methods of handling cotton from the producer to the consumer. The producer, consumer, compress and traffic interests have all been consulted.

"The saving of transportation and equipment can best be accomplished by compressing to a higher density, which will permit of greater loading of cars.

"In order that cotton rates may be placed on a proper and reasonable basis and to encourage high-density compression a plan is under consideration by which there would be arranged in the 1919-20 season carload rates with a minimum of 100 standard bales to the car, with less-than-carload rates on a higher basis.

"On account of the present season being well advanced it was decided to continue the any-quantity rates on cotton for the 1918-19 season and to make some payment to compresses to induce high-density compression. The allowance to the compresses will probably be increased by the War Industries Board, due to greater cost of labor and supplies, and in order not to deplete the carrier's revenue it will be necessary to add the increase to freight rates."

WIRE CONSOLIDATION ORDER

The Traffic World Washington Bureau.

State commissioners on duty in Washington on account of the federal government's seizure of all rail and wire carriers, believe an order issued by Postmaster-General Burleson August 15 foreshadows the complete consolidation of all wire companies, probably under the control of men now controlling the American Telegraph and Telephone Company, notwithstanding laws of the states to the contrary, although in his methods Mr. Burleson is expected to be unlike Mr. McAdoo—that is to say, he will appear before the state commissions asking permission to consolidate.

The order directs telephone companies to confine extensions and improvements to absolutely essential things so as to conserve equipment, man power, and money; it requires the managements of competing lines to co-operate in making extensions, but nothing is to be done which, in the opinion of any owner, would result in damage until after consultation with Mr. Burleson. Consolidation, the order says, is desirable where it can be made on fair terms and in accordance with law.

GOVERNMENT AN EXHIBITOR.

The government is going to be an exhibitor at important state fairs, with a view to familiarizing those who are paying for them something of the war activities. Twelve forty-foot steel underframe box cars, furnished by the Railroad Administration, in six units traveling on as many circuits, are being prepared by the Departments of Agriculture, War, Navy, Interior, Commerce and the Committee on Public Information. The cars are being loaded at Alexandria, Va. These cars are to be moved from fair to fair by expedited service. Cars in perfect condition have been set for lading, so the probabilities of transferring lading on account of bad order will be reduced to a minimum.

SURETY BONDS

R. H. Aishton, regional director, has advised northwest-ern railroads that the Division of Law has obtained an opinion from the Treasury Department that the provisions of the immediate transportation act of June 10, 1880, may be satisfactorily complied with by the giving of a bond or agreement executed by the Director-General of Railroads. This bond is now being arranged for, it is stated, and it will not be necessary hereafter to execute bonds for this purpose.

Personal Notes

H. N. Anspach, who will leave the service of the New York Central Railroad at Cleveland on August 31, to become assistant general

manager of the A. S. Gilman Printing Company of that city, started in the railroad business with the E. & T. H. at Evansville, Ind., under Captain Grammer in 1889. In 1893 he went to Chicago as secretary to H. E. Felton, general freight agent, C. & E. L., serving with him until June 15, 1897, when he went to Cleveland with the old Lake Shore, as chief clerk to Captain Grammer, who was then

general freight agent. On March 1, 1905, was made chief of tariff bureau, same company, serving in that capacity until Aug. 1, 1917, when he was made assistant general freight agent.

Effective Aug. 1, 1918, A. F. Lanier was appointed traffic manager and assistant general superintendent of the Glenora & Western Railway Company, vice C. S. Record, resigned.

J. R. Pressgrove has been appointed freight claim agent Fort Smith & Western Railroad, with office at Fort Smith, Ark.

R. E. Tipton, who has been general freight agent of the Galveston, Houston & Henderson Railroad, has resigned to accept service with Sanders & Co., cotton shippers, of Houston. Mr. Tipton will have his headquarters in Washington. J. J. Gibson, who has been Mr. Tipton's chief clerk, will temporarily take charge of the work previously performed by the latter.

L. J. Hensley has been appointed auditor, and H. Vischer has been appointed acting federal treasurer, of the Texarkana & Fort Smith Railway, with headquarters at Kansas City, Mo., vice E. L. Parker, auditor, and J. M. Satter, acting federal treasurer, assigned to other duties.

The Canadian Pacific Railway Company announces that George M. Bosworth, vice president of the company, will retire September 1, to become chairman of the Canadian Pacific Ocean Services, Limited, and the directors have appointed William R. MacInnes, vice president, to succeed him. Mr. MacInnes will have charge of all matters connected with the company's traffic department, and will perform such other duties as may be assigned to him.

W. H. Jacobs has been appointed division freight agent of the B. & O., with headquarters at Uniontown, Pa.; W. W. Blakely, division freight agent, with headquarters at Pittsburgh, and H. C. Brindell, division freight agent, with headquarters at Parkersburg, W. Va.

Regional Director Holden, under date of August 20, announces that C. M. Scott, with offices at Tucson, Ariz., is appointed general manager, Arizona Eastern Railroad, with jurisdiction over all departments.

C. A. Lahey, formerly assistant general freight agent of the C. M. & St. P. in Chicago, who has been in Washington recently with the Food Administration, has been

appointed assistant manager, Inland Traffic Service, U. S. Food Administration, with office at New York.

H. E. Pierpont has been appointed traffic manager of the Chicago, Milwaukee & St. Paul Railroad, vice R. M. Calkins, resigned.

The appointment of E. B. McClure, superintendent of the Chicago & Northwestern Railroad, as terminal manager at Sioux City, Ia., is announced. He will have charge of all terminal operations at Sioux City, reporting to the regional director.

The jurisdiction of E. D. Bronner, federal manager, office at Detroit, Mich., has been extended over the Grand Rapids & Indiana Railway, effective Aug. 15, 1918. The federal manager will have jurisdiction over all departments.

J. E. Flansburg, who was on August 1 appointed traffic manager for the American Manganese Steel Company of Chicago, was born Oct.

31, 1885. Graduated from high school 1902; entered service of C. & N. W. Railway one month after graduation, as telegraph operator and extra agent; worked at this this four years, then studied stenography and came to the general offices at Chicago in February, 1907, as secretary to H. C. Cheyney, A. G. F. A., in charge of Wisconsin and Michigan; eighteen months later was made secretary to

F. P. Eyman, A. G. F. A., then was made chief clerk to H. W. Beyers, A. G. F. A.; then chief clerk to F. P. Eyman, freight traffic manager, handling rate questions, and having in charge particularly all informal claims before the I. C. C. and state commissions, being engaged in that line of work about six years. While in the service of the Northwestern Mr. Flansburg took up the study of law and is a this year's graduate from the Webster College of Law of Chicago.



NOW CAPTAIN LaROE

The Traffic World Washington Bureau.

The army has taken one of the best members of the Commission's staff of examiners. Instead of speaking of Attorney-Examiner Wilbur LaRoe, it will now be Captain Wilbur LaRoe, general staff, United States Army. Relatively speaking, he will not be anywhere nearly as high in the army as he has been in the organization of the Commission, but so it is with thousands of other Americans. For the present he is stationed in Washington, being attached to the executive division of the general staff, with duties not unlike those he has been performing at the Commission—that is to say, he conducts investigations and writes reports. The probabilities, however, are that he will be sent to France. Assignment to a place in Washington is necessary to fit him for the work he will be called upon to do.

Captain LaRoe came to Washington with Chairman Daniels, serving for considerable time as his confidential clerk and then as examiner attached to his staff. When Mr. Daniels became chairman in March Mr. LaRoe was again assigned to duty with the New Jersey member, and it was from that position that he resigned to accept the two bars of an army captain.

FOOD ADMINISTRATION CARLOAD MINIMA

The Traffic World Washington Bureau.

For the enlightenment of shippers and freight traffic men, the Car Service Section has published, as Railroad Administration bulletin No. 41, rule 9 of the United States Food Administration, prescribing commercial carload minima, which differ from railroad minima widely. So long as the Food Administration has control of the distribution of foodstuffs, the minima published in railroad tariffs amount to nothing. The Food Administration can deprive any food dealer of his license to do business for failure to observe the carload minimum prescribed by it, although the shipper, as a shipper, and not as a dealer in foodstuffs, has the legal right to ship in quantities specified. His legal right, on that point, however, is limited by the power of the Food Administration to tell him what he must do to comply with its ideas as to how business should be conducted during the war. The rule is as follows:

Rule 9. All carload shipments of the following commodities shall be made in car lots of not less than the amount prescribed below, unless a different minimum is authorized by special written permission of the United States Food Administration: provided, however, that when cars of lower carrying capacity are used the maximum load which the car will carry may be used without such permission:

	Pounds, unless otherwise specified.
Canned peas, meats, tomatoes, tomato soup, tomato cat-sup or other tomato products, beans, corn, salmon and tuna	60,000
Canned sardines	45,000
Evaporated milk and condensed milk	45,000
Exception: Milk in barrels may be loaded to floor space capacity, barrels on end.	
Powdered milk	40,000
Dried beans and peas	60,000
Dried apples, peaches, prunes and raisins	60,000
Flour (wheat, barley, corn, rye and rice)	60,000
Green coffee	60,000
Syrup (corn, glucose, sugar, molasses) except in barrels or in tank cars	60,000
Syrup (corn, glucose, sugar, molasses), in barrels	60,000
Exception: Floor space, barrels on end	
Cornmeal, corn grits, hominy, oatmeal, rolled oats	60,000
Cornstarch	60,000
Exception: Starch in barrels shall be loaded to capacity in tiers on end.	
Cottonseed meal, cottonseed cake, peanut meal, peanut cake, soya bean meal, soya bean cake, cocoanut or copra meal, cocoanut or copra cake	60,000
Peanuts in hulls	Car capacity
Linseed meal, linseed cake	60,000
Cottonseed	Car capacity
Cottonseed, peanut, soya bean, copra, palm kernel oil in tank cars	Car capacity
Rice	60,000
Sugar	60,000
Fresh meat, April 1 to September 30	22,000
Fresh meat, remainder of year	24,000
Mixed carloads fresh meat with other packing house products, April 1 to September 30	24,000
Mixed carloads fresh meat with other packing house products, remainder of year	26,000
Cured beef, cured pork, cured mutton, lard and lard substitutes, straight or mixed	30,000
Frozen beef	30,000
Note: These trade units not to apply on so-called "peddler" cars, on which minimum weights and regulations prescribed by the carriers will govern. They, however, will apply on cars of this character when handled through branch houses for local distribution or for reshipment.	
Butter	24,000
Eggs and dressed poultry, June 1 to September 15	20,000
Eggs and dressed poultry, remainder of year	24,000
Mixed carloads of butter, eggs and poultry, June 1 to September 15	20,000
Mixed carloads of butter, eggs and poultry, remainder of year	24,000
Cheese	30,000
Feeding stuffs	60,000
Exception: If a car will not hold 60,000 pounds in shall be loaded to its full visible capacity. In loading molasses feeds in warm weather an air space not to exceed three feet from top row of sacks to roof of car at lowest point, may be allowed to insure against heating of feed.	
Wheat, corn, oats, rye, barley	Car capacity
Oranges and lemons, straight or mixed carloads, in ven-	

tilator or refrigerator cars, from California and Arizona Seven boxes wide, two boxes high, boxes on end full length of car

Exception: Lemons shipped in collapsible tank cars with bunkers open may be loaded six boxes wide instead of seven boxes wide.
Oranges, lemons, limes and grape fruit, straight or mixed carloads in ventilator or refrigerator cars from Florida 360 boxes
Watermelons, averaging 25 pounds or less Five tiers high
Watermelons, averaging more than 25 pounds Four tiers high
All perishable foodstuffs (fresh and frozen fish, fresh fruits and vegetables) not specifically provided for above....
To be loaded as heavily as will permit transportation without damage to commodity shipped

In explanation of the rule, the bulletin says:

1. United States Food Administration Rule 9 only applies to shipments moving as Carloads, and on Carload rates.
2. Comparatively few Railroads are reporting to this Section violations of Rule 9, indicating that the matter is not being given proper attention.
3. Commencing at once, in order to avoid duplication these reports must be made by railroads originating shipment. Agents at points of origin will make necessary inspection of the loading of commodities on which Trade Units are established to determine to what extent cubical capacity of equipment is utilized.
4. At large stations where agents cannot inspect the loading, some arrangements should be made to have either a personal representative or an Inspector of Weighing & Inspection Bureau make weekly check for violations.
5. Agents at point of origin will require shippers to show on bill of lading reasons for not complying with Rule 9. A report must immediately be made to his superior officer, who will report promptly to Car Service Section for handling with the Food Administration. No other investigation will be conducted by any railroad officer or committee.
6. Rule 9 should be re-issued as revised and all agents made familiar with its provisions.
7. All reports sent to this office should be in duplicate with a separate sheet for each commodity.

REDUCTION IN CAR MILES BY REROUTING

The Traffic World Washington Bureau.

Director-General McAdoo, on August 13, issued the following to show the rerouting of cars at points west of the Mississippi:

	Total carloads rerouted.	Reduction in haul (car miles)
R. 1—At Minnesota Transfer, Minn., May 25 to July 15	2,724	327,22
R. 2—At Peoria, Ill., June 11 to July 15	1,191	88,55
R. 3—Kansas City, Mo., June 17 to July 15	466	90,27
R. 4—Pekin, Ill., June 22 to July 15	24	1,53
R. 7—At various points, oil from Casper, Wyo., June 22 to July 19	31	8,48
R. 8—Various points, wheat from O.-W. R. R. & N. Ry. to Minneapolis, April 24 to June 11	1,093	452,33
R. 9—At various points, fruit from Southern California rerouted via Colton and L. A. & S. L. R. R., April and May	810	376,65
R. 20—By various lines in Chicago switching district for three weeks ending July 13	334	41,01
R. 25—By various lines, eastbound traffic diverted to Lake Michigan car ferry routes for two weeks ending July 13	626	46,72
R. 50—By C. & N. W. Ry., April, May and June	339	*25,52
R. 51—By D. M. & N. Ry., June	7	75
R. 52—By M. & St. L. R. R., June	119	13,15
R. 53—By C. M. & St. P. Ry., June	375	35,02
R. 75—At El Paso, Tex., March 1 to June 28	714	166,64
R. 76—By California lines, April to June	146	80,63
Total	8,999	1,754,61
Average reduction in haul per car, 195 car miles.		

MORE CARPETS GONE.

Regional Director Aishton, in his circular No. 21, makes the following announcement:

Circular No. 136 of June 26 provides:

"In the interest of sanitation it is directed that the use of aisle carpets in passenger coaches shall be discontinued."

These instructions are hereby amended to include dining and cafe cars.

AN EXPLANATION

In the issue of July 27 there appeared on page 163 of *The Traffic World* an advertisement of the Acme Steel Goods Company, concerning which they desire to make the following explanation:

There have been numerous changes made in specifications of containers and methods for packing goods since the war and, due to a misunderstanding of the latest interpretation of the law, notice was given on this advertisement that the United States government recommends and specifies Acme Nailless Box Strapping.

While this statement in the main is correct, nevertheless exception has been taken to it by those in authority and no doubt they are justified in doing so.

It is the desire of the Acme Steel Goods Company to make itself plainly understood in this regard and to say that Acme Nailless Box Strapping at the present time, while not permitted to be used on shipments of canned goods made by the government for overseas, the same box strapping can be used with nails, and, in respect to quality and the other specifications, complies with the requirements of the government.

Acme Steel Goods Company therefore wishes to say that the heading on the above advertisement was unintentionally put in and that their strapping, as well as all other nailless box strapping, is at the present time not according to specifications for use on canned goods.

MOVING THE TROOPS

The Traffic World Washington Bureau

Troop movements reported by the Administration on August 22 are as follows:

	Troop movements		Total
	May 1, 1917, to June 1, 1918	June 1, 1918, to Aug. 22, 1918	
Special trains operated	2,117	1,122	3,239
Special cars used	29,319	15,877	45,196
General freight trains	128	129	257
Express freight trains	49	49	98
Mail freight trains	942	944	1,886
Mail passenger trains	131	139	270
Passenger freight trains	243	139	382
Passenger mail trains	1,007,474	1,007,476	2,014,950
Freight mail trains	704,474	151,181	855,655
Freight passenger trains	302,181	312,509	614,690
Total	2,218,002	2,109,187	4,327,189

BILLS OF LADING WARNING.

Shippers who are accustomed to print their own bills of lading must hereafter use the legend "United States Railroad Administration, W. G. McAdoo, Director-General, .. Railroad," instead of the name of the particular railroad alone, as hitherto. Unless the private bills of lading carry this wording, they will not be accepted by the carriers under federal control, according to circulars on the subject just issued.

WANT RAILROAD SUPPORT

Continued financial support by individual railroads and by the National Railroad Administration of southern land-development organizations was urged on R. L. Winchell, general director of railroads, at a conference held in Atlanta, August 12. Present were representatives of the Florida Cattle Truck Erection Commission, the Southern Settlement and Development Organization, the Georgia Land Owners' Association and the Department of Cattle and Land Utilization of the Southern Pine Association.

It was pointed out to Mr. Winchell that a common bond of interest exists between the railroads, the lumber

men and land-development bodies. With lumbering gone, the railroads of the south will have to look to other sources to make up their depleted tonnage. Land-development organizations are therefore a means for keeping on a co-operative basis the land owners and the railroads, whose interests are so closely associated.

An especial plea was made in behalf of the Southern Settlement and Development Organization, through whose instrumentality the regional associations were organized.

COMMISSION ORDERS.

The Commission has denied rehearing in case 8003, Business Men's League of St. Louis vs. A., T. & S. F. Ry. Co. et al.

The Commission has permitted rehearing in I. and S. 1147, potatoes from Kansas points.

The Commission has modified its order in case 9235, C. C. Pearce & Co. vs. N. & W. Ry. Co. et al., and case 9235, sub-No. 1, E. M. Du Pre Co. vs. Same, so as to become effective October 1 instead of August 1.

The Commission has reopened for further hearing Case 9531, Rockford Paper Box Board Company vs. C. M. & St. P. Ry. Co., et al.

The Commission has, upon complainant's petition, permitted rehearing in case 9296, Cornell Wood Products Co. vs. A., T. & S. F. Ry. Co. et al.

SHIPPERS' REPRESENTATIVES TO MEET.

The freight committees have been summoned to meet Luther Walter at Buffalo August 29 for consultation. The time and place were chosen because that is meeting day of the National Industrial Traffic League, which most would attend anyhow.

Digest of New Complaints

No. 10220. The Public Service Commission of the State of Washington, the Public Service Commission of Oregon and Public Utilities Commission of Idaho vs. McAdoo, Director-General A. T. & S. F. et al.

Against the 25c increase of June 25 in all C. L. class and commodity rates on fresh fruits, fresh vegetables, fruit juices, canned fruits, canned vegetables and containers as unjust, unreasonable, discriminatory and disturbing of relationships between competing markets and adding an unusual and unnecessary burden on the producers of the northwest by the collection of charges which are not needed by the railroads. Ask for cease and desist order, just, reasonable and non-discriminatory rates not exceeding those in effect on June 24.

No. 10230. Same vs. The American Railway Express Co.

Same complaint as to tariffs effective July 15 and 25 on fresh fruits, berries, vegetables and fresh fish in carloads. Same prayer, except as to dates.

No. 10231. Chamber of Commerce of Cedar Rapids, Ia., vs. McAdoo, Chicago & Alton et al.

Unjust, unreasonable and grossly exorbitant rates on coal from Illinois mines to Cedar Rapids and unduly discriminatory in favor of the competitors of Cedar Rapids in Illinois, Indiana, Wisconsin and Michigan. Asks for just and reasonable rates and reparation.

No. 10232. The Commercial Club of Carrollton, Ky., vs. McAdoo, Chicago & Alton et al.

Unjust and unreasonable and unjustly discriminatory class and commodity rates between Carrollton and points in Trunk Line territory that unduly favor Madison and New Albany, Ind., and Louisville, Ky., because they are given 100 per cent of rates between Chicago and New York, while Carrollton, with a few exceptions, pays combinations on Cincinnati, making higher charges. Asks for rates not in excess of those to the more favored points under through route and joint rate arrangements.

No. 10233. The National Council of Farmers' Co-operative Associations vs. McAdoo and Alabama & Vicksburg et al.

Unjust and unreasonable rates on all kinds of grain, and particularly on corn and other coarse grains because brought up to the level of wheat, made to pay increases on all components of combinations, and unduly discriminatory because no other commodity is required to pay twenty-five per cent on each part of a combination. Asks for restoration of rates as they were prior to June 25.

No. 10234. Virginia Coal and Iron Co. vs. McAdoo, Southern et al.

Alleges unjust and unreasonable rates on iron ore from mines in North Carolina, Virginia and Tennessee mines to Middlesboro, Ky. Asks for reasonable rates based on the long ton instead of the short ton and reparation.

Docket of the Commission

Note.—Items in the Docket marked with an asterisk (*) are new, having been added since the last issue of The Traffic World. Cancellations and postponements announced too late to show the change in this Docket will be noted elsewhere.

- August 26—Portland, Ore.—Examiner Disque:
10204—Consolidated Classification case.
- August 30—San Francisco, Cal.—Examiner Disque:
10204—Consolidated Classification case.
- Sept 4—Chicago, Ill.—Examiner Bell:
1 & S 1161—Reconsignment Case (No. 3).
10173—Diversion and reconsignment rules.
15th Sept. Aps. 5307, 5313, 5319, 5566.
- September 5—Denver, Colo.—Examiner Disque:
10204—Consolidated Classification case.
- September 9—Fort Worth, Tex.—Examiner Disque:
10204—Consolidated Classification case.
- September 13—New Orleans, La.—Examiner Disque:
10204—Consolidated Classification case.
- September 19—Atlanta, Ga.—Examiner Disque:
10204—Consolidated Classification case.
- September 20—Portland, Ore.—Commissioner Aitchison:
* 10229—Public Service Commission of the State of Washington et al. vs. W. G. McAdoo, Director General of Railroads, U. S. R. Administration et al.
- September 23—Portland, Ore.—Commissioner Aitchison:
* 1 & S. Docket 1161—Reconsignment Case 3.
* 10173—Reconsignment and diversion rules.
* 15th Sec. App. 5307 filed by E. Morris.
* 15th Sec. App. 5318 filed by E. Morris.
* 15th Sec. App. 5319 filed by E. Morris.
* 15th Sec. App. 5566 filed by E. Morris.
- October 2—Argument at Washington, D. C.:
* 10030—Milton Brick Co. et al. vs. Pa. R. R. Co. et al.
* 1 & S. 1024—Southwestern potato rates.
* 9574—Chamber of Commerce of Greeley et al. vs. C. & S. Ry. Co. et al.
- October 3—Argument at Washington, D. C.:
* 9395—Pacific Lumber Co. et al. vs. Northwestern Pacific R. R. Co. et al.
* 9536—Willamette Valley Lumber Assn. et al. vs. Sou. Pac. Co. et al.
* 9924—Lumber Assn. of Chicago et al. vs. A. A. R. R. Co. et al.
- October 4—Argument at Washington, D. C.:
* 9882—American Window Glass Co. vs. W. Md. R. R. Co. et al.
* 9990—St. Ellen Coal Co. et al. vs. St. L. & E. E. Ry. Co. et al.
- October 5—Argument at Washington, D. C.:
* 1 & S. 490—Lumber transit privileges at Buffalo, N. Y.
* 7506—Buffalo Lumber Exchange and Buffalo Chamber of Commerce vs. Ala. Cent. Ry. Co. et al.
* 9488—Aurora, Elgin & Chicago R. R. Co. vs. Ind. Harbor R. R. Co. et al.
* 9006—Cabin Creek Cons. Coal Co. et al. vs. C. H. & D. Ry. Co. et al.
- October 9—Argument at Washington, D. C.:
* 1 & S. Docket 1118—Live stock loading and unloading charges.
* 9977—Chicago Live Stock Exchange vs. A. T. & S. F. Ry. Co. et al.
* 1 & S. Docket 1156—Shipments in refrigerator, insulated or heated cars.
- October 10—Argument at Washington, D. C.:
* 8834—Kettle River Co. vs. Mo. Pac. Ry. Co. et al.
* 9146—McGowen-Foshee Lumber Co. vs. F. A. & G. R. R. Co. et al.
* 9797—Robert Abeles et al. vs. Alex. & Western Ry. Co. et al.
* 9907—Commercial Club of Omaha vs. B. & O. R. R. Co. et al.
- October 11—Argument at Washington, D. C.:
* 9798—Portsmouth Assn. of Commerce vs. S. A. L. Ry. Co. et al.
* 9955—Rowland Lumber Co. et al. vs. S. A. L. Ry. Co. et al.
* 9752—E. I. Du Pont de Nemours & Co. vs. M. D. & S. R. R. Co. et al.
* 9752 and Sub. Nos. 1, 7, 9, 27, 28, 30, 33, 35, 44, 53, 58, 64, 65, 69, 76, 77, 81, 86, 95, 97, 98, 102, 104, 108—E. I. Du Pont de Nemours & Co. vs. Sou. Ry. Co. et al.
* 9752 and Sub. Nos. 8, 32, 55, 59—E. I. Du Pont de Nemours & Co. vs. C. & W. C. Ry. Co.
* 9752 and Sub. Nos. 6, 10, 13, 24, 49, 56, 59, 60, 67, 68, 73, 79, 87, 90, 92, 96, 100, 103, 109—E. I. Du Pont de Nemours & Co. vs. A. C. L. R. R. Co. et al.
* 9752 and Sub. Nos. 3, 5, 12, 25—E. I. Du Pont de Nemours & Co. vs. Georgia R. R. Co. et al.
* 9752 and Sub. Nos. 2, 4, 21, 22, 38, 40, 57, 61, 71, 72, 107—E. I. Du Pont de Nemours & Co. vs. C. of Ga. Ry. Co. et al.
* 9752 and Sub. 11—E. I. Du Pont de Nemours & Co. vs. G. F. & A. Ry. Co. et al.
* 9752 and Sub. Nos. 14, 28, 39, 41, 106—E. I. Du Pont de Nemours & Co. vs. A. & W. F. R. R. Co. et al.
* 9752 and Sub. Nos. 15, 52—E. I. Du Pont de Nemours & Co. vs. G. S. & F. Ry. Co. et al.
* 9752 and Sub. No. 16—E. I. Du Pont de Nemours & Co. vs. Ga. Nor. Ry. Co. et al.
* 9752 and Sub. Nos. 17, 45—E. I. Du Pont de Nemours & Co. vs. M. D. & S. R. R. Co. et al.
* 9752 and Sub. No. 18—E. I. Du Pont de Nemours & Co. vs. Gainesville Mid. Ry. Co. et al.
* 9752 and Sub. No. 31—E. I. Du Pont de Nemours & Co. vs. Ga. & Fla. Ry. Co. et al.
* 9752 and Sub. No. 34—E. I. Du Pont de Nemours & Co. vs. Norf. Sou. R. R. Co. et al.

- * 9752 and Sub. Nos. 36, 42, 43—E. I. Du Pont de Nemours & Co. vs. W. Ry. of Ala. et al.
* 9752 and Sub. Nos. 37, 85—E. I. Du Pont de Nemours & Co. vs. L. & N. R. R. Co. et al.
* 9752 and Sub. Nos. 19, 46, 47—E. I. Du Pont de Nemours & Co. vs. Wrightville & Tennille R. R. Co. et al.
* 9752 and Sub. Nos. 48, 62, 83, 84—E. I. Du Pont de Nemours & Co. vs. A. B. & A. Ry. Co. et al.
* 9752 and Sub. No. 51—E. I. Du Pont de Nemours & Co. vs. Ga. S. W. & G. R. R. Co. et al.
* 9752 and Sub. No. 66—E. I. Du Pont de Nemours & Co. vs. Union & Glen Springs R. R. Co. et al.
* 9752 and Sub. No. 75—E. I. Du Pont de Nemours & Co. vs. N. W. R. R. Co. of S. C. et al.
* 9752 and Sub. No. 78—E. I. Du Pont de Nemours & Co. vs. Bennettsville & Cheraw R. R. Co. et al.
* 9752 and Sub. No. 95—E. I. Du Pont de Nemours & Co. vs. Orangeburg Ry. Co. et al.
* 9752 and Sub. Nos. 62, 105—E. I. Du Pont de Nemours & Co. vs. Lancaster & Chester Ry. Co. et al.
* 9849 and Sub. Nos. 4, 7, 8—E. I. Du Pont de Nemours & Co. vs. L. & N. R. R. Co. et al.
* 9849 and Sub. No. 1—E. I. Du Pont de Nemours & Co. vs. W. Ry. of Ala. et al.
* 9849 and Sub. Nos. 2, 6, 16, 17, 18, 21—E. I. Du Pont de Nemours & Co. vs. A. C. L. R. R. Co.
* 9849 and Sub. Nos. 3, 5, 14, 19—E. I. Du Pont de Nemours & Co. vs. S. A. L. Ry. Co. et al.
* 9849 and Sub. Nos. 9, 12—E. I. Du Pont de Nemours & Co. vs. C. of Ga. Ry. Co. et al.
* 9849 and Sub. No. 10—E. I. Du Pont de Nemours & Co. vs. A. & W. P. R. R. Co. et al.
* 9849 and Sub. No. 11—E. I. Du Pont de Nemours & Co. vs. M. D. & S. R. R. Co. et al.
* 9849 and Sub. No. 13—E. I. Du Pont de Nemours & Co. vs. Norf. Sou. R. R. Co. et al.
* 9849 and Sub. No. 15—E. I. Du Pont de Nemours & Co. vs. F. R. & N. E. R. R. Co. et al.
* 9849 and Sub. No. 20—E. I. Du Pont de Nemours & Co. vs. N. & W. Ry. Co.
- October 12—Argument at Washington, D. C.:
* 9842—Western Pac. R. R. Co. vs. Sou. Pac. Co. et al.
* 9878—Ida E. Granstein vs. B. & M. R. R. Co. et al.
* 7893-7894—Royal Milling Co. vs. G. Nor. Ry. Co.
- October 14—Argument at Washington, D. C.:
* 9887—St. Louis Elect. Term. Ry. Co. et al. vs. C. C. C. & St. L. Ry. Co. et al.
* 18026—Armour & Co. vs. E. P. & S. W. et al.
* 10026, Sub. No. 1—Swift & Co. et al. vs. E. P. & S. W. Co. et al.
* 10026, Sub. No. 2—Wilson & Co. Inc. vs. E. P. & S. W. Co. et al.
10026, Sub. No. 3—Morris & Co. vs. E. P. & S. W. Co. et al.
- October 17—Argument at Washington, D. C.:
* Valuation Docket No. 4—In the matter of valuation of the property of the K. C. S. Ry. Co., Maywood & S. C. Ry. Co., Ponteau Val. R. R. Co., Ark. Western Ry. Co., Ft. Smith & V. B. Ry. Co. of Tex. & Ft. S. Ry. Co., K. C. S. & G. Ry. Co., K. C. S. & G. Term. Co., Port A. C. & D. Co., Glen's Pool Tank Line.
- November 4—Washington, D. C.—Examiner Brown:
9200—Railway mail pay.

TRAFFIC ORGANIZATIONS

THE NATIONAL INDUSTRIAL TRAFFIC LEAGUE.—Object: The object of this league is to interchange ideas concerning traffic matters, to co-operate with the Interstate Commerce Commission, state railroad commissions and transportation companies in promoting and securing better understanding by the public and the state and national governments of the needs of the traffic world; to secure proper legislation where deemed necessary, and the modification of present laws where considered harmful to the free interchange of commerce; with the view to advance fair dealing and to promote, conserve and protect the commercial and transportation interests.

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A. N. Bradford President
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All correspondence relative to movement of traffic to or from Sterling and Rock Falls, Ill., should be addressed to the Traffic Manager, General Offices, Lawrence Building, Sterling, Ill.

THE TRAFFIC WORLD

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Saturday, August 31, 1918

ANNOUNCEMENT.

At a meeting of the Western Freight Traffic Committee, which was held in Chicago on August 27, an arrangement was made whereby copies of the Freight Rate Authorities issued by that committee are to be regularly and promptly furnished us, and it will be our purpose to print, beginning at once, adequate abstracts thereof, in The Daily Traffic World and in The Weekly Traffic Bulletin.

As the Railroad Administration, through Mr. Luther Walter, has announced that all of these freight rate authorities are to be made available, it will, of course, be our purpose to give to our subscribers the same complete information concerning them that we are now giving concerning the fifteenth section orders of the Interstate Commerce Commission.

PRIVATE CARS A BURDEN.

Altogether the most important thing the Commission has done for a long time is its report in the Private Car Case. It disposes of a matter that has been allowed to drag too long. Commissioner McChord, in writing the report, used enough of the history of the institution to make certain that at no time in the future will anyone caring a rap for his reputation for truth and veracity arise to say that the private car was devised as a method for obtaining rebates. The history shows that the private car was brought into existence generally because the carrier was too poor, or perhaps in some instances disinclined, to discharge its public duty of providing cars. In no instance does it appear of record that any shipper provided himself with cars

with a view to making the carrier give him concessions of any kind.

The private car is evidence of carrier inability to keep up with growth in the volume of business. That is a fact regardless of the reason for inability to keep up. Often it has been mentioned as one of the reasons for the poverty of railroads! It has recently come to be the fashion to place the blame for the supposedly poor condition of the railroads on the Commission. The fact is the railroads were in better financial shape at the time the government took them over than ever before in their history. If the President or any other responsible official believed them to be in distress, financially, he was misled. It is true operating expenses were increasing faster than operating revenues, but the increases had not, by any means, wiped out the huge surpluses piled up in 1915 and 1916.

The number of private cars increased rapidly in 1916 and 1917. That fact strengthens the declaration that the private car is evidence of the common carrier's inability to keep up with the increase in the volume of business.

If there is ground for criticism of the Commission it is that it delayed too long in preparing its report showing that the private car is a burden upon the man who provides it in the sense that the carrier compels him to make an investment on which he can obtain no direct return. Investments in private cars are like payments to the doctor. The latter enable the man to continue on earth for a while longer than might otherwise be the fact, but the return is only indirect. But for the private car the meat industry of the country would still be done in small units and in the summer most communities would have to depend upon a larger percentage of cured meats than is the fact now. The butchers were the first to see the possibilities of transporting fresh meat in cars that, to all intents and purposes, were meat shops on wheels, with racks suspended from the roof to carry carcasses or parts thereof. They were never able, however, to persuade any common carrier to provide cars enough to carry the volume of business. The big packers, because they have organizations that watch cars more carefully than the average mother watches her infant, are able to obtain a maximum of use from their cars. Small packers, not having the organization to supervise car movements, must depend upon the employes of the carriers. The result is that the small packer's cars may be en route for weeks, instead of only days. That, however, is not the fault of the owner of many private cars. It is a shortcoming of the carrier from which there is no relief.

The surprising fact is that there are more railroad-owned than privately owned refrigerator cars, the number of the former being about 65,000 and the latter 50,000. Congress has recognized the private car as being a fact and the Commission thinks their operation should be continued.

Not one word in the report refers to the oft-repeated insinuation that the private car is a device for obtaining rebates. The fact that the Commission orders an increase in the allowance, from and after October 15, is the most conclusive answer to that that could be made.

PROMOTION OF TOURIST TRAVEL.

In view of the demand for war materials, it is difficult for some people to understand why Director-General McAdoo came to the conclusion that there should be tourist rates to California and to Florida, which have been fixed at ninety per cent of double the one-way fare, and carrying stop-over privileges.

Tourist travel, as we understand it, is probably the most highly non-essential thing that could be named. We may be wrong, having made no particular inquiry into the matter. It seems not only non-essential, but in the grant of concessions from the strict rule of three cents per mile and of stop-over privileges, it is highly discriminatory. The man who travels on business over a circuitous line is not given a stop-over privilege. He must pay the combination of rates instead of having the benefit of the short line rate between points common to both the long and short lines. The father or mother visiting a son just before he embarks for "over there" pays the full rate and may not stop off at a point on a circuitous line to visit or to transact business, except at the penalty before mentioned.

The tourist, however, traveling west or south to California or to Florida to play golf or otherwise amuse himself, or even to buy an orange grove, which is a business transaction, obtains ten per cent off the regular fare and may dawdle along the way home from Florida and spend the Easter vacation at Hot Springs or some other resort halfway between the north and the south.

It is altogether probable the Director-General did not give the matter his personal attention at all. It is possible, too, that strong representations were made to him by business interests that depend upon tourist travel for a livelihood, but other businesses are hard hit by the war. If one business interest receives concessions, others will make demands or, if not demands, will try cajolery to win concessions for themselves and thereby bring about a return of the "business as usual" situation, which is exactly what is not desired—at least not until it is

a certainty that the war business is going to be finished this fall, thereby confounding the military experts who said the big campaign, the clean-up, would be made by the allies in the summer of 1919.

Without doubt the concession, when there has been discussion of it, will be found to have been made out of an excess of kindness instead of only after a careful weighing of all the things that should be considered.

A possible justification would be the fact that absolutely essential trains were being run without passengers enough to fill the coaches that have to be carried so as to enable the railroad to provide the kind of service offered to the public. That is to say, tourist concessions would be justified if on one or two trains to California experience had shown that forty or fifty additional passengers could be carried without requiring additional equipment and that the only way to obtain the extra business was to make the concession of ten per cent and the stop-over privilege. Otherwise it is believed there can be no warrant for suggesting to anybody travel for mere recreation. There is more than enough of that kind of travel now, hence the suggestion that probably the Director-General did not himself pass on the proposition.

GRAIN LOADING

Director-General McAdoo August 22 issued the following table showing the number of cars of grain loaded:

EASTERN DISTRICT.				NORTHWEST DISTRICT.			
Week ending—		1917.	1918.	Week ending—		1917.	1918.
July 6.....	3,311	2,869	July 6.....	3,680	2,432		
July 13.....	4,717	3,547	July 13.....	4,743	3,210		
July 20.....	3,605	5,547	July 20.....	4,022	3,839		
July 27.....	3,320	6,239	July 27.....	4,210	3,777		
August 3.....	4,117	8,536	August 3.....	3,292	4,716		
August 10.....	5,245	8,340	August 10.....	3,678	5,614		
August 17.....	6,294	7,899	August 17.....	5,781	7,628		
Total	30,609	43,029	Total	29,606	31,216		
ALLEGHENY DISTRICT.				CENT. WEST. DISTRICT.			
Week ending—		1917.	1918.	Week ending—		1917.	1918.
July 6.....	234	202	July 6.....	4,466	4,255		
July 13.....	353	273	July 13.....	5,085	7,700		
July 20.....	293	440	July 20.....	5,169	10,632		
July 27.....	358	518	July 27.....	5,895	13,915		
August 3.....	500	900	August 3.....	7,393	14,097		
August 10.....	546	769	August 10.....	8,379	12,373		
August 17.....	441	515	August 17.....	8,946	10,606		
Total	2,785	3,617	Total	45,322	72,858		
POCAHONTAS DISTRICT.				SOUTHWEST DISTRICT.			
Week ending—		1917.	1918.	Week ending—		1917.	1918.
July 6.....	16	24	July 6.....	1,360	2,744		
July 13.....	24	99	July 13.....	3,082	5,950		
July 20.....	38	141	July 20.....	3,422	6,677		
July 27.....	56	125	July 27.....	3,800	7,147		
August 3.....	97	168	August 3.....	5,543	8,549		
August 10.....	135	144	August 10.....	3,292	5,115		
August 17.....	114	113	August 17.....	2,638	4,996		
Total	480	814	Total	21,145	39,178		
SOUTHERN DISTRICT.				TOTAL—ALL DISTRICTS.			
Week ending—		1917.	1918.	Week ending—		1917.	1918.
July 6.....	1,395	1,313	July 6.....	14,662	13,839		
July 13.....	569	960	July 13.....	18,579	21,739		
July 20.....	566	1,191	July 20.....	17,115	28,467		
July 27.....	588	1,212	July 27.....	18,227	32,263		
August 3.....	416	866	August 3.....	19,410	35,634		
August 10.....	445	534	August 10.....	21,720	32,909		
August 17.....	677	820	August 17.....	24,891	32,577		
Total	4,656	6,716	Total	134,604	197,428		

Current Topics in Washington



One Way to Reverse.—The Commission feels no need of improving its soul or growing fat. That is one inference to be drawn from the insouciant manner in which it disposed of the jeer-provoking rule that the owner of a private car must pay demurrage to a railroad company while that car, filled with the goods of the owner, stands on the track of the owner, provided the railroad has

hauled that car and its lading to that private track upon private land. Honest confession is said to be good for the soul. The Commission made no confession concerning the error into which it fell when it issued its report and order in the Procter & Gamble case. Another homely injunction is laugh and grow fat. The Commission did not even laugh over its error. Perhaps it did not feel mirthful because thousands of dollars have probably been paid by the owners of cars for their failure to unload their own property from their own cars standing on their own land. Usually when the Commission reverses itself or modifies one of its orders it gives the reader of the opinion notice that this is a reversal. Not so, however, in this matter. The whole thing is wiped off the books, without the slightest hint, to one knowing nothing on the subject, that the collection of demurrage charges under such conditions is the result of the Commission's own order. The Supreme Court, which sustained the Commission, will have to find out, from some publication other than that of the Commission, that the regulating body has changed its mind and that the change is so complete that not even one member of that body dissented. While the Commission refuses to laugh and grow fat over the ludicrous position in which it placed itself, there are dozens of shippers, who are so unfortunate as to have had to buy cars, who are doing the smiling, or possibly even sniggering, at the discomfiture of the body they believe should be restored to its full powers, even if there is war, especially if those who hope the railroads will go back to their owners after the war, are to be kept in control of them under government operation.

Shipper's Right to Released Rates.—There appears to be a widespread impression among railroad employees that the rules and regulations of the Commission have all gone into the discard. Inspectors for the Western Weighing and Inspection Bureau at Grand Forks and Fargo, N. D., however, are reported as having acted on exactly the opposite idea when they made the shippers of show cattle, who had been exhibiting the animals, pay rates on them at their full value, instead of at the released value. The result was more than a doubling of the charges. The inspectors are reported as having said that they were from the Commission, and that its ruling was that shippers had to pay on the full value of the animals. The result was that the exhibitors canceled entries made at various country and state fairs. The Commission ruled precisely to the contrary, holding that the second Cummins amendment authorizes the making of released rates, either upon the application of the carrier or upon the order of the Commission. Inasmuch as the question of

ratings on blooded animals was under consideration in a formal case, there should be no misunderstanding of the fact that a shipper has the right to demand released rates, which mean nothing more than that he asks for the privilege of providing his own insurance on animals that are more valuable than the ordinary run of stock shipped to the slaughter houses. The tariffs should show whether a particular carrier has or has not released rates on blooded or show stock. If it has not, then a formal complaint is the only recourse, if the carrier will not ask permission to establish such rates. Making released rates is not a limitation of liability. It is merely an arrangement between the shipper and the carrier whereby the latter arranges for insuring his shipments to the full value in companies other than the carrier. The shipper can buy insurance from the carrier by simply asking for the full liability rates, while, apparently, the inspectors who insisted upon declarations of the full value of the animals shipped were under the impression that the Cummins amendment gives carriers and shippers no option.

Passenger Service Magnification.—The Director-General's establishment of the bureau of suggestions and complaints gives to the part of the public that knows only about passenger service a place to lodge its complaints and suggestions. The new branch of the service might well, perhaps, have been attached to Director Prouty's division, because he is at the head of that branch of the Administration which has to do with public service and accounting. It is true that Mr. Prouty and his assistants have paid attention chiefly, if not altogether, to the complaints of those who are interested in freight rates, but it has been put in charge of Theodore H. Price. The passenger part of a railroad company's business is the small one and the one that causes more trouble than it is really worth. That is why the new office might well be attached to the larger service that is now being conducted by Director Prouty's division. It is believed, however, that the establishment of the service will please the public. It loves to think it is having something to say about the way a railroad shall be operated. It also thinks the dollars it pays for carrying it to see its uncles, its cousins and its aunts are the ones that keep the road from drying up and blowing away. The average man in Congress also thinks of the passenger train as the symbol of all that is worth while about a railroad. The late James J. Hill floored Theodore E. Burton and other members of the rivers and harbors committee one time by telling them, while he was testifying about a river and harbor project, that if they would relieve him of the burden of running passenger trains he could operate freight trains on the banks of the Mississippi and make money on rates that would starve the best steamboats they could devise. They spluttered over that declaration so much that the railroad builder had to go back and tell them the fundamental fact that a railroad lives because it hauls freight and that the passenger business, relatively speaking, is not much more important than the cows and chickens are on a farm. They may give the farmer a small profit, but frequently they do not.

Too Much Express Business.—The American Railway Express Company would probably be pleased if its patrons would be just a little less energetic in using its facilities than it has been. While its officials are not making a public announcement on that point, the impression is strong they wish the Railroad Administration would improve its freight service to such an extent that they could

be relieved of the necessity of hauling express matter in freight cars in freight trains. The thought of the average shipper is that express matter hauled in freight cars on freight trains must be exceedingly profitable business, but the express people refuse to confirm any such impression. It is an unusual way of handling business. The "grand vitasse" of France has never had an exact duplicate in this country. Express carried in freight cars hauled on freight trains comes near that service, but it is not regularly organized. According to the intimations of the express people, what business is being handled in that way does not yield a profit, probably because the freight rates that have to be paid by the express companies figure out so that the margin between the L. C. L. charges and the express rates is too narrow to allow a reasonable profit to cover the cost of handling at both ends and at junction points. The limitation of 500 pounds per package has simply caused shippers who had to get their stuff through to increase the number of packages, so as to keep them within the limit of weight. It has shut out some machines and machine tools that could not be taken apart and crated without damaging them more than the service would be worth.

Denial of Permission Not Prejudging.—The Commission will be in a peculiar situation when it comes to considering complaints involving the reasonableness of the \$15 per car minimum charge and the minimum class scale beginning with twenty-five cents first class. Every non-controlled road that has asked permission to make effective those parts of General Order No. 28 has been given a denial. The natural assumption would be that the Commission has heard enough about those minima to condemn them. That, however, is not the proper inference to be drawn. Denial of fifteenth-section permission is merely equivalent to saying that the testimony offered the fifteenth section board was not sufficient to convince its members or the commissioners that the charge and minimum class scale would not result in unreasonable rates. No serious effort, as a matter of fact, has been made to prove that they are reasonable. Most of the non-controlled roads have simply acted on the assumption that they should be allowed to charge as much as the roads that are being operated by the government. They have made no serious effort to prove anything. When the question comes before the Commission on formal complaint the Railroad Administration will have to offer testimony tending to show that the charges resulting from the application of the minima would not result in unreasonable charges for the service performed. If the testimony is convincing, then the Commission can say that in the light of further knowledge it would approve the minima and thus, indirectly, invite the non-controlled roads to again apply.

A. E. H.

HALF YEAR'S OPERATING FIGURES

The Traffic World Washington Bureau.

The first six months of Government operation of the railroads produced a balance sheet that would be exceedingly painful to the country if adequate explanations could not be offered. A summary of the results in that half year covering all but one of the large roads, with a mileage of 232,949 was given out by the commission on August 24. That summary shows a fall in the net revenue from operation from \$543,918,792 to \$265,741,473 and in the operating income from \$458,203,531 to \$173,194,407.

An increase in wages of \$133,043,201 and the terrific

weather during the first three months of the period make a satisfactory explanation for the bad showing. The increase in wages was written into the books during June. That operation, called by the statisticians "taking into the accounts" makes a lamentable presentation of the railroads for that month.

The Commission felt constrained for the first time in its history to make an explanation of its figures. It said:

The operating expenses for June, 1918, include wage increases representing back pay since December 31, 1917. The reported increase of 164 roads for January to May, inclusive, not previously included in operating expenses are:

Maintenance of way and structures.....	\$ 17,505,902
Maintenance of equipment.....	29,726,086
Traffic	1,442,531
Transportation	79,302,542
Miscellaneous operations	849,636
General	4,216,504

Total\$133,043,201

If the above amounts were excluded, the operating expenses for June, 1918, would be:

Maintenance of way and structures.....	\$ 50,185,159
Maintenance of equipment	76,670,235
Traffic	4,030,950
Transportation	159,114,343
Miscellaneous operations	3,315,194
General	9,189,297
Transportation for investment—Cr.....	452,074

Total\$302,053,104

The railway operating income (Item No. 22 of the Summary) for June, 1918, would then be \$74,083,538, or \$318 per mile of road against \$427 per mile for June, 1917, and against an average of \$376 per mile for the months of June, 1915, 1916 and 1917.

In the country as a whole, in June the operating rose from \$349,669,869 to \$393,309,379; expenses from \$235,581,846 to \$435,096,305 and net declined from \$114,088,033 to a deficit of \$41,786,926 and the operating income from \$98,909,918 to a deficit of \$58,959,663. The operating ratio went up from 67.37 per cent to 110.62 per cent.

In the Eastern District the revenue increased from \$159,377,884 to \$186,032,263; expenses from \$112,502,818 to \$211,355,346 and net fell from \$46,875,066 to a deficit of \$25,323,083.

The operating income fell from \$40,955,269 to a deficit of \$32,940,496 and the operating rates went up from 70.59 per cent to 113.61 per cent.

In the southern district the revenue climbed from \$49,286,691 to \$60,995,354; expenses from \$34,087,795 to \$68,512,341, causing the net to fall from \$15,198,896 to a deficit of \$7,516,987 and an increase in the operating ratio from 69.16 per cent to 112.32 per cent.

In the western district the revenue increased from \$141,005,294 to \$146,281,763; expenses from \$88,991,233 to \$155,228,618 and a decrease in the net from \$52,014,061 to a deficit of \$8,946,856 and in the operating income from \$44,137,430 to \$15,398,615 and an increase in the operating ratio from 63.11 per cent to 106.12 per cent.

For the six months ended with June the revenue for the country as a whole went up from \$1,897,930,501 to \$2,081,448,000; expenses from \$1,354,011,709 to \$1,815,706,527, causing a drop in the net from \$543,918,792 to \$265,741,473 and from \$458,203,531 to \$173,194,407 and an increase in the operating ratio from 71.34 per cent to 87.23 per cent.

In the eastern district the revenue increased from \$850,629,551 to \$928,490,065; expenses from \$643,689,175 to \$867,895,072, causing the net to decline from \$206,940,376 to \$60,594,993 and in the operating from \$172,389,522 to \$23,132,912. The operating ratio increased 75.67 per cent to 93.47 per cent.

In the southern district the operating ratio rose from \$287,161,477 to \$339,862,915; operating expenses from \$195,350,558 to \$274,709,021, the net declining from \$91,810,919 to \$65,153,894 and the income from \$79,012,067 to \$51,653,292. The ratio rose from 68.03 to 80.83.

In the western district the operating revenue increased from \$760,139,473 to \$813,095,220; expenses from \$514,971,976 to \$673,102,434, causing a fall in the net from \$245,167,497 to \$139,992,526 and a loss in the income from \$206,801,942 to \$98,408,203 and an increase in the ratio from 67.75 to 82.78.



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Decisions of Interstate Commerce Commission

IN THE MATTER OF PRIVATE CARS

CASE NO. 4908

(50 I. C. C., 652-718)

Submitted Apr. 1, 1918. Opinion No. 5350.

1. An important part of interstate commerce of the country is transported in privately owned cars. It is to the interest of the owners, carriers and public that their operation should be continued, under such rules and regulations as will insure their efficient handling without discrimination against any shipper or particular description of traffic.
2. Under the situation as it exists, and under the facts and circumstances shown of record, shippers should be permitted to lease cars to transport shipments in interstate commerce from sources independent of carriers by railroads.
3. A charge in addition to freight rates should not be made for furnishing to shippers refrigerator, tank, or other special type of car, or for transporting their shipments therein, unless the freight rates are predicated on the transportation of another type of car, less expensive and not so difficult to operate.
4. Payments by carriers for the use of private cars should be upon the basis of the loaded and empty mileage, and the mileage should be computed on the basis of distance tables without the elimination of mileage through switching districts.
5. The allowance of three-fourths of a cent on the loaded and empty movements for the use of tank cars of all kinds by carriers should be increased to 1 cent a mile for the loaded and empty movements; the increased allowance should be paid for the use of live poultry, palace stock and heater cars; and the increase should not apply to stock, coke, coal, rack, flat, box, or pocket cars, although these may be privately owned.
6. Carriers should publish in their tariffs a rule that privately owned or leased cars when unloaded at destination, unless otherwise ordered by the owner or lessee, must be promptly transported, loaded or empty, in the direction of the plant of the owner or lessee.
7. Where carriers own tank cars which are furnished to shippers on request, they shall publish in their tariffs rules for the distribution thereof whereby each shipper who makes reasonable request may receive his proportionate share of available cars.
8. Icing charges on shipments of fresh meat, packing-house products and dairy products should be based on the cost of the ice and salt used, the labor, investment in icing plants, etc., together with a reasonable profit; carriers should perform the service of relcing and make the charges therefor, and shippers of these products should not be permitted to perform the service of relcing their own and competitors' shipments en route, either directly or through corporations controlled by them.
9. Carriers should provide in their tariffs that private cars standing on tracks of owners shall not be subjected to demurrage charges.
10. The Master Car Builders' Association rules with respect to repairs on private and other cars should not be filed in tariffs of carriers. Suggestions made at the hearings as to modifications in rules and practices should be adopted by the association.

McCHORD, Commissioner:

A proposed report was prepared by the examiner, and served on the parties of record. Exceptions were filed by certain interested parties, and argument was had before us on such exceptions. Certain changes in the language of the report and suggested conclusions have been made. As so changed and modified the report is adopted as that of the Commission.

This is a proceeding of inquiry upon the motion of the

Commission into the rules, regulations, and practices governing the operation of private cars on the railroads of the country. The proceeding was instituted in 1912, and the first hearing was had in November, 1913. Controversy with respect to the jurisdiction of the Commission over private car lines took the matter to the courts. *Ellis vs. U. S.*, 237 U. S., 424. Later the power of the Commission to require carriers to supply equipment to shippers was challenged, and that matter became the subject of court proceedings. *United States vs. Pennsylvania R. R. Co.*, 242 U. S., 208. The court cases caused delay in the disposition of this proceeding. When the matter was again taken up for consideration, it was deemed best to reopen the case, give interested parties opportunity to submit new evidence, if desired, and advise the Commission as to changed circumstances and conditions, if any, since the case was originally submitted. Hearing was had, and the matter is now submitted for final disposition.

Scope of the Investigation.

The original order in the case provided that the investigation should be prosecuted to determine whether the minimum weights applicable to private cars, allowances paid by carriers for the use of them, and practices, rules, and regulations governing icing and handling such cars by rail carriers subject to the act, are unreasonable, unduly discriminatory, or otherwise in violation of law. Supplemental orders were issued, instituting special inquiry into the rules, regulations, etc., governing the handling of cars for shipments of fish, fruits, and vegetables from points on the lines of the Atlantic Coast Line Railroad in Florida, Georgia, and North Carolina, to points in Eastern Trunk Line and Central Freight Association territories.

In 1913, interrogatories were sent to all private car owners and users in the country. They were asked to show in detail the financial results to them from the operation of their cars; the loaded and empty mileage; the cost of the cars; the cost of repairs to them, etc. At the same time, interrogatories of a similar nature were sent to all rail carriers to determine the total number and different kinds of cars owned by them; the empty and loaded mileage; the amounts paid to private car owners; cost of repairs, etc. The returns show operations for the year 1912. When the proceeding was reopened, similar interrogatories were again sent, with a view to securing results of operation and other data for each year from January 1, 1913, to January 1, 1918. Answers were received, and the information secured will be discussed hereinafter.

Origin and Development of Private Cars.

For the purpose of this discussion, a private car will be considered as one not owned directly by a railroad company. When railroads were first chartered and built in this country, they were simply toll roads. The shipper furnished the vehicle and the railroad company the road

and the motive power. The shipper paid for the use of the roadbed, rails and motive power. By 1845, however, this manner of conducting railroad transportation had completely changed, and the railroad companies furnished all the facilities used in transportation. This continued until shortly after the Civil War, when fast freight lines were organized for the movement of through cars over various lines of railway in the country. They were owned by independent companies or corporations. The cars were specially constructed with movable trucks, so that the body of the car and its contents could be moved from one railroad to another without unloading, as was the general custom. The tracks of the different railroads often were, at the time, of different gauges. These car lines quickly became popular and profitable, and were in a short time absorbed by the railroad companies. There was some use of privately owned cars as early as 1867, but it was not until about 1885 that sufficient of them were in use to make them a factor to be reckoned with in the transportation problems of the country. In 1889, an investigation of private cars and car lines was made by the Commission, and the results are discussed in the annual report to the Congress of that year. An investigation into the relations of railways and the owners of private cars was made by the Commission in 1892, which is referred to in its annual report of 1893. The early reports of the Commission contain discussions respecting rates on oil in tank cars, as compared with oil in barrels, but the present proceeding is the first general investigation undertaken by the Commission into the ownership and operation of all private cars, the relation of the owners of such cars with the railroads of the country, and the relation of owners to each other and the public.

In the development of freight traffic in the different sections of the country it became evident that many commodities might be transported to much greater advantage in certain kinds of cars especially adapted to the character and peculiar qualities of the particular articles, than in the ordinary cars furnished by carriers. The latter were slow to respond to the demand for improved cars of special pattern, and frequently failed to provide them. Hence, by agreement between shipper and carrier, the former undertook to provide his own cars for the transportation of his particular articles. In analogy to the custom that prevailed between connecting carriers in respect to the use of each other's cars, the railway company became the hirer of the shipper's cars, paying for their use on the basis of a certain amount per mile on the loaded, or loaded and empty, movements. Initiated in a small way with respect to a few articles, the development has been in the direction of rapidly expanding use of private cars. It became necessary that some industries should have a constant and adequate supply of cars in order to conduct business on a large and economical basis. Articles of a perishable nature required prompt movement; some of such articles moved during short periods of each year; and there were demands for cars of special type from many different sections of the country which the carriers could not, or did not, supply. It has also come about that private cars now in use are not owned by shippers alone. They are owned in large numbers by separate corporations, who make their arrangements for the use of the cars with shippers, and procure from the railroads the payment of mileage. Many of these companies lease cars to railroad companies, receiving only the mileage allowance for their use; others lease their cars to carriers for an agreed monthly rental, the latter to keep the cars in repair; still others lease to shippers at an agreed rental per month, and credit the mileage earnings to the latter. Many of these concerns are car builders, who supply cars of special design to shippers on order. They have facilities for repairing their cars located at convenient points in different parts of the country.

For convenience, the car owners who furnished information in answer to the interrogatories sent out in 1913 were divided into four classes, as follows: Class A, independent companies not owned or controlled by railroads or shippers; class B, incorporated car lines owned or controlled by railroads; class C, incorporated car lines owned or controlled by shippers; and class D, industrial concerns whose cars are owned by them and are used in connection with and incidental to their commercial activities. In 1913,

answers were received from 641 private car owners. Under the grouping, they divide as follows: Class A, 37 owners; class B, 6 owners; class C, 22; and class D, 576. Car ownership changes frequently, and it is difficult to make an exact analysis of the number of cars or owners at any given date. New cars are constantly put into service, the old cars are scrapped or wrecked, and new industries are established in various parts of the country which require cars of their own to conduct their business with efficiency.

January 1, 1918, there were approximately 1,000 owners of private cars of all kinds used in commercial service in this country, not including railroad companies. The number owned by each ranges from 1 to 18,000. According to Boyd's I. C. C. A-826, effective December 14, 1917, a publication designed to show gallonage capacities of tank cars of the country for the computation of freight charges, there were 706 owners of tank cars, not including railroad companies. On January 1, 1913, there were shown by the same publication, 271 owners. No tabulation of the answers to interrogatories sent out in January of this year has been made to indicate the number of owners in groups as was done in 1913. It may be said that an examination of the returns, in a general way, shows that there has been no substantial change in the number of owners in the different groups since January 1, 1913, except a large increase in class D owners. None of the returns includes cars that are used about industrial plants for interplant switching, those used by contractors in connection with construction work, cars in the hands of manufacturers and builders, or cars which may be used in interstate commerce but which in fact are not so used. The following table shows the number of the several kinds of freight cars owned on January 1, 1913, by private interests, compared with like cars owned by railroads:

Kind of cars.	Owned by private interests.	Owned by railroads.	Total.
Refrigerator	54,582	48,926	103,508
Tank	30,039	9,150	39,189
Stock	21,712	71,299	93,011
Coal and coke	24,140	801,042	825,182
Heater	510	648	1,158
Live poultry	891	114	1,005
Other kinds	5,305	1,370,532	1,375,890
Total	137,179	2,301,711	2,438,890

There are no statistical data compiled by the Commission previous to 1889, which give reliable information as to the number of cars owned by other than railroad companies, nor, in fact, the number of different kinds of cars available for use in interstate transportation actually in operation. Poor's Manual shows that in the year 1890 there were 3,398 refrigerator cars owned by railroad companies. On October 1, 1889, railroads owned 1,342 tank cars. Ind. R. Assns. Tit' v. l. and Oil City vs. W. N. Y. & P. R. R. Co., 5 I. C. C., 415, 435. As shown above, on January 1, 1913, railroads owned 48,926 refrigerator cars and 9,150 tank cars. January 1, 1918, railroads owned approximately 65,000 refrigerator cars and 11,277 tank cars.

In 1889, there were 6,552 privately owned tank cars; in 1912, 30,022; and in 1918, approximately 70,000. It was stated at the hearing in February of this year that there were about 6,000 tank cars under construction. The number of tank cars now privately owned is an approximation because it is difficult to ascertain the exact number. Ownership constantly changes, new cars are added, and there is some duplication in the reports for the reason that both the owner and lessee sometimes report the same cars. Boyd's I. C. C. A-826, and supplements above referred to, shows a total of 85,260 tank cars in use in this country. Of these, 12,217 are owned by railroad companies. An examination of this publication discloses some duplications. From the figures obtainable from answers to interrogatories, and estimates from other sources, there appear to have been about 67,000 privately owned tank cars on January 1, 1918. Allowing for duplications in Boyd's publication, and for failure to report by owners to questions sent out by the Commission, it is probable that 70,000 is substantially the correct figure.

In 1910 there were approximately 50,000 privately owned refrigerator cars; in 1912, 54,582; and on January 1, 1918, approximately 65,000. These figures are approximates, because it is difficult to keep up with the constant changes

of ownership, cars that are added, and those that are scrapped each year. For example, in February of this year, Swift & Company were manufacturing at their shops in Chicago four new refrigerator meat cars every day.

January 1, 1913, there was a total of 137,179 of all kinds of cars owned by private interests. This includes those owned by railroad-owned car lines. January 1, 1918, there were approximately 135,000 tank and refrigerator cars so owned. Add to this 65,000 other privately owned cars, including stock, coal, poultry, heater, palace stock cars, and box cars, and the total ownership on that date was approximately 200,000. At a conservative estimate, the amount of money invested in these cars is \$250,000,000. In addition to this, large sums of money have been invested by owners in the construction of repair plants, side tracks, etc.

There has been a large increase of privately owned cars in the last three years. This increase is relatively larger than for any previous similar period. This is particularly true of tank cars. During that period there has been an unprecedented shortage of cars on railroads of the country, caused in part by the enormous increase in demand for certain articles, due to the war; and also, in part to congestion of cars along the North Atlantic seaboard, and at important terminals in Official Classification territory.

The congestion caused much slower movement of cars. It is estimated by one large car owner that it now requires three cars to perform the service that was performed by one in normal times. It quickly developed during the shortage that if large owners of private cars were to do the same or a greater amount of business than in previous years, it would be necessary for them to buy or manufacture more cars and put them into service, and many of them have done so.

Private Car Lines.

Railroad-owned car lines are in a different situation than those owned or controlled by shippers or independent companies. Examples of such lines are the Pacific Fruit Express, owned jointly by the Union Pacific and Southern Pacific systems; the Santa Fe Refrigerator Despatch Company, owned by the Atchison, Topeka & Santa Fe Railway Company; the American Refrigerator Transit Company, owned by the Missouri Pacific and Wabash in the ratio of 75 to 25, respectively; and the Chicago, New York & Boston Refrigerator Company, owned by the Grand Trunk Railway system. The cars owned by these companies are interchanged with carriers other than the owners, exactly the same as all railroad cars, except payments for their use, and the cars are "at home" on the lines of the owning carriers. They are more properly to be termed railroad cars. All charges to the shipper in connection with the operation of the cars of these companies are published in tariffs of the owning carriers and concurred in by their connections. The officers of the railroad companies are generally officers of the subsidiary car lines. The employees of the latter ride on passes, and freely use the railroad telegraph lines. It is stated in evidence that these lines were organized chiefly for the purpose of looking after perishable freight originating on the lines of their owners, and that they are really a separate department of such carriers. Separate incorporation, it is asserted, is a convenience in accounting and operation. It seems quite probable that one strong inducement for the incorporation of some of them was that at the time mileage earnings were much greater than had been received from the per diem allowance, which in 1902 was 20 cents.

The Merchants' Despatch Transportation Company, formerly owned by the New York Central, and the Central Fruit Despatch Company, formerly owned by the Illinois Central, are not now operating. The cars owned by them are now operated directly by the railroad companies.

Some of the carrier-owned lines now in operation receive nothing but mileage earnings, and the earnings from refrigeration, where they perform the service for the owning companies. Others are paid a commission, usually 12½ per cent of the gross revenue received by the carriers with which they have contracts, on business solicited and secured by their employees, and routed via the contract carrier lines. Examples of these are the American Refrigerator Transit Company and the Chicago, New York & Boston Refrigerator Company. Solicitors employed by these car lines are experts, and advise farmers and other ship-

pers as to the production of more varied and larger quantities of fruits and vegetables, and assist and advise shippers of dairy products in various ways to prepare shipments for transportation, as to loading, etc. They are comparable to soliciting forces that have been employed by carriers which have perishable freight departments of their own, such as the Chicago, Burlington & Quincy and the Pennsylvania.

With respect to the commission paid these car lines, there is no evidence which permits of a comparison between the amount paid them and the cost of soliciting dairy products and other perishable freight by carriers owning their own cars, to determine whether they are excessive. The figures submitted by the car lines which receive commissions do not show that their earnings are more than reasonable, considering investment and expenses. For example, the Chicago, New York & Boston Refrigerator Company reports that its percentage of return on investment, less operating expenses, maintenance, salaries, taxes, and depreciation, was 6 per cent in 1909; 5 per cent in 1910; 4.5 per cent in 1911; 5.7 per cent in 1912; 2.8 per cent in 1913; 1.7 per cent in 1914; a deficit of 0.63 per cent in 1915; 1.9 per cent in 1916; and a deficit of 3.1 per cent in 1917. The American Refrigerator Transit Company has not received a return on its investment except five years in the last ten, and not to exceed 2.52 per cent in any year of that period.

It does not appear that connecting lines pay commissions to secure shipments in cars owned and operated directly by carriers. The Chicago, New York & Boston Refrigerator Company, as before stated, has an arrangement with the Grand Trunk system. A shipment reaching New York City over the Lehigh Valley, originating on the Grand Trunk, if solicited by the Chicago, New York & Boston Refrigerator Company, would entitle the latter to a commission on the entire movement, the Lehigh Valley having received a shipment, without individual solicitation, that it might not have secured.

In any event, these charges do not affect the amount paid by the shipper for the transportation, and because the car lines are owned by railroad companies and the earnings are a part of the returns from the entire service of the company, they are not directly at issue in this proceeding. The evidence is not sufficient to determine any question with respect to the propriety of commissions and their payments, as described.

At this time, when the railroads of the country are under unified control, paid soliciting forces for any carrier have little office to perform. Whether as industrial agents they may continue to operate in the interest of more and a wider diversity of production is another question not within the scope of this investigation or the Commission's authority. Under such circumstances, the question of payment of commissions of the nature referred to will not be further considered herein.

With reference to car lines owned by shippers, it may be said that generally they are not engaged in the car leasing business. The cars they own are used to transport their shipments, and it is only occasionally that cars are leased to others. However, there was one exception to this general rule. When this proceeding was instituted, a subsidiary of Armour & Company, of Chicago, Ill., and Kansas City, Mo., known as Armour Car Lines, supplied the owning company with cars for shipment of its fresh meats and packing house and dairy products, and also furnished cars to carriers and shippers for transportation of fruits and vegetables. During the pendency of this investigation, and on November 1, 1914, the Armour Car Lines sold to Armour & Company all of the meat refrigerator cars owned by it, and the shipper has operated them since. By contract dated November 5, 1914, the Armour Car Lines sold to the Fruit Growers' Express, Incorporated, all of the fruit and vegetable refrigerator cars owned by it. The icing stations owned and operated by the Armour Car Lines at East St. Louis, Ill.; Columbus, Ohio; and Altoona, Pa., with its interest in other stations at Del Ray, Mich.; Havelock, Ont.; Nashua, N. H.; and Newport, Vt., were sold to the Utility Operating & Supply Company, Incorporated. Armour & Company controls the Fruit Growers' Express under the following conditions: The stockholders of the Fruit Growers' Express, except directors' qualifying shares, are the same as the stockholders of

Armour & Company, and they hold their stock in the same proportion as the stockholders of Armour & Company hold stock in that company. It is insisted that the fact that the stockholders of the two companies are the same does not make one the subsidiary of the other, as stated in the report proposed by the examiner. Technically this is true, but the fact remains that the Fruit Growers' Express is controlled by Armour & Company. The offices of the former are at the Union Stock Yards, Chicago, in Armour & Company's building. The Utilities Operating & Supply Company is controlled in the same way by Armour & Company. Armour & Company now conducts in its own name the meat transportation business in its own cars that was formerly done by Armour Car Lines; the Fruit Growers' Express has taken over the fruit and vegetable transportation business that was formerly conducted by Armour Car Lines; and the Utility Operating & Supply Company now controls and operates icing plants that were formerly owned and operated by Armour Car Lines. In other words, the three companies are controlled by Armour & Company, and have taken over the business that was formerly done by Armour Car Lines. The Fruit Growers' Express leases its cars to carriers for the most part on agreed bases, and performs refrigeration service at rates named in such carriers' tariffs.

There is another class of car lines which deals almost exclusively with carriers. Reference is had to the Mather Horse & Stock Car Company and the Doud Stock Car Company, which are representative of the class. These companies own stock cars which are leased to railroad companies under contracts as to payment for their use, or their cars are secured by carriers on payment of 6 mills per mile. Much the larger number of these cars are operated under the mileage allowance. Shippers are in no way interested in the arrangements that are made between the owner of such cars and the carrier. The shipper secures such cars on request to the carrier. When used by carriers they are really railroad cars and are treated as such by connections, and oftentimes the lettering on the cars is obliterated and the name or initials of the leasing carrier placed thereon. Some cars owned by companies of this class are leased to shippers under contracts, but the charges therefor are not uniform. The amount paid by carriers for the use of cars of this class, which is now under control by this Commission, does not affect freight charges paid by shippers, or practices of carriers with reference to such shippers. However, this record shows that under present conditions, and, indeed for many years, the mileage allowance is not and has not been on a remunerative basis to the owners. The evidence is not sufficient to determine what payment should be made to this class of owners, who derive no benefit from the use of their cars except the mileage or other payments. The carriers and this class of owners should, if possible, reach an agreement as to the reasonable payment for the use of cars.

Diversity of Use and Make of Private Cars.

There are at least 31 different liquids regularly transported in tank cars, not including the different kinds and grades of acids and oils. There are 7 acids and 21 grades and kinds of petroleum oils, making an aggregate of 59 varieties of liquids. Cars used to transport the different liquids cannot be interchanged readily, that is to say, a tank car loaded with fuel oil with an asphalt base cannot be reloaded with refined oils, such as gasoline or kerosene, nor with edible oils, such as cottonseed or coconut, without thorough cleaning at an expense of from \$5 to \$35 per car. A car in which has been transported any of the petroleum oils cannot be used for molasses or other edible liquids without thorough cleaning to remove every vestige of oil and odor. Some acids require peculiarly constructed cars. A car for tannic acid must be coated on the inside with acid resisting material and all fittings must be of brass. Muriatic acid requires a wooden lined tank. Wine cars are mounted with a steel tank, lined on the inside with special enamel, surrounded on the outside with a wooden tank, with insulating material between it and the steel, to preserve the contents from deterioration during transportation; and casing head gasoline cars are insulated so as to preserve a uniform temperature, and are fitted with special dome-head arrangements and safety appliances. A tank car for transportation of asphalt and other

heavy oils requires heater coils in order to liquefy the contents for unloading. Some tank cars are constructed with compartments so that two or more grades of oil may be transported at a time. Special loading and unloading facilities are necessary for oil shipments. It is necessary to force some oils out of the cars by steam pressure, others by the use of pumps, and from still others the liquid flows out by gravity.

Dairy and meat products may not safely be transported in a refrigerator car in which fish, sea food, or other odoriferous articles have been carried, without thorough cleaning and disinfecting. A refrigerator for the transportation of carcass meat is peculiarly constructed. The roof is braced to support racks from which are suspended hooks to hold the meat. It is more thoroughly insulated than the ordinary refrigerator. The car is cooled by means of iron brine tanks in each end, which are filled with crushed ice and salt, insuring a lower temperature than can be secured in a car with wooden bunkers filled with cake ice without the use of salt.

Palace stock cars fitted with stalls for the shipment of blooded stock; stock cars with feeding racks and watering troughs; live poultry cars with 128 coops, so wired and arranged that poultry may be fed and watered and otherwise cared for en route; heater cars with stoves or other heating apparatus for shipment of potatoes in winter; rack cars for shipment of bark, barrels, staves, and coke; platform cars for shipment of car bodies, car trucks, and electric cars; flat cars for boilers, machinery, tanks, trucks, vans, etc.; and special slot or "pocket" cars for large sizes of plate glass are some of the private cars regularly used for special purposes.

The perfection of the construction of the refrigerator car has in recent years led to its wider use. Originally it was designed for transportation of perishable traffic in the warm months. It has become quite as important an agency of transportation of traffic in cold months, to keep the articles contained in it from freezing. A modern insulated car will transport articles for longer distances in cold weather without damage than the ordinary box car. Refrigerator cars of modern make are now demanded by shippers who have come to realize that their shipments are delivered in much better condition, with less loss and damage, than was the case a few years ago with the cars of the earlier type. Not only is the demand for the best cars of this character, but it is highly important that they shall be kept in as near perfect repair as possible.

Allowances Paid by Carriers.

Previous to 1902, the payment for the use of all cars in railroad service was on a mileage basis. In that year, for the use of railroad cars on foreign lines, a per diem basis was established, beginning at 20 cents, with a penalty of 80 cents per day if the car was detained more than 30 days; from July, 1906, to July, 1907, the per diem charge was 25 cents, with a penalty of 75 cents per day on cars held for more than 30 days; July, 1907, to March, 1908, 50 cents per day; March, 1908, to March, 1910, 25 cents; March, 1910, to August 1, 1910, 30 cents; August 1, 1910, to January 1, 1913, 35 cents; January 1, 1913, to January 1, 1917, 45 cents; from January 1, 1917, to March 31, 1917, 75 cents; and from March 31, 1917, to date, 60 cents.

Allowances paid to private car owners have always been on a mileage basis. From 1867 to 1873, the rate was from 1½ to 2 cents per mile on all cars; 1873 to 1877, from 1 to 1½ cents; in 1877, it was made from ¾ of a cent to 1 cent; in 1893, an allowance of 1 cent was fixed for refrigerator cars west of Buffalo, N. Y.; in November of that year, the rate was made 6 mills on all cars except private refrigerators, which were allowed 1 cent by western carriers and ¾ of a cent by eastern carriers generally. There were some modifications of the allowances in the east. For example, in 1909, refrigerator car owners were allowed 1 cent on movements from St. Louis to the Illinois-Indiana state line, and the Wabash Railway paid 1 cent on movements to Buffalo. There were certain other exceptions, not necessary to be stated. On October 1, 1917, the allowance for use of refrigerator cars between all points east of the Mississippi River became 1 cent. At this time, the allowance for refrigerator cars is 1 cent per mile on the loaded and empty movements between all points east of El Paso, Tex., Albuquerque, N. Mex., Salt Lake City, and Ogden, Utah. The territory west of the described line is

known as the transcontinental zone. In that zone, on shipments requiring refrigeration in private cars for distances of 800 miles or less, the payment is 6 mills per mile; excess over 800 miles, $\frac{1}{4}$ of a cent; when loaded with freight not requiring refrigeration, 6 mills, regardless of distance; and when moving empty, no allowance. The reasonableness of the allowances in the transcontinental zone is the subject of complaint in Docket No. 10026 and subnumbers, heard in connection with this proceeding, and will be disposed of in a separate report.

The allowance on live poultry cars is generally $\frac{1}{4}$ of a cent, although there are a few exceptions when 6 mills is paid. On palace stock cars, except when moved in passenger trains, the allowance is on the basis of 6 mills per mile, with the exception of many railroads in the south-east, while allow $\frac{1}{4}$ of a cent. The allowance for tank cars is uniformly $\frac{1}{4}$ of a cent for loaded and empty movements. For use of all other cars, including coal, coke, stock, and box cars, the allowance is 6 mills per mile. None of the allowances include movements within the switching limits, as defined by carriers, within terminals.

Operation of Private Equipment.

From the fact that private car owners have an interest in the prompt movement of their cars, records submitted in this case show that such cars move more rapidly, and also move empty to a greater extent than the same kind of cars owned by carriers. From exhibits submitted it is shown that private cars on 127 railroads of the country for the year ended June 30, 1912, made empty and loaded mileage as follows:

Kind of cars	Loaded, miles.	Empty, miles.	Loaded, per ct.	Empty, per ct.
Refrigerator	705,171.48	377,931.682	66.4	33.6
Tank	1,042,821.847	1,110,828.31	51.1	48.9
Live poultry	2,441,856	1,441,857	50	50
Stock	78,220.120	71,834.154	52.1	47.9
Coal and coke	164,447.471	166,217.181	50.3	49.7
Other private cars	2,417,223	6,174,001	39.3	40.7
Total	1,013,018.265	665,375.216	60.35	39.65

For the same year the loaded freight car mileage of steam railroads in the United States amounted to 69.41 per cent of the total, and the empty mileage 30.59. These figures do not include caboose mileage, but do include all freight cars in revenue service, both railroad cars and private cars. They also include company freight. It will be observed that the loaded mileage of all freight cars is about 15 per cent greater than that of private cars. The two lots of cars are not fully comparable, however, for the largest movement of private cars is for perishable freight, which is everywhere given preferred service, but the comparison is worthy of consideration in connection with other facts and circumstances. The following exhibit, compiled from returns received from carriers in 1913, shows a comparison of loaded and empty mileage of refrigerator cars owned by shippers and those owned or controlled by railroad companies over certain representative railroads, for the year ended June 30, 1912:

Railroad	Cars of lines owned or controlled by shippers.		Cars of lines owned or controlled by railroad companies.	
	Loaded.	Empty.	Loaded.	Empty.
Chicago & Erie	30.9	14.1	72.3	27.7
Ill.	52	48	77.5	22.5
M. & E.	31	49	63.5	36.5
M. & St. P.	51.6	48.4	59	41
N. W.	51.6	48.4	79.9	20.1
O. & Q.	63	37	80	20
O. M. & St. P.	33.9	16.1	77.3	22.7

It will be noted that in every instance the percentage of the loaded mileage of the railroad-owned car lines is greater than that of the car lines owned by shippers.

A comparison of the per cent of loaded mileage of refrigerator cars operated by railroad-owned car lines on the basis of the owning railroad with that of refrigerator car lines operated by shippers is as follows:

Per cent.

Loaded mileage on the Missouri Pacific System:	
Made by cars of the American Refrigerator Transit Co.	66.7
Made by cars operated by shippers—	
Armour Car Lines	60.9
Cold Blast Transportation Co.	52.4
Cudahy Refrigerator Line	56.8
Cudahy Milwaukee Refrigerator Line	53.9
Kingan Refrigerator Line	76.7
Morris & Co.	63.9

St. Louis Independent Packing Co.	50.7
Swift Refrigerator Line	61.3
Loaded mileage on the St. Louis-San Francisco Lines:	
Made by Frisco Refrigerator Despatch cars	72.3
Made by cars operated by shippers—	
Armour Car Lines	68.6
Cold Blast Transportation Co.	56.6
Cudahy Refrigerator Line	59.1
Cudahy Milwaukee Refrigerator Line	61.5
Kingan Refrigerator Line	67.8
Morris & Co.	73.7
St. Louis Independent Packing Co.	54.8
Swift Refrigerator Line	62.2
Loaded mileage on New York Central Lines:	
Made by cars of the Merchants Despatch Transp. Co.	80.6
Made by cars operated by shippers—	
Armour Car Lines	56.6
Cold Blast Transportation Co.	51
Cudahy Refrigerator Line	50
Cudahy Milwaukee Refrigerator Line	51
Kingan Refrigerator Line	52
Morris & Co.	50
St. Louis Independent Packing Co.	50
Swift Refrigerator Line	51.4

It is further shown by the returns that the loaded mileage of the Pacific Fruit Express over the Union Pacific-Southern Pacific lines was 70.3 per cent, and of the Santa Fe Refrigerator Despatch Company over the Santa Fe lines 83.6 per cent.

The figures are taken from the returns to the Commission for the year 1912, which may be considered as a normal year, so far as car supply and movement are concerned.

From figures secured from answers to interrogatories sent out in 1918, the following tables have been compiled:

REFRIGERATOR MILEAGE REPORTED BY CARRIERS.

Year.	Loaded.		Empty.	
	Miles	Per ct.	Miles.	Per ct.
1913	813,726,169	63.9	459,644,951	36.1
1914	866,038,169	64.6	474,587,129	35.4
1915	883,858,538	61.1	562,079,448	38.9
1916	926,338,951	63.4	534,636,239	36.6
1917	918,768,791	62.6	548,318,009	37.4

REFRIGERATOR MILEAGE REPORTED BY PRIVATE OWNERS.

Year.	Loaded.		Empty.	
	Miles	Per ct.	Miles.	Per ct.
1913	757,107,374	59.1	56,112,042	6.9
1914	639,729,731	76.7	194,881,338	23.3
1915	553,218,691	62.0	339,647,637	38.0
1916	477,133,588	56.7	362,447,167	43.2
1917	464,603,136	56.6	356,836,725	43.4

TANK CAR MILEAGE REPORTED BY CARRIERS.

Year.	Loaded.		Empty.	
	Miles	Per ct.	Miles.	Per ct.
1913	165,894,990	51.6	156,008,777	48.5
1914	173,660,758	51.0	166,890,852	49.0
1915	207,365,764	51.1	199,328,882	48.9
1916	373,025,719	51.1	261,200,168	48.9
1917	340,473,778	51.2	324,693,629	48.8

TANK CAR MILEAGE REPORTED BY PRIVATE OWNERS.

Year.	Loaded.		Empty.	
	Miles	Per ct.	Miles.	Per ct.
1913	99,406,703	50.7	96,850,771	49.3
1914	101,871,368	50.3	100,699,158	49.7
1915	139,912,823	50.7	135,885,317	49.3
1916	201,185,256	50.6	196,799,973	49.4
1917	259,634,967	50.6	253,786,582	49.4

The figures are for the private car lines and owners and railroads reporting. They do not contain all the mileage, loaded or empty, made by all the refrigerator or tank cars in the country. They are, however, representative, and may be taken as showing the situation with substantial accuracy.

It will be observed that the loaded and empty mileage made by privately owned refrigerator cars in 1913 is at variance with that of the other years. The reason for this is that the figures submitted for that year by 95 per cent of those making returns did not segregate the loaded and empty mileage movements. The figures are based on the 5 per cent that did report such movements, and are, therefore, not reliable, and may be discarded. To a less extent the same situation exists with respect to the year 1914.

It will also be observed that the percentages of loaded to empty movements are substantially the same for the entire period of six years. This shows that whether there be a shortage of cars or not, the empty movement of refrigerator cars under the system of their operation now in effect is substantially constant. The inability of carriers to secure return loads and the insistence of shippers for prompt return of their cars are influences that affect the result.

The percentage of loaded mileage of railroad controlled refrigerator cars is relatively high. In many cases it is higher than the average of all loaded freight car mileage of the country, 69.41 per cent. The loaded and empty mileage of refrigerator cars owned and operated directly by railroad companies was not obtainable, but so far as cars owned or operated by their car lines are concerned, the records show reasonably efficient operation. These cars appear to be used to about the same extent as ordinary box cars. Refrigerator cars are used primarily for perishable freight, but when suitable freight of a general character is available for return loading, they are utilized. Most perishable freight moves from the west, southwest, south and southeast to the northern and northeastern sections of the country. There is very little perishable freight available for return loading. Railroad car lines utilize their cars to as great an extent for return loading as possible. Private car owners object to return loading of their cars, if by so doing, the return movement is delayed. There are many articles that can not be loaded into refrigerator cars, especially meat cars, because of odor, or because the dampness in the car would not permit of such loading. The tariffs of carriers designate a list of articles that are not to be loaded into refrigerator cars, and also contain general inhibitions as follows:

Articles not to be loaded in standard refrigerator cars, meat cars or standard ventilator cars; Any freight liable to damage from dampness or rust; and freight the odor of which may unfit the cars for transportation of perishable freight; and any rough or heavy freight that may damage car walls or floors.

Then follows a list of 24 commodities as the principal ones within the restriction above cited. Tank cars are not generally loaded for return movement, and with some exceptions move empty half the total mileage. The Union Tank Line Company serves so many concerns with numerous refineries and stations in all parts of the country that it occasionally happens that loads may be found for movements in both directions. As a rule, private cars designed to transport acids, vinegar, wine, etc., move empty on the return.

Phases to Be Specially Considered.

In an investigation so general as this, where all questions with respect to the operation of private cars on all railroads of the country are to be taken into account, it became necessary to specify the more important phases of the matter to be considered. In the order that was issued in January, 1918, certain points were designated as those to be given special consideration, and to them the evidence taken at the last hearing was in the main directed. In brief, they include the question of the propriety of a service or separate charge, in addition to the freight rate, when special equipment is transported by carriers; to ascertain, in case a carrier has no equipment of the kind demanded by a shipper, whether the carrier should secure the same from an owner of such car, or whether the shipper should be permitted to make the arrangements with the owner, and thus supply cars for his own use; to determine whether, if private car owners are permitted to continue to furnish cars to shippers and make charges direct to them, the charges so made shall be published in tariffs of carriers; to determine what compensation should be paid by carriers to the car owner, lessor or lessee for the use of cars furnished, and the manner in which charges shall be determined; to ascertain what relation investment in private cars, interest, cost of operation, maintenance and depreciation should bear to the allowance to be paid by the carrier for the use thereof; whether charges for refrigeration should be a stated sum for the service, or named in cents per 100 pounds of freight hauled, or should be based on the cost of the service, including labor, cost and weight of ice and salt, etc.; the propriety of the line-haul carrier performing all refrigeration service and making charges therefor; whether rules and practices of carriers as to minimum weights and charges, mixtures, part lot shipments, return of empty containers, etc., operate to unduly prefer or prejudice any shipper or shippers, or any particular description of traffic; to investigate questions respecting demurrage; and to determine whether the Master Car Builders' Association rules, with respect to private cars, should be filed with the Commission and observed by carriers accordingly.

The different phases of the case will be considered in

detail, not necessarily in the order listed above, nor in exact terms as stated, but in such a manner that each will have such discussion as its importance and the facts warrant.

The Duty of Carriers.

It is well-settled law that the duty of a common carrier is to furnish equipment for transportation of articles it advertises to carry. The general duty of carriers at common law, and under the act, is to furnish such cars and other facilities as are reasonably necessary to enable them to fulfill their public obligations. It has been held that in the absence of discrimination the power to enforce the duty does not reside with the Commission. *Pennsylvania R. Co. vs. United States*, 227 Fed., 911; *United States vs. Pennsylvania R. R. Co.*, 242 U. S., 208. In this proceeding the question of where the power resides to enforce the duty is not necessarily involved. In section 15 of the act it is provided that if the owner of property transported directly or indirectly renders any service connected with transportation, or furnishes any instrumentality therein, the charge and allowance therefor shall be no more than just and reasonable, and that the Commission is empowered to determine what is a reasonable charge as a maximum to be paid by the carrier or carriers for the service rendered, or for the use of the instrumentality furnished. An amendment to section 1 of the act, approved May 29, 1917, provides as follows:

The Commission shall, after hearing, on a complaint or on its own initiative without complaint, establish reasonable rules, regulations and practices with respect to car service, including the classification of cars, compensation to be paid for the use of any car not owned by any such common carrier, and the penalties or other sanctions for nonobservance of such rules.

The Congress has thus recognized the use of privately owned cars in transporting the commerce of the country, and has provided for their control by the Commission through rules and regulations of carriers hauling them.

For more than 30 years privately owned cars have been extensively used to transport commodities in interstate commerce. They came into use originally because the railroads would not, or did not, supply them in sufficient quantities to meet the demand. Practically all carriers have refused to furnish tank cars for transportation of oil and other liquids, or cars with brine tanks and racks for transportation of carcass meat. There are certain exceptions to this rule which will be considered later. Refiners of petroleum oils with substantial unanimity state that as a practical matter carriers could not furnish tank cars in a manner to insure their efficient use. The packers, who are the largest users of refrigerator cars, including meat cars, state that they are perfectly willing that carriers should own all cars used by them, "provided they are insured at all times an adequate supply." The proviso qualifies their acceptance of the principle to the extent of practically nullifying it. If all cars were owned and furnished by carriers, in times of shortage the packers, as well as all other shippers of like traffic, would be entitled to no more than their fair share of all cars available. No class of cars in railroad service is used more effectively than the cars owned by large shippers. They have organizations of men to see to it that their cars move as promptly as possible, both loaded and empty. The carriers of the country could not as effectively handle the entire refrigerator and tank-car equipment as is now done by the intervention of private owners. The car lines have forces of experts to watch the crop prospects and to advise as to the needs of particular sections of the country, to secure cars and see that they are on hand for the transportation of all sorts of products in refrigerator cars. If there is a crop failure in one section of the country, the cars are sent to other sections, and are kept actively in use to the highest degree possible. The oil refiner produces certain kinds of oil and desires to reach certain customers. No carrier could inform itself as to his needs and insure that he would have the kind and number of cars to enable him to conduct his business economically and efficiently. If private ownership or control of cars of particular types results in greater economy and more efficient use, the whole public is to that extent benefited. As before stated, nearly 200,000 cars regularly used in interstate commerce are now held in private ownership. According to the statistical abstract compiled by the Commission for the year ended July 1, 1916, there were 2,313,300 freight

cars of all kinds owned and used by carriers of the country. It is probable that this amount is short about 2,000 of the number owned by carriers on January 1, 1918, and assuming that on that date the total equipment of railroad-owned cars was 2,500,000, it follows that about 3 per cent of that number is privately owned.

In the beginning, carriers could no doubt have insisted upon their right to furnish all equipment. They did not do so, and in the course of years there has grown up a system of private ownership of such magnitude and importance that it must be reckoned with as an existing condition. Some years ago certain car lines were owned by shippers who received commissions from carriers transporting their traffic. This was unlawful as a concession to such shippers from published rates. No such commissions are paid at this time, nor have there been for many years. It also appears that some years ago carriers paid excessive allowances for use of cars to certain shippers, which amounted to rebates, but so far as this investigation has shown, there are no payments of that character now being made. The handling of private cars is now on such a basis that there does not appear to be any unlawful practice, so far as payments by carriers to shippers are concerned.

There is a demand upon the part of certain shippers of petroleum oil that the Commission require carriers to furnish tank cars on request, and that the supply of such cars be subject to ordinary rules of equitable distribution. The contention is that if the Commission has not the power, it should be given it by proper legislation.

The system of the use and supply of private cars that now exists can not be at once and radically changed, without serious consequences to shippers, carriers and the public. At the hearings an endeavor was made to secure evidence with respect to normal transportation conditions. The abnormal conditions of last fall and winter are admittedly not such as would indicate what would be just and reasonable practices, as a general rule, for carriers, shippers, private-car owners or the public.

How Should a Shipper Secure Cars?

As a general principle, a shipper of traffic over the railroads of the country ought not to be required to deal with any other than the carrier. If the carrier has not the kind of a car in general use that is demanded by a shipper, the most simple and direct method is for the former to secure it from some source and furnish it, but the custom has been otherwise with respect to certain kinds of cars. In many cases, shippers are under compulsion to furnish cars by reason of carriers' failure to supply them upon request. In practice, the shipper either buys the cars used by him, or rents them from concerns engaged in the business of supplying cars. If a request were preferred to a carrier for a kind of car it did not own, considerable delay might occur before it could be secured. To a shipper of perishable products or a shipper who is bound by a short time contract, such delay might cause serious loss. So far as the carrier is concerned it can make no difference whether the shipper is owner or lessee. So far as the shipper, or the relation of one shipper to another is concerned, there may be a marked difference between an owner and a lessee.

Some car companies engaged in the business of manufacturing cars and supplying them to shippers for use in transportation have and take a vital interest in the movement of such cars by carriers. They enter into contracts with shippers to supply them with all the cars needed for a certain period, usually a term of years. Men are employed whose duty it is to keep posted as to the location of all cars, so that demands of patrons may be most expeditiously and economically met. In many instances they require junction reports as to passing of cars sent to them, and they collect mileage due and credit it to the lessee's account. There can be no doubt but that this method of handling the business leads to a highly efficient use of cars. These car owners may not, and, in fact, usually do not, have any interest in or control of the lading of the car or its destination, but they find it necessary to follow their cars about, and by all means in their power they attempt to expedite the movements to enable them to meet their contract obligations out of the total number of cars they own. Because of this, they have a special interest in the transportation service rendered by carriers. Shippers realize that through the efforts of such organizations they

secure a larger use of the cars they lease, and for that reason find it more satisfactory to lease than to own them. Where single shippers own but few cars, it is not practicable for them to so organize their forces as to secure prompt movement and return of cars. Larger owners have organizations to look after the movements of cars and this promotes their prompt movement en route and through terminals. They have representatives at important junction points who advise as to movements and look after the prompt handling of cars.

As before stated, it is undoubtedly in the interest of all shippers that needed cars should be secured from the carrier direct, but so long as the system of the use of privately owned and operated cars continues to play so important a part in transportation by railroad in this country, and so long as carriers fail to provide themselves by ownership or lease with cars to transport so important a part of the commerce moving over their lines, there seems to be no sound reason why shippers should not continue to secure cars through independent car companies. The need is to secure the largest use of all freight equipment, and the car companies have been an important agency in this regard.

Should Car Owners Publish Their Charges to Shippers?

Charges of car owners to shippers range from \$15 to \$150 per car per month. The lower charges are on unexpired long time contracts and will not be renewed under present conditions. Five years ago, the average rental charge was about \$30 per month. In 1917, the average contract was made at \$85 per month. It is stated by the General American Tank Car Corporation on argument that the average of all its contracts for the year 1917 was \$37.50 per month. The higher average charge is justified, it is asserted by car owners, because of increased cost of materials and labor. Except as to a few car companies, there is no regularity with respect to charges car owners make for equipment leased or furnished shippers. The amount of the charge seems to be measured by the needs of the particular shipper. During recent months there has been such a demand for cars that owners admit that they have received very high prices for single trips or other short time use. In normal times there is not such demand, and the charges are much less.

The Union Tank Line Company, formerly a subsidiary of the Standard Oil Company, and, under the decree of the Supreme Court, a separate corporation, is the largest owner of tank cars in the country. It owns about 13,000 at this time. Its cars are all used in petroleum oil service, and are for the most part leased to former subsidiaries of the Standard Oil Company. Its charges are uniformly the same to all users of its cars, and its contracts are made for periods of not less than six months. The company undertakes to supply all the cars a particular lessee may need during the period of the contract. In 1912, the charges of this company were as follows: For a car of 8,500 gallons capacity and over, \$3 as an initial charge for furnishing the car, and 75 cents per loaded day. That is to say, the per diem charge was assessed when the loading began and continued until the car was made empty. For cars of less than 8,500 gallons capacity, the charge was \$2.50 for furnishing the car, and 50 cents per loaded day. On January 1, 1918, the charge was as follows, the change having been made during the year 1917: 1½ cents per 100 gallons per loaded day, based on the capacity of the tank, plus three times 1½ cents per 100 gallons for each time the car is loaded. The charge of 1½ cents per 100 gallons runs from the day the loading is commenced until the tank is made empty. Thus, the charge for 8,000 gallons per day would be, under the new rates, \$1.40, as compared with 75 cents under the old rates, and \$4.20 for furnishing the car, as compared with \$2.50. No figures are at hand to compare in actual practice the new charges with the old, but it will be observed that they are nearly twice as much. It is asserted that increased costs of all kinds warrant the higher charges. For cars designed for shipments of casing head gas and naphtha, highly explosive articles, the charge is double that for an ordinary tank.

The General American Tank Car Corporation owns about 5,000 tank cars which are leased to shippers for use in general service of transportation of liquids. The larger number of its cars are continuously used for the transportation of petroleum oils, but many of them are of spe-

cial design and used to transport acids, wines, cottonseed and coconut oil, etc. Many of the contracts of this company provide for the payment of rental for a number of years, usually five, when the car becomes the property of the lessee. Its charges are not uniform, that is to say, more will be charged for a wine or an acid car than for a petroleum car, dependent upon the cost of the car, the length of lease, etc. Its representatives testified that for similar cars leased and moved under the same circumstances and conditions, the charges are always the same. Most of the cars of this company are leased for long periods, although it makes occasional short-time or trip arrangements.

The North American Car Company owns about 400 refrigerator cars and 600 tank cars. Most of its refrigerator cars are leased to railroads on a monthly or yearly basis. Leases of both refrigerator and tank cars are made to shippers on contract. The terms do not appear of record.

Tank cars for transportation of cottonseed oil or other seasonable articles are, in the main, used by the owners to transport their own traffic, but they lease them at times when not in their own service for any price they can secure, which, of course, varies with different seasons and the needs of the lessees.

It is important that charges which affect the total amount paid by shippers should be uniform under the same circumstances and conditions. The total charges may and doubtless do affect the sale price of the article, and the consuming public has an interest in them. In other words, the public always has an interest in the transportation cost of articles consumed.

Under the law as construed by the courts, car lines and others engaged in leasing cars to shippers are not common carriers and thus do not come under direct control by the Commission. When a car, regardless of ownership, is being moved in interstate commerce by a common carrier subject to the act, there is no doubt of our power to control the carrier's operation of the car so that there shall result no undue preference to any shipper. The act does not impose on common carriers the obligation to haul private cars in interstate commerce. If private cars are used, they must be under an arrangement stated definitely in tariffs. *Procter & Gamble Co. vs. C. H. & D. Ry.*, 19 I. C. C., 556, 560 (The Traffic World, Dec. 17, 1910, p. 903).

No one has complained so far as this record shows of the amount of the charges for lease of cars, or that the charges are applied in an unjustly prejudicial manner. As a means of removing undue prejudice or unjust discrimination we have the right to require the carrier to provide specifically in its tariffs the terms under which all similarly situated shippers may demand and secure upon even terms the use of cars employed upon the carrier's line. We do not feel that on the facts of this record or under present conditions the requirement should be ordered.

Should a Separate Charge for Special Equipment Be Established by Carriers?

This was one of the questions that was thoroughly discussed at the hearings and is fully considered on brief. The first difficulty is to define "special equipment" or "special car." Carriers define "special equipment" to be that which "does something to the freight," or that which has a value to the shipper over and above the mere hauling, the definition to apply to a car furnished by a shipper as well as one by a carrier. It is stated by carriers that the most important factor to be taken into account in determining whether a car is or is not special is the superior service which it affords the shipper. It is conceded by them that the purpose of a separate charge for furnishing special cars is to reimburse them for the service rendered which is not included in the freight rate, and to remove any discrimination that may be found to exist because a better car is furnished one shipper than another.

It is insisted by shippers that, whether the equipment is or is not special as to its construction has nothing to do with the question at hand. They concede that if the freight rate for the transportation of any article is based upon its movement in a particular kind of a car, and upon request a carrier furnishes one of more expensive construction and one that is more difficult to operate, it is entitled to be paid for the additional service. A familiar illustration of this situation is found in the rates on potatoes from the northwest. Cases involving this point

have been decided by the Commission. Protection of Potato Shipments in Winter, 29 I. C. C., 504 (The Traffic World, Mar. 14, 1914, p. 504); Rental Charges for Insulated Cars, 31 I. C. C., 255 (The Traffic World, Aug. 1, 1914, p. 226). It appears in those cases that originally potatoes moved only in box cars, and that the freight rates were based on that kind of equipment. Later, carriers were called upon by shippers to furnish refrigerator cars. The Commission approved an additional charge for furnishing such cars on the ground that the freight rates were based on movements in box cars, and that carriers, when they furnished refrigerator cars, were entitled to receive additional compensation because of the more expensive construction of the car and the greater service to the shipper.

It is further contended by shippers that if an attempt is to be made to define special equipment for handling of which the carrier should make a separate charge in addition to the rate for transportation, the real test should be the extent of the use of the particular kind of a car. No doubt a car of a peculiar type when first used might be considered special equipment because of its construction and design. If later that type of car should come into general use throughout the country, and move a steady and heavy volume of traffic, it would lose its special character. It is not contemplated by carriers that every car which is differently and more expensively constructed than a flat or box car should be considered a special car. A coal car is everywhere considered an ordinary car, but there are several types, differing in cost, and requiring distinct loading and unloading facilities. In *United States vs. Pennsylvania R. R. Co.*, supra, the Supreme Court, at page 222, after reviewing the decisions of the Commission with respect to its duty and power to require carriers to furnish cars, said:

This then was the view of the Interstate Commerce Commission of the duty of carriers and its power over them; that is, that it was the duty of carriers to provide and furnish equipment for transportation of commodities and that this duty might expand with time and conditions, the special car becoming the common car, and the shipper's right to demand it receiving the sanction of law.

It is suggested by carriers that they should be permitted to charge a sum in addition to the freight rate when cars of special design are used to transport articles of any kind. A representative of one of the leading carriers of the country suggested that there should be at least three charges for transportation of certain kinds of traffic. He was of opinion that there should be one charge for shipments in a box car; a higher charge when the same kind of shipments were transported in a ventilator car; and a still higher charge when in a refrigerator car. This contention is not entirely new. In *Re Transportation, etc., of Fruit*, 10 I. C. C., 360, 373, decided in 1904, the Commission said:

We think that it is the duty of the respondent railroad companies to furnish refrigerator cars for the transportation of this fruit. While it is possible that these carriers might at the outset have legally declined to provide this special kind of equipment, they ought not to be permitted to do so at this time. For years they have voluntarily made such provision; and this industry has grown up upon the strength of that arrangement. Such cars are generally furnished in all parts of the country when required for this species of traffic. While a refrigerator car costs somewhat more than an ordinary box or flat car, the additional expense is not great. Railroads at this day might as well decline to provide stock cars for the transportation of live stock as refrigerator cars for the carriage of perishable commodities.

In numerous decisions of the Commission it has been held that the published rates of carriers include the furnishing of refrigerator or other cars of special design. An example is to be found in *Arlington Heights Fruit Exchange vs. S. P. Co.*, 20 I. C. C., 106 (The Traffic World, Feb. 25, 1911, p. 282). In that case the contention was made by the carriers that the charge for refrigeration should include compensation for the use and the cost of maintaining a car of that type. In answer to this contention, the Commission, at page 108, said:

In determining the freight rate this fact has been taken into account; that is, the rate applied on shipments under ventilation has been adjusted in view of the fact that a refrigerator car, more expensive than the ordinary box car, must as a practical matter be employed. Hence, in determining the additional sum which the shipper who has the benefit of refrigera-

tion should pay, nothing should be added by reason of the fact that a car of this type is used.

In substantially all rate cases of any importance that have been considered by the Commission relating to articles transported in refrigerator or other cars of peculiar type, carriers have defended their rates by showing more or less in detail that the commodities are transported in such cars, of greater weight, and more expensive to operate than ordinary cars. These facts thus called to the attention of the Commission have not been ignored in passing upon the reasonableness of the rates in issue in the particular cases. Certain articles were not transported in appreciable quantities, and from certain parts of the country not at all, until after the refrigerator car was perfected, and freight rates were made with a view to transportation of such products in that kind of a car and in no other. The wide diversity of traffic and the special transportation that many carriers perform would make a car special in one section of the country, or over one railroad, that would, in another section or over other railroads, be an ordinary car. A carrier which transports nothing but lumber would not of necessity own a hopper-bottom coal car; one that hauled nothing but coal need not own a refrigerator car; one that had no live-stock shipments would own no stock cars; and one that transported fruits, vegetables and grain only would not possess a tank car. It was suggested at the hearing that carriers might specify in their tariffs the cars they hold themselves out to furnish, and that all other kinds of cars would be considered special by that carrier. Under the system of through rates in this country, such special charges would result in nothing but confusion in tariff publications and lead to uncertainty in amount of freight charges to be paid by shippers or receivers.

As illustrative of what might be done should a charge be authorized for supplying equipment of a special type, the American Refrigerator Transit Company, on or about February 1, 1918, notified certain users of its refrigerator cars that in the future a charge of \$7.50 would be made for furnishing a car. A like notice was not sent to all shippers, but it was stated that it was the intention to make such a charge where shipments do not move under stated refrigeration charges. The American Refrigerator Transit Company is railroad owned, and its charges are all published in the tariffs of its owners and contract lines. The contention is that the subsidiary company acts in a dual capacity, in that it acts as the agent of the carrier in soliciting shipments, and for itself in furnishing cars. The proposed charges have not been collected, or published in the owning carrier's tariffs, but the incident is sufficient to show possible complications, should charges for furnishing certain cars be sanctioned.

As before stated, many of the rates now published by carriers include the transportation of articles in cars for the hauling of which carriers here assert they are entitled to extra compensation. It would be practically impossible to determine what rates do or what do not include the hauling of commodities in special types of cars. Any attempt to state separate charges of the nature proposed would be a prolific source of litigation, and, in many instances, would impose unjust and unreasonable charges on shippers or receivers of freight.

Basis of Compensation for Use of Private Cars.

When a shipper furnishes his own car for transportation of articles in common use and which move in large volume, he relieves the carrier of so much of its obligations as a common carrier. This is true whether the shipper furnishes the car as owner or lessee. Carriers recognize this and make allowances to the owner or controlling shipper, as before stated, for the use of such cars. The question here to be considered is as to the basis of the allowance or payment therefor. When this case was first heard, the only power of the Commission to regulate payments by a carrier for an instrumentality of transportation furnished by the shipper was the power given in section 15 of the act to determine what is a reasonable charge as the maximum to be paid by the carrier. This provision was directed to the prevention of rebates by way of excessive allowances to shippers, and has never been considered as granting power to fix a reasonable amount as an initial proposition as payment for the use of the car. The act of May 29, 1917, hereinbefore referred to, grants

power to the Commission to fix the compensation to be paid for the use of any car not owned by the carrier.

Carriers contend that the amount paid for the use of shippers' cars should not exceed that sufficient to cover repairs and depreciation, and that therefore some of the allowances are now too high. Car owners contend that the allowance or payment now made for the use of their cars is too low, and that it should be in such an amount as to provide for maintenance, depreciation, cost of operation, taxes, and a reasonable interest on the investment. To the last contention there is one notable exception, The General American Tank Car Corporation. On brief it is stated on behalf of this corporation that, although it is contended by some shippers that ownership and control of tank cars is of no peculiar advantage to them, the position taken is not entirely sound. The shipper who is assured of the exclusive use of a tank car, and consequently of the condition of the tank for the receipt of his lading, enjoys an advantage not afforded by a system in which, if the cars were furnished by railroads, he would not have such exclusive use of the car, and for this advantage the shipper ought to bear some proportion of the cost of ownership and maintenance. It is the opinion of this corporation that the proportion which the shipper should bear must of necessity be arbitrarily fixed, and if the shipper receives enough to cover repairs, depreciation and cost of operation, he would secure adequate compensation. It is the further opinion of this company that in normal times $1\frac{1}{4}$ cents per mile for the loaded and empty movements of the car would be sufficient to cover the suggested items.

On the other hand, 90 per cent of the tank-car owners insist that payments for use of cars should be sufficient to cover interest on investment, depreciation, cost of operation, cost of repairs and cost of maintenance, and all elements that may be included to reimburse the shipper for the cost of furnishing a car which the carrier, under the law, is bound to furnish. It is conceded by these interests that while it is the duty of a carrier to furnish the cars, as a practical matter the fulfillment of the duty is surrounded by many difficulties. These tank-car owners prefer to furnish their own cars, and they assert it would be impracticable for carriers to do so. Preserving a car for the character of oil handled on its previous trip enables the refiner of oil to eliminate delays in cleaning and transferring cars around from one railroad to another, delays that would be expensive to the carrier, and which it could not in actual practice prevent. It is more economical and more efficient for the refiner to furnish a tank car, either owning it or leasing it from some concern, than for the railroad company to own it. A refiner producing two kinds of oil, gasoline and residuum, requires two kinds of cars. Another refiner producing all grades of oil, from the lighter oils down to coke, will require several kinds of cars. The cost of cleaning a car which has been used for fuel oil, in order to make it fit for handling gasoline, is very great. These and other reasons which are given in detail and might be here repeated, if necessary, have led to the system of private ownership of tank cars throughout the country generally. In fact, carriers as a rule provide in their tariffs that where tank cars are used they must be furnished by the shipper, or that the carrier does not obligate itself to furnish such a car. It is argued in behalf of these tank-car owners that in permitting the refiner to furnish his own cars, the railroad company performs no transportation service, and that the latter is refraining from performing its legal duty because it cannot do it efficiently. It is asserted that any advantage that the oil shipper may have from the ownership or control of tank cars is due to his own ability to perform a service for the carriers which they do not perform, and that they could not perform as cheaply or efficiently. The compensation due the owner or controller under such circumstances is the cost to him of the facility furnished. The cost of furnishing a tank car is analyzed from all standpoints, and the conclusion is reached by them that the payment should not be less than 2 cents per mile on the loaded and empty movements.

With respect to payment for use of refrigerator cars, the packers, while not conceding that the payment of 1 cent per mile on the loaded and empty movements is sufficient at this time, are willing to continue on that basis with a view of testing it under normal conditions of trans-

portation. Other refrigerator car owners insist that any allowance or payment below $1\frac{1}{2}$ cents per mile on the loaded and empty movements is unreasonable and unjust. All contend that the payment for the use of the car should be sufficient to cover the cost of operation, maintenance, depreciation and a reasonable return on the investment. It is argued that if a shipper is forced by a carrier to use his own cars the compensation should be adequate; that if the compensation is not equal to the cost of furnishing the car, the result is that the shipper who has to use his own car is paying more to obtain transportation than the shipper who obtains the use of a railroad car; that the furnishing of a car being a transportation service, the entire cost thereof should be covered by the payment made by the carrier for the use of it; and that any other basis will result in unjust discriminations.

The amounts paid by carriers for the use of tank cars or refrigerator cars does not permit of the operation of any of them at a profit considered reasonable by owners, and has not during any time during the last six years, and some of them were and are operated at a loss, taking into account a return on investment, cost of repairs, maintenance, and depreciation.

It is clearly established that shippers of petroleum oils, fresh meat, packing-house products, and dairy products could not have done the volume of business they have done in the past, or that their plants were constructed to do, except they had possessed themselves of private cars over which they could exercise, and have exercised, control. The refiner of oil or the meat packer could no more do business on an economical and efficient basis without his private cars than he could without his modern equipped refining or packing plant. The private car part of the business has grown with the rest. Doubtless in the beginning demands were made by these shippers that carriers should supply tank and meat cars, but it was quickly demonstrated that business could not be done in the most effective manner were carriers to own or control cars of that kind. As a rule carriers have never furnished these cars, and it has come to be mutually understood that they should not do so. The oil refiner and meat packer demand an adequate supply of cars at all times. It is conceded by shippers that neither an adequate supply nor its efficient distribution can be afforded by carriers. The requirement has been that there shall be the most efficient use of tank and refrigerator cars, which has been one of the results of private ownership. While this has undoubtedly been of benefit to carriers, it has been of incalculable benefit to shippers as well.

The allowance that shall be paid for the use of private cars under all the circumstances and conditions shown must be considered on the average. There cannot be, with propriety, as many different rates of payment as there are owners with varying ability to efficiently handle the cars with respect to mileage earnings, repairs, and depreciation, nor can there be as many rates as there are different kinds and grades of privately owned cars. Representatives of carriers assert that a proper basis is payment for repairs and depreciation. Carriers should at least pay for repairs and such depreciation as occurs while the car is in railroad service. The amount of depreciation cannot be determined with accuracy. The attempt to fix a stated basis of allowance for use of privately owned cars would by no means result in justice to all owners or to all carriers. The experience through many years under normal conditions has dictated certain allowances which have been accepted by owners and carriers. Changed conditions have led to an attack upon the allowances now paid by carriers. It has been suggested that the measure of the allowance should be the amount the shipper saves the carrier. In other words, what would it cost the carrier to furnish the particular car; and how much less does it cost the carrier when the shipper furnishes it? This amount is not ascertainable from the record. Doubtless the allowance would vary, if put on that basis, as between different carriers and shippers, and also as between different kinds of cars. No attempt will be made here to fix what shall be a reasonable basis from which the amount of the allowance to be paid by the carriers shall be ascertained. This phase of the case will be considered in the light of past experience and the evidence of record.

The discussion has been chiefly with reference to pri-

vately owned refrigerator and tank cars because they are more largely used than any others, but the principles announced are applicable to all, with certain exceptions referred to hereinafter.

How Should the Compensation Be Determined?

Substantially all parties to this proceeding agree that the mileage basis upon which payments are made for the use of private cars should be continued. A number of private car owners stated that they had no objection to payment on a per diem basis, provided the amount was sufficient to pay the cost to them of furnishing the cars. As before stated, payments by carriers for use of private cars have always been on a mileage basis. In 1902, when carriers changed the basis of payment for foreign cars on their own lines from the mileage to the per diem basis, the question of making a similar change with respect to private cars was considered. It was concluded at the time that payments for use of private cars should not be on a per diem basis for the reason that it is very difficult to establish at all times when a private car is or is not in railway service; that there would be a great temptation to favor one private car line or owner over another by moving cars a little slower for one or the other, or by leaving the cars of certain owners on sidings and forgetting them; and that at the time the per diem was agreed upon as between carriers it was fixed at 20 cents, which was known to be too low, and it would have to be increased. The increased per diem rate would have meant largely increased payments to certain car lines and owners which at the time were not justified in the opinion of carriers generally. Changes in per diem rates are frequent, as heretofore noted, and the amount fluctuates from lower to higher sums, dependent on the car supply of the carriers as a whole. The number of tank and meat cars owned or controlled by shippers are usually dictated by the amount of business each does, and are for the most part adequate for the service. For a short time the per diem was 75 cents per day. On February 1, 1918, it was 60 cents. This amount would materially increase payments on tank cars and other private cars, and on refrigerator cars as well, except those used for the transportation of fresh meat and other highly perishable food products.

To change the basis of compensation for use of private cars would create great uncertainty as to what the per diem should be, whereas, with the experience of years under the present system, the results from operation may be estimated with substantial accuracy. The private car owner now receives payment for the operation of the car. While standing on a consignee's siding or on the siding of a carrier payments do not accrue. The latter situation is of considerable importance when the necessities of transporting certain commodities are considered. For example, fruit and vegetables of a superior quality and in large quantities are grown near the Mexican border in Texas. It is necessary, in order to meet the requirements of shippers from that region, when the crops are good, to have not less than 3,000 refrigerator cars on hand early in each year, in order that they may receive shipments during an exceedingly short shipping season. Cars are sent down to that region and placed on side tracks awaiting loading. It is not possible to send the necessary number at one time. The cars are sent from all directions, care being exercised to move them empty the shortest distance possible. Some of them may remain on sidings for weeks before being loaded. The same situation exists with respect to shipments of canteloupes from Colorado, and berries from Louisiana and Arkansas.

Some consideration was given to the question whether charges should be computed only on the loaded movement, on the theory that this might induce more loading on the return movement. Of course, this ought not to affect the amount of the payment. If it is now on the proper basis the change would mean a double charge for the loaded movement. In special movements of private cars for vegetables, canteloupes, berries, and the like, there is nothing to be hauled when the cars are sent forward for loads. At the eastern seaboard there is always a surplusage of empty cars. The predominant loaded movement is to the east from the west, southeast and southwest. The handling of the empty car causes nearly as much damage to the car for which repairs are necessary as the loaded movement, and there is little difference in the depreciation during the

period of each movement. It was not claimed by carriers that payments should be made on the loaded movement only.

There is no serious difficulty in making settlement as between owner and carrier on the mileage basis. Under present rules, loaded and empty mileage is equalized as regards routes of movement. That is to say, the shipper is required to give each route, or each carrier in the route, a loaded mile for each empty mile of haul, under penalty of paying rates for hauling empty equipment only, which range from 4 cents to 10 cents per mile. Whether under unified operation, should it become permanent, some other rule in this regard may be necessary, is a matter that cannot be determined here. Under normal conditions the mileage basis secures to the owner payment for the operation of his car. That is what he is entitled to and it is that for which the carrier should pay.

Deductions from mileage by private cars through terminals are now made. Mileage is calculated from switching limits to switching limits. On a shipment starting from Chicago for New York, the mileage is computed from the outer switching limits of Chicago to the western limits of the Toledo switching district; then from the eastern limits of Toledo to the western limits of the Cleveland, Ohio, switching district; then from the eastern limits of the Cleveland district to the western switching limits of the Buffalo, N. Y., district; and so on to the outer switching district of New York. This is the usual method of computing the mileage earnings on all private cars. It is stated that the practice of carriers is not uniform, and that some of them, where the shipment moves over one line, compute mileage from switching limits of the point of origin to the switching limits of the destination. It is the general rule not to make payment for the movement through switching districts of important points. Many years ago when switching limits were not as extended as to-day, the matter was of no especial importance. To-day it is possible to have a movement through Chicago of over 20 miles within the switching limits, and 10 or 12 miles is by no means uncommon in other cities of the country. Car owners do not urge that payment be made for the use of their cars in switching service. Their demand is that they receive payment for line hauls. This is reasonable, and is not objected to by carriers. The computation of mileage as a basis of payment for private cars should be upon the distance of the haul, with reference to distance table established by carriers. The practice with respect to such payments should, of course, be uniform.

Amount of the Compensation.

It is conceded by car owners that they are not properly entitled to make a profit on their cars used by carriers. Their demand, as a rule, that the entire cost to them, together with interest on their investment, shall be covered by payment for their use. A return sufficient to pay all costs, including interest on the investment, has not been realized from the payments or allowances now made by carriers. Returns from representative owners for the year 1912 are shown in table 1 in the appendix. This exhibit does not show the investment in any other property of private car owners than the cars. No account has been taken of investment in repair shops, sidings, etc.

It was not possible to secure exact figures in each instance, but the table may be accepted as representative of the general situation in normal times. Since 1912 the cost of cars and repairs has materially increased, and there has been little change in the mileage earnings. If anything, during 1917 the movement has been less than in previous years because of congestion, embargoes, etc. While the figures are not at hand, priority orders that have been given for shipments of food products to the Atlantic seaboard for shipment abroad have not so materially affected the mileage earnings of the packers during recent years as compared with other private car earnings. Table 2 in the appendix gives the investment, cost of repairs, mileage earnings and depreciation at 5 per cent of certain representative owners of refrigerator, tank and other private cars for each year from Jan. 1, 1913, to Jan. 1, 1918. The figures in this exhibit are computed on the basis of the returns made by the owners, except the depreciation which in each instance has been computed at approximately 5 per cent on the reported investment in the cars. It is to be observed that the fig-

ures may not be exact, because of the character of the returns made by the owners. It is insisted by car owners that 5 per cent is not sufficient to cover depreciation. The life of the average refrigerator and tank car is from 8 to 15 years. Some kinds of tank cars and other private cars have to be practically rebuilt in a short time, frequently less than eight years. However this may be, the table may be used for the purpose of indicating the representative financial results to owners on the basis herein suggested.

Owners receive larger returns for refrigerator than for tank or other kinds of cars. The reason for this is that perishable freight requires rapid transportation to prevent deterioration. It moves in the fastest freight trains of all carriers. Packers and car lines who are largely engaged in shipping perishable commodities insist on the prompt movement of their cars, both loaded and empty. Tank cars do not usually move with equal rapidity. The shipments are not perishable and do not require expedited movement, nor do they ordinarily get it, except in special cases. Large users of tank cars, however, have organizations to keep the cars on the move as continuously as possible. The packers have branch houses in all important cities of the country, to which shipments are made in large quantities. For example, Swift & Co. have 450 of such branch houses. The shipments of the packers to New York City and for export constitute about 25 per cent of the total.

The cost to the carriers of moving tank cars or refrigerator cars has not been determined. The average tank now in use holds 8,000 gallons, and the average load weighs 55,000 pounds. The average load in a refrigerator car weighs about 30,000 pounds. Including the ice, the weight would be about 34,000 pounds. The service of the carrier on the loaded movement of a tank car is greater than on a refrigerator car, and the average earnings are also greater. A proportion of refrigerator cars contain return loads, and tank cars return empty in most instances. The investment in a tank car is about the same as in a refrigerator car, and repairs by the owner to a refrigerator car usually exceed those to a tank car.

As before stated, in all that part of the country east of the transcontinental zone, the payment for the use of a refrigerator car is 1 cent per mile on the loaded and empty movements. In that part of the country east of the Mississippi River the payment for refrigerator cars was increased from $\frac{3}{4}$ of a cent to 1 cent per mile on Oct. 1, 1917, on the suggestion of the American Railway Association after consideration of a demand therefor by owners. For more than 30 years tank-car users and owners have received $\frac{3}{4}$ of a cent on the loaded and empty movement.

Owners of tank cars contend that the rate was fixed many years ago when the cars cost about \$1,000; and that if the allowance was proper at that time, it is inadequate now when cars, even on a normal basis of charges, cost from \$1,550 to \$1,600. The cost of repairs and maintenance of tank cars has steadily increased. The same is true of refrigerator cars. As before stated, the average carload of oil to-day weighs about 55,000 pounds. Twenty years ago the average load was about 24,000 pounds. In other words, the average load has increased two and one-half times, and the revenue of the carriers per car mile has more than doubled.

The following table gives average cost of cars for each year from 1912 to 1917, both inclusive:

REFRIGERATOR CARS.

	Carrier owned.		Privately owned.	
	Number.	Average cost.	Number.	Average cost.
1912	48,926	\$1,182.01	54,582	\$864.62
1913	55,184	1,200.18	34,985	929.36
1914	61,281	1,200.41	36,167	958.70
1915	61,075	1,207.05	35,911	1,012.40
1916	61,054	1,240.87	33,531	1,025.20
1917	60,475	1,255.52	36,376	1,099.02

*Based on reports from 127 representative railroads.

†Based on 24,548 cars as reported.

‡Based on 7,718 cars as reported.

TANK CARS.

	Carrier owned.		Privately owned.	
	Number.	Average cost.	Number.	Average cost.
1912	9,150	(*)	30,039	†\$983.21
1913	8,941	\$1,186.78	21,566	1,078.66
1914	8,715	1,208.90	22,671	1,097.43

1915	9.158	1,215.01	28,090	1,069.21
1916	9.350	1,221.12	33,222	1,170.68
1917	9.636	1,287.37	44,141	1,370.91

*None reported.

†Based on 15,392 cars as reported.

Cars purchased in the latter part of 1917 cost on the average about \$3,700. The marked increase is due to increased costs of material and labor and is not a measure for costs in normal times.

A large owner of tank cars testified that the average cost of tank cars in 1913 was \$1,100, and in 1917 prices ranged from \$1,650 to \$3,755 per car during the earlier and latter parts of the year. He stated that under the 3/4 of a cent allowance the average earnings in 1914 were \$63.09. The cost of maintenance, including depreciation, plus 6 per cent on the actual cost less depreciation, amounted to \$158.74 per car; that is to say, during the year 1914, the mileage failed to pay expenses and a 6 per cent return on the investment by \$95.65 per car. In 1914, in order to secure a return of 6 per cent on depreciated investment, and to pay operating expenses, the mileage allowance should have been 1.89 cents; in 1916, 1.65 cents; and in 1917, 1.75 cents. The Union Tank Line Company shows that the average cost of repairs to its cars in 1914 was \$65.07, and that depreciation at 5 per cent was \$42.70, a total of \$107.77. At 1 cent per mile, the average earnings of its cars would have been \$91.97, or \$15.80 less than cost on the basis stated. In 1917, according to returns from this company, the average cost of repairs was \$49.07 per car; depreciation at 5 per cent, \$42.58 per car; and the mileage earnings were \$90.87 per car. It is stated that much of the equipment is new, and repairs are on a minimum basis.

In figures set out in table 1 of the appendix, the earnings of Swift & Co. on refrigerator cars in the year 1912 appear. This company may be taken as representative of the packers. The returns from mileage received by them are the highest of any refrigerator cars in private ownership. The following table gives the average earnings and depreciation at 5 per cent on the average value per car, together with the total for the years 1915, 1916 and 1917:

Year.	Cost.	Mileage earnings.	Repairs.	Depreciation.	Total depreciation and repairs.
1915	\$896.36	\$191.10	\$138.81	\$44.82	\$183.63
1916	916.34	204.52	158.71	45.81	204.52
1917	890.09	197.51	186.77	44.50	231.27

The average daily movement of tank and refrigerator cars, and, in fact, of any private car, is difficult to ascertain with accuracy. In the appendix to this report, table 3 gives the performance of private cars of different kinds operated for owners or lessees, compiled from reports submitted in 1913. It shows movement of refrigerator cars to be from 39 to 86 miles per day. From other figures in the record, it appears that cars of the packers have the largest daily movement, approximately 75 miles. Some of this apparently rapid movement may be accounted for in part by the fact that products shipped by them frequently move in trainloads from the Missouri River and Chicago to New York, and that empties are returned in the same manner. The cars in trains do not encounter delays at break-up or classification yards. Fruits and vegetables do not ordinarily move as rapidly as fresh meats. It is probable that the average movement of refrigerator cars is from 45 to 50 miles per day. Fruits and vegetables from California to points east of the Mississippi River move about 60 to 65 miles per day, but the hauls are unusually long, and the movement of them is not fairly representative.

The average daily movement of tank cars is equally difficult to determine. The record shows various average movements of different owners from 15 to 40 miles per day. The average, on the whole, appears to be about 25 miles per day.

Very little evidence was submitted with respect to privately owned coal and coke cars. It was asserted that the increased cost of cars and repairs entitled the owners thereof to a greater allowance than 6 mills per mile now paid. There are a large number of coal and coke cars privately owned in Official Classification territory. In other sections of the country there are but few that are not furnished by carriers. On this record, what would

be a reasonable allowance to the owners of private coal and coke cars, cannot be determined.

Live poultry and palace stock cars are specialized to a high degree. It is doubtful if carriers could be required to furnish them. They have, however, developed a large and remunerative traffic, and carriers have always paid owners for their use.

Discrimination in Use of Private Cars.

Because of their superior organization, and their ability to give carriers tonnage, the leading packers of the country have been able to secure better use of their cars than some of their competitors. These great shippers of perishable articles have used to the fullest extent their splendidly effective organizations to secure prompt service for their cars used in shipments of their products. Smaller competitors who have not, and cannot afford to have, such organizations, have secured very much less efficient service from the private cars they own or control.

An Iowa packer who leased 20 cars for shipment of carcass meat in 1917 gave the operation of 6 of his cars as follows:

Shipped.	Days held.	Rental per car.	Earnings.
June 27, 1917	177	\$116.46	\$16.56
July 19, 1917	149	98.04	39.17
September 12, 1917.....	68	44.94	14.06
September 16, 1917.....	106	69.75	37.55
September 19, 1917.....	101	66.45	51.56
September 21, 1917.....	111	73.04	36.04
Total		\$468.68	\$194.98

It will be noted that the first car was not returned to him for nearly six months. A representative of this packer testified that this car and other cars were not tied up in congested terminals, but were in use for the various periods shown by carriers in hauling traffic for others. He stated that it was impossible to get his cars returned in any reasonable time.

A small packer at Birmingham, Ala., attempted to ship carcass meat to the northeast, including such points as New York, Boston and Pittsburgh, Pa. An exhibit filed by him shows that cars were not returned to him within 15 days from any point north of the Ohio River, and that they were detained for periods ranging on the average about 30 days, some being held for 66 to 90 days. He was unable to secure enough mileage payments to meet his rental charges. He endeavored to secure cars from the carriers, but when these were once loaded they remained away for long periods and he could secure no others. He was, therefore, unable to continue the business. A packing concern at Cleveland, O., also had trouble in getting cars controlled by it returned to its plant. The failure to return cars to the smaller packers is due to the neglect of a lawful duty by carriers. The obligation to treat each shipper fairly, no matter how small his shipments may be in comparison with those of another shipper, is one carriers cannot escape. Whether under the terms of the act the carriers have been guilty of unjust discrimination in the cases referred to, cannot be determined on this record. The duty imposed on the carrier by law is to give equal treatment to all shippers who are in position to demand it. Where the same carrier or carriers serve two shippers, who, by their location, the character of their output, and distance from markets, where their products must be disposed of, are in substantially similar circumstances and conditions, the serving carrier or carriers cannot lawfully prefer one to the other in any manner whatsoever.

Meat packers everywhere are under compulsion, if they are to ship carcass meat, to supply themselves with cars, and carriers transport them under arrangements with the shippers. If the carriers were required to publish in their tariffs a rule to the effect that private cars when unloaded at destination, unless otherwise ordered by the owner or lessee, will be promptly transported, loaded or empty, in the direction of the plant of the owner or lessee, doubtless much of the apparent injustice hereinbefore referred to would be avoided. A rule similar in terms to that suggested was applied by carriers with respect to foreign cars on their lines previous to April 26, 1917, but it was not applicable to private cars.

Shippers of oil in tank cars are required to furnish the cars, and many shippers of perishable products other than fresh meat find it necessary to own or control cars, because they cannot in any other manner secure an ade-

quate supply. The suggested rule should apply to all private cars in order to prevent discrimination, and to secure to owners such use of their cars as their necessities may require.

Carriers throughout the country generally have provisions in their tariffs which name rates on petroleum oil and other liquids in tank cars that they are not under obligation to furnish such cars. Other carriers provide that shippers must furnish tank cars. Notwithstanding this, many of them have cars which are used in commercial service. For example, the Pennsylvania Railroad system owns 448 tank cars, and rates named for transportation of liquids in tank cars are governed by the Official Classification, which provides that—

In prescribing ratings in this classification for articles in tank cars the carriers whose tariffs are governed by this classification do not assume any obligations to furnish tank cars.

The Atchison, Topeka & Santa Fe system owns 2,965 tank cars and leases 100, making a total of 3,065. Its rates on articles transported in tank cars are governed by the Western Classification, which provides that—

Where the classification provides ratings on commodities in tank cars such ratings do not obligate the carrier to furnish tank cars in case the carrier does not own, or has not made arrangements for supplying such equipment.

The Pennsylvania acquired its tank cars many years ago. At first they were operated by a subsidiary company known as the Green Line. It owned about 1,200 cars. In 1902, the Pennsylvania Railroad began operating the cars itself. At that time it had 625 cars. Since about 1880 none of the equipment that was operated by the Green Line or the Pennsylvania has been renewed by purchases of new cars. The cars were purchased when there were no oil pipe lines to the seaboard, and the purpose for which they were acquired was the transportation of crude oil from the Pennsylvania oil fields to the seaboard. On the completion of the pipe line, for a time there was but little use for the cars, but they are now used to transport refined oil. The cars owned are not sufficient to meet the demands of shippers at points on the Pennsylvania lines at any time. It is stated by a representative of the carrier that the number owned nearly meets the demand after refiners have used their own equipment. In other words, it is stated that the railroad owned cars, supplementing those privately owned, nearly meet the demand. In March, 1914, the railroad company owned 495 cars, and at that time they were not sufficient to supply the demands of shippers, even with increased private ownership. It is asserted to be somewhat difficult to make distribution of limited equipment or any equipment for the oil traffic of to-day, and it is admitted that the Pennsylvania is frequently short of oil cars to meet the demands of its shippers. It is also stated that one of the reasons why the Pennsylvania had not acquired more tank car equipment was because very few railroads had such cars, and those it owned were scattered over the country beyond its control and it received no like cars in return. The cars owned by the Pennsylvania are now divided into assignments for various grades of oil. Out of the number owned in March, 1914, 200 cars were assigned to transport refined oil and naphtha; 100 for light lubricating oil or neutral oil; and 195 for heavy or black lubricating oil. A few of its cars are in its own use for the transportation of creosote. The cars are confined to the oil business, no tank cars being furnished by the Pennsylvania for shipment of any other liquid.

The cars owned by this company are of relatively small capacity. That is to say, its equipment on March 1, 1914, consisted of 77 of 3,500-gallon capacity, 163 of 4,500-gallon capacity, and 255 of 3,600-gallon capacity. The newest car it possessed at that time was 33 years old. Of course, the body and trucks have been replaced from time to time during that period. It was stated that the company did not propose to increase its tank-car equipment.

The Pennsylvania has no plan or scheme for distribution of its tank-car equipment. A shipper makes a request for a car, and if the railroad does not have it, he is relegated to some other source of supply. Whatever distribution is made is through the general office in Philadelphia, but not under any defined system. The endeavor was stated to be to make as equitable a division as

possible, and, as a general rule, this had been accomplished.

The Santa Fe originally purchased tank cars to carry supplies for its oil-burning engines. Its cars are not used in commercial service except occasionally. At times, however, some of its cars are supplied to shippers on request. There is no evidence that what cars are used by shippers are distributed in accordance with any plan or system. If a shipper makes request for a car and it is available, he receives it. If it is not available, the request is refused. Numerous western carriers have or own tank cars, which when not in use in their own service are furnished to shippers.

These facts disclose an anomalous situation. Carriers who state in their tariffs that the rates they name therein for the transportation of commodities in tank cars do not obligate them to furnish cars are constantly doing so when it is for their convenience, or when they are able to do so. This situation was repeatedly called to the attention of the carriers during the hearing, but no satisfactory explanation was made by any of them.

One petroleum shipper testified that for some years he had received a supply of cars from the St. Louis-San Francisco, and they suddenly refused to furnish any more at a time when he had contracts to supply customers, and he was unable to secure more than a small share of his requirement from another carrier, and then in uncertain numbers and at indefinite times.

If shipper A should apply to the Atchison, Topeka & Santa Fe for a car, and be supplied with it, and shipper B, at the same point and on the same date, desiring to ship to the same destination, should make a similar application and be refused, it would appear on the face of it that the carrier had favored one over the other. A certain carrier might supply one shipper continuously with cars and relegate his competitor to buying his cars or leasing them. The possibility for discriminatory treatment of shippers is ever present under the existing state of carriers' tariffs. One of the main purposes of the act to regulate commerce is to make uniform, just, and reasonable all published rules and practices of carriers under them.

The situation as respects the Pennsylvania was considered by the Commission in *Pennsylvania Paraffine Works vs. P. R. R. Co.*, 34 I. C. C., 179 (The Traffic World, June 19, 1915, p. 1327), but from a different angle. In that case the question was as to the power of the Commission to require carriers to acquire more tank cars when their supply was inadequate to meet the demands of shippers. The Supreme Court in *Pennsylvania R. Co. vs. United States*, supra, held that such power was not committed to the Commission. A case of discriminatory practices growing out of insufficient equipment was not considered nor passed upon. Doubtless the Commission if it found any unjust discrimination practiced by any carrier flowing from the peculiar tariff situation above described could require the carrier to cease and desist therefrom. This would result, perhaps, in a refusal to furnish cars to the favored shipper, but would not be a satisfactory adjustment of the matter. In the present state of the law the Commission has power to prescribe reasonable and nondiscriminatory rules for car distribution. Carriers which own tank cars should be required to distribute those it furnishes to shippers in accordance with rules and regulations published in tariffs whereby each shipper who makes reasonable request may receive his fair and proportionate share of the available cars.

Refrigeration Charges.

Investigation of refrigeration charges and rules and regulations governing the service was included in this proceeding because perishable freight requiring refrigeration moves largely in cars not owned directly by carriers, and the service in connection therewith is performed, in many cases, by independent corporations or subsidiaries of carriers. For example, the Pacific Fruit Express performs refrigeration service for the Union Pacific and Southern Pacific; the Santa Fe Refrigerator Despatch for the Atchison, Topeka & Santa Fe; and the American Refrigerator Transit Company for the Missouri Pacific, Wabash, and other contract lines. These are carrier-owned lines. The Fruit Growers' Express furnishes cars and performs refrigeration service for the Atlantic Coast Line, Seaboard

Air Line, Southern, Florida East Coast, and other carriers; the Utility Operating & Supply Company owns icing stations at points north of the Ohio and Potomac rivers and east of the Mississippi, and performs icing service at such points; and Swift & Company performs this service at various points in Official Classification territory. The refrigeration and re-icing charges of all these companies are published in tariffs of carriers, and such charges are generally collected by the latter from shippers and remitted to the companies performing the service.

As a rule, charges for refrigeration of fruits and vegetables are in stated amounts per car, per mile, or per package, for the entire service from origin to destination. There are exceptions to this rule which need not be considered in detail. It is also a rule that charges for refrigeration of fresh meat and packing-house products are based on a rate per ton of ice and salt furnished. This statement applies to substantially all shipments east of the transcontinental zone. From Missouri River territory to north Pacific coast, Spokane, and Montana territories, the charges are based on a stated sum per car for the service. Westbound Transcontinental Refrigeration Charges, 34 I. C. C., 140 (The Traffic World, June 5, 1915, p. 1235). Practically all dairy products, including eggs, dressed poultry, butter, oleomargarine, and cheese in certain territories, move under tariffs which name the freight rates for transportation, including refrigeration. In other territories they move under charges for the ice furnished or under stated charges.

The rates for fruits and vegetables are named in stated amounts for the through service. The car line which receives the charge is required to pay certain carriers for the ice they furnish. For example, there is a stated refrigeration charge on oranges from the Pacific coast to New York City; a shipment from Los Angeles, Cal., to New York City via the Santa Fe and Erie is handled to Chicago, so far as refrigeration is concerned, by the Santa Fe Refrigerator Despatch Company; from Chicago to New York, the refrigeration is performed by the Erie Railroad Company; the Santa Fe Refrigerator Despatch Company collects from the shipper through the carriers the through refrigeration charge from origin to destination, and pays the Erie \$2.50 per ton for the ice it furnishes from Chicago to New York. The same situation obtains on a perishable shipment handled by the Fruit Growers' Express from Jacksonville, Fla., to Buffalo, N. Y. The car line receives from the shipper through the carriers the published stated charge from Jacksonville to Buffalo, and performs the refrigeration service from Jacksonville to Potomac Yards, Va., both inclusive. North of Potomac Yards, the railroad which performs the refrigeration service receives \$2.50 per ton of ice furnished from the Fruit Growers' Express. Thus the car lines engaged in furnishing refrigeration fix a rate based on the cost of the entire service, but carriers furnish, in many instances, a large part of the service, and are paid for the amount of ice furnished.

In 1914, 151 railroads reported that they owned and operated 1,347 icing stations. During the same year Armour interests operated 29, Swift & Company 6, and 4 were jointly owned by Swift & Company, Armour & Company, and Morris & Company. The exact number now owned and operated by carriers and others does not appear, but it is stated that there has been no substantial change since 1914.

Rates charged for ice and salt furnished for shipments of perishable freight vary in different sections of the country. Fresh meats require that the ice be crushed and mixed with salt, and fruits and vegetables do not require crushed ice or salt. The rate east of the Mississippi and north of the Ohio and Potomac rivers is \$2.50 per ton of ice furnished. If salt is required, it is furnished free. This rate is applicable to shipments of all commodities in case a separate charge is made for refrigeration or re-icing. In other sections of the country charges for refrigeration of fresh meats and packing-house products are generally \$2.50 per ton of ice and 40 cents per 100 pounds of salt, with a minimum charge of \$1.25 for ice and 40 cents for salt for each car re-iced in transit. The charge for ice furnished by railroads for shipments of fruits and vegetables is frequently higher at the same station than for shipments of fresh meats and packing-house products. At Springfield, Mo., on the St. Louis-San Francisco, the charge

for re-icing fresh meats and packing-house products is \$2.50 per ton of ice, while the charge for other perishable commodities is \$4 per ton. The same situation obtains at Mounds, Ill., on the Illinois Central, at points on the Ohio River, Birmingham, Ala., and other points in the southeast.

Some of the great packing concerns of the country now operate directly, or through corporations they control, a number of icing stations at which they re-ice their own shipments, as well as those of competitors; and any perishable commodities that require re-icing en route at the particular station. These icing stations are operated by Swift & Company and by the Utilities Operating & Supply Company controlled by Armour & Company. Some of them are owned and operated by one company, and some are owned in partnership, as above stated. Icing service in Official Classification territory, including New England territory, and in Canada, is performed by the packers or by corporations they control, at Michigan City, Ind.; Benton Harbor, Port Huron, and Del Ray, Mich.; Chicago Junction and Columbus, Ohio; Havelock and Coteau, Canada; Manchester and Karner, N. Y.; Mahoning and Altoona, Pa.; Newport, Vt., and Nashua, N. H. At some of these points regular icing stations are operated, and at others there are simply icing platforms. In addition to those named, the Fruit Growers' Express operates a number of stations south of the Ohio and Potomac rivers, chiefly in the southeast, which are used to ice shipments of fruits, vegetables, and berries.

At all stations in Official Classification territory, with two exceptions, where re-icing is done for shipments of fresh meats by the packers for railroad companies, the latter pay the former \$2.50 per ton of ice furnished. At Altoona and Columbus, the Pennsylvania lines have an arrangement with the Utilities Operating & Supply Company for supplying ice and salt for shipments of perishable freight. At these points, the railroad company pays the operating company for re-icing any carload of fresh meats \$2.50, irrespective of the amount of ice and salt furnished. For shipments of other perishable freight, the railroad company pays \$2.50 per ton for the amount of ice actually used and 50 cents per car in addition for the labor of placing it in the bunkers. The average amount of ice required at Altoona is from 1,200 to 1,400 pounds, for which the railroad company, at the published rate of \$2.50 per ton, receives from the shipper from \$1.50 to \$1.75. Under such an arrangement, it appears that the railroad company loses from 75 cents to \$1 per car on every car containing fresh meat that is re-iced at Altoona. On each car of other perishable freight re-iced at Altoona, the railroad company loses 50 cents per car, assuming that it could furnish the ice itself at \$2.50 per ton, which is not free from doubt. The same condition exists at Columbus. Rates for re-icing are published in tariffs of the carriers, but the icing stations operated by the packers are competitive with similar stations operated by carriers. There can be but one conclusion reached from a consideration of these facts, and that is that the packers have so located their icing stations that in the past whatever rates they have been willing to accept for the service of re-icing control the rates for re-icing with respect to the movement of fresh meats and packing house products. The largest volume of shipments of these commodities is from west to east, with a considerable movement to the southeast. Take for example a shipment from Kansas City to the southeast. The short route would be over the St. Louis-San Francisco, through Springfield, Mo., where there is a railroad icing station. A competitive route would be through East St. Louis, Ill., where there is an icing plant operated by the Armour interests. Whatever rate for re-icing is made at St. Louis must be met at Springfield. The same competition affects rates at Memphis and Birmingham. A shipment from Chicago to the south or southeast might be routed through East St. Louis or Columbus, at each of which points icing plants controlled by Armour & Company are operated. Railroad icing stations in competition must make the same price on pain of losing the business. It is asserted by the packers that over the northern routes \$2.50 per ton of ice furnished is ample to cover all costs in connection with re-icing, and that competition forces the same rates from west to east and to the southeast via all crossings and all routes. One answer to this is that \$2.50 per ton of ice furnished, including free salt and the labor of crushing the ice and

putting it in the bunkers, is not now sufficient to pay the costs even by the northern routes. Exhibits filed of record show that in 1913 certain icing stations operated by the packers and their subsidiaries in Official Classification territory yielded a profit. Figures were not submitted showing results in more recent years.

It is insisted by carriers generally that it is necessary, in order to prevent discrimination, that charges for refrigeration should be a stated sum in cents per 100 pounds of freight transported. That is to say, that carriers as a rule in this proceeding advocate that refrigeration charges should be a stated sum in cents per 100 pounds of freight hauled in each car, based on the carload minimum; and that for less-than-carload shipments there should be a stated sum for the entire service in cents per 100 pounds for the tonnage hauled, with a minimum charge per shipment which should be the equivalent of the less-than-carload charge for 100 pounds.

The railroad-owned car lines are of the opinion that the refrigeration charge should be either based on the freight transported, or on a per car basis.

The Louisville & Nashville Railroad Company desires to continue its charge based on the amount of ice furnished, even though it results in performing the service at cost or less, on the theory that by so doing it may encourage the growth and production of perishable products on or adjacent to its lines.

Carriers give as their reasons for desiring that refrigeration charges be based on the tonnage of freight hauled, the following: (1) Carriers cannot be expected or required to sell ice as a commodity, they are required to furnish refrigeration service; (2) a stated charge places unlimited responsibility on the carrier, with freedom to give adequate and efficient refrigeration in transit without restrictions from shippers; (3) the stated charge promotes the conservation of food products by preventing waste; (4) it insures parity of rates and equality between shippers and shipments; (5) a charge based only on the cost of labor and ice and salt does not give the carrier compensation for the various other factors which form legitimate parts of the gross cost of furnishing refrigeration; and (6) a stated charge is known in advance, and is of convenience to the shipper in enabling him to quote prices f. o. b. destination.

It is stated of record that there are now no stated refrigeration charges published based on the weight of the freight hauled. There are charges now in effect based on the package and distance of the haul. The Commission has approved stated charges on a per car basis in transcontinental service. *Arlington Heights Fruit Exchange vs. S. P. 20 I. C. C. 106* (The Traffic World, Feb. 25, 1911, p. 282); *R. R. Com. of Cal. vs. A. G. & S. R. R. Co.*, 32 I. C. C. 17 (The Traffic World, Oct. 31, 1914, p. 812); *West-bound Transcontinental Refrigeration Charges*, 34 I. C. C. 140 (The Traffic World, June 5, 1916, p. 1235).

Shippers were of opinion that it would not be possible to fix refrigeration charges with reference to the lading of the car, without discrimination; that such charges would require a shipper to pay for maximum refrigeration in a car furnished by a carrier twice as much in the case of a 60,000-pound load as for 30,000-pound load; and that the charges would vary with each load shipped, although the service rendered by the carrier, so far as the refrigeration is concerned, would be the same with respect to each load.

A representative of the Refrigerator Car Lines Committee of the National League of Commission Merchants of the United States, interested in fruit and vegetable shipments, testified that refrigeration charges for short and medium hauls have always been based on the amount of the ice furnished, where the carrier renders the service. It is contended that this is a simple and direct method of charging the shipper for what he receives, and remunerating the carrier for what it furnishes. It is further insisted that no workable or equitable plan for applying refrigeration charges on the basis of the freight hauled could be devised that would fit the varying conditions of transportation of perishable commodities for short or medium distances. Among the conditions named are changing temperatures, different costs of ice, nature of the shipments, and the various differences in hauls. It is insisted that the present rules maintained by carriers with respect to comparatively short hauls, by which the weight of the ice

and when and where it is furnished all appear on the freight bills, is more satisfactory than the payment of a stated charge, which includes no information as to the amount of ice used by the carrier or where it is placed in the bunkers.

Shippers of fresh meats and packing-house products insist that it would not be just, economical, or in the public interest that stated charges for refrigeration of such products should be established and maintained by the carriers of the country. It is asserted by them that most of the services performed by carriers included in stated charges approved by the Commission and applied to their commodities, are performed by shippers of fresh meats and packing-house products, and that certain other elements of cost which might properly be included in stated charges, if they were to be established de novo, have already been included in the freight rates. It is conceded by Swift & Company on brief that the carrier is entitled to a fair charge for ice furnished, such charge to include all items of labor, interest, etc., on the investment in the icing plant; and that if the present charges are not sufficient to include the cost of ice and the labor of putting it in the bunkers, the cost of salt, and other items of cost, the carrier is entitled to a higher charge.

It is further asserted that in most instances where stated refrigeration charges now exist the carrier furnishes the car; that with respect to shipments of fresh meats and packing-house products the shipper is required to furnish the car; that where stated charges prevail the carrier pre-cools the car; that in shipments of fresh meat and packing-house products the shipper pre-cools the car and it would be impracticable for the carrier to perform such a service; that where stated refrigeration charges are imposed the carrier performs the initial icing; that in shipments of fresh meats and packing-house products the shipper performs the initial icing, and it would not be practicable for the carrier to do so; that under stated refrigeration charges the cost of repairs to ice bunkers and the cars are borne by the carriers; that with respect to shipments of fresh meats and packing-house products all repairs are borne by the shipper and owner of the car; that in cases where stated refrigeration charges have been approved by the Commission allowance was made for the cost of hauling the ice; and that such cost has been included in the freight rates on fresh meats and packing-house products.

It is contended that none of the elements ordinarily considered as going to make up a stated refrigeration charge, except the cost of ice and salt, and the labor of putting it in the bunkers, is proper to be charged against shipments of fresh meats and packing-house products.

It is argued by shippers that haulage of the ice, cost of supervision and repairs to bunkers and cars, and cost of extra switching were taken into account in fixing rates on fresh meats and packing-house products. For example, it is stated on brief that extra switching is an item for which the Commission allowed \$1.75 per car in passing on the reasonableness of stated refrigeration charges in transcontinental service. *Arlington Heights Fruit Exchange and Railroad Commission of California Cases*, supra. It is insisted that this is an item already included in the freight rate on fresh meats and packing-house products moving under cost of ice and salt re-icing charges; that by reference to the testimony and exhibits of the Commission's records in the *Eastern Live Stock Case*, 36 I. C. C. 675 (The Traffic World, Dec. 18, 1915, p. 1250), and *Central Freight Association Territory Fresh Meat and Packing-House Product Rates*, 38 I. C. C. 665 (The Traffic World, May 6, 1916, p. 947), it will be found that switching to ice houses and weight of ice transported were elements upon which evidence was introduced by the carriers in support of increased rates and which were considered by the Commission. In the first case the Commission approved a rate of 47.5 cents per 100 pounds from Chicago to New York, as proposed by the carriers. Attention is also called to the fact that the rate then approved has been increased to 55 cents by order of the Commission dated March 12, 1918, in which was vacated the suspension of certain proposed increased rates in *Investigation and Suspension Docket No. 1124, Eastern Live Stock—Fresh Meat Case*.

These shippers further contend that refrigeration charges should be determined from a practical and economical standpoint, the nature of the product, the conditions under

and the seasons in which it moves, the character and amount of refrigeration required, and the most economical way of furnishing it from the standpoint of the carrier, shipper and public. It is asserted that where carriers are called upon to furnish refrigeration, as in the case of fruit, berries, and vegetables from scattered stations and for short periods of time during the warm months when maximum refrigeration is required, a stated charge for the entire service is proper and just; and that where it is necessary for a shipper to precool and re-ice at his plant year-round shipments from cold-storage plants, such as fresh meats and packing-house products and dairy products, and where, both from a practical and economical standpoint, such precooling and re-icing should be borne by the shipper, the charge for re-icing at various stations en route should be based upon the cost of ice and salt furnished. It is further insisted that in regard to fresh meat, packing-house and dairy products, the character of refrigeration required varies with different seasons of the year, the conditions under which they are shipped, and the nature of the commodities. Cheese, eggs, butter, and the less perishable packing-house products, during about one-half the year, require no icing en route. The maximum refrigeration with respect to these commodities is only required in the warmest months of the year. It is contended that if a stated charge per car or per 100 pounds is established by carriers, it would necessarily be fixed high enough to cover maximum refrigeration, which would burden the traffic with charges for service not performed or required.

Attention is called to the fact that stated refrigeration charges were first established for transcontinental shipments which move great distances through varying temperatures and changing conditions. It is insisted that stated charges for refrigeration of fruits and vegetables are proper because the entire service is performed by the carrier or agent from origin to destination; that such shipments are not precooled as a rule, and the service is an entire service, including the furnishing of the car, initially icing it and re-icing it en route; and that the service from beginning to end is a carrier service for all items of which payment should be made. In shipments of fresh meat and packing-house and dairy products, shipments are made from cooling stations, and the initial icing and re-icing is done by the shipper. A few years ago dairy products were shipped without precooling, but at this time and during recent years the commodities are precooled before being loaded into cars at central stations or concentrating points erected for the purpose and maintained at the expense of the shipper. *National Poultry, Butter & Egg Assn. vs. B. & O. S. W. R. R. Co.*, 44 I. C. C., 392, 399 (The Traffic World, Apr. 7, 1917, p. 732).

Under the present practice at packing plants, empty cars are delivered in receiving yards. They are there thoroughly inspected and washed out and, if necessary, disinfected by a force of men employed for the purpose. If cars are found to be in good order, and they are clean, they are switched to the icing sheds usually the evening before loading. The bunkers are filled with crushed ice and salt. The next morning they are switched to loading platforms and loaded with fresh meat or other articles. After loading, the bunkers are again filled with ice and the cars are ordered forward. It is insisted that icing facilities of carriers at packing centers are limited and at some distance from the loading platforms of shippers, and that there would be a waste of time and ice should carriers undertake initial icing and re-icing of fresh meats and packing-house products. It is further stated that at this time carriers could not secure facilities adjacent to plants of meat packers without enormous expenditures of money; and that if such facilities were secured the work could not be so economically or efficiently done as now. Some of the carriers recognize this situation and assert that the service might be provided for in a stated charge, and an allowance paid to the shipper for precooling and initial icing. Because of the varying degrees of initial preparation of cars for loading of various products at packing plants, during different seasons of the year, it is doubtful if any allowance could be agreed upon or prescribed that would be just and reasonable in all cases.

It is to be remembered that with respect to shipments of fresh meat and packing-house products, charges in all that

part of the country east of the transcontinental zone are based on the weight of the ice or ice and salt furnished. The service rendered by carriers with respect to fresh meat and packing-house products and dairy products is re-icing, and not refrigeration, in all that the latter service implies. The plants of carriers about the country are re-icing and not precooling or refrigeration plants. Some car lines, such as the American Refrigerator Transit Company, have cooling stations where commodities may be stored, but they are for the use of the company to protect shipments en route, or the articles are kept under refrigeration at a charge to the shipper pending disposition. There is no doubt that shippers of fresh meat and packing-house and dairy products are in position to best prepare cars for initial icing and re-icing before they are tendered to the carrier for transportation. Needs in this respect as to different articles are peculiarly within shippers' knowledge, and under the practice that has obtained for more than 30 years, they have fitted their plants to do the work effectively and economically.

The statute contemplates that carriers may ice in transit as well as perform the entire refrigeration service. The language of the act is that transportation shall include "all services in connection with the receipt, delivery, elevation and transfer in transit, ventilation, refrigeration or icing, storage and handling of property transported." In speaking of precooled shipments and the preparation of cars for shipment in Arlington Heights Fruit Exchange Case, *supra*, at page 118, the Commission said:

This service should be performed in the most economical manner and it is evident that the ice can best be supplied by the same parties who load the car and prepare it for shipment. The filling of the bunkers with ice is a part of the preparation of the car for shipment and not a part of the transportation service rendered by the railroads.

There are some practices connected with re-icing service now performed by carriers with respect to shipments of fresh meat, packing-house and dairy products, that should be changed. The larger meat packers are engaged to a considerable extent in shipping dairy products as well as products of their meat-packing plants. As heretofore explained, considerable re-icing service in Official Classification territory through which shipments pass on their way from west to east and southeast, is performed for the railroad either directly by the packers or by corporations they control. Whenever transportation service of this character is farmed out by the carrier to a shipper, who renders the service with respect to his own shipments, as well as those of competitors, there may be, and there quite likely are, unlawful results. A meat packer located on the Missouri River, and by no means an insignificant concern, measured by the volume of its shipments, complains vigorously that re-icing performed by a competitor at an interior point in Official Classification territory is not satisfactory, and that its competitor has access to the billing and is advised of the character of the shipments and to whom they are made, contrary to the provisions of section 15 of the act. The evidence is not clear as to particular instances of improper icing, but there can be no doubt that access to the billing of a shipper by another and a competitor is unlawful. If the shipper who renders the service makes a profit therefrom, there at once arises the question whether such profit does not amount to a concession to him from the rates he pays on his own traffic.

Aside from these considerations there is dissatisfaction and unrest amongst competing shippers when disputes as to the amount and character of icing is referred to one of them who rendered the service. This situation obtains when the icing is done by a corporation controlled by a competitor as well as when it is done directly by the competitor. Of course, there can be no valid objection to carriers doing by an agent what they may do themselves, where such agent is not a shipper or otherwise interested in transportation of the articles with respect to which the service is rendered.

This record does not contain evidence sufficient to determine what would be a reasonable charge for service of re-icing fresh meats, packing-house and dairy products, but it does indicate that it is now being performed by carriers at less than cost. Charges for the service should be upon a just basis considering the costs proper to be included,

such as salt, ice, labor, etc., together with a reasonable profit.

Demurrage on Private Cars.

Under the existing tariffs of carriers private cars are made the subject of demurrage when standing on private tracks of owners. It is agreed by both carriers and owners that tariffs should be so worded as to exempt a private car from demurrage under such circumstances. It was stated that provision would have been made some time ago for such exemption except for the difficulty of determining who was the owner of a car. It was agreed that a shipper who leases a car for a term is to be considered the owner during such term, and that a stencil mark on the car as defined in tariffs should be conclusive as to ownership for purposes of exemption from demurrage.

Some private car owners insist that they are entitled to a part of the demurrage accruing on private cars held by consignees. This is not the attitude of owners generally. Demurrage is a penalty for detention of cars, and is enforced in accordance with tariff provisions to keep them moving. This is as important to private car owners as to the railroads and everyone else. The records of car placement, etc., are kept by the carriers, and they make the collection in the interest of the entire shipping public, and the charges are rightfully retained by them.

Master Car Builders' Association Rules.

The Master Car Builders' Association is an organization of car owners, both private and railroad. The association first met in 1864, when a number of men connected with car departments of railroads came together to discuss problems that had arisen in freight-car construction. It was organized in 1867, when the first regular meeting was held and by-laws were adopted. The organization did not become an effective agency in car construction and repairs until 1887, when the first book of interchange rules was adopted and published. The purposes of the organization are (1) for increase of knowledge on the part of members relative freight-car construction and maintenance; (2) to promote uniformity in freight-car construction and interchangeability of detail; (3) to improve freight-car construction in reference to safety and other details; and (4) to develop rules to adjust mutually the differences of railroads or members of the association in connection with freight-car maintenance and interchange.

The by-laws provide that a member of the association shall be entitled to one vote for each 1,000 freight cars owned. The affairs of the association are controlled by an executive committee elected by the members. Various standing committees are appointed by the executive committee to consider and report to the executive committee or the association at its annual meeting on the different questions that are presented to them. For example, there is an arbitration committee the business of which is to adjust disputes that may arise under the rules.

A code of rules governing the condition of and repairs to freight cars for the interchange of traffic is printed and circulated from time to time as occasion requires, or when material changes in the rules are made. Rules are provided for the care of freight cars off the line of the owning carrier, for interchange of such cars, with specifications as to construction of cars and parts. In short, the rules go into detail with respect to every phase of construction and repairs, giving prices to be charged for parts used in repairs, and prescribing how bill shall be made and rendered to owning carriers.

Many owners of private cars conduct their own repair shops, where major repairs are made. For running repairs owners have to rely on the repair shops of railroads.

During the hearing private car owners made complaints which were chiefly directed to the fact that carriers did not render bills for repairs promptly; that evidence as to improper repairs, or repairs that had been charged for but not made was not permitted to overcome the statement of the repairing carrier; that cars formerly attached to cars showing repairs made at the time were not now sent with the cars; and that private car owners did not have representation on the executive or arbitration committees.

There is no serious complaint as to the rules regarding the making of and charges for repairs. The general disposition of car owners was to conform to the rules if they are faithfully observed. Some private car owners desire

that the Commission require carriers to publish the rules in their tariffs and have them observed accordingly. Aside from the question of jurisdiction of the Commission over operations of carriers in this respect, carriers object to such filing on the ground that the effect would be to set the rules as they now are so that necessary changes could not be promptly made. Application to the Commission for permission to make changes which might be required would delay operation, and complicate a system which as a whole has operated satisfactorily. Many private car owners were not in favor of the publication of the rules in tariffs.

A representative of the Master Car Builders' Association stated at the hearing that there appeared to be no objection to returning to the practice of attaching repair cards at the time the repairs are made to the cars of private owners, provided that the bill was not nullified if the cars was lost or destroyed. To this, car owners agreed, and it is suggested by them that there be attached to their cars a steel pocket or other receptacle in which the repair card might be placed. The representative of the association also stated that there is no good reason why representatives of private car owners should not be on all committees of the association, including the executive and arbitration committees. He further stated that every effort would be made to induce carriers to render repair bills more promptly, and that disputes as to improper repairs or repairs charged for but not made would and should be decided by the arbitration committee under the facts of each case presented and in accordance with the weight of the evidence.

These suggestions were approved by the private car owners, and if adopted many troublesome and harassing disputes as to bills for car repairs will be at an end.

Mixing and Follow Lot Rules.

The rules governing mixtures of shipments and follow lots now in effect in different sections of the country are not uniform. These rules should not be different when the traffic is transported in privately owned than in railroad-owned cars. Considerable testimony in this regard is devoted to a discussion of the mixing rules in Official Classification territory applicable to shipments of the meat packers. Practically all shipments by the packers are made in their own cars or in those of their subsidiaries. Because of this the rules specially applicable to them were made an issue in this proceeding.

In addition to rule 10 in the Official Classification, which is the general mixing rule, carriers in the territory governed thereby have, by exceptions to the classification, published three separate rules applicable to articles shipped by the packers. Under these rules different combinations may be made of fresh meat and packing-house products, or of packing-house products, so that different rates per car or per article may be paid for the transportation. It is perfectly clear that the maintenance of so many rules applicable to shipments from one source complicates the billing and renders it a matter of no little difficulty to determine the charges to be applied to the different articles in each mixture. It is not plainly established of record whether the mixing rules in this territory operate to discriminate unduly against any particular shipper or shippers or any particular description of traffic. It was suggested on the record that such discrimination is possible under the rules.

Mixing rules in the other classification territories are different in many material respects from those in Official Classification territory as applicable to the same articles. The same thing is to be said with respect to follow lot rules. It is not necessary, however, to consider these rules further in this proceeding, or to suggest what action should be taken with respect to them, for the reason that the matter is now having consideration of a special committee of experts with a view to suggesting and having adopted by carriers rules as to mixed shipments and follow lots, among other things, that shall be clear, direct, and applicable throughout the entire country.

When this case was originally heard, meat pans and other appliances used by the packers for the transportation of packing-house products or other products shipped with carcass meat were returned to the point of origin without charge. Charges are now made for such shipments under proper tariff provision. Hooks for the car-

riage of carcass meat are returned free when properly packed and sent over the line of the transporting carrier.

Shipments Over the Atlantic Coast Line.

When this case was first heard in 1913, shippers of fish, fruit, vegetables and berries submitted considerable evidence with respect to the condition of cars furnished and the movement of them from points on the Atlantic Coast Line in Florida, Georgia and North Carolina to northern points. More and better cars and reasonably acceptable service were furnished after the original hearing, and at subsequent hearings no complaint of the service was made. It is assumed that the complaint has been satisfied. At the time of this complaint the cars were furnished by Armour Car Lines under contract with the carrier. At the present time a similar contract is being carried out by the Fruit Growers' Express. A carrier may make such a contract, but it cannot thereby absolve itself from the obligation to furnish suitable cars operated under reasonable schedules to serve the needs of its shippers.

Minimum Weights.

Little evidence was submitted with respect to minimum weights on shipments of perishable freight transported in private cars. There is no basis for a finding with respect to this matter. In addition to this minimum weights are inextricably involved in mixing rules, and will doubtless be considered by the committee above referred to.

Conclusions.

Under all the facts and circumstances shown of record, we find:

1. That as the situation now exists, and under the circumstances and conditions shown of record, shippers may continue to lease cars to transport their shipments from sources independent of carriers by railroad.

2. That a charge in addition to freight rates should not be made for furnishing to shippers refrigerator, tank, or other special type of car, or for transporting their shipments therein, unless the freight rates are predicated on the transportation in another type of car less expensive and not so difficult to operate.

3. That payments should be made by carriers on the basis of the loaded and empty mileage, and that mileage should be computed on the basis of distance tables without the elimination of mileage through switching districts.

4. That there should be no increase in the present payment for use of refrigerator cars and so-called meat cars for transportation in that part of the country east of El Paso, Tex., Albuquerque, N. M., and Salt Lake City and Ogden, Utah.

5. That the present payment of $\frac{3}{4}$ cent on the loaded and empty movements for the use of tank cars of all kinds by all carriers by railroad should be increased to 1 cent per mile for the loaded and empty movements; that the increased allowance should be paid for the use of live poultry cars, palace stock cars, heater cars, and that under the facts here shown the increase should not apply to stock cars, coke cars, coal cars, rack cars, flat cars, box cars, or pocket cars, although they may be privately owned or leased.

6. That carriers should publish in their tariffs a rule that private cars when unloaded at destination, unless otherwise ordered by the owner or lessee, must be promptly transported, loaded or empty, in the direction of the plant of the owner or lessee.

7. That where carriers own tank cars which are furnished to shippers on request, they shall publish in their tariffs rules for the distribution thereof whereby each shipper who makes reasonable request may receive his proportionate share of available cars.

8. That re-icing charges on shipments of fresh meat and packing-house products and dairy products should be based on the cost of the ice and salt used, the labor, investment in icing plants, etc., together with a reasonable profit; that the carriers only should perform the service of re-icing and make charges therefor; and that shippers of these products should not be permitted to perform the service of re-icing their own and competitors' shipments en route, either directly or through corporations controlled by them.

9. That tariffs of carriers be so changed that private cars standing on the private tracks of owners shall not be subject to demurrage charges.

10. That the Master Car Builders' Association rules be not filed in tariffs of carriers; and that suggestions made at the hearing as to modifications in rules and practices be adopted by the association.

With respect to the proposed changes in Master Car Builders' Association rules as agreed to and proposed at the hearing, it is assumed they will be promptly acted upon. It is also assumed that carriers will no longer permit the packers or others by themselves, or through corporations controlled by them, to re-ice their own shipments and those of their competitors en route, and that the carriers will proceed promptly to equip themselves with proper icing stations to perform the service enjoined upon them by law. It is further assumed that proper tariff rules will be promptly published with respect to distribution of tank cars owned by carriers. A rule should also be incorporated in tariffs of carriers at an early date to the effect that private cars when unloaded at destination, unless otherwise ordered by the owner or lessee, must be promptly transported, loaded or empty, in the direction of the plant of the owner or lessee. As there was no objection to the computation of mileage on distance tables that shall show the mileage of private cars based on the total haul, with the exception alone of switching movement, it is assumed arrangements will be made by carriers accordingly.

With respect to the other conclusions and findings, an appropriate order will issue.

WATERMELON RATE NOT UNREASONABLE

CASE NO. 9777

(50 I. C. C., 719-724)

OREGON FRUIT COMPANY VS. SOUTHERN PACIFIC COMPANY ET AL.

Submitted Dec. 14, 1917. Opinion No. 5351.

1. Railroad rates for the transportation of watermelons from Monson and Sultana, Cal., to Salem, Corvallis, Portland and Medford, Ore., not shown to have been unreasonable or unjustly discriminatory.
2. Railroad rates for the transportation of watermelons from Sultana and Monson to Salem and Medford, Ore., found to have been in violation of long-and-short-haul rule of Section 4 of the act. Reparation denied.

HALL, Commissioner:

Complainant is a corporation engaged in the wholesale fruit and produce business, with its principal office at Portland, Ore., and several branches at other points in that state. By complaint filed July 11, 1917, it alleged that the rates charged for the transportation of six carloads of watermelons on July 21, 24 and 28, 1915, from Monson and Sultana, Cal., to Salem, Corvallis, Medford and Portland, Ore., were unreasonable, unjustly discriminatory, and in violation of the long-and-short-haul rule of the fourth section of the act. Reparation is asked. Rates are stated in cents per 100 pounds.

The lines of the Southern Pacific Company and of the Atchison, Topeka & Santa Fe Railway Company, hereinafter called the Santa Fe, serve the San Joaquin Valley in California.

Monson is a local station in that valley on the Southern Pacific, 4.6 miles south of Dinuba, a point common to both lines. Sultana, 3 miles across country from Monson, is a local station on the Santa Fe. Dinuba is 30 miles south of Fresno, Cal., which is served by both lines, and 173 miles south of Stockton, Cal., also a common point. The shipments from Sultana moved over the Santa Fe to Stockton and thence via the Southern Pacific to destination. Those from Monson to Salem and Portland were one-line hauls on the Southern Pacific; those to Corvallis moved over the Southern Pacific and also, for a short distance, over the Corvallis & Eastern, a subsidiary of the Southern Pacific. Corvallis is 88.4 miles southwest of Portland. Salem and Medford are 52.8 and 329.3 miles, respectively, south of Portland.

Complainant does not attack the through rates as unreasonable in and of themselves, but contends that it was unreasonable and unjustly discriminatory to exact higher rates from Monson and Sultana than from Dinuba, since all three points are in the same melon-producing zone.

At the time of movement Dinuba had a commodity rate to Portland of 45 cents, and to Corvallis of 46 $\frac{1}{2}$ cents. The distance to Portland is 903 miles. Watermelons are

rated class C in the Western Classification and the rates charged from Monson to Corvallis and Portland were combinations of the class C rate of 24 cents to Dinuba, plus the commodity rates of 46½ and 45 cents, respectively, beyond. From Sultana to Salem and Medford the combination was made on Stockton, class C, 16 cents, plus commodity rates of 35 cents beyond. From Monson to Salem the combination was on Lathrop, Cal., class C, 15 cents, plus a commodity rate of 35 cents beyond. The details of shipment follow:

Date		Weight, lbs.	Chgs. per cwt.	Rate, paid, ask'd.	Rate, per cwt.	Dif- ference.
July 21, 1915	Monson to Salem	24,000	\$120.00	50	45.5	\$10.80
July 21, 1915	Monson to Corvallis	24,000	124.00	69½	45.5	9.48
July 28, 1915	Monson to Corvallis	25,920	125.22	69½	45.5	9.38
July 28, 1915	Monson to Portland	24,000	111.50	17½	45.5	5.40
July 24, 1915	Sultana to Salem	24,475	128.80	51	45	14.92
July 24, 1915	Sultana to Medford	25,000	127.96	51	45	15.05

The shipment to Portland was reforwarded thence to Astoria, Ore., but the rate from Portland to Astoria is not attacked.

The rate of 47½ cents collected on the shipment from Monson to Portland exceeded the applicable combination of a class rate of 5 cents to Fresno, Cal., and a commodity rate of 42½ cents beyond, so that there was an overcharge on this shipment which should be refunded.

On May 16, 1916, through commodity rates of 45½ cents were established from Monson, and on November 26, 1916, of 45 cents from Sultana, to points in Oregon on the Southern Pacific, including those above referred to. These rates are not questioned by complainant. Commodity rates have also been extended to include, as originating territory, the entire melon-producing zone in the San Joaquin Valley and a rate of 46½ cents now applies from as far south as Klink, Cal., 10 miles south of Monson.

The record does not show the volume of movement of melons from Sultana and Monson, as compared with that from Dinuba. Defendants contend that they extended the application of the commodity rates as soon as the volume of movement justified it, but that the lowest combinations of lawfully applicable rates in effect when the shipments moved were not unreasonable or unjustly discriminatory.

In Rates on Melons from California Points, Investigation and Suspension Docket No. 399, unreported, decided December 16, 1914, it was found that increased rates of 35 cents then proposed for the transportation of melons, in carloads, from Sacramento, Cal., and points in that vicinity to Portland, and of 51 cents to Seattle and Tacoma, Wash., were justified. Stockton is about 43 miles south of Sacramento and 735 miles south of Portland.

There is nothing of record to indicate that the rates charged were intrinsically unreasonable.

It was testified in behalf of complainant that consignors of watermelons could as readily have shipped from Dinuba as from Monson or Sultana, if cars had been available, and further that the disadvantage of Monson was not reflected in the rates applicable to the transportation of other commodities from that territory. For example, sweet potatoes are also produced in the San Joaquin Valley, and in their transportation to Oregon points the rate from the territory Fresno to Bakersfield, Cal., is the same.

In the report proposed by the examiner, which was served upon the parties, and to which no exceptions were filed, it was recommended that the Commission find that the rates charged were unjustly discriminatory and that no showing of damages had been made. Under section 2 it is unjustly discriminatory and unlawful for any common carrier subject to the act, by any special rate, rebate, drawback, or other device, to charge "any person or persons a greater or less compensation than it charges . . . any other person or persons for doing for him or them a like and contemporaneous service in the transportation of a like kind of traffic under substantially similar circumstances and conditions." There is no showing of any device on the part of the carriers to collect from complainant greater compensation than they collected from others for doing "a like and contemporaneous service in the transportation of a like kind of traffic under substantially similar circumstances and conditions." No "like kind of traffic" contemporaneously moved between these points at any other compensation than that which complainant paid. There was no showing of undue or unreasonable prejudice or dis-

advantage under section 3 and the complaint contained no specific allegation in this respect.

Medford and Salem are intermediate to Portland from Sultana and Monson. At the time the shipments moved there were in effect to Portland rates of 45 cents from Sultana and of 47½ cents from Monson. The rates contemporaneously in effect from Sultana to Salem and Medford were 51 cents and from Monson to Salem 50 cents. These violations of the long-and-short-haul rule were not protected by fourth-section applications and have since been corrected. There is no proof that complainant has been in any wise damaged by the maintenance of the lower rate to Portland.

It has frequently been held that nothing in the act to regulate commerce warrants a presumption of damage. The distinction is plain between the carrier's unlawful act, which might render it liable to prosecution, and the shipper's right to damages for the injury, if any, occasioned thereby.

In the absence of proof of damage to the shipper the fact that carriers have charged or received rates which violate the long-and-short-haul rule of the fourth section of the act is not of itself a sufficient basis for an award of reparation. *Penna. R. R. Co. vs. International Coal Co.*, 230 U. S., 184; *Nix & Co. vs. S. Ry. Co.*, 31 I. C. C., 145, 149 (*The Traffic World*, Aug. 1, 1914, p. 211); *Chattanooga Implement & Mfg. Co. vs. L. & N. R. R. Co.*, 40 I. C. C., 146 (*The Traffic World*, July 15, 1916, p. 125); *La Crosse Shippers' Assn. vs. C. I. & L. Ry. Co.*, 43 I. C. C., 520, 524 (*The Traffic World*, April 28, 1917, p. 897); *United States Glue Co. vs. C. & N. W. Ry. Co.*, docket No. 6832, unreported.

An order will be entered dismissing the complaint, as recommended by the examiner.

HARLAN, Commissioner, dissenting:

The principle that a carrier may not charge more for the transportation of a like kind of property for a shorter than for a longer distance over the same route in the same direction is founded on general justice, and for many years there has been a more or less insistent demand for legislation forbidding any deviation from that rule in the rates of carriers. The better thought on the question, however, has been that in particular instances conditions may exist to justify lower rates for the longer haul, and this view has prevailed, the present fourth section of the act to regulate commerce vesting in the Commission the power, upon application by the carrier and after investigation, to authorize such departures from the general principle. Except for this provision the section would be mandatory. A second proviso affords the carriers a means, by filing an application, for legalizing existing fourth section deviations until they shall have been passed upon by the Commission. In this case rates of the forbidden character were in effect over the defendant lines during the period described in the complaint and they were not protected or legalized by any such application. By the very terms of the act they therefore stand condemned as having been unlawful.

It is true that the act also condemns as unlawful rates that are unreasonable, unjustly discriminatory, or unduly preferential; but until the Commission after full hearing has indicated otherwise, a carrier in good faith may be in error with respect to the reasonableness and nondiscriminatory character of its effective rates. In general the act therefore puts upon the complainant the burden of showing that a carrier's rates are unlawful in either respect. The unlawfulness, however, of the rates involved in this proceeding does not grow out of any error in judgment by the defendant lines. The rates in question were unlawful because of the failure of the defendant carriers to follow the procedure peremptorily required by the act to give them the quality of lawfulness. With no application on file to protect them, the rates were in contempt of the act. The majority report nevertheless does not even place upon the carriers at fault the burden of showing that the higher rates at the intermediate points were reasonable and nondiscriminatory, but leaves upon the complainant the burden of supporting its claim for reparation by showing the rates to have been unreasonable or unjustly discriminatory, precisely as if there were no fourth section at all in the act to regulate commerce.

For many years it has been the established rule to regard through rates that are higher than the aggregate of the intermediate rates as *prima facie* unreasonable, and it has been our practice almost uniformly if not invariably to award reparation in such cases on the basis of the aggregate of the intermediate rates, whether the rate situation was protected by an application or not. Reparation has been awarded in such cases even where the through charge was found not to be unreasonable and was not condemned for the future, the carriers being permitted to correct the fourth section deviation by revising the intermediate rates. Upon like reasoning there should be reparation in this proceeding based upon the excess of the higher charge exacted of the complainant at the intermediate point over the charge fixed in the defendants' tariffs to the more distant point. The higher charge to the intermediate point, for the reasons hereinbefore stated, stands condemned by the act itself as unlawful, and its excess over the lower rate to the more distant point is therefore a proper measure of the complainant's damage. See *S. P. Co. vs. Darnell-Taenzer Lumber Co.*, 245 U. S., 531 (The Traffic World, Feb. 2, 1918, p. 224).

The ruling of the majority puts upon the complainant the impossible burden of a more or less elaborate and expensive investigation to ascertain whether competitors of the complainant have made shipments under the lower rate to the more distant point to the commercial damage of the complainant. In my judgment the majority report leaves the fourth section practically meaningless with respect to rate situations like that shown of record.

For these reasons I am unable to concur in the majority views in this case or to assent to the report in the related case of *Iten Biscuit Co. vs. C., B. & Q. R. R. Co.*, decided concurrently herewith, *infra*, page 724.

I am authorized by Commissioner McChord to say that he concurs in what is here said.

DISMISSES BISCUIT COMPLAINT

CASE NO. 9163

(50 I. C. C., 724-727)

ITEN BISCUIT COMPANY VS. CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY ET AL.

Submitted Jan. 16, 1917. Opinion No. 5352.

Rates on crackers, cookies and wafers, in less than carloads, from Omaha, Neb., to certain points in Kansas, and on empty cracker cans, in less than carloads, returned to Omaha from the same Kansas points, found to have been violative of the long-and-short-haul rule of Section 4 of the act. In the absence of proof of unreasonableness and damage reparation denied and complaint dismissed.

HALL, Commissioner:

Complainant is a corporation engaged in the bakery business at Omaha, Neb. By complaint filed September 12, 1916, as amended, it alleges that the rates charged by defendants on numerous less-than-carload shipments of crackers, cookies, and wafers, forwarded on and after June 1, 1914, from Omaha to various points in Kansas, and on numerous less-than-carload shipments of empty cracker cans returned to Omaha from the same destinations, were unreasonable, unduly prejudicial, and in violation of the long-and-short-haul rule of the fourth section to the extent that they exceeded the rates contemporaneously maintained by defendants to and from the same Kansas points from and to certain points in Iowa east of Omaha. It asks reparation.

The shipments moved either over the Union Pacific Railroad, Chicago, Burlington & Quincy Railroad, hereinafter called the Burlington, the Chicago, Rock Island & Pacific Railway, hereinafter termed the Rock Island, or the Missouri Pacific Railway. Except as hereinafter noted, charges were collected at the class rates applicable under the governing Western Classification and exceptions thereto, third class on the crackers, cookies, and wafers, and fourth class on the returned empty cracker cans.

Prior to June 1, 1914, rates between interior Iowa points and Kansas points were constructed by combination on Omaha and other Missouri River points. On that date, following Iowa State Board of R. R. Commissioners vs. A. E. R. R. Co., 28 I. C. C., 193 (The Traffic World, Aug. 16, 1913, p. 371); 28 I. C. C., 563 (The Traffic World, Jan. 3, 1914, p. 6), hereinafter called the Iowa Case, a distance scale of interstate class rates, prescribed therein as reasonable and nondiscriminatory, was established by the car-

riers from interior Iowa points to points in Kansas on and north of the main line of the Atchison, Topeka & Santa Fe Railway to La Junta, Colo. The application of this scale resulted in lower rates for certain classes, including third and fourth, from Neoga, on the Wabash Railway, and other points in western Iowa, including Chautauqua on the Rock Island, than the specific rates contemporaneously in effect over defendants' lines from Omaha, through which traffic from those points moves, thus resulting in departures from the long-and-short-haul rule of the fourth section. The distance rates prescribed by us from interior Iowa points to the Kansas destinations were also established by defendants on June 1, 1914, in the opposite direction, and created similar fourth section departures as to the fourth-class rates applicable to complainant's shipments of returned cracker cans. These deviations from the fourth section were not protected by applications.

The higher rates were continued in effect between Omaha and the Kansas destinations by the Burlington until September 25, 1914, and by the Union Pacific until February 1, 1915, on which dates these defendants eliminated the fourth section departures by providing for the application of the Neoga rates on traffic moving between Omaha and the Kansas points. No change was made by the Missouri Pacific or the Rock Island in the rates from and to the interior Iowa points or Omaha until April 6, 1916, when these defendants eliminated the fourth section departures with respect to traffic moving over those lines by way of Omaha by providing for the application of the rates between Omaha and the Kansas destinations as minima between the Iowa points and the same Kansas points. The latter adjustment, in so far as it provided for higher rates from the Iowa points than applied under the distance scale on traffic moving through Omaha, was in conformity with our report in the Iowa Case on reargument, 34 I. C. C., 379 (The Traffic World, July 10, 1915, p. 64). In that report, which was issued after consideration of a petition directing attention to the fourth section departures resulting from the application of the distance scale and requesting a modification of our original order so as to permit the observance of the rates from Omaha as minima from the Iowa points, we said:

The findings of the Commission in the State of Kansas Case, 27 I. C. C., 673 (The Traffic World, July 26, 1913, p. 209), that the rates from Kansas City to the destinations here involved did not warrant reduction, and the long-sustained adjustment whereby rates are the same from all Missouri River cities, are sufficient to lead to the conclusion that the present rates from Omaha to the Kansas destinations under consideration, which are now the same as the rates from Kansas City, are not unreasonable. Therefore, to remedy the deviation from the fourth section indicated, we are of the opinion that the order of the Commission in this case should be modified. This modification will authorize the respondents to establish from the points in Iowa in question to points in Kansas upon the main line of the Atchison, Topeka & Santa Fe to La Junta, Colo., and other points in Kansas north thereof, rates not less than those which were in effect upon May 31, 1914—the day before the order became operative—from the Missouri River cities to the same destinations.

The record indicates that on some of the shipments of crackers, cookies, and wafers which moved by way of the Burlington subsequent to September 25, 1914, charges were collected at the higher rates in effect prior to that date, so that these shipments were apparently overcharged.

While the complaint alleged unreasonableness per se, the claim for reparation is based primarily upon the ground that the rates charged were unlawful to the extent that they exceeded the rates contemporaneously in effect from and to Neoga and Chautauqua to and from the Kansas points, and reparation is asked only on those shipments which moved during the period when the fourth section departures existed or on which higher rates were charged than contemporaneously applied from and to the Iowa points.

No evidence was introduced by the Burlington or the Missouri Pacific. The Union Pacific introduced comparisons to show that the rates assailed were not unreasonable per se, but no justification was offered for the maintenance of higher rates from and to Omaha than were contemporaneously in effect from and to the interior Iowa points. The Rock Island urged that our decisions in the Iowa Case and the State of Kansas Case did not contemplate reductions in the rates from Omaha, Kansas City, Mo., and other Missouri River cities, to the Kansas destina-

tions; that to have reduced the rates from Omaha would have necessitated corresponding reductions in the rates from Kansas City; that this would have re-created, in part, the very discrimination that we sought to remove by the rates prescribed in those cases; and that it was, therefore, justified in maintaining the higher rates between Omaha and the Kansas points.

It does not appear upon this record that the rates from and to Omaha were unreasonable, and there is no proof of injury or damage to the shipper resulting from collection thereof. Its claim for reparation rests wholly on the fourth section. Departures from the long-and-short-haul rule of that section were presented in *Oregon Fruit Co. vs. S. P. Co.*, ante, page 719. We there said:

It has frequently been held that nothing in the Act to regulate commerce warrants a presumption of damage. The distinction is drawn between the carrier's unlawful act, which might render it liable to prosecution, and the shipper's right to damages for the injury, if any, occasioned thereby. In the absence of proof of damage to the shipper the fact that carriers have charged or received rates which violate the long-and-short-haul rule of the fourth section of the act is not of itself a sufficient basis for an award of reparation.

Following that case, and upon the record herein, no reparation will be awarded and an order will be entered dismissing the complaint.

Harlan and McChord, Commissioners, dissent.

APPROVES RATINGS ON CHAIRS

The Commission has dismissed No. 8724, *Murphy Chair Co. vs. Wabash et al.*, opinion No. 5353, 50 L. C. C. 728-30, holding that the challenged classification ratings on pad, slip and spring seat chairs and rockers, carloads, in western classification territory, were legally applicable and had not been shown to be unreasonable, unjustly discriminatory or unduly prejudicial.

ROAD IS COMMON CARRIER

The Commission, in a report on No. 9025, in re *Kinder & Northwestern*, has decided that that railroad is a common carrier under the principles announced in the *Tap Line Case*, 234 U. S. 1, and entitled to receive divisions on lumber and other forest products not in excess of those indicated by it in *The Tap Line Case*, 31 L. C. C., 940, from the Iron Mountain and New Orleans, Texas & Mexico.

Under the Commission's original decision this railroad was held to be a plant facility in so far as the products from the lumber mills of the proprietary interests are concerned. The supreme court said that ownership of commodities transported by these lumber roads could have no legal effect on the allowances to them, except to prevent the payment of divisions so large as to amount to rebates.

The tap lines now claim that the Commission, in its hunt for rebates, is leaning back so far that it is not giving them enough to live upon and that unless the policy is changed, development of the unused lands in the south will be checked.

TEXAS MIDLAND VALUATION

The Traffic World Washington Bureau.

After five years of work, the Commission on August 22 published its first valuation report, in the form of a pamphlet of 186 pages of the size used in the reports and order on its formal and other dockets. It pertains to the Texas Midland, the property of Mrs. Hetty Green and her son, Col. E. H. R. Green. The property is capitalized at \$2,112,000. The company owns 147.85 miles of all kinds of track. Of that, 119.5 miles are main track, wholly disjointed, but connected, by means of trackage rights over the rails of the St. Louis Southwestern, the gap between the two parts of the main line of the Midland being nearly 14 miles long.

The cost of reproduction new, the Commission found to be \$3,461,356 on June 30, 1914. That is to say, if a man having good credit and knew just where he desired to build a railroad like the Texas Midland, it would have cost him that much to duplicate it at the price of materials a little more than a month before the outbreak of this war. The cost of reproduction new, less depreciation, the Commission orders shall be stated as \$2,597,442. That is, that would be the cost of reproducing the Texas Midland in the place where it is now, with second-hand material in as good condition as the ties and rails, cars and engines constituting the railroad.

These values are exclusive of the land, or the value of aids, gifts and donations. Those items are shown in the report to have a total of \$1,058,018.30.

The inference to be drawn is that the value of the property is more than twice its capitalization, even on the low unit cost of June 30, 1914. The Greens took the property to save what they could from a piece of railroad business in which Mrs. Green had invested money. No attempt was made by the Commission to state the amount of money sunk in the enterprise or to say how much money the Greens put into the property after they took it over, or whether the capitalization represents what they invested in it after they took it over.

The report is summarized in a series of head notes in which the Commission undertook to point out the high lights that guided it in its effort to comply with the La Follette law requiring it to ascertain the original cost to date of each piece of railroad property in the country, the cost of reproducing it with new materials and the cost of reproducing it with materials in as good condition as the items of physical property going to make up a railroad in actual operation.

This report is not complete; it does not carry out the mandate of the law requiring it to state one sum as the value of the property devoted to common-carrier purposes. The Commission, in the report, said it would afford the parties in interest an opportunity to be heard on the question as to what sum it should set down as representing the value of the property for common-carrier purposes. If they do not avail themselves of that opportunity the Commission will proceed with that part of its duty in due course, without undertaking to ascertain what they think the sum should be.

1. The valuation amendment, section 19a of the act to regulate commerce, authorizes the Commission to find a single sum as the value of the common carrier property for purposes under the act to regulate commerce; and the Commission will ultimately make such finding as to the property of each carrier, supplementing tentative valuations already made in which a single sum is not stated by such findings.

2. In the instant case, findings as to underlying facts are made, with leave to the parties to apply to be heard as to what sum based thereon shall be stated as the value of the property held for the purposes of a common carrier; otherwise the Commission will in course state its conclusions and complete the final valuation.

3. Methods employed in ascertaining the several cost values analyzed and stated. Upon the finding of a single sum as value, further appropriate analysis of the methods and reasons for the differences, if any, will be presented.

4. Original cost to date, which generally cannot be ascertained from accounting records alone, will be reported as fully as possible from the best available evidence in each particular case. When the original cost of portions of the common-carrier property, but not of the whole, can be stated, the ascertained facts will be reported; when the cost of no portion of the property can be identified, the carrier's investment account will be shown. Estimates will be resorted to, within compara-

tively narrow limits, as to minor portions of the property, the cost of which cannot be ascertained from records.

5. In requiring a report as to the original cost to date of "each piece of property" owned or used by a carrier, the act cannot be narrowly construed. A reasonable construction requires that original cost should be reported in all reasonable detail, and the words refer to various sections of the railroad, rather than the individual ties, rails and similar elements.

6. Findings of original cost to date will be supplemented in each case by a full statement of the financial history of the carrier which shows the maximum amount of money which was put into the property.

7. The maximum amount which could have been invested by the carrier, its predecessor, or others, ascertained and stated in the instant case as representing the outside limit of original cost of the property of the respondent to date of valuation.

8. Cost of reproduction new of the common-carrier property ascertained and stated, upon the assumed basis of the non-existence of the railroad while all other conditions in the same territory were taken as existent on valuation date, that the most practicable and economical construction program is employed, and that to an inventory of items making up the physical property, shall be applied cost prices fairly representative of conditions on valuation date, with the addition of the estimated cost of placing the items in position as of valuation date, and including certain overhead charges.

9. In ascertaining the cost of reproduction new the Commission is not to ignore expenses which would be incurred by reason of the fact that the physical plant, other than land, would have to be built, and is not limited merely to the reporting of an inventory value.

10. The assumption of present conditions of the existing property, rather than of the original construction conditions, is applied in determining questions raised by the protest as to particular accounts in the estimate of cost of reproduction new.

11. Industrial tracks are those which the carrier has not an unrestricted right to use in serving the public, but which it is obligated to use instead, exclusively or preferentially, in serving a particular industry or certain industries. In the cost of reproduction new estimate are included such portions of industry tracks as the carrier has a right to remove if it should discontinue the service, or as were in fact paid for by the carrier in original construction. Industry tracks constructed at the expense of the industry and owned by it are not included in the cost of reproduction new.

12. The words in the valuation act "used by said carrier for its purposes as a common carrier" cannot be construed as including property not owned by the carrier where the use of it is only incidental and at the request and for the peculiar benefit of the owner.

13. Under the assumption of present conditions, topographical and otherwise, in determining the cost of reproduction new, sums expended by the carrier in the past for assessments for public improvements will not be included unless the improvement for which the assessment was made is located on the right-of-way or so closely connected therewith that it would be wiped out if the railroad were removed. Sums actually expended for such improvements are reported in original cost to date when such a figure can be ascertained.

14. The rule stated as to the inventorying of property used by a carrier for common-carrier purposes, but which is owned (1) by other common carriers, or (2) by parties other than a common carrier; and of property which is used jointly with other carriers for common-carrier purposes.

15. No allowance made in the estimate cost of reproduction new for contingencies as such; but the quantities and prices employed reflect various construction contingencies and fairly represent the amount of money necessary to reproduce the identical property.

16. The percentage plan of stating engineering in the cost of reproduction new is adopted. In stating the cost of reproduction new by the percentage method engineering should be computed on the amount of the investment in the road accounts, exclusive of engineering and land.

17. The percentage method of estimating general expenditures, other than interest during construction, is adopted in determining the cost of reproduction new, and

the percentage adopted in the present case is applied to the road accounts, exclusive of land.

18. In estimating interest during construction, for the purpose of stating the cost of reproduction new, it has been assumed that the credit available is good and uniformly the same and that money is obtainable at the same rate of interest and supplies can be purchased at equally advantageous prices; 6 per cent per annum is assumed as the interest rate and is taken as covering the cost of obtaining money.

19. The period used in determining interest during construction in estimating the cost of reproduction new is taken at one-half of the estimated construction period required for reproduction, plus three months, as to road and general expenditures; and at three months for equipment.

20. Materials and supplies and cash on hand are not included in the estimate of cost of reproduction new; but the amounts on hand, as shown by the carrier's inventory and its general balance sheet, are stated in the tentative and final valuation.

21. In estimating cost of reproduction new, the property to be reproduced is taken as the existing property as it was when put into its present service; and if second-hand materials were used, the cost of reproduction new is estimated for the same kind of materials in the same condition as when installed.

22. The protest of the carrier with respect to the unit prices employed in the estimate of cost of reproduction considered, and various modifications made as to the prices applied to particular classes of material and labor.

23. In estimating the cost of reproduction less depreciation, depreciation has been treated as covering the lessening in the number of units of capacity for service as compared with those existing in the same elements when installed; and upon ascertaining what part of the remaining capacity for service remains, the depreciation which has already accrued is subtracted from the cost of reproduction new and the remainder is given as the cost of reproduction less depreciation. Due consideration is given to existing salvage or scrap value. Depreciation is not taken merely as the equivalent of deferred maintenance or loss of service efficiency. The tentative report herein is corrected as to the service life of certain species of properties.

24. In estimating the cost of reproduction new, as a telegraph line is necessary in the conduct of the business of a carrier, it is assumed that the carrier would equip itself with such facility in the same manner that it did originally, and would be obliged to perform the same amount of work in the theoretical reproduction of the property as it did in the original construction, although a portion of the line was, by agreement, put in the exclusive use of a telegraph company, and the title to the line is in the telegraph company.

25. The present value of the lands owned or used for common-carrier purposes is stated by ascertaining the number of acres and multiplying this acreage by a market value determined from the present fair average market value of similar adjacent and adjoining lands, due allowance being made for any special value which may attach by reason of the peculiar adaptability of the land to railroad use but nothing additional is added for the expense of acquisition, for severance damages, for engineering, and for interest during construction. For reasons stated, the reproduction cost of carrier lands, and the present cost of condemnation and damages, or of purchase, of a carrier's lands, are not estimated.

26. When a street or alley in a municipality has been vacated and the carrier uses the land exclusively for common-carrier purposes, the original cost of the land to the carrier, if ascertainable, and its present value, will be included in the inventory as land owned by the carrier, unless it affirmatively appears the carrier does not own it.

27. Where a street or alley in a municipality is used as such by the public, and is also used by the carrier for its common-carrier purposes, along or across the same, no part thereof will be inventoried as land owned by the carrier unless it affirmatively appears that the carrier owns it.

28. Where a highway outside of a municipality is used as such by the public, and is also used by the carrier for its common-carrier purposes, along or across the same, the land jointly used, together with its original cost, if

ascertainable, and its present value will be inventoried as land owned by the carrier unless it affirmatively appears that the carrier does not own it.

29. While the valuation act evidently intends to require a statement of all the cost values, and other circumstances which might bear upon the value of the property, at least for rate-making purposes, and appreciation is a fact which may affect the final value of the property, the record herein does not warrant any definite finding either as to the cost or value of such appreciation as has resulted from maintenance, operation and the effects of time upon the roadbed.

30. The finding in the tentative valuation that "no other values or elements of value were found to exist" is approved upon the record in the instant case, in the light of the fact that in the cost of reproduction new and the cost of reproduction less depreciation figures requisite consideration was given to the fact that the property constitutes a railroad and was doing business, and is not merely an aggregate of materials.

31. Findings and order made as to basic facts in the final valuation of the carrier, to be supplemented by further appropriate finding and order with respect to the value of the property used for common-carrier purposes.

TENTATIVE REPORT ON DIVISIONS

The Traffic World Washington Bureau.

In a tentative report on No. 10060, Denver & Salt Lake vs. C. B. & Q. et al., Examiner Graham recommends an order giving to the Denver & Salt Lake, perhaps better known as the Moffatt road, the twenty-five cents added to the coal rates from mines on that road to destinations in Kansas, Nebraska, Missouri, Iowa and South Dakota, in which the Burlington and other carriers participate. The addition was made in the fall of 1917 on the individual application of the Moffatt road so as to give it some money with which to meet some of its financial troubles. The addition was to last only until April 30, 1918, but when that day came the Commission allowed the higher rate to continue indefinitely.

When the application was filed, the Moffatt road said its connections were willing that it should have the whole of the increase. Almost immediately after the advance was allowed questions arose as to whether the increase should go to the Moffatt road for hauls on which the Commission, in the Oak Hills case, had prescribed the divisions. The disputes were brought to the Commission, with the result before indicated.

ADDITIONAL HEARING DATES

The Traffic World Washington Bureau.

The action of the Commission in assigning additional days for consolidated classification hearings puts off what the shippers generally believe to be the evil day of another general increase in freight rates. It also puts off uniformity. It, however, directs sharp attention to the fact that the classification men, instead of confining themselves to the letter of their instructions, went beyond them in that they attached ratings to the uniform descriptions.

Whether Director-General McAdoo consciously intended to limit the committee to the making of uniform descriptions or whether he had no clear dividing line in his mind when he approved the instructions is not known. The fact, however, is that the instructions were to make a consolidated book and to state the ratings in parallel columns. The inference to be drawn was that the primary desire was to have the descriptions uniform and allow the question of ratings to be threshed out at another time.

Nearly every time a shipper has objected to the increase in charge that is proposed by means of the change in description or rating the argument of the classification man involved has been put into the form of a question

like this: "Do you think that this thing should be rated lower than baby carriages?" In other words, what may be a high rate on one is used as an argument for bringing up the change on something else, without any argument or fact to show that the rating on the article offered for comparison is just and reasonable. Sometimes shippers have answered that the rate on the article offered for comparison was too high, but that is where the matter has been allowed to drop. The shipper is unwilling to go to the expense of proving that the rating on the article with which comparison has been made is too high because he does not ship it and it does not come into competition with the article in which he is interested. The carrier is not interested in proving the rating to be proper because, except for the expression of opinion of the man who does, not ship it, there has been no attack upon it.

It became apparent at the New York hearings, begun on August 5, that the interests having many items in the book could not make adequate cases in the time allotted. Several of the iron and steel witnesses became "rattled" at the speed with which the hearings were being conducted at New York and the limitations placed upon them as to how they should tell their stories. They made a poor showing and to wind up C. S. Belsterling said he could not attend the Chicago hearing. When it became clear that the big interests could not be heard to their satisfaction they began asking about additional time. Many of the interests that cannot call themselves big also asked whether there would not be opportunity for them to be heard when they had been advised as to the justification offered by the carriers.

The explanations of the classification men at times were not at all illuminative. The shippers were asked to first state their positions and thereby the burden which the law distinctly places on the carriers seemed to have been shifted and for no other reason than that the Director-General had asked the committee to prepare a consolidated book. Nobody ever intimated that the book had been prepared because an emergency confronted the President and that he proposed meeting it by exercising the autocratic power reposed in him by the federal control law.

Shippers made representations to the Commission, especially as to the inadequacy of time for the Chicago hearing. It was upon those representations, backed by the confirmation from the examiners, that the Commission on August 27 made the following announcement:

It having developed that the time assigned for hearings at Chicago in the Consolidated Classification Case, Docket No. 10204, was not sufficient within which to hear the interests desiring to be heard, the hearings in that case will be extended as follows:

At Chicago, Ill.

Petroleum interests, October 22 and 23.

Rubber interests, October 24.

Furniture interests, October 25 and 26.

Packers and Poultry and Dairy interests, beginning October 28.

Stove and Range interests, November 4.

Miscellaneous subjects, November 5 to 8, inclusive.

At Washington, D. C.

On November 12, for such interests as may desire to be heard.

While the hearing at Chicago November 5th and 8th, inclusive, on miscellaneous subjects, is intended primarily for those who entered appearances at Chicago but were not heard, it will not necessarily be limited to such parties but, so far as possible, others who may desire to be heard will be accorded hearing. The hearing at Washington November 12th will be open to all who desire to be heard.

Mid-Summer Traffic League Meeting

Important Announcement by Luther M. Walter for Railroad Administration Concerning Future Changes in Rates, Rules, Etc.—Many Important Matters Considered by the League

No rate, charge, rule or regulation will hereafter be made effective by the Railroad Administration unless and until shippers have been heard on the subject. No such a thing as the revolutionary change which was wrought by General Order No. 28 will be put upon the public in the secret manner in which that was handled and disposed of. Every rate, charge, regulation or other change desired by the Administration will be put under the eyes of representatives of shippers and of Charles Azro Prouty, director of public service and accounting. Unless he approves no change will be made unless the Director-General so orders.

Freight rate authorities, hitherto held as confidential as orders to the army operating against the enemy, will shortly be given to the public as fifteen section applications have been placed on the files of the Interstate Commerce Commission and transmitted by that body to traffic associations and shippers making arrangements therefor.

No committee composed wholly of railroad men exclusively will hereafter have authority to make changes. Committees composed exclusively of railroad men will execute the orders of Directors Chambers and Prouty and help the general and district rate committees, on which shippers are represented, when such general and district committees ask for help.

These highly important facts were announced at the first session of the summer meeting of the National Industrial Traffic League, August 29, by Luther M. Walter, assistant to Director Prouty, and one time counsel for the League. At the same time he released for publication a letter sent to the general and district committees by Directors Chambers and Prouty, dated August 24, but not put into the mails until several days later.

In sum, the letter and announcement are that the era of exclusive control of rate-making heretofore exercised in behalf of the Director-General by the former railroad officials and employes has come to an end and that the public, which pays the bills, is to at least have a voice in the making of rates, rules and regulations; also that the shippers are to be given timely notice as to proposals which, in effect, amount to plans for putting taxes upon them.

This announcement of a change in policy overshadowed everything else done at the League meeting. In a broad way of speaking it constituted the meeting, although to the eye the fact that there was a larger attendance at the meeting than ever before known during the vacation season, seemed of great significance. The fact about that attendance was commented upon, especially because there has been talk among the railroad men that during government operation, the traffic men representing shippers would have precious little to say about rates or regulations. Some of the railroad men who think they believe that opposition and criticism by shippers is harmful, have gone so far as to express the belief that the League, by reason of the exclusion of the shippers, during government operation would probably languish, if not die. The traffic managers attending the meeting said that

since government operation they have had more calls for their services than ever before.

The whole of the morning session of August 29 was given over to a talk by Mr. Walter, the answering of questions by him, and a secret meeting between himself, Geo. T. Atkins and the shipper members of the rate committees, to whom was sent the letter signed by Directors Chambers and Prouty. It was well understood that the purpose of the meeting was to have a frank talk about the change in the attitude of the Administration as indicated by its promise to make no changes until after the shipper has had an opportunity to be heard before the committees and by appeal to Washington, if the shipper can show there was not that fullness of hearing before the committee the American public understands by that word hearing.

Walter's talk was an exhortation to the shippers to help make government operation a success by co-operating with the Administration.

Success or failure will be spelled by the co-operation or lack of it between the shippers and the railroad men, was the substance of Mr. Walter's remarks. He said he realized No. 28 rates have been in effect for two months.

"I know many of you are impatient because inequalities have not been ironed out, but I know they will be," said he. "Two men sitting down and talking can usually reach a conclusion, but there must be that sitting down and talking. One thing both shippers and railroad men find hard to realize is that the railroads constitute one system, therefore there is not that co-operation there should be, and the surrender of small points for the larger good. Just one thing will illustrate the point: Some time ago we called a meeting of the grain men at Chicago with a view to having them recommend ways for putting markets on an equality. We told them we wanted them to straighten out the whole situation. What did they do? They solemnly resolved to make no recommendations as to any situations except those created by General Order No. 28. Now that's not co-operation. We asked them to get together and make recommendations, but every fellow decided to hold on to his own advantage and give up nothing he had gained while the carriers were in competition.

"We ask you to work with the committees, and feel assured that everything is to be considered and given due weight."

H. G. Wilson inquired whether there would be appeal from the recommendations of the committees, especially whether Cleveland, Toledo, and Detroit would be heard on a grain adjustment on which a recommendation has been made without any of the cities mentioned had been heard.

"I wouldn't call it an appeal," said Walter, "but you certainly will be heard so long as Judge Prouty is director of public service and accounting, and is to have anything to say about rates.

"Well, will he have anything to say about rates?" Wilson wanted to know.

"Hereafter he will. No rate, rule or regulation will go into effect without his O. K., unless by direct order of the Director-General."

"How about the work of the exclusive railroad committees?" asked Mr. Groom, of Cincinnati.

"No committee on which shippers are not represented, in the future, will have anything to do with the measure of the rate, charges, rules or regulations." That declaration by Mr. Walter brought prolonged applause. "The exclusive railroad committees will have nothing to do with rates or regulations, except to execute what Directors Chambers and Prouty order, or to gather information for the committees on which shippers have representation."

Answering a question by Mr. Haynes, Mr. Walter said a request has been made by his office to have freight rate authorities published as soon as they are approved by Directors Chambers and Prouty, and they probably will soon be given to the public, although there may be times when it will be desirable to withhold them until they have been returned to the committee that is to publish the tariffs.

In answer to George T. Wilson, member of the Buffalo rate committee, Mr. Walter said he could see no reason why a shipper who has applied to a committee should not be told in general terms whether the committee thinks he is or is not entitled to relief.

"We are not running a star chamber proceeding and I think a shipper is entitled to an expression of opinion, especially if the committee is unanimous," said Walter. "You can see, however, that publicity indicating that somebody has defeated somebody is not going to be helpful. You men representing shippers have got to work with the railroad men so that you folks can have confidence in each other."

The letter sent by Messrs. Chambers and Prouty, which is the basis for the conclusion that the era of control over rate changes, resting exclusively in the hands of the former railroad men, exclusive of the addressees, is as follows:

Gentlemen—Referring to our joint letter of July 20, 1918, appointing the several freight traffic committees as named therein:

The names of the East St. Louis and St. Louis district committees are changed to, respectively:

St. Louis Eastern District Freight Traffic Committee.

St. Louis Western District Freight Traffic Committee.

Because of the assignment to other duties or the inability to serve of a few of those appointed, the personnel of some of the committees is changed as follows:

Southern Freight Traffic Committee: T. M. Henderson, of the Traffic Bureau of Nashville, member, in lieu of J. S. Davant.

New York District Freight Traffic committee: J. B. Stewart, chairman, and A. B. Wallace, member, in lieu of H. C. Burnett and H. R. Lewis.

Chicago Eastern District Freight Traffic Committee: H. W. Forward, chairman, and Carl Howe, member, in lieu of C. J. Brister and O. A. Constans.

Atlanta District Freight Traffic Committee: T. D. Geoghegan, member, in lieu of C. B. Kealhofer.

Birmingham District Freight Traffic Committee: C. H. Pearson, member, in lieu of T. D. Geoghegan.

Chicago Western District Freight Traffic Committee: H. H. Holcomb, member, in lieu of H. E. Pierpont.

St. Louis Western District Freight Traffic Committee: C. E. Perkins, chairman, in lieu of J. L. West.

New Orleans Western District Freight Traffic Committee:

C. S. Fay, chairman, in lieu of J. B. Payne, and F. Koch, member, in lieu of C. S. Fay.

Dallas District Freight Traffic Committee: J. L. West, chairman, in lieu of Gentry Waldo, and Gentry Waldo, member, in lieu of F. Koch.

San Francisco District Freight Traffic Committee: F. P. Gregson, member, in lieu of H. E. Stocker.

Eastern, southern and western freight traffic committees should each assign a certain district to the jurisdiction of the several district committees within their respective territories; the work of these district committees should not be confined to questions arising within any limited district or territory, but to the consideration of any and all matters presented to them by shippers, by freight traffic officers of carriers, whether under federal control or not under federal control, or which such committees may initiate.

Shippers should present their problems through the freight traffic officers of the carriers serving them or to the district committee in their vicinity. If the committee first receiving a shipper's request is not the proper one to dispose of it, it will forward the request to the proper committee with a statement of its own views, and advise the shipper of the action taken.

Within their respective districts or territories, the railroad officers, on these committees will represent all carriers under Federal control and the public representatives will represent all shippers' interests.

The railroad traffic officers on all these committees are assigned to this committee work to whatever extent may be necessary to give it all needful attention, even if it requires their entire time.

All changes in freight rates, charges, regulations and practices published in the lawfully filed schedules of the carriers under Federal control must be passed upon by one of these committees on which the shipping public is represented before an application is made for Freight Rate Authority, as required by Circular 1-A of the Division of Traffic.

The railroad traffic officers on these committees, both General and District, shall have supervision of the compilation and publication of tariffs and of similar administrative activities, and they may appoint from time to time special committees of railroad traffic men, or may call upon any railroad traffic men or employees to assist in this work. Requests for the regular assignment of men in railroad employ to work of this kind should be made by the chairman of a general committee to the Regional Director in whose region they are employed.

The three general committees will handle matters within their respective territories and on inter-territorial business will consult with one another or arrange such working agreements as may be found helpful, except that the Western Freight Traffic Committee will have jurisdiction over Trans-Continental rates. The general committee shall docket matters of general interest or matters which manifestly affect more than one district, under consideration by them, and shall mail copies of said dockets to other general and all district committees. The general committees, or under their direction the district committees, may negotiate with the Canadian Freight Association or similar associations, or with carriers not subject to Federal control.

When a matter is submitted to or is initiated by a district committee, a report thereon shall be made to the general committee in charge. If irreconcilable difference of opinion in a district committee arise, majority

and minority reports may be sent to the general committee.

All action of the district committees shall be made the subject of report by the general committee to the directors, Division of Public Service and Accounting and Division of Traffic. General committees may request information from district committees, or ask for investigation and report by district committees where such general committee regards additional information as necessary in order to properly pass on questions involved in reports by district committees, but no change in published rates, charges, regulations or practices shall be made except upon authority granted to the general committee by the director, Division of Traffic.

All reports of district committees to the general committee, including minority reports, shall be forwarded by the general committee to the directors, Division of Traffic and Division of Public Service and Accounting, with its recommendations.

Any member or members of a general committee may file a dissenting report with the report of the committee.

Upon notice of the continued absence or disability of any member of any committee a substitute will be appointed.

Each of the general and district committees may have a secretary selected from traffic associations or bureaus or from experienced railroad employees. These secretaries shall have no voice in the deliberations of the committees, but shall keep the records, conduct correspondence, and be the tariff publishing agents where tariff bureaus are established. Additional tariff publishing agents and tariff bureaus may be established and other secretaries may later be designated as tariff publishing agents for the Administration as rapidly as the consolidation of tariffs can be brought about. The reports and correspondence of all committees shall be conducted in the name of the chairman. The present quarters of some railroad or railroad organization shall be used for the headquarters of these committees and no more additional expense incurred than is necessary.

The committees, or any member thereof, shall be furnished with any information they desire from railroad traffic officials, tariff bureaus or committees, relative to the history or construction of rates, etc., under consideration, the movement of freight, or any other information bearing on any subject which may be before the committee.

Shippers requesting changes in rates, charges, regulations or practices shall have full opportunity to be advised of any objections offered by representatives of carriers not on committees, so that any additional information or explanation may be offered to the committee in support of the change requested.

It is especially desired that the freight traffic officers of all carriers under federal control shall co-operate with the freight traffic committees to the fullest extent and that they shall discuss freely with shippers all requests for changes in rates, etc., shall investigate such requests and forward them to the proper district committee, with their views and the result of their investigations, and shall also advise the district committees of changes in rates or practices which they believe will be helpful to the carriers as a whole and in the public interest.

Those who registered with the secretary for the first day's meetings are:

Harry F. Masman, Michigan Mfgs.' Association, Detroit; Frank E. Jones, Furniture Mfgs.' Assn., Grand

Rapids; W. J. O'Neill, Chamber of Commerce, Syracuse; F. G. Heftl, Holcomb Steel Co., Syracuse; C. L. Zinger, Crouse-Hinds Co., Syracuse; J. A. Perkins, Warner Macaroni Co., Syracuse; W. D. Burdick, Associated Mfgs.' Co., Waterloo, Ia.; L. D. Rice, Morrell-Soule Co., Syracuse; J. K. Hudson, The Aladdin Co., Bay City, Mich.; John T. Ross, Sommers Bros. Match Co., Saginaw; C. H. Rolf, Edw. G. Budd Mfg. Co.; T. Noel Butler, Wistar, Underhill & Nixon and B. C. McPherson, Philadelphia; A. B. Combs, Marshall Oil Co., Marshalltown, Ia.; M. H. Mahaney, Rome Brass & Copper Co., Rome, N. Y.; H. W. Danner, Morgan Engineering Co., Alliance, O.; W. B. Wilson, Canton Steel Foundry Co., Canton, O.; E. W. Allen, Kellogg Toasted Corn Flake Co., Battle Creek, Mich.; H. D. Anderson, Dow Chemical Co., Midland, Mich.; W. E. Page, Buckeye Steel Castings Co., Columbus, O.; H. Higginbottom, Dodge Bros., Detroit; Wm. Le Febvre, General Motors Corporation, Detroit; W. T. Bowersock, Viltner Mfg. Co., Milwaukee; A. C. Uecke, Patton Paint Co., Milwaukee, Chas. A. Bamberger, Jos. Bancroft & Sons, Wilmington, Del.; Earl Medbery, Indian Packing Co., Green Bay, Wis.; Wm. Martin, Philadelphia Quartz Co., Philadelphia; Harry H. Parsoles, Wickwire Steel Co., Buffalo; A. M. Eismann, Mfgs.' Assn., Erie, Pa.; C. L. Kelley, Columbus (O.) Chamber of Commerce; W. S. Crowl, Michigan Alkali Co., Detroit; A. E. McCormack, Eagle Picher Lead Co., Joplin, Mo.; Geo. P. Wilson, Philadelphia Chamber of Commerce; F. M. McMullin, United Shoe Machinery Co., Boston; F. E. Paulson, Lehigh Portland Cement Co., Allentown; W. A. Davis, same, New Castle, Pa.; H. S. Angle, Clinchfield Portland Cement Co., Kingsport, Tenn.; L. Pittman, Loose-Wiles Biscuit Co., Kansas City; A. J. Henderson, White Co., Cleveland; C. B. Stafford, Louisville Board of Trade; Carl Geissow, New Orleans Joint Traffic Bureau; A. Z. Baker, Cleveland Provision Co.; J. P. Haynes, Sioux City Traffic Bureau; R. H. Thomson, Oil Well Supply Co., Pittsburgh; G. C. Lucas, American Tobacco Co.; E. S. Goodman, Richmond (Va.) Chamber of Commerce; W. T. Lowe, American Window Glass Co., Pittsburgh; E. L. Morgan, Miller Rubber Co., Akron; H. C. Crawford, Cambria Steel Co.; R. M. Field, Peoria Association of Commerce; C. L. Lingo, Inland Steel Co., Indiana Harbor; C. S. Bather, Rockford (Ills.) Shippers & Mfgs. Asso.; W. S. Groom, Whitaker Paper Co., Cincinnati; E. C. Webster, Hood Rubber Co., Watertown, Mass.; H. L. Lag, Kelly-Springfield Tire Co., Akron; H. F. Sandberg, Cedar Rapids Chamber of Commerce; J. F. Potts, Kelly Island Lime and Transport, Cleveland; F. W. Grunert, Mansfield (O.) Tire and Rubber Co.; H. W. Wheeler, Revere Sugar Refinery, Boston; W. T. Chisholm, International Salt Co., New York; Seth Mann, San Francisco Chamber of Commerce; W. P. Trickett, Minneapolis Traffic Association; H. A. Lang, Libby, McNeill & Libby, Chicago; F. C. Miller, Bourne-Fuller Co., Cleveland; H. W. Harkrader, Dennison Mfg. Co., Framingham, Mass.; Frank H. Baer, Cleveland Chamber of Commerce; E. T. Butler, Trumbull Steel Co., Warren, O.; J. D. Hashegan, American Glue Co., Boston; H. F. Andrus, Cleveland Hardware Co.; F. U. Hathaway, American Tar Products Co., Chicago; A. W. Boyd, Beaver Falls (Pa.) Chamber of Commerce; E. P. Uhl, Jr., Columbia Steel & Casting, Pittsburgh; B. C. Hait, Tropical Oil and Paint Co., Cleveland; W. W. Hall, Akron Chamber of Commerce; J. F. McNally, Board of Commerce, Detroit; T. M. Henderson, Nashville Traffic Bureau; H. T. Moore, Atlanta Freight Bureau; Geo. H. Quinn, Diamond Crystal Salt Co., St. Clair; W. A. Roop, McKinney Steel Co., Cleveland; T. J.

McLaughlin, the Boldt Co.; W. J. Evans, National Implement and Vehicle Association; C. L. Guest, Gilbert & Barker Mfg. Co., Springfield, Mass.; F. M. Renshaw, Cincinnati Chamber of Commerce; C. M. Andrus, Otis Steel Co., Cleveland; J. D. Ross, General Chemical Co., Chicago; R. L. Kern, U. S. Radiator Corporation, Detroit; W. V. Hardie, Oklahoma Traffic Association; E. J. McVann, Pocahontas Fuel Co., Washington; F. B. Montgomery, International Harvester Co.; E. B. Webb, Cooper Underwear Co., Kenosha, Wis.; G. K. Sage, Fairbanks-Morse Co., Chicago; E. L. Dalton, Montgomery Ward & Co., Chicago; F. C. Bryan, Allis-Chalmers Co., Milwaukee; E. G. Schaeffer, Keystone Steel & Wire, Peoria; W. J. Dibble, Hudson Motor Car Co., Detroit; L. C. Parshall, Battle Creek Sanitarium; Frank Barry, Milwaukee Association of Commerce; Frank E. Williamson, Buffalo Chamber of Commerce; P. W. Seymour, Canton (O.) Chamber of Commerce; D. P. Moore, Pittsburgh Chamber of Commerce; Chas. E. Spangenberg, Corrugated Bar Co., Buffalo; W. J. Cobey, National Cash Register, Dayton; R. H. Hagerman, same; R. B. Stanton, Lake Erie Iron Co., Cleveland; R. M. Robinson, Greater Dayton (O.) Association; R. D. Sangster, Kansas City Chamber of Commerce; C. H. Haynes, Briar Hill Steel Co., Youngstown; G. R. Johnson, same; E. R. Griffith, Sharon Steel and Hoop Co.; A. T. Cobb, Yawman & Erbe Co., Rochester; C. E. Johnson, Eastman Kodak Co., Rochester; T. W. Macon, General Railway Signal Co., Rochester; C. H. Bell, General Fire Extinguisher, Providence; L. E. Banta, Indianapolis Board of Trade; D. P. Chindbloom, Rochester Chamber of Commerce; F. W. Maxwell, Denver Transportation Bureau; H. G. Wilson, Toledo Commerce Club; Charles L. Sager, Crosby Co., Buffalo; Walter Williams, Chicago Mill & Lumber Co.; Wm. Hopkins, Peoria Board of Trade; P. M. Neigh, Wheeling Commercial Association; E. C. Wilmore, Sefton Mfg. Co., Chicago; R. C. Ross, J. T. Ryerson & Son, Chicago; Charles J. Austin, New York Produce Exchange; J. B. Stillman, Empire Steel and Iron Co., Catasauqua, Pa.; N. L. Moore, Allan Wood Iron & Steel Co., Philadelphia; H. D. Rhodehouse, Youngstown Chamber of Commerce; J. B. Pratt, Jr., Darling & Co., Chicago; O. A. Neubarth, Liquid Carbonic Co., Chicago; W. F. Sanderson, Washburn-Crosby Co., Buffalo; E. K. Emerson, Westinghouse Elec. & Mfg. Co., East Pittsburgh, Pa.; F. Bradford, Buffalo Produce Exchange; M. H. Strothman, Washburn-Crosby, Minneapolis; E. S. Gubernator, Lehigh Portland Cement, Chicago; G. E. Clark, Westinghouse Lamp Co., New York; H. S. Leary, Sheldon Axle Co., Wilkes-Barre; E. S. Tibbits, Gould Coupler Co., Depew, N. Y.; H. E. Durber, National Aniline and Chemical Co., Buffalo; E. J. Sheridan, Lautz Bros., Buffalo; Henry Adams, White Pine Association, N. Tonawanda, N. Y.; L. J. Burns, Sizer Forge Co., Buffalo; W. H. Frederick, Taylor-Wharton I. & S. Co., Easton, Pa.; Herman Mueller, Lansing Chamber of Commerce; W. A. Becker, Diamond Match Co., New York; J. R. Gray, same; C. G. Purdy, Tonawanda, N. Y., Chamber of Commerce; A. G. Sevier, Pittsburgh Plate Glass Co.; E. C. Nettels, Postum Cereal Co., Battle Creek; Alexander Forward, State Corporation Commission of Virginia, Richmond; W. A. Cox, Norfolk Chamber of Commerce; J. M. Belleville, Pittsburgh Plate Glass Co.; H. M. Sibbald, General Electric Co., Cleveland; H. B. Wood, Cleveland Grain Co.; H. Myles, Maxwell Motor Co., Detroit; F. H. Frederick, Swift & Co.; H. J. Rohling, Bemis Bag Co., Chicago; John S. Burchmore, Chicago; F. T. Bentley, Illinois Steel Co.; E. F. Lacey, N. I. T. L., Chicago; W. F. Clark, B. F. Sturtevant Co., Boston;

Ralph B. Currier, Boston; G. M. Freer, Cincinnati Chamber of Commerce; H. C. Barlow, Chicago Association of Commerce.

The regular program of the League was taken up at the afternoon session August 29, when F. B. Montgomery, chairman of the demurrage committee, made its report recommending a proposal that section D of rule 6 be changed to read as follows:

"Cars received from switching lines and held by carrier lines for billing instructions are subject to demurrage charges from the first 12 o'clock noon after arrival on the carrier line until billing instructions are received, with no free time allowance and without notice."

This subject was brought to the committee on account of the difficulty which some shippers are experiencing in operating under demurrage rule 6, section D, in connection with cars loaded and switched out at night after 6 p. m. at stations where the carriers do not maintain a night force to receive billing or shipping instructions. Owing to the inability of the carriers under such circumstances to receive billing and shipping directions until the following morning the cars are subject to demurrage charges.

The League had no difficulty with itself in disposing of this matter. It approved the proposed change.

This was not the fact with regard to a proposal by W. M. Hopkins, acting for the Chicago Mill and Lumber Company, that the League should ask for a recasting of section A of rule 5, relating to demurrage imposed on cars constructively placed by the delivering line on the congested sidetrack of a shipper. Mr. Hopkins pointed out that it is unjust to permit a delivering line to notify a consignee whose sidetrack was blocked and which fact is known to the delivering road that it has cars ready for delivery and then collect demurrage, while, as a matter of fact, the delivering carrier does not physically receive the cars until five or six days after the notice has been given. The practice, Mr. Hopkins said, is one that should be condemned by the League.

Chairman Montgomery, however, said it is all a question as to whether any service had been rendered and that when there is any question of that kind, it is a matter for the Interstate Commerce Commission. The League refused to go into the subject because there appeared to be no general complaint on the subject.

A good deal of attention was given to express rates, claims and service. The committee on rates and claims had no report to make because the express officials have been occupied all the time since the last meeting of the League in bringing about the consolidation. The secretary read the fact that there was an increase in rates in July.

"And, from what I hear, you'll soon have another," remarked W. H. Chandler, who was presiding during the absence of President Freer.

"Is the service to remain as good as it is now?" jocularly inquired Mr. Montgomery, thereby provoking a roar of laughter.

When the question of claims was brought up Mr. Chandler advised those having claims against the old express companies to press them with utmost vigor, because it is a question as to whether some of them can pay many of them. He said that as to the claims against the consolidated company, he is satisfied that President Taylor intends and desires that claims be promptly presented and paid. Mr. Chandler said that some local express

agents never forwarded the claims, so the claim agents have no record whatever of the claims.

The gist of the discussions on all phases of the express rates and service was that the express companies are short of help and without much money.

Mr. Chandler said, as to proposed changes in express packing rules, the new company is trying to formulate new packing rules and then make a fifteenth section application to the Commission. He said members of the League have filed objections to the second-hand packing case rule, the millinery case, crating and fiberboard box rules. Mr. Chandler said that, as he sees it, the best way to handle the subject is to ask for a hearing when the company files the new rules. The League ordered its officers to ask for a hearing when the rules are filed.

The expected uproar on account of General Order No. 34, providing for the sale of unclaimed or refused shipments without notice to the consignor or without advertisement, did not take place, because Director Prouty had written to Mr. Chandler saying notice will be given to consignors and that the question of adjustment is still under consideration.

Upon the motion of J. M. Belleville, the League instructed the president to appoint a special committee of five to confer with the Railroad Administration freight claim men with a view to obtaining an understanding about the payment of claims for concealed loss or damage. Mr. Belleville said that John Barton Payne's letter of May 24 told claim agents, in effect, to decline to pay claims of that kind. F. E. Paulson said that since Payne's letter came out the claim agents have become "stiffer and stiffer" in their declinations to pay such claims. He said that since the letter was written it is practically impossible to obtain the payment of claims for the loss of slack coal, which sifts through the cracks in the hopper cars. Mr. Belleville said that coal claims have never been considered as coming within the scope of concealed loss and damage.

Mr. Bentley suggested a special committee for coal and coke claims. Several members said the losses of that kind arise from pilfering and from defective equipment. His suggestion was adopted on formal motion.

R. S. French said John H. Howard, the general claim agent for the Railroad Administration, had already arranged for a conference with the fruit and vegetable shippers in Chicago on September 3. He presumed that conferences with different lines of shippers would also be held. F. H. Frederick said the packing interests had arranged for a conference with Mr. Howard.

"If we don't get relief we need, we expect to raise a general alarm and ask for help," said Mr. Frederick.

It was decided to appoint committees to confer with the proper officials with regard to each of the commodities mentioned in Payne letter.

The freight claims committee was instructed to take up with the Administration the refusal of the railroads to sign bills of lading indorsed "Special damages will result from unreasonable delays." The freight claims committee reported that the better way to notify the carrier of the special risk on a particular shipment would be to send a letter instead of insisting upon the stamping of the bills of lading. The committee is to undertake finding a way for agreeing upon the form of notice. Chairman Belleville said that while the freight claim situation for more than a year past has been bad, the figures for his own company for the past six months show a fairly satisfactory condition.

"Oh, that's because you're chairman of the claims committee," suggested somebody.

"I don't think so," said Mr. Belleville. "But I want you to tell me about your troubles."

H. C. Barlow, chairman of the executive committee, reported that the League's representation on the rate committees are in their seats and working, as indicated by Mr. Walter's remarks.

"As to publicity," said Mr. Barlow, "I can speak only for the western committee. That committee has decided that every rate authority it receives from Washington shall be sent to the secretary of the League and The Traffic World. In that way you will find out what has become of your rate matters."

Mr. Barlow said the committee recommended that the League ask that there be a rule in General Order No. 34 that the carrier notify the shipper, within twenty days, when freight is refused or unclaimed. There was a general attack upon such a provision with regard to refused freight. The objectors wanted the recommendation changed so as to require the notice as to refused freight be given immediately. The League voted to have Mr. Barlow's committee ask that No. 34 carry two rules: In case of unclaimed freight, within twenty days; with regard to refused, immediate notice.

At the suggestion of Mr. Freer the League voted to ask for an amendment to the car service rule concerning double loads, so that an out-of-line haul of not more than 15 per cent, 50 miles maximum, be allowed on double loads, without penalty.

Chairman Barlow said that the western rate committee is preparing to have a particular road in Chicago to act as off-line agent for a given road at all points; that is to say, that if the Pennsylvania is the off-line agent of the Union Pacific at Pittsburgh, it shall also be the agent of that carrier at Cleveland, Philadelphia and other points on the Pennsylvania system. Mr. Sangster suggested that if the plan is made operative that the off-line agents so created shall be as responsible to the shipper as if the men detailed for that purpose were on the staff of the road represented.

Mr. Freer said the League had also taken up the subject with Director Prouty. He told the League officers that he agreed with them that there should be such service, but that he had not been able to get into touch with the Director-General.

A. W. McLaren said he hoped the League will go after this subject hard.

"It's fine for us to say how fine we are getting along, but the fact is that we are now getting less service than ever before and the prospect is that we will have a whole lot less," said Mr. McLaren. "The off-line offices are the only people that ever gave the public any real service. Conditions are getting worse. I heard the other day of people who tried to buy tickets to California being told that the eastern ticket people could not sell them west of Chicago because they did not know what arrangements prevailed there, and that the passengers would have to buy their tickets for the journey west of Chicago at that city."

"All I'm asking is whether what I have suggested for trial at Chicago is worth trying," said Mr. Barlow. "If you approve working through Washington, as the officers of the League have been doing, I am satisfied that if we establish that kind of service in Chicago it will spread throughout the country. It is the only kind of machinery that is in sight. I don't believe we can persuade the

Railroad Administration to re-establish off-line agencies."

Upon motion of R. D. Sangster, the League approved the Barlow Chicago plan and instructed its officers to continue their efforts to have service bureaus established that will do just as much as the dismissed off-line agents.

Mr. Barlow, still continuing on the report of the executive committee, said there was nothing to say now as to the working of General Order No. 25, because it is a question of individual and not general experience. Only H. G. Wilson told of unreasonable demands for payments. The Hocking Valley is asking for money when the cars arrive at Wallbridge, a break-up yard, long before the delivery has been made.

"The rule is the money is due forty-eight hours after the freight is delivered at the usual place and the bill is presented in proper form," said Mr. Barlow. Dozens of traffic men told how they are handling the bills.

Mr. Haynes, of Sioux City, brought up the question of central collection bureaus. Mr. Barlow said the general sentiment seems to be against it. Mr. Montgomery said that most of the billing is done mostly by mail and only in a few places is there personal collection of bills.

The League instructed the secretary to send out a circular letter asking the members to tabulate their experiences with No. 25, especially inasmuch as Director Prouty desires information, for the month of September. The inquiry is to bring out whether there is uniformity by a given carrier at all its stations.

"General Order No. 28," announced Mr. Barlow as the next item on his program. "What do you want me to say about it?" he asked.

"For a month I have been giving all but one hour a day to dealing with the inequalities created by it. Every recommendation we have made has been approved in Washington. The railroad members of the committee are as keen to see hardships removed as is the speaker. They are just as fair as he. They realize they are the representatives of the shippers just the same as the members selected by the League.

"There are no sub-committees of railroad men having anything to do with rates. I want to emphasize that declaration. Shippers are represented on all the committees that have anything to do with rates.

"The shipper members of the committees are just as much members as the railroad men. I know the western committee desires to remove inequalities and removal will not necessarily mean the higher rate. We, however, cannot know what you think or what you desire unless or until you write to us. Write to me clearly, concretely and constantly. The recommendations of the committee will not be made known until they have been passed upon at Washington."

On the subject of the postoffice department's settlement of parcel post loss and damage claims the executive committee recommended that the League take the position and fight for its adoption, that the government should follow the rule that carriers follow with regard to prepaid shipments of freight; that is, to refund the charges and pay for the commodity at point of origin. The government keeps the prepaid postage and pays for the goods, but not the insurance.

EXCLUSIVE EXPRESS TRAIN.

To improve the service between the northeast and the southeast, an exclusive express train will be put on the Southern Railroad between Washington and Atlanta, beginning September 1.

SOUTHWESTERN LIVE STOCK RATES

The Traffic World Washington Bureau.

The determination of Director Chambers to extend the Shreveport live stock scale, issued in I. and S. No. 958, so as to make it long enough to cover the whole southwest is the result of heated representations by Graddy Cary, Samuel H. Cowan, C. B. Heinneman and other representatives of the live stock interests. It is an overturning of the "compromise" made by Chairman West of the St. Louis committee, in his negotiations with the Oklahoma officials in their effort to get rid of the ruinous rate situation on which the Oklahoma commission held a hearing on July 31 to which Director-General McAdoo was cited, but did not respond, even by letter.

Apparently when the Oklahoma people went into session with the St. Louis committee, Chairman West admitted the frightful discriminations set forth in the citation issued by the Oklahoma commission, heretofore published in *The Traffic World*, and suggested a compromise whereby the discriminations would be removed by the simple expedient of raising rates on Texas, Arkansas and other states in the southwest. According to reports brought to Washington, the Oklahoma people agreed to the compromise. They were in the position of men who had been temporarily blinded by what had been done under General Order No. 28. They assented to an arrangement whereby they were permitted to have the use of one eye.

The compromise was put into effect under freight rate authority No. 228, a copy of which the live stock interests procured after playing the part of sleuths and spies, just as if the operations of their own government were things to be hidden from them as if they were enemies. That document named rates that were made on the theory that it is the business of the Railroad Administration to take from the Interstate Commerce Commission's decision that which gives the railroads the highest rates and reject those parts which would give lower rates.

The Shreveport scale runs out at about 300 miles. Instead of projecting it far enough to cover the whole territory, the St. Louis committeemen took the live stock scale prescribed by the Commission in formal docket No. 1716, which is higher for distances for more than 300 miles than the Shreveport scale proportionately projected would be.

By combining the two, the St. Louis committee produced a scale that was put into effect on one day's notice, thereby putting the Texas live stock and packing house points out of adjustment with points on the Missouri River.

Director Chambers brought the St. Louis committee back to earth by deciding that the Shreveport scale should be projected to cover the whole southwest. That will result in reductions in the whole territory. It will put Oklahoma in better position than it was by reason of the so-called compromise. It will also restore rates on stock cattle, that is, cattle to be fattened to 75 per cent of the fat cattle rates, which is also an adjustment ordered by the Commission years ago.

RULING ON CLUB DUES

Director Prouty has ruled that dues of not more than four members from one road in Chicago Traffic Club may be charged to operating expenses. The Administration wants those four memberships distributed among lower salaried men, and it expects federal managers and other high salaried men to be members and pay their own dues.

TRAIN LOT MOVEMENTS

Regional Director Bush in his Circular No. 79, in reference to assembling and movement of train lots, has issued the following instructions:

In many cases it has been found impracticable to secure sufficient advance advice on which to distribute train movement notices to cover train lots originating on this region. It is, therefore, desired that the following system to cover the movement and reporting of such train lots be made effective 12:01 a. m., September 1, 1918.

1. Assembling and forwarding railroads will establish a system of symbols and numbers under which train lots of any one commodity, excepting coal, live stock and oil (latter now covered by separate instructions) will be moved, as outlined hereunder, when for one destination or distributing center in this region, or when for one or various destinations in adjoining region if to be delivered through some one junction point in this region.

2. Train lots to be considered as twenty or more cars of one commodity and may be filled out to full tonnage rating with other traffic, but if sufficient tonnage of one commodity is available, entire train to be composed of same. Traffic should not be held more than forty-eight hours in order to make such train lots, except where specific instructions to contrary are given. These train lots are to be moved intact as far as possible.

3. Where not possible to arrange for train lots from one originating point, arrangement should be made for concentration of the commodity at some terminal as near to originating point as possible and from there to be symbolled and run as train lots.

4. Originating road will show in red ink in upper right-hand corner of each waybill, symboling road's initial, name of symboling station and the special train number, so that connections beyond can report movement and delivery. The train numbers from each station are to be numbered consecutively. For example, the first Kansas City Southern train from Kansas City might handle train, thirty cars of wheat, which they would symbol on waybills "K. C. S. Kansas City Train No. 1." The second train might be 30 cars of billets, which would show on waybills "K. C. S. Kansas City Train No. 2."

5. Railroads handling such train lots will make wire reports as outlined in sample form attached.

6. It should be understood that the concentration and movement in train lots of the more important commodities is desired and all possible should be done to render expeditious movement and prompt reports to this office and to connecting divisions and roads, so that proper protection can be given.

First Report.

To Regional Director:

KCS, Kansas City Train No. 1 (30) cars of (wheat), Galveston, Tex., left Kansas City (time—date), routing KCS to Shreveport, HEWT and GHSA, to destination.

Second Report.

To Regional Director:

KCS, Kansas City No. 1 (.....) cars delivered HEWT (time—date).

Third Report.

To Regional Director:

KCS, Kansas City No. 1 (.....) cars delivered GHSA (time—date).

Fourth Report.

To Regional Director:

KCS, Kansas City No. 1 (.....) cars arrived Galveston (time—date).

Note: When all cars in train lot movement are for same consignee, name of consignee will be shown in first report.

FOOD ADMINISTRATION CARLOAD MINIMA

Concerning the Food Administration carload minima, outlined in detail in last week's Traffic World, Regional Director Markham, in his circular No. 94, has issued the following instructions:

All violations of these minima on shipments originating

on the roads in your charge that may come to the attention of agents should be reported immediately to their immediate superior, who will report promptly to W. C. Kendall, manager, Car Service Section, U. S. Railroad Administration, Washington, D. C., and no other investigation is to be conducted by any railroad officer or committee. Reports sent to Mr. Kendall should be in duplicate, with a separate sheet for each commodity. Railroad agents are not to refuse to accept for transportation cars loaded in violation of rule No. 9, as carriers, under the law, are bound to accept traffic in accordance with their tariffs, but agents at point of origin will require shippers to show on bill of lading reasons for not complying with rule No. 9.

The Car Service Section has issued a circular giving the above information to carriers, with request that all agents be informed thereof, but I would like to be sure that your traffic department also understands the matter thoroughly, and if the minima has been issued heretofore in circular form, please have such circular amended to conform with revised rule No. 9.

LUMBER RATE INCREASE STANDS

The Traffic World Washington Bureau.

Lumber increases will not be commuted to three cents, specific notice to that effect going out to interested parties August 17. The Administration declined to make the change from percentage to specific largely because lumber interests were not united as were oil interests in asking for change. Michigan, Wisconsin and North Carolina associations openly opposed change and Administration officials say there was much private opposition.

ANSWERS CRITICISM OF GOVERNMENT OPERATION

The Traffic World Washington Bureau.

The Railroad Administration, through Theodore H. Price, who holds the title of actuary for that branch of the government service, has begun claiming credit for the heavier loading of all cars, whether the freight was moving as C. L. or L. C. L. freight.

His claim of credit for the heavier loading is put forth in his answer to criticisms of government management contained in the New York Tribune. He summarizes the complaints and then answers them. One of the points made by the newspaper was that while the government had been in charge of the railroads for five months there had been no increase in the number of cars or engines and the tonnage moved one mile had decreased more than one-half of one per cent. On that point, just as if the railroads were responsible for the heavy loading, he quoted tonnage figures already given in the Traffic World, and then he said:

It will be noticed that these figures show that the number of tons of freight carried one mile during the first five months of this year was 0.6 per cent less than during the same month last year. But they also indicate that the loaded freight car mileage traveled in the carriage of this freight was 552,868,512 miles, or 8.6 per cent less than the distance traveled under private management in the carriage of nearly the same ton mileage of revenue freight during the same period in 1917.

A reduction in the average daily mileage of locomotives and freight cars will also be noticed. This is likewise due to the heavier train load and car load. It is not economically practicable to haul heavy trains as fast as light ones and the Railroad Administration has adopted the policy of loading trains to capacity and moving them on schedules that are not too fast to be maintained.

The showing indicates—not inefficiency—but a striking increase in the efficiency with which the railroads are being operated.

It is directly due to the heavier loading of the freight

cars and the greater train load now pulled by each engine. The average carload has been increased from 26.2 to 28.5 tons, or 8.8 per cent. If this ratio is maintained, it will be the equivalent of an addition of 8.8 per cent, or 211,000 freight cars to the present equipment of about 2,400,000 cars, and if the ratio of increase in the train load, equal to 2.7 per cent, is maintained, it will be the equivalent of adding about 1,750 to the present equipment of some 65,000 locomotives of all sorts.

Surely this is better than buying new cars and locomotives at a time when they can only be had at extravagant prices and the manufacturing energies of the country are overtaxed to provide the things required for the winning of the war.

Instead of proving the inefficiency of government management, the newspaper referred to seems to have adduced the strongest possible proof of its efficiency and wisdom in demonstrating that the old cars and engines are being made to do more work than they performed under private management. The same progress toward the intensive use of the present equipment is to be found in the report of loaded cars arriving at Philadelphia and Pittsburgh during the first four weeks of July. This report is as follows:

Comparative statement loaded cars and tonnage contents arriving at Philadelphia and Pittsburgh for weeks ending July 27, 1918, and corresponding four weeks previous year.

Cars.		Tonnage.	
1918	100,228	1918	3,023,207
1917	107,158	1917	2,752,765

These figures show an increase of 9 per cent in the tonnage and a decrease of 7 per cent in the cars used. The number of tons per car in July, this year, is 30.2 as against 25.7 tons in the same period last year. The increase of 18 per cent, if it were general throughout the country, would be the equivalent of an addition of about 432,000 cars to the freight car equipment of the railroads.

Although the government has recently ordered 100,000 new freight cars and about 4,000 engines have been under order for a long time, to provide for the expected increase in the traffic, they cannot be turned out in a day, and while waiting for them the present capacity of motive power and rolling stock is being scientifically increased, not only by increasing the car load and train load, but by sending the traffic over the shortest and least resistant routes without regard to the caprice of the shipper. Moreover, priority has been given to orders for the large number of locomotives required by General Pershing for military operations in France and the locomotive works have been thereby prevented from delivering promptly the engines ordered for the railroads.

In several cases the distance that freight in transit between two important cities formerly traveled has been shortened by from 200 to 500 miles and in one instance recently some 8,939 cars carrying freight between two western cities were within a period of sixty days re-routed so as to effect a saving of 195 miles in the mileage traveled by each car. This was the equivalent of 1,754,644 car miles, which at six cents a car mile means a saving of \$105,278.

As to the alleged movement of freight by motor truck it can only be said that the government is moving regular freight and passenger trains promptly, notwithstanding the extra tax imposed on its facilities by a troop movement now averaging 1,100,000 men per month, that there is no freight congestion or delay, that the cars supplied to the coal mines are now in excess of the daily loadings and that if shippers are sending their goods in unusual quantities by motor truck, which is not provable and is doubtful, their action is not the result of a lack of railway transportation.

In fact, the Railroad Administration has of late been urging merchants to take advantage of the present carrying ability of the railways to stock up against their winter's needs when weather conditions make train operation more difficult.

BERTHS TO PASS HOLDERS

Regional Director Smith has made the following ruling in reference to the purchase of berths or seats in sleeping or parlor car for persons named in railroad passes:

Will you please arrange that the following rule shall be placed in effect August 26?

"The holder of a railroad pass shall be entitled to purchase but one berth or seat in sleeping or parlor car for each person named in the pass; if additional space is desired payment shall be made of the additional amount required by tariff regulations governing collection of charges for exclusive occupancy of sections, compartments and drawing-rooms, viz., one half adult ticket for a section and one adult ticket for a compartment or drawing-room.

"Sleeping car passes shall be honored to the extent of the accommodations therein provided."

STEAM COAL STORAGE

Regional Director Smith has just sent the following notice to the federal managers and general managers of the railroads in the eastern region:

There is quoted below, for your information, communication from Mr. T. C. Powell, of the War Industries Board, in regard to storage of steam coal by railroad companies:

"The Priorities Board tentatively approved the recommendation of the Fuel Administration, dated August 13, permitting storage until further notice of steam coal.

"The following figures represent maximum number days storage bituminous coal to be allotted to the railroads and other public utilities:

Maine	120
Vt., N. H., No. N. Y.	90
Mass., Conn., R. I.	75
So. N. Y., N. J., Del., E. Pa.	60
Md., D. C., Va., N. C., S. C., Ga., Fla., W. Ohio.	45
W. Pa., W. Va., E. Ky., E. Ohio.	20
Lower Michigan	90

BONDS ON "ORDER" SHIPMENTS

In response to inquiries concerning P. S. & A. Circular No. 20, Director Prouty in P. S. & A. Circular No. 24 gave information with respect to bonds required to protect railroad interests when "order" shipments are delivered without the surrender of bills of lading.

1. Bonds in amount twice the amount of the invoice must be executed when single shipments are delivered. The bond must be prepared in the name of the consignee as principal, with individual or corporate surety. The principal cannot act as his own surety.

2. Blanket bonds in satisfactory amounts, by which is meant bonds continuing in effect, for amounts in excess of the aggregate value of all shipments to be released, may, when conditions require it, be accepted from the consignee. These bonds are restricted to shipments arriving at one station on one railroad, except that when a number of terminal stations are under the jurisdiction of one agent in such a way that proper supervision may be exercised over delivery of shipments, the bond may cover all such stations. When shipments approaching in value the amount of the bond have been delivered, additional security shall be required.

3. Blanket bonds, as described in paragraph 2, may be executed by shippers, under the terms of which shippers will accept written or telegraphic orders to deliver "order" shipments. When such bonds are arranged, initial carriers will notify all interested lines, and show reference to such bonds on each waybill.

4. When "Order notify" cars are diverted in transit, and the consignee becomes the shipper, the provisions of the circular relating to the shipper and the initial carrier shall apply to the giver of the reconsigning order and the carrier to which such order is given.

5. The fourth paragraph of P. S. & A. Circular No. 20 has been modified to read as follows:

Shipments consigned to shipper on "straight bill of lad-

ing—original-not negotiable"—shall be delivered only upon surrender of consignor's written or telegraphic order for such freight to be agent of the delivering carrier and the payment of freight and other charges.

The requirement that bond shall be filed is eliminated.

6. Under proper conditions "Order notify" shipments may be placed in warehouses operated by responsible companies, without bonds, subject to release by the railroad agent, when bill of lading has been surrendered.

7. A form of bond for use of shippers was attached to P. S. & A. Circular No. 20. With slight modifications, this bond may be used by consignees, or the forms heretofore in use on individual railroads, with necessary changes indicating W. G. McAdoo, Director General of Railroads, to be the obligee, may be made available.

8. All bonds must be satisfactory to the Federal Treasurer of the carrier, and the provision, "individual or corporate," applies with equal force at all. It is not expected that Federal Treasurers will personally act upon each bond, but that agents or others will be authorized to act for them within certain limits, and under specific instructions.

THE PUBLIC BE PLEASED

Concerning the duties and responsibilities of railroad employees to the public, Regional Director Bush, in his circular No. 77, says:

A feeling exists that many railroad officials and employees do not fully understand their duties and responsibilities to the public under the Railroad Administration.

The public are called on to pay higher rates for a restricted service—particularly in passenger transportation. Many privileges and favors granted under private ownership are not permissible under the changed conditions, as under unified operation, everyone must be treated exactly the same, and a privilege granted to one must be accorded to all. Many things have been done in the past that were improper, in that they were not open to everyone, and were, therefore, a discrimination.

It is the purpose of the United States Railroad Administration to see that the public are served in the best possible manner; that the attention given, and the sources of information open to them, should be as good—if not better—than they were under private ownership.

Now that your organization has been completed, and your men placed, any uncertainty as to their status that may have existed has been removed, and their future is in their own hands.

It is the duty of everyone connected with the roads to see that the public have a clear and proper understanding of the purpose of the Administration. Complaints of any and all descriptions should go to and be handled by the local officials, investigated, and reported to the proper officers with recommendations, the same as heretofore. Do not let the impression prevail in the minds of the public that they must go beyond their local officers to have their business properly attended to.

It is not now—nor was it ever—proper to make promises or commitments on matters that require the approval of some higher authority; but all complaints should be cheerfully received, promptly investigated, and, so far as possible, explained to the complainant.

The responsibilities of employees to the public are precisely the same as they have always been, and their duties have not changed, except in the elimination of competition. Traffic men, in particular, are expected to keep in touch with the public the same as heretofore; visit and confer with them, find out the exact conditions, and keep their immediate superiors fully posted as to all matters of interest.

Setting the Administration right with the public is the especial province of the railroad man, and especially of the traffic man, and is one of your most important duties. I suggest that each Federal Manager have a meeting of his

department officers as promptly as possible, and go fully into this subject. In turn, the various department heads, particularly Traffic, should have similar meetings with their subordinates.

The best evidence the Director-General and the Regional Director can have that the purposes of the Administration are understood, that the roads are being properly managed, and the public adequately served, will be the lack of complaints sent direct to headquarters. We expect the Southwestern Region to make an enviable record.

RAILROAD LABOR SHORTAGE

R. H. Aishton, regional director for the northwestern region, in his circular No. 24, has issued the following instructions:

The shortage of labor in all departments of the railroad service, and with the prospects that this will become more serious, it is very important that definite and systematic action be taken by all railroad officers, including foremen, in the recruiting of labor. The following line of action in this direction is suggested:

1. That the duty of keeping a record of the labor requirements be placed in the hands of one man or bureau on each railroad and that this be under the immediate supervision of the federal manager or general manager.

2. That the heads of each department be required to report to that officer or bureau at stated periods as to their labor requirements, and the shortage in the various crafts. This report to include a statement as to the action they are taking in the recruiting of labor.

3. A statement of the labor requirements should be sent to every United States employment office on each line.

4. Bulletins to be sent out from time to time showing the requirements for labor on each division, the salaries paid and point where labor is desired.

5. Have agents post these bulletins where they can be seen by all interested, and to solicit the aid of the newspapers in putting before the public the necessities of the railroads in the labor line.

6. In districts where the harvesting has been completed, or where there has been a failure of crops, an active solicitation should be made to secure for railroad service the men who have been released from farm work.

7. Reduced building operation generally, and particularly in small towns, should make available carpenters and laborers for car repair work, if energetically solicited.

Various methods and plans will occur to you for carrying on this work, and we would like reports occasionally of the success you may have with this or any other method you adopt for adding to the labor supply. On some divisions of certain lines, and on some entire railroads, where this method has been followed, it has added greatly to the labor supply.

All officers, foremen and others employing labor must understand that it is their distinct duty to leave nothing undone in their power to keep the labor supply up to full requirements.

With the new rates authorized in the mechanical and car departments, you should have less difficulty in securing sufficient men in those departments.

MOVING "DEAD" LOCOMOTIVES

B. F. Bush, regional director for the southwestern region, in his Order No. 43, cancelling Order No. 5, has issued the following rules governing the shipment of new locomotives from the builders and of locomotives to and from foreign line shops for repairs:

Investigation of the prevailing practice of shipping locomotives dead in train from builders to the point locomotive is assigned shows that the movement is exceedingly slow and that the tonnage thus handled amounts to approximately 500,000,000 ton-miles per annum, which should not only be self-propelling, but, in many instances, could be advantageously used to pull a train while en route.

In order to expedite the delivery of new locomotives and the movement of locomotives en route to and from foreign line shops for repairs, and to avoid hauling this

unnecessary tonnage, the following rules will govern the shipment of new locomotives from the builders, and, also, the shipment of locomotives to and from foreign line shops for repairs:

(1) Builders will be required to put the locomotive in condition for service before leaving the plant, and new road locomotives, except oil burners moving over lines which are not equipped to provide fuel, will be delivered under steam and be used in hauling a train when practicable. They will be accompanied by a messenger furnished by the builders, whose duties will be to see that bearings run cool and that the machinery is properly cared for until the locomotive is delivered.

(2) Road locomotives repaired at foreign line shops will be returned to the home line under steam, hauling a train when practicable.

(3) Road locomotives sent to foreign line shops for repairs will be sent under steam when their condition will permit, hauling a train when practicable.

(4) Each road will give to such locomotives the same care and attention they give their own power, and will be held responsible for their condition whether delivered to connections or home line.

(5) The use of such locomotives when moving under steam will be accepted as full-payment for transportation charges.

(6) Such locomotives will be given preferred movement and will not be held at terminals except for rest for engine and necessary repairs. Switching locomotives and other light locomotives not suitable for service on delivering line, and oil burners passing over lines which are not equipped to provide fuel, may be hauled dead in train in the usual way.

(7) Locomotives moving from one division or railroad for shopping on another division or railroad and also upon returning from shop to home division or railroad should be used in handling trains, so far as practicable.

MAY STORE AND USE SCREENINGS

The U. S. Fuel Administration has just issued the following ruling in reference to the storage and use of slack and screenings:

To provide a market for slack and screenings west of the Mississippi River, and to encourage the production of domestic sizes of coal at mines now hampered by large stocks of screenings, the Fuel Administration has temporarily lifted industrial restriction orders against plants in the west. Under the order plants, except breweries, heretofore operating under curtailment orders located west of the Mississippi River will be permitted until September 8, 1918, to take all of the screenings they can use or store. They will be permitted to use screenings thus stored without restriction throughout the year.

The order is designed to relieve the screenings situation in the middle western and western states. At the mines in Iowa, Kansas, Missouri, Oklahoma, Colorado and Wyoming screenings have been accumulating rapidly until production has been interfered with. The large percentage of screenings produced in securing domestic sizes of coal from these fields makes it imperative that the screenings be marketed if the output of domestic sizes is to be kept up.

In addition to lifting the ban on the use of screenings from mines supplying consuming territory west of the Mississippi in restricted industries, efforts will be made to increase the use of screenings in all industries.

BUREAU OF COMPLAINTS

The Traffic World Washington Bureau.

The Director-General, in organizing his bureau of complaints and suggestions, is calling to Washington a number of railroad publicity men, men who have been accustomed to meeting the public and either telling it it is asking for something it should not request or promising that the matter would be rectified. The department will be in charge of Theodore H. Price, the Administration's attorney who, thus far has been preparing articles for publication in which the effort has been to interpret the

statistics prepared by the Administration and to answer criticisms based on the fundamental declaration that railroad operation by the government, with unlimited credit and unlimited power to set aside laws and customs, has not yet worked any miracles such as were promised by the advocates of government ownership.

Next to Mr. Price will be Ballard Dunn, a Chicago newspaper man, attached to the staff of the president of the Union Pacific before he came to Washington; Frank Jarrell, publicity man of the Santa Fe; T. T. Maxey of the Burlington, and E. H. Lamb of the Chicago & Northwestern. They know the arts and practices of the publicity man and are expected to be able to produce a better feeling on the part of the public, if that lack of good feeling is due to misapprehension, and by means of changes in the service if it is due to errors of judgment or of practice on the part of officials or employees.

Naturally, the department will probably have more to do with the complaints about passenger service than anything else. The publicity men, as a rule, are not familiar with freight matters. Besides, the freight men in Director Chambers's office and in Director Prouty's office are expected to handle complaints about freight service and rates. If the Price organization absorbs their duties, then shippers will have a hard time until that staff has time to educate itself, and the work of the Commission will probably be increased, because shippers will want a decision in a reasonable time by men who have the technical knowledge when the issues are presented and will not have to spend days in familiarizing themselves with the underlying routine.

INVITES CRITICISM OR SUGGESTIONS

The Traffic World Washington Bureau.

Director-General McAdoo, on August 27, issued the following notice to the public which will be displayed in all stations and passenger coaches under control of the United States Railroad Administration on September 3, 1918:

To the Public:

I desire your assistance and co-operation in making the railroad service while under Federal control in the highest possible degree satisfactory and efficient.

Of course, the paramount necessities of the war must have first consideration.

Our gallant sons who are fighting in France and on the high seas cannot be adequately supported unless the railroads supply sufficient transportation for the movement of troops and war materials and to keep the war industries of the Nation going without interruption.

The next purpose is to serve the public convenience, comfort, and necessity to the fullest extent not incompatible with the paramount demands of the war.

In order to accomplish this, criticism and suggestions from the public will be extremely helpful, whether they relate to the service rendered by employees and officials or impersonal details that may convenience or inconvenience patrons of the railroads. It is impossible for even the most vigilant management to keep constantly in touch with local conditions and correct them when they are not as they should be, unless the public will co-operate in pointing out deficiencies and disservice when they exist, so that the proper remedies may be applied.

I have, therefore, established a Bureau for Suggestions and Complaints in the Director-General's office at Washington, to which the public is invited to resort.

Aside from letters of complaint and suggestion, the public can render a genuine service by sending letters of commendation of employees who are conspicuously courteous and efficient in the performance of their duties. Nothing promotes the esprit of a great organization more than recognition from time to time of those employees who perform their duties faithfully and commendably.

It is requested that all communications be brief and

explicit, and that the name and address of the writer be distinctly written.

Also give the time of day or night, the number of the train, the name of the railroad, and, if possible, the name of the employee whose conduct is complained of or whose services are commended, together with such other information as will enable me to take appropriate action.

TOURIST FARES

Director-General McAdoo has decided that tourist fares to California, tickets on sale all the year with nine months' limit as heretofore, will be 90 per cent of double the one-way fares bearing the same percentage relation to the present one-way fares as the former round-trip fares bore to the old one-way fares. The fares from the Missouri River will be \$5.40 higher than they were formerly; from Chicago \$9.81 higher; from New York \$17.55 higher.

Winter tourist fares to Florida and southern points will be made on the same basis as to California, namely, 90 per cent of double the one-way fares, and the new fares will bear about the same average ratio to the present advanced fares as the old winter fares bore to the old one-way fares. Tickets will be sold from October 1 to April 30, both inclusive, with return limit June 1, stop-overs to be allowed on going or return trip within final limit as heretofore.

WHAT CONSTITUTES DELIVERY

To allay any misunderstanding with respect to what constitutes delivery of freight at destination, as provided for by General Order No. 25, and for the purpose of defining when transportation charges are due, Director Prouty in P. S. & A. Circular No. 25 promulgated the following:

1. The lien on property transported should not be released if there is doubt as to the willingness or ability of the consignee to promptly pay the transportation charges. In such cases the present practice should be continued and payment of freight charges exacted before placement of cars on private siding, before delivery of cars to terminal switching carrier or before seals are broken after placement on public team tracks. If commodities are transported in open cars, freight charges should be collected before cars are unloaded, and if considered necessary, before placement on team tracks.

2. Cars consigned to bonded customers or to regular responsible customers are to be considered as delivered when placed upon industrial sidings or team tracks, either those connecting directly with the road haul carrier or those located on terminal switching lines.

3. Cars will be considered to be delivered when placed on interchange tracks with industrial railroads.

4. Under the provisions of paragraphs 2 and 3, cars will also be considered as delivered when constructively placed, as provided by demurrage rules.

SLOW IN UNLOADING COMPANY MATERIAL

The Traffic World Washington Bureau.

Railroad officials are not unloading their company material fast enough to suit Manager Kendall of the Car Service Section, nor are they giving him explanations that will give him any light as to the conditions that require them to use the cars for storage purposes. Therefore he has issued Bulletin No. 42, referring to that matter, as follows:

"Referring to semi-monthly report of carloads of company material on hand, form CS-13—Instructions printed on this form contain the following:

"A full and complete explanation should be given when there is any unusual delay in releasing cars."

In very many instances the figures submitted by different roads from time to time indicate clearly that there has been unusual delay in unloading cars, and yet it is extremely rare that any line offers an explanation. We are therefore left in doubt as to whether any use is made of

the figures by the roads that compile them. In other words, we are left in ignorance as to what, if anything, is being done to bring about an improvement where cars are unduly delayed.

It is believed the figures of this report will serve a good purpose if analyzed and followed up closely by the different roads. The Car Service Section is calling attention to the figures of various roads from week to week, and in return is receiving various explanations. Most of this correspondence would be unnecessary if instructions quoted above were complied with. Furthermore, in making explanation those responsible would have their attention called to accumulations and delays much more forcibly than under the present practice of merely submitting the bare figures with no explanation.

The total number of cars reported from time to time will average about 58,000. The total number of car-days represented by this figure, based on the average delay to cars as reported, is very large—in fact, so large as to be well worth every reasonable effort to keep it reduced to the minimum at all times.

We would therefore ask that this whole question be overhauled, with a view to obtaining better results than are accomplished at present.

MAY REMODEL PRIVATE CARS

A. H. Smith, eastern regional director, has just sent out a request for information concerning private cars, which is as follows:

Please advise the number of private cars of individual ownership cared for or stored on your line which, under present circumstances, cannot be used, and which might be purchased at a reasonable price and converted into day coaches or sleepers.

In your reply give lettering, name or number of the cars, ownership, builder, age, kind of construction and general description. Also state if the owners are willing to sell, the price, and whether you consider the same reasonable.

CONSOLIDATION OF L. C. L. FREIGHT

A. H. Smith, regional director, eastern region, has just issued the following notice concerning the handling of less-carload freight:

Government operation of the railroads and elimination of competition has made possible expansion of so-called "sailing day" or "shipping day" arrangements, so that at points common to two or more roads, by concentrating L. C. L. tonnage on specific routes and, where necessary, limiting acceptance to designated days, many additional through merchandise cars can be scheduled and large volume of tonnage kept away from transfers.

Considerable joint work has already been undertaken at certain points, such as New York, Boston and Cleveland, and it is now desired to gather necessary data and work out plans covering all points in the eastern region common to two or more roads; likewise to co-operate at points common with other regions.

Will you therefore arrange to have statements compiled covering the first ten (10) days in August, 1918, showing the L. C. L. freight forwarded from each point of origin under your jurisdiction (except Chicago and St. Louis) common to two or more carriers destined to points reached by two or more routes, in the following form?

Point of Origin—L. C. L. Tonnage—Destination—Delivering Carriers.

Will you also designate someone at each common point competent to serve on a local committee to combine the data and work out plans for concentrating tonnage to specified routes under the "sailing day" plan, definite instructions for which will be furnished as soon as tonnage data is available?

It is important that there be full co-operation between the several operating and traffic departments, and it is suggested that, at least for the larger points, you designate representatives of both departments of each road to serve on the local committee, and at points where but one man

is designated he be in position to represent both departments.

The working out of this plan for the eastern region has been assigned to G. C. Woodruff, Grand Central Terminal, New York, as regional chairman, Committee on Consolidation L. C. L. Merchandise, and he will, through the district directors, perfect organization of the committees necessary to handle the matter.

Please arrange to have the necessary tonnage data available not later than September 5, and in the meantime send me lists of those who will serve on the local committees.

MUST AUDIT SEMI-ANNUALLY

In P. S. & A. Circular No. 23, Director Prouty says:

The accounts of federal treasurers and paymasters, charged with the responsibility of handling moneys, shall be audited at least once every six months during federal control. The first audit of those accounts shall take place within three months of the date hereof.

The audit of such accounts shall be under the direction of the chief accounting officer of the carrier or such of his assistants as he may delegate to conduct the work.

The cash balance on deposit at the various depositories shall be verified by appropriate forms of certificates of balances obtained from each depository, and the federal treasurer's cash balance with each depository shall be reconciled therewith.

The original report of such audits shall be retained in the appropriate files of the accounting department. A copy of such report shall be submitted to the federal manager and to the undersigned, which shall include a statement of the amounts on deposit and the names of the depositories in which the funds are held.

Shortages, other than those of a petty nature, or any other unusual condition in the federal treasurer's cash accounts or records, disclosed by the audit, shall be promptly reported by telegram to J. S. Williams, Director of Finance, Washington, D. C., and a copy thereof forwarded by mail to the undersigned.

Any complete audit of the federal treasurer's cash account conducted under the jurisdiction of the chief accounting officer of the carrier in connection with the opening of the new accounts prescribed in General Order No. 17 may be accepted as a compliance with this circular for the first audit of the year ending Dec. 31, 1918, provided that a copy of the report of the audit is filed with the undersigned and the accounts are again audited before the close of the year.

ISSUES ACCOUNTING ORDER

The Traffic World Washington Bureau.

According to Director Prouty, speaking in P. S. & A. Circular No. 26, examination of the returns made by accounting officers in response to P. S. & A. Circular No. 18, dated July 15, indicates that some of them have misconstrued the provisions of General Order No. 17, rules and regulations which shall govern the recording of and accounting for all transactions arising under federal control, and have carried from the corporate books to the federal books balances in accounts as of Dec. 31, 1917, other than those authorized in the general order. The authorized accounts, he said, are:

"Cash," "Demand Loans and Deposits," "Time Drafts and Deposits," covered by paragraph 2 of the order; "Net Balances Receivable from Agents and Conductors," covered by paragraph 3; and "Materials and Supplies," covered by paragraph 4.

Although paragraph 5 of the order specifically instructs that no assets and liabilities other than those above referred to, and such orders as may be authorized in accordance with paragraph 5 of the order, shall be transferred to the federal books, some of the trial balances received indicate that accounting officers have carried to the federal books road and equipment accounts, suspense or clearing accounts, and other deferred debit and credit items appearing on the corporate books as of Dec. 31, 1917.

Chief accounting officers should immediately have examined the journal entries made on the federal books which involve the transfer of balances of Dec. 31, 1917, for the purpose of ascertaining whether they have strictly complied with the requirements of General Order No. 17 and bulletins interpretative thereof. In the event that their books disclose amounts representing balances as of Dec. 31, 1917, the transfer of which was not authorized, they should immediately make the necessary entries in their accounts expunging such unauthorized items from the federal books.

Should any difficulty be encountered in disposing of items arising out of operations subsequent to Dec. 31, 1917, affecting accounts not transferred, application for the procedure to be observed in disposing of such items should be made to the undersigned.

GENERAL FREIGHT CLAIM AGENT APPOINTED

The Traffic World Washington Bureau.

Appointment of John H. Howard to be general freight claim agent of the Railroad Administration means at least an attempt at uniformity in the settlement of freight claims, instead of varied policies by the different carriers. It also means that an attempt will be made to carry out the ideas that have been put out among the shippers as being the thoughts of John Barton Payne, the chief counsel of the Administration, as to the principles that should govern the claim agents in disposing of cases coming before them.

Many of the announcements of principles attributed to Mr. Payne are almost notice to the agents that they must disregard what the courts have said respecting loss and damage claims. They have been decidedly antagonistic toward what the shippers have thought to be the proper rules to be followed in the settlement of claims. If attempts are made to settle claims on the bases announced, the probability is that litigation will result.

GRAIN DOOR SHORTAGE

Under date of August 23, Regional Director Aishton sent the following notice to northwestern railroads:

Complaints of shortage of grain doors and grain door lumber preventing prompt loading of grain cars are being received, which emphasizes the importance of an immediate canvass being made of all grain shipping stations respecting supplies and requirements. Agents should be instructed to keep division superintendents promptly advised of any possible shortage, so that an emergency supply may be transferred from some other point.

Division superintendents should be authorized to arrange with agents for the purchase of lumber locally in emergency cases to avoid delay to equipment.

INDIVIDUAL LICENSES NECESSARY

Chairman McCormick of the War Trade Board has made the following ruling with reference to shipments of sugar, wheat, and wheat products to Canada:

The War Trade Board, after consultation with the Food Administration, announces the withdrawal of the authority heretofore extended to collectors of customs to license the exportation to Canada of small quantities of sugar, wheat, and wheat products involved in retail border traffic.

Collectors of customs are still authorized to license, in their discretion, for export to Canada, small quantities of foodstuffs and feedstuffs other than those specified above when such exportation involves merely border traffic on a small scale by persons living near the border, such as that arising out of customary retail purchases for their own needs.

Hereafter no shipments of sugar, wheat, and products of wheat, no matter in what quantity, may be exported to Canada without the issuance of an individual export license by the War Trade Board.

COAL LOADING FIGURES

A report was made to Director-General McAdoo August 24 by the Car Service Section of the Railroad Administration on the quantity of coal of all kinds loaded by roads for the week ended August 10, as compared with the same period of 1917. A summary of the report follows:

	1918	1917
Total Cars Bituminous	213,618	182,259
Total Cars Anthracite	39,280	41,462
Total Cars Lignite	3,636	2,899

Grand Total Cars of all Coal.....256,534 226,580

A summary of reports for the week ended Aug. 17, 1918, based on actual reports from most roads, but with the results on some roads, estimated, follows:

	1918	1917
Total Cars Bituminous	207,753	175,768
Total Cars Anthracite	36,857	37,943
Total Cars Lignite	3,406	2,996

Grand Total Cars of all Coal.....248,016 216,707

Increase of 1918 up to and including week ended August 17 over same period of 1917, 452,573 cars.

EXPORT GRAIN TRANSPORTATION PERMITS

The Railroad Administration and the Exports Control Committee have decided, in order to better control the port situation and thereby prevent congestion and to secure maximum transportation results, to concentrate the approval of transportation permits, covering all export grain and grain products, through one channel, and to that end it has been arranged that, effective at once, the issue of these permits shall hereafter be subject to the approval of C. E. Spens, manager of inland traffic for the U. S. Food Administration, and who also is a representative of the U. S. Railroad Administration. The permits will be issued directly, as heretofore, by the Freight Traffic Committee, but only when approved as mentioned.

At the present time this arrangement will only include North Atlantic ports, where heretofore the permit system has obtained. It is the intention, however, to also inaugurate the permit system within the immediate future at all Gulf ports, when the issue of permits will be subject to the same approval as at North Atlantic ports.

Mr. Spens has opened an office at 42 Broadway, New York, with Mr. C. A. Lahey, assistant manager of inland traffic of the U. S. Food Administration, directly in charge of the new work.

COAL STORAGE LIMITATIONS

The Fuel Administration has issued the following order limiting the storage of bituminous coal by industrial plants:

The tremendously increasing demand for coal for special war purposes in the eastern part of the country, particularly for the Navy and Transport Service, is making it necessary to draw more heavily on the eastern coal fields than was originally contemplated.

In order to decide how best to secure this coal for these purposes with the least disturbance of the coal supply moving to other industries, a meeting of all state fuel administrators east of the Mississippi and also the states of Minnesota, North Dakota and South Dakota was held in Washington on Tuesday, August 20.

At this meeting it was decided that to accomplish the desired result it would be necessary to limit the amount of coal storage that industrial plants would be allowed to accumulate and to carry on hand and to fix a uniform amount for each state.

United States Fuel Administrator Garfield announced the basic policy of the Fuel Administration as to storage as follows:

"Coal in excess of that required for current operations

shall be delivered to plants not on the Preference List of the War Industries Board only when it is not in demand for use before April 1, 1919, by consumers on said list, namely, railroads, the Federal Government, states, counties, public utilities, retail dealers, or manufacturing plants on the Preference List.

"In carrying out this policy, allowance shall be made for differences in distance from the mines and for differences in transportation conditions which may require more or less storage at the beginning of winter to insure uninterrupted operation until the following spring."

The following report, framed by a committee of state fuel administrators aided by officials of the Administration, was adopted by the conference and concurred in by Dr. Garfield:

"The maximum limits of storage indicated for the several states or parts of states defined hereafter are as follows:

MAXIMUM NUMBER ALLOWED	DAYS STORAGE UNTIL FURTHER NOTICE.		BITUMINOUS COAL			
	Steam Coal	By-Product and Gas Coal				
	Public Utilities	Preferred Industries	Non-Preferred Industries	By-Product and Gas Plants	Preferred Industries	Non-Preferred Industries
Maine	120	90	30	120	90	0
Mass., Vt., N. H.,						
Northern N. Y....	90	60	30	90	60	0
Conn., R. I.....	75	45	30	75	45	0
Southern N. Y., N.						
J., Del., East. Pa.	30	30	15	45	30	0
Md., D. C., Va., N.						
C., S. C., Ga., Fla.,						
Western Ohio	30	30	15	45	30	0
Western Pa., W. Va.,						
Eastern Ky., East-						
ern Ohio	30	20	15	45	30	0
Lower Michigan	90	45	20	60	60	0
Ill., Ind., Mo.....	..	..	..	60	60	0
Wis., Minn., N. D.,						
S. D., Upper Mich. ..	..	..	..	90	90	0

"It is understood that these limits are mandatory and each Fuel Administrator is expected to see that the different classes of consumers are not allowed to exceed these limits. At the same time, it is understood that particular cases may require special treatment by a State Fuel Administrator, either by way of granting more stocks of coal than are indicated by these limits, or by restricting them to a less supply than indicated by these limits.

"Where a State Administrator decides that the maximum limit should be exceeded in a special case for some special reason, he shall have authority to grant a revocable increase in writing for a specific added number of days. The administrator shall report each such specific case in writing immediately to the United States Fuel Administration at Washington, which may in writing disapprove the extension granted by him. Otherwise, it shall stand subject to action of the State Fuel Administrator.

"Any company or concern which is permitted under the zoning regulations now or hereafter in force, to obtain coal from Illinois, Indiana, Western Kentucky, or from mines west of the Mississippi River may retain such reserve stock of coal as it shall have on the effective date hereof, on condition that such company or concern shall thereafter use screenings or mine run only, for its current necessities, and shall obtain such screenings or mine run for current use only from such last mentioned fields."

PRIORITY APPLICATIONS.

A. H. Smith, regional director, eastern region, has just issued the following order in reference to applications for priority:

The Priorities Committee requests that an official be designated for each railroad to sign all applications for priority under oath.

It is desirable that the head of the Purchasing Department of each road be the official designated to make these applications. Where other officials make contracts for purchases or construction, it may not be feasible in all cases for Purchasing Agents to make the application, and it may be necessary to have more than one officer designated. However, so far as practicable, it is desirable to have one official for each company designated to make the application.

CLASSIFICATION HEARINGS

(By a Staff Correspondent)

Portland, Ore.—Examiner Disque speeded up proceedings to such an extent that, by working somewhat overtime, the Portland hearing on the proposed consolidated classification was completed in one day instead of the three days that had been set aside for it, if necessary. This was, of course, possible only because there were few shippers present to protest. Pacific coast and intermountain jobbers were here in force to object to the proposed Rule No. 10, but outside of that there was practically nothing to be heard. Commissioner Alchison, who happened to be in the city, sat a large part of the day with Examiner Disque.

J. H. Lothrop, of the Portland Traffic and Transportation Association, was the first witness after the hearing had been opened with the usual statements and explanations. His statement and the expressions of succeeding witnesses showed that the same objection was to be found here as was found among Missouri River jobbing interests. In his own words, Mr. Lothrop's protest was as follows:

The objection to proposed Rule 10 in Consolidated Freight Classification No. 1 is based on the following reasons:

1st—There is no general commercial demand for such a rule. The rule is both unnecessary and of no commercial value.

2nd—It would seriously affect the manufacturing and jobbing interests of the Pacific Coast and intermountain regions. The jobbers and manufacturers have invested large sums of money in property and buildings, have paid taxes, and helped to build up communities and are entitled to every reasonable consideration. The establishment of jobbing houses in various sections of the country tends to more evenly distribute business, making it easier for the country dealer and consumer to get his goods. It more evenly divides the traffic of the country.

3rd—This rule would enable catalogue houses to advantageously consolidate less than carload shipments of various kinds into carload lots for distribution among the retail trade and others.

4th—It would foster the consolidation and forwarding by forwarding companies in eastern cities of less than carload shipments to be distributed by transfer companies or others at western destinations. The saving of the difference between carload and less than carload rates would be absorbed by the forwarding agent and no appreciable benefit would accrue to the consignee or ultimate consumers.

5th—The only people apparently who would be substantially benefited by this rule would be the large catalogue houses of the east and forwarding companies located in eastern cities.

6th—Under this rule less carload lots of articles dissimilar in every respect would be consolidated into single carloads, thus depriving the carriers of revenue to which they would be justly entitled.

7th—The consolidation of shipments of unlike character would result in a movement of equipment not fully loaded, thus obtaining less efficiency for that equipment, and causing a waste of transportation.

8th—The consolidation of miscellaneous shipments of unlike character on account of inability to properly stow or pack in the car would result in a large increase in the number and the amount of damage claims.

9th—There is no justification from a transportation or business standpoint for the consolidation of less-than-carload shipments at carload rate, of such goods as plate iron, sheet iron, bar iron, nails, wire, pipe, paper, groceries, machinery and numerous other articles of a dissimilar character now handled in straight carloads or shipped under restricted mixtures.

10th—Locally, large contractors could purchase from the jobbers in large cities miscellaneous supplies, thus cutting out the retailers of the small towns in the country, who are justly entitled to protection.

11th—It would be in the interest of carriers and com-

mercial interests as a whole to eliminate Rule 10 from Official Classification territory rather than force it upon the larger territory now covered by the Southern and Western Classifications. Certainly the desire for uniformity is not sufficient to justify this rule.

12th—Desirable and proper mixtures should be taken care of by tariff publication, and is not a proper function of a general classification.

13th—Jobbers in this territory do not oppose but, on the contrary, may be said to favor a reasonable mixture of analogous or related articles.

14th—If, in the interests of uniformity, it is necessary to incorporate a rule with respect to mixtures, it is suggested that the rule now carried in Canadian Classification pertaining to shipments between points west of and including Port Arthur, Ontario, be considered. That rule, Canadian Freight Classification No. 16, page 47, is as follows:

(c). On shipments between points west of and including Port Arthur, Ont., and from points east of Port Arthur, Ont., to Port Arthur, Ont., and points west thereof and vice versa (see note):

Articles under different distinctive headings will not be taken in mixed carloads at carload rate.

When articles under one distinctive heading are of the same class, C. L., the carload rating and highest minimum weight for such class will apply.

When two or more articles enumerated under one distinctive heading are provided with different C. L. ratings they will be accepted in mixed carloads at the highest carload rate and the highest minimum weight applicable on any article in the shipment.

When a shipment of one commodity, or a shipment of different articles under one distinctive heading and subject to the same carload rating, equals or exceeds the minimum carload weight, then the C. L. rating for such lot will apply, and any other article not of the same class, or not under the same distinctive heading, loaded in the same car (or cars), will take the L. C. L. rate of the class to which it belongs.

Messrs. Collyer and Fyfe brought out that the great variety of present mixtures was due to commercial conditions, competition and otherwise. Mr. Lothrop admitted that some of the present mixtures might be too broad. He said mixtures should be restricted to properly related articles. He said shipping in the east, by reason of the narrower spread there between l. c. l. and c. l. rates would suffer less if the present rule 10 were eliminated than would western shippers by the elimination of specific mixtures and the application of the proposed rule.

Mr. Lothrop asked Mr. Collyer if he did not think the Commission ought to take into consideration what had been characterized as the "speculation" as to what might happen under the proposed rule, since, of course, there was no actual experience to show. Mr. Collyer said it ought, but that the effort of the carriers was to show that many of the fears expressed are not warranted and are not based on a close study of the application of the proposed rule.

C. O. Bergan, traffic manager of the Spokane Merchants' Association and representing also the Boise Commercial Club, also read a protest, as follows:

As Traffic Representative of the Spokane Merchants' Association representing over 100 firms engaged in jobbing and manufacturing, I have carefully analyzed the changes in rules, ratings, etc., proposed in Consolidated Classification No. 1 and I am frank to say that so far as the changes in the ratings are concerned we have little if any objection to make, but as to the rules we do most earnestly protest and object to the incorporation of Rule 10, in so far as it applies to traffic in the Western Classification territory.

To our knowledge there has been no demand for the incorporation of this rule in the Western Classification territory unless it should be from Eastern Mail Order Houses, who undoubtedly would benefit by such a rule. It is true that Rule 10 has been in effect in the Official Classification territory for a number of years and for that reason I assume, the question immediately arises in the minds of the Committee why it should not be in effect in the Western territory. The answer to this is that traffic conditions in the West are very much different from those in the official territory. In the first place the spread between

the less than carload rates and the carload rates in the official territory is very much smaller than in the Western territory, where the rates in general are upon a higher basis, and for that reason this rule would not be as objectionable to jobbers in the official territory as in the western. This rule, if put into effect, would result in putting out of business the local jobbers in this territory, who are now carrying stocks to meet the requirements of the country merchants in the immediate territory and to transfer this business to the Eastern jobber or mail order house, who are located from 1,500 to 2,000 miles from this district, resulting in no benefit whatever to the consumer.

It is an admitted fact that the present jobbing system of the country is an economic necessity and the best fitted channel to economically handle and distribute merchandise from producer and manufacturer to the consumer and any rule such as is here proposed which has a tendency to demoralize that system is, therefore, detrimental to sound business practice and results in increased cost to the ultimate consumer.

Viewing the effects of this rule, if adopted, from a carrier's standpoint, it would be readily seen that this rule would tend to encourage lighter loading of cars by reason of the ordinary retailer's inability to purchase in the volume that the wholesalers do and thus defeat the very aims of the United States Railroad Administration's plan, which is now and constantly has been encouraging heavier loading and maximum utilization of equipment and furthermore, any one familiar with transportation knows that the damage risk in mixed carloads is much greater than straight carloads, because the mixed carload cannot be as well stowed in the car. It seems to me that it has been clearly demonstrated that the conditions are different in the Western Classification territory than in the official and that there is no more necessity for a uniform set of rules to apply than there is for uniform ratings. The Committee, as we interpret, recognized the fact that ratings could not be uniform. Hardware in the Official Classification territory in less than carloads takes third class, while in the Western it takes second class. Now surely, if there is a necessity for a difference in the rating there is likewise the same necessity for difference in rules.

Mr. Campbell, of Spokane, asked Mr. Bergan a question to develop the statement that under the proposed rule manufacturers would be deterred from starting new enterprises in the western country. There was a long discussion as to whether or not the consumer would benefit if the jobber were, as feared, eliminated, though, of course, the classification men do not admit that he would be eliminated.

W. J. Haines, rate clerk for the Montana commission, appeared for that body to protest against the rule. He said it had made no general investigation among shippers, but it had gone into the matter to some extent and had received many protests from the smaller towns.

J. W. Goodman, traffic manager for the Great Falls Commercial Club and representing also the Associated Shippers of Montana, testified himself and also put on O. C. Garlington, of the Missoula Mercantile Company; C. S. O'Brien, manager of Crane & Ordway, of Great Falls—a concern affiliated with the Crane Company, of Chicago; and T. B. Thompson, manager of the grocery department of the Missoula Mercantile Company. Mr. O'Brien said that, in his opinion, in course of time, the application of the rule would completely wipe out the western jobber interested in the distribution of any commodity in a large way. Mr. Thompson, in answer to a question by Mr. Colquitt, said the rule probably would not do the retailer or the consumer any harm, but neither would it do him any good. At Missoula, he said, Chicago competition was not much feared, though as president of the Wholesale Grocers' Association he realized that general conditions in the state as a whole were different.

The united voice of the protestants was that the rule

would work a hardship on the West and that they ought not to have it forced on them, if they did not want it, just in the interest of uniformity. S. J. Wettrick, attorney and manager of the traffic bureau of the Seattle Chamber of Commerce, made the last statement on the subject making that point especially. The West is unanimously against the rule, he said, and any benefit that might result from it was outweighed by the disadvantages. A remark by him to the effect that he was inclined to think that the so-called public demand for a uniform classification was, in this respect, only a Chicago demand, brought forth the explanations that have been made before as to the origin and history of that demand, in and out of Congress.

Mr. Wettrick created some amusement by pulling on Mr. Fyfe, his record against rule 10, reading from that gentleman's brief in I and S., 76. Mr. Fyfe took it in good part, explaining, however, that he was talking about a somewhat different rule from the one now proposed.

A. Larson, of the California Redwood Association, and Mr. Knott, of the Western Pine Manufacturers' Association, discussed several lumber items. Mr. Larson objected to the proposed classification if it would in any way interfere with the coming decision of the Commission in Docket 8131, the lumber classification case. Examiner Disque said that, of course, the Commission's decision would take precedence over the classification. Examiner Disque suggested that the testimony in docket 8131 be considered a part of the present case for the reason that it was possible that 8131 might be dismissed on application now pending. Both Mr. Fyfe and Mr. Collyer objected because they said the classification men had very little to do with that case, and Mr. Fyfe said he disagreed with the tentative report that has been made on it.

SIoux CITY ON THE GRAIN MAP

J. P. Haynes, traffic manager for the Commercial Club of Sioux City, Ia., has received a substantial bonus from the Sioux City Board of Trade, one of the organizations affiliated in the support of his traffic organization, in consideration of his successful effort to obtain proportional grain rates that will place Sioux City on a parity with Omaha and Kansas City. Reviewing the situation in general and the work of Mr. Haynes in particular, the Price Current-Grain Reporter, in its August 21 issue, says:

Get down your map of the west and find Sioux City, Ia., where the great Missouri makes its bend to the northwest, forming the northeastern boundary of Nebraska, and lets the southeastern corner of South Dakota dip down quite toward the western front of Sioux City. The bend of the river opened a way, years ago, into the northwest without the need of crossing the great river, and the location and the city have remained always a gateway from the earliest time of the northwest, while the bluffs near the city have been landmarks for traders since the days of the Lewis and Clark expedition in 1804.

Located as Sioux City is, a little north of the center of the state north and south and on the extreme western boundary, the city is a natural trading town for one of the most prolific farming and grazing sections of the northwest. For many years after the white man in 1849 first made a permanent settlement there, it was an Indian trading post, occupied by the factors of the American Fur Company, whose trappers and traders disputed with the Hudson Bay Company the traffic with the trappers and the Indians of the northern plains and western mountains. By 1856 permanent steamship traffic with the upper river was established and the post made the base of supplies for the Mandan country and beyond and generally for the northwest and the mountains, not then as accessible from St. Paul and old Fort Snelling. In 1868 the railroad entered Sioux City and of course enlarged the business

of the city with the frontier settlements and the mines that had begun to attract adventurers into the Black Hills and Montana. The city grew in population and in commercial importance as rapidly as the adjoining territories and states filled with home-makers, the census and unofficial reports showing 1,000 in 1868, 4,300 in 1875, 7,400 in 1880, 33,000 in 1900, 48,000 in 1910, 62,000 in 1915; it is probably 70,000 now. In 1884 the U. S. Yards Company was organized and in 1887 came the first packing house, through which has been developed one of the greatest live stock markets of the west, drawing stock from Iowa, Nebraska, the Dakotas, Minnesota, Montana, Wyoming, Colorado as to a natural outlet, although the trade records show receipts from the southwestern states also. In commercial rank Sioux City is the second city in Iowa in all respects except merchandise jobbing and meat packing, in which it stands easily first.

In the face of this growth of Sioux City in all kinds of trade and commerce natural to a place so favorably located, in the very heart of a great agricultural producing country, it is yet a singular circumstance that as a grain market Sioux City has been all these years a mere dot on the map, a way-station, with every natural advantage as an assembling market for grain suppressed and neutralized by law and railway custom or practice. One of the first grain buyers there was the late Frank H. Peavey, one of the greatest grain merchants the northwest has as yet produced. Early in the 1870s he began his career at Sioux City as a country buyer at a small elevator; but unable to make the headway there that his abilities justified, he removed to Minneapolis, where nature was no more favorable, but where human institutions were.

The explanation is simple. Had all the railroads into Sioux City stopped there, grain, like the other products of the country surrounding the city, would no doubt have become a considerable article of the city's commerce; but as soon as the railway passed on westward the "long haul" principle of railroad rate-making put an end to the grain trade at Sioux City, except as it would inevitably continue as a "country station" handling wagon grain. Ever since Mr. Peavey's time, early in the '70s, Sioux City had appealed to her railroad men for the natural right and commercial privilege of buying and assembling grain, but without avail. The long haul of the Milwaukee road stood in the way, the rate principle involved resting on the rulings of the Commerce Commission, sustaining the railroads' method of thus protecting their own incomes even to the general disadvantage of the market in general and the business of those carriers who otherwise might have shared in the traffic that a more liberal policy undoubtedly would have developed. There was indeed at one time a promise of relief, but when the elevator facilities had been provided that were necessary and would have established the trade, the promise of the necessary rates and transit privileges was withdrawn and the elevator then erected was a financial failure, involving heavy loss to its builders and long years of aggravating litigation. A few years ago the elevator was remodeled by one who must be esteemed a daring operator, acting as he did in the face of a situation that promised little success and probable failure. This house is now in operation, a monument to a man endowed with a true faith in Sioux City, ready to do his part in the building up of a great trade in grain in Sioux City.

Work of Mr. Haynes.

It is only a year, more or less, since the Commercial Club of Sioux City went to Cairo, Ill., and laid hands on J. P. Haynes, then traffic manager on behalf of the commercial and grain interests of the metropolis of Egypt, and took him to Iowa. Mr. Haynes squared himself to his work and, having first smoothed out many traffic wrinkles for the benefit of the merchandising interests of the city, he turned his attention to the grain problem, in which he saw the possibilities of the location. Mr. Haynes knows the grain business. He has been in it and of it, and as a rate lawyer and expert he had made a study of the intricacies of grain rates, than which there is perhaps no more delicate rate problem, the margin of profit in grain being so small that the change of the merest fraction of a cent a bushel in the freight rate is sufficient to establish or to destroy or to prevent the development of a grain market, as Sioux City herself has

had forty or more years of reason to know and to understand.

Mr. Haynes began his campaign in the usual way, by complaint before the Commerce Commission; but the precedents of that body held firmly, like the Rock of Gibraltar, as they had previously held. When the railroads were taken over by the government a new angle was presented and the Sioux City appeal for relief was taken before the Director-General; and at length the machinery of the Railroad Administration moved and the mountain labored and produced an order putting Sioux City on the grain map for the first time in her commercial history. Mr. Haynes won a great victory—a famous victory, all things considered; and he is certainly the "Man of the Hour" to-day at Sioux City, whose commercial interests of every kind or nature are keen to express their admiration for and appreciation of a man who has made good by winning a fight that had been a losing one for thirty years until he turned himself to the task and who, having won the critical round, "stayed on the job" until the order at Washington had been consummated by the publication of the necessary tariffs to make the order effective.

The proportional grain rates which became effective Aug. 15, 1918, will have the effect of making a new terminal market on the Missouri River by placing Sioux City on a parity with Omaha and Kansas City. They will permit the Sioux City trade to merchandise grain and grain products to that great and ever increasing consuming territory east of Chicago and north of the Ohio and Potomac rivers, extending as far north as Montreal, Canada, and including all the north Atlantic ports, for both domestic and export traffic. They likewise apply to 954 stations in Illinois and Wisconsin, taking the Chicago-Peoria and Milwaukee rates. They open to Sioux City buyers all of the producing territory of Nebraska, North Dakota, South Dakota, Idaho, Montana, Oregon, Utah, Washington, Wyoming, Iowa, Colorado and the southwestern states on a more favorable basis than heretofore. The basis is a new Chicago rate of 15 cents vs. the old rate of 22½ cents, with all transit rights and privileges.

After thirty years of continuous effort Sioux City has finally received recognition as a primary grain market and will be able to accord the producers of the northwest quicker returns on grain consigned to that market from the large productive territory naturally tributary to Sioux City. It will automatically follow that bulk and round-lot sales will be more frequent than under the old adjustment of rates. The rate will likewise conserve transportation and permit the use of shorter routes, as well as expedite the movement of grain during the heavy grain shipping seasons. The waste of transportation through competitive operation of individual carriers had built up an adjustment that deprived Sioux City of every natural resource that was bestowed upon it by a gift of Nature. Relief was denied on formal complaint before the Interstate Commerce Commission on two occasions, because the act to regulate commerce requires that the separate organizations of individual carriers had the right to adjust their rates so as to secure the longest haul regardless of the short routes or necessities of individual communities.

The immense importance to this part of the country of this new order of things on the Missouri River, as it affects grain and the river crossings, was reflected immediately on the announcement of Mr. Haynes's success at Washington, by the advance in the value of memberships on the Board of Trade of Sioux City from \$1,000 to \$2,000 overnight and the application of leading grain firms of the west for membership, as reported by our Sioux City correspondent from time to time, especially in his letter of last week.

In preparation for the future the Board of Trade directors have made arrangements to immediately enlarge the inspection and weighing departments to take care of the business whose volume will undoubtedly begin immediately to appreciate for all grain, both for in and out movement, since the new order permits shipments to the interior mills and industries whose business hitherto was beyond the reach of Sioux City grain merchants, to the consuming east and southeast and the seaboard. Every facility needed to put the market in physical and practical condition to handle the business that may be

and will be offered has been or will be immediately provided.

There may be expected also an immediate enlargement of the elevator and storage facilities of the market. It is no secret that at least three of the foremost grain companies operating at the Missouri River gateways have now in contemplation the erection of elevators at Sioux City as soon as such work can be gotten under motion, in the hope of speedy completion.

The banking power of Sioux City is ample to finance the new trade as may be necessary. There are now six national banks in the city, with capital of \$1,350,000, eight savings banks with capital of \$1,025,000, and three private banks with capital and surplus of \$178,000. In 1917 the total clearings of the city amounted to \$332,295,000 vs. \$150,000,000 in 1910. The average deposits in 1917 were \$35,000,000. As a consuming market Sioux City has its quota of flour and feed mills, likely to benefit by the new order, as well as linseed mills.

FURNITURE RATES AUTHORIZED

The Traffic World Washington Bureau.

The Director-General has authorized the publication of commodity rates on furniture, crated, between points in Oklahoma on the basis of the rates prescribed in the Shreveport Case. These will, of course, supersede the present class rates.

ORDERS THROUGH ROUTES AND RATES

The Traffic World Washington Bureau.

In Docket 5733, Colonial Navigation Co. vs. N. Y. N. H. & H. R. R. Co., the Commission holds that the practice of the defendant in maintaining through rates for the transportation of passengers and baggage with the New England Steamship Company between points located on its line in New England and New York via Providence while refusing to do so with the Colonial Navigation Company constitutes an undue prejudice and the New Haven is given until October 1 to establish through routes and joint passenger fares between New York and Providence, with the latter no higher than those maintained via the New England line.

SHORT LINE PROBLEMS

The Traffic World Washington Bureau.

It is probable that senators and representatives during the coming fall and winter will have to use a considerable part of their time in trying to prevent disaster to communities of their constituents threatened by the prospective scrapping of railroads not retained under federal control. They will also have to devote time to other phases of control or non-control. The Colorado delegation in Congress, led by Senator Shafroth and Representative Taylor, during the week, have visited the powers that be in the Railroad Administration to ask what Director-General McAdoo prevent the scrapping of the Colorado Midland, a road with more than 300 miles of track, against which judgments have been rendered and the owners of which have allowed the Colorado people to believe they will take up the rails and sell the property as second-hand materials rather than try to operate under conditions as they exist now. Visits of statesmen in behalf of railroads not retained by the government have not been at all rare. One of the earliest was that of Senators Simmons and Overman in behalf of the East Carolina. President Bridges of that property obtained a promise that he would be allowed to continue the operation of his property under conditions

which he could have enforced at law before the government took over its connections, except as to a promise to allow him to buy materials and supplies at the prices made for the Railroad Administration.

It has been learned that Louisiana state authorities took an interest in the negotiations between the Railroad Administration and the owners of the Louisiana Railway & Navigation Company, which has been released from federal control upon its own application. The fact that caused the owners of that property to ask for the reverse of what the owners of short lines are asking was the division of that property between two of its deadliest rivals. To the Texas & Pacific officials was committed the operation of the part of the road west of the Mississippi and to the Yazoo & Mississippi Valley-Illinois Central combination was given the part of the road east of the river.

When that had been done it was proposed to relinquish control over the Angola Transfer Company, the subsidiary corporation that operates the ferry boats on which the trains of the L. R. & N. are transferred from one side of the Mississippi to another, over a stretch of about eight miles of the river.

William G. Edenborn, the principal stockholder, decided that such a breaking up of the road would ruin the property. The Louisiana officials concurred with him and backed his request to have the property returned to its owners, with the result before mentioned. The rates when the property was returned were the same as the federal-controlled competitors and so far as known there will be no change in them because the Railroad Administration could punish the company, if it undertook to act independently in the matter of rates, by persuading the President to issue a proclamation taking it under control again. Should another taking be deemed necessary, it is suggested, the destruction of the property would be accomplished by its permanent severance, during the period of government control, through the relinquishment of the transfer company, thus breaking the continuous line between New Orleans and Shreveport and the diversion of through business to the two competitors of the L. R. & N.

Both the Interstate Commerce Commission and the Railroad Commission of Louisiana have it in their power to embarrass the L. R. & N. by condemning as unreasonable the minimum class scale beginning with twenty-five cents first class and the \$15 per car minimum charge and ordering in something else, but the Louisiana authorities appear to be so anxious to retain the property as a direct line between New Orleans and Shreveport that they may be expected to refrain from any act that might possibly raise the ire of Director-General McAdoo.

Over in Texas, however, there is some possibility of trouble without such a come-back. The Trinity & Brazos Valley, extending from Houston to Fort Worth and competing with so many federal controlled roads in that important traffic density part of the state that it is hard to recall them, has also been relinquished from control. It is wholly within Texas and a large body of its rates are subject to the vise of the Texas commission and all are subject to the jurisdiction of the Interstate Commerce Commission in so far as they bear upon interstate commerce.

Time was when the Texas commission breathed fire and brimstone in the making of rates. Washington was far away and Texas commissioners were not much afraid of the rate-making power of the federal government. But there are some rates over which the Texas body has un-

challenged control and they are the ones that present the possibility of embarrassing action.

Representative Park of Georgia, ignoring the fact that the President vetoed the bill requiring the retention of the short lines, in H. R. 12819, introduced August 27, proposed a solution of the problem by adding a section to the federal control law, reading as follows:

"Sec. 17. That all rights, privileges, and immunities heretofore granted, or that may hereafter be granted, either by the Congress or the President of the United States, to the railroads of the United States under federal control shall be, and the same are hereby, granted to all rail carriers of the United States who are in any manner engaged in interstate commerce."

NEW CHAIRMAN NAMED

The Traffic World Washington Bureau.

Robert L. Russell, general freight agent, Philadelphia & Reading Railroad, has been appointed chairman North Atlantic Ports Freight Traffic Committee to succeed Geo. D. Ogden, who has been made chairman of the Exports Control Committee.

The duties of the North Atlantic Ports Committee are to control carload domestic freight (except that which is consigned to an officer of the government) for coastwise vessels via the ports of Philadelphia, Baltimore and New York; to make effective when necessary embargoes issued by the various lines reaching those ports; and when conditions call for it, to issue railroad shipping permits as exceptions to the embargoes.

The duties of the Exports Control Committee are to inform itself as to the probable amount of freight which must be exported for war needs; how it can be best routed to the different ports; how much other necessary export traffic there is; how much of the traffic should be sent to each port and to decide the distribution of all of the exports as between the various ports, so as to facilitate handling and avoid congestion.

WOULD FORCE RECOGNITION AS COMMON CARRIER

The Traffic World Washington Bureau.

In the complaint of the Diamond Alkali Company against the Fairport, Painesville & Eastern and others, Docket No. 10236, the complainant is trying to force the New York Central, Nickel Plate and the Baltimore & Ohio to recognize the first-named defendant as a common carrier and to make it an allowance of not less than 13.3 cents per ton for the service of hauling freight to and from the plant of the complainant and the interchange points of the trunk lines. It asks for the establishment of through route and joint rate arrangements and allowance absorption to the extent mentioned, to the end, as it claims, that it may be put on an equality with the Solvay Process, Semmet-Solvay and Michigan Alkali companies with which it competes in the manufacture and sale of soda ash and caustic soda.

It claims that it stands to the Fairport, Painesville & Eastern the same as the companies mentioned stand to the Delray Connecting and the Wyandotte Terminal railroad companies; that stockholders in the chemical companies are stockholders in the railroad companies, with this difference as to the Wyandotte Terminal and the Michigan Alkali, that some of the stock in the terminal

company is held by trustees for the Michigan Alkali Company, while no such trusteeship exists for the benefit of the Diamond Alkali Company.

Yet, it is asserted, the trunk lines connecting with the Delray and Wyandotte companies, particularly the New York Central, make a switching allowance of \$2 per car, which the complaint alleges is more than the cost of service, while the New York Central refuses to make any kind of an allowance to the railroad, the stock of which is held by some of the stockholders of the complainant.

The complaint says the Fairport road was not built as a device for obtaining allowances, but, on the contrary, was built by the shortest route to enable the railroads to reach the alkali company's plant on the lake shore, at a place called Alkali, O., and in accordance with the surveys of the engineers of the trunk line roads. The trunk lines would have had to spend just as much money in getting tracks to the plant tracks of the alkali company had they themselves made the investment, the complaint says. No claim is made for the work done by the railroad company within the enclosure of the alkali company, but only for the hauls between the interchange points, which vary in length from a little less than a mile to more than two and a third miles.

The complaining company asserts it is subjected to undue discrimination because it is forced to pay the cost of hauling between interchange points in addition to the Painesville-Fairport rates, while its competitors at Detroit obtain the junction point rates, the trunk lines absorbing \$2 per car of the Delray and Wyandotte roads' switching charge.

Reparation amounting to about \$100,000 is demanded, as well as joint through rates.

PROTESTS TO CONGRESSMAN

The Oklahoma Corporation Commission has just wired the following protest to Congressman Ferris, of that state:

"More than one million dollars excess freight rates have been paid by Oklahomans upon intrastate shipments since March 25 last. This can be shown from carriers' records as to tonnage moved and revenue collected. This has no reference to the 25 per cent increase under General Order 28. Oklahoma has no objections to the 25 per cent nor any other per cent which the Director-General may deem necessary and which is uniformly applied. We do bitterly protest against the 28 per cent that was unjustly added to our base rate just prior to the 25 per cent advance, making our advance 60 per cent, as against 25 per cent in other states.

Past experience convinces us that no adequate relief can be hoped for from the Railroad Administration except upon order of the Director-General. Can Oklahoma not secure the attention of the Director-General for thirty minutes? We are prepared to present our case at any time that an appointment can be secured. Please understand that we do not want to be referred to any boards or committees. Our experience along that line has been sufficient if not satisfying. We want to see W. G. McAdoo, Director-General. We will demonstrate to him beyond any peradventure the injustice that has been perpetrated and is being continued upon the people of Oklahoma and we confidently believe that he will instruct his assistants to remove existing discriminations. We have no hope for relief from this source except upon such instructions. Please answer."

Because of the absence of Director-General McAdoo from Washington, Congressman Ferris has thus far been

unable to do anything toward arranging for this personal conference urged by the Oklahoma Corporation Commission.

It would seem, however, that they might eventually have to see either Chambers or Prouty, for the Director-General, not having the technical knowledge of rate situations, would have to depend on them in the final analysis.

HIGHER BILLET RATE ASKED

The Traffic World Washington Bureau.

Agents McCain and Morris in fifteenth section application 6532 have asked the Commission to allow them to increase rates on manufactured iron, billets and articles taking billet rates, pig iron and those taking pig iron rates from Pittsburgh and C. F. A. points to Boston and other eastern destinations, with corresponding adjustments from Johnstown, Connellsville and other points basing on Pittsburgh, ranging from half to ten cents net ton on carloads and from twenty to fifty cents on pig iron and from thirty to fifty cents on billets.

The application is on behalf of joint rates from non-controlled to controlled roads made necessary by confusion as to what roads are controlled and through expiration of fifteenth section order 666, issued to cover such situations, but limited to June 25.

TELEPHONE SUMMARIES

The Traffic World Washington Bureau.

Summaries of the monthly reports of the results of operations on the big telephone companies for the months of January and February were given out by the Commission on August 20.

For January the summary shows an increase in the number of stations from 7,247,523 to 7,704,469; an increase in the operating revenue from \$25,537,044 to \$27,383,865; in expenses from \$16,727,936 to \$19,544,205; and a decrease in the operating revenue from \$8,809,108 to \$7,839,660, and in the operating income from \$7,144,968 to \$5,734,074, or 19.7 per cent.

For February the summary shows an increase in the number of stations from 7,301,555 in February, 1917, to 7,737,013 in February of this year; an increase in the operating revenue from \$24,853,820 to \$26,756,379; expenses from \$16,358,683 to \$18,724,144; a decline in the operating revenue from \$8,495,137 to \$8,040,938, and in the operating income from \$6,814,531 to \$5,944,804, or 16.3 per cent.

NO BOND REQUIRED.

In Supplement No. 2 to Circular No. 14—surety bonds, fruits and vegetables—Regional Director Aishton says:

The following in confirmation of my telegram of this date:

"The fourth paragraph of Circular No. 20 of Division of Public Service and Accounting requires that bond be filed by shippers with initial carriers covering fruits and vegetables shipped on straight bills of lading. Circular will be issued immediately by C. A. Prouty eliminating this requirement. Please be governed accordingly."

MUST RETURN EMPTY FRISCO OPEN TOP CARS VIA SHORT ROUTE.

In Circular CS. No. 27 Manager Kendall says:

Effective immediately and until further notice, all open top cars of St. Louis & San Francisco Railway ownership made empty in the Southern Region must be returned empty to lines of the St. L. & S. F. Railway east of the Mississippi River via short route.

STILL NEGOTIATING

The Traffic World Washington Bureau.

A wrong inference has been drawn from the assertion that the Railroad Administration rejected the contract offered in behalf of the short lines by their association. The idea obtained by some of the short lines themselves is that negotiations were broken off. That part of the article of August 24 other than the declaration about the rejection of the contract indicates that the negotiations were continued and the rejection was only as to the particular form offered.

It is hard to say there has or has not been progress in negotiations for the making of contracts either for the trunk or the short lines. There has been no general closing up of the negotiations and until there has been such closing up the opportunities for flarebacks and other phenomena have not been exhausted. For more than three months now those who have been engaged in the conferences have been reporting themselves and those on the other side of the table as being near an agreement. Some day it may be reached, although it would be no surprise at all were the negotiations to be broken off and notice served that the courts would have to adjust the differences of opinion.

Were litigation between the government and a private citizen to afford the latter even a forty-five per cent chance of winning, it is believed litigation would have been begun long ago. Well informed men know that the private citizen has not more than one chance in three of obtaining anything from the government in time to do himself any good. The running of time never worries a government official. It is not his money that is being used to pay fees, nor is he losing any of the money that is seeping out of the treasury of the citizen or corporation. That is the first great deterrent. The second is that the government will go through all the technicalities in the most expensive manner, because the attorneys for it are not worried about the size of the bills they force upon the other side.

That has been the fact regarding litigations almost since the foundation of the government. There is no reason to believe there would be any change during this war. In fact, the rate of progress might be even slower than in normal times. That is one reason, it is believed, why the men having the financial interests of the railroads have been patient in the conduct of negotiations. They know who has the whip hand and they do not want it used on them.

A third class of carriers has been discovered by those who are following the contract negotiations. They are coal roads that are owned by companies which also control coal, ice, and sand and gravel companies. They do not want to be taken over, but the government insists upon holding them. Owing to the fact that advances were allowed on coal during 1917 their earnings in that year were fine. During the preceding two years, however, their earnings were low, so the average for the three years preceding June 30, 1917, would not be satisfactory to them. They, however, are satisfied with rates as they are now and if allowed to operate their properties would get along satisfactorily, because they have cars enough, engines enough and markets for their coal, without any cross-hauling. What they now fear is the damage resulting from the disintegration of their forces. That is a kind of damage that is being done to every railroad in the country. Whether the government will

ever make reparation on account of that damage, which is premeditated, because it begins with the dismissal of the president and other so-called purely corporate as distinguished from operating officers, is one of the things that cannot be determined now. It is a certainty that the Railroad Administration would not willingly make reparation, because it has claimed that it was necessary to get rid of the president so that the roads might be operated efficiently. The courts may, however, hold that that is a damage which can be estimated and is one for which the government should pay, because, on the ground assigned by the Railroad Administration, the government obtained benefit by reason of the damage done to the corporation.

REDUCE EX-LAKE GRAIN RATES

The Traffic World Washington Bureau.

Ex-lake grain rates are to be cut two cents September 1 and coarse grains are to come down to wheat level. Lowered rates are to continue until October 10, so as to move grain congestion at Chicago through Buffalo.

SHIPPERS' COMMITTEE MEETING

A meeting of the committee, appointed at a recent meeting of the shippers of Illinois, to prepare for presentation of the interests of Illinois in the attempt to substitute Official rates and classification for Illinois rates and classification was held at the office of the State Public Utilities Commission at Chicago on August 28.

This committee, of which R. W. Ropiequet of East St. Louis is the chairman, consists also of Martin Van Persyn, traffic manager of Sprague, Warner & Co.; W. E. Long, traffic manager of the Sterling Manufacturers' Association; L. H. Boswell of the Quincy Freight Bureau; Ray Williams of the Cairo Association of Commerce; W. B. Martin of the Dubuque Shippers' Association; R. M. Field of the Peoria Association of Commerce, and H. M. Slater of Springfield.

The advisory committee, consisting of Clifford Thorne, C. B. Hennemann and O. F. Bell, was also present, and the question as to just what should be done looking to the retention of the Illinois Classification.

The interests represented, including various chambers of commerce, were iron and steel, oil, grain, packing-house products, groceries and live stock.

WANT HEARING ON EXPRESS FRANKS

The Traffic World Washington Bureau.

Attorneys for the express companies composing the American Railway Express individually and as a consolidated company have asked the Commission to reopen the matter of Conference Ruling 513, wherein it held that the act to regulate commerce does not allow express companies to give transportation to their officers and employees for anything less than published rates. They desire an opportunity to show that they have the legal right to issue franks.

They say that while they have suspended, during the war at the request of Director McAdoo, the issuance of franks, they have no doubt but that if a hearing be granted they can convince the Commission it was wrong when it abolished express franks indirectly by means of the conference ruling before mentioned. They point out that the ruling was made without hearing or argument.

Legal Department

In this department a legal expert answers simple questions relating to the law of interstate transportation of freight. Readers desiring special service by immediate answer may obtain privately written answers to their inquiries by the payment of a small fee.

Address Legal Department, The Traffic Service Bureau, Colorado Building, Washington, D. C.

Diversion From All-Rail to Water Route.

North Carolina.—Question: Shipments of cotton piece goods from North Carolina point destined to New York City covered by bills of lading dated May 24 carrying routing "all-rail" with the correct rate via that route inserted, were diverted by the carriers to rail-and-water route, reaching destination via Old Dominion S. S. Company's line. I am under the impression that the all-rail rate should apply on these shipments and that the owners of the goods have a right to the same protection as if the shipments actually moved all rail and that said owners, in case of loss or damage, may recover in full, and may not be required to pay salvage. Will you please advise me in the matter?

Answer: Rule 321, Conference Rulings Bulletin 7, provides that "in order to secure desired delivery to industries, plants or warehouses and avoid unnecessary terminal or switching charges, the shipper may direct as to terminal routing or delivery of shipments which are to go beyond the lines of the initial carriers; and his instructions as to such terminal delivery must be observed in routing and billing such shipments. When shipments are accepted without specific routing instructions from shipper, where all-rail rates and rail-and-water rates are available, the carrier's agent must have the shipper designate which of the two he wishes to use. Carriers will be held responsible for routing shown in bill of lading.

In rule 220 (g) *ibid.*, the Commission also said that "the law does not permit the use of any rate or fare except that contained in a lawful tariff that is applicable via the line, routing and gateway over and through which the shipment moves." Therefore, the carrier cannot take advantage of its own error and assess the higher all-rail rate if the shipment actually moved over a lower rail-and-water route.

In addition, the carrier is liable for any loss or damage resulting through a wrongful diversion of the shipment. *Michie on Carriers*, page 504, says: "A contracting carrier is liable for injuries to a shipment diverted from the route contemplated by the carrier's contract, arising from the negligence of the carrier to which it intrusted it."

In the case of *Harshman vs. Little Miami, etc.*, Rys. (O.), Dayton, 173, 175, the carriers stipulated in the bill of lading to transport tobacco to New York by way of the B. & O. Railroad, and all the way by railroads. It was diverted from an all-rail route at Baltimore and shipped by sea. It was held that the carrier was liable for damages for any injury to the tobacco resulting from such shipment. A similar case is that of *Fatman & Co. vs. Cincinnati, etc., R. Co.*, 11 *Disn.*, 248, in which the court said that the contract is an entirety; the company are carriers for the whole distance, and are liable according to the legal obligations imposed on them as carriers; they are to carry the goods without loss or damage, save those arising from inevitable accident or public enemies; and by changing the route they assume the risk of safe transportation.

Presumption of Injury.

New Jersey.—Question: It would be interesting to get a ruling from you on the following: Assuming that we make a shipment of lamps by express from here to our warehouse in San Francisco, and that they are delivered from the warehouse to one of our customers in San Francisco by our trucks. In case customer reports concealed breakage, is not the express company liable?

Answer:—The carrier would be liable if the breakage occurred while the shipment was in its possession, but would not be liable if the breakage occurred after you took possession of the shipment at destination and while hauling the same to your warehouse, or from the warehouse to your purchaser. In other words, the presump-

tion is that the carrier was liable for breakage of goods delivered to it in good order for transportation and received in bad order at destination, will be greatly minimized by the opportunity for breakage occurring during the hauling of the goods to warehouses and further hauling from that place to purchaser. It will be necessary for you to furnish convincing evidence that the goods were received by the carrier in good order and that they were in bad order when received by you at destination. See our fuller answer to "Oklahoma," published on page 1370 of the June 22, 1918, issue of *The Traffic World*.

Place for Filing Notice of Claim.

Pennsylvania.—Question: Does the Carmack amendment to the act to regulate commerce take from the shipper the privilege of placing claim for loss or damage with the delivering carrier, when evidence at hand does not show whether originating or delivering carrier was at fault? Would such a claim placed with delivering carrier be legally filed and, if not, could claim originally filed with delivering carrier be later filed with originating carrier, even though time limit for filing such claims had expired?

Answer: Section 3, paragraph 3, of the uniform bill of lading, provides that written claims for loss, damage or delay should be made on the carrier at the point of delivery or at the point of origin. The Interstate Commerce Commission, in rule 510, Conference Rulings Bulletin 7, held that "It is the view of the Commission that the provision in the uniform bill of lading requiring that claims for loss, damage, or delay must be made in writing within a specified period is legally complied with when the shipper, consignee, or the lawful holder of the bill of lading, within the period specified, filed with the agent of the carrier, either at the point of origin or at point of delivery of the shipment, or with the general claims department of the carrier, a claim or a written notice of intended claim describing the shipment with reasonable definiteness."

* * *

What Constitutes Delivery to Consignee or Carrier.

Illinois.—Question: Since embargoes are being placed on shipments in different directions, we have been compelled to hold completed orders for quite extended periods, and were out, therefore, the use of the stock involved and were unable to collect. Our goods are sold f. o. b. cars Moline. Can we legally bill the goods since they are completed, when the railroads will not accept them?

As we understand it, under the terms of f. o. b. cars Moline, a delivery to the carrier constitutes a delivery to the customer, but when an embargo is on we cannot deliver this to the customer, inasmuch as the railroads will not take it.

Answer: Neither the consignee nor the carrier could be held responsible for the shipments above described, as the former has not received title thereto and the latter has not received possession of the property for transportation. Your contract of sale provides that the goods are sold f. o. b. cars point of shipment, and until you have loaded the cars and delivered them to the carrier you have failed in the performance of your contract with the purchaser. The carrier would not be liable, because to constitute a sufficient delivery to the carrier there must be an actual change of possession from the consignor to the carrier. It is essential to the establishment of liability as a common carrier to show delivery to the carrier at a customary place, during the usual business hours, and to an authorized agent of the carrier. Neither is the carrier legally required to accept goods for transportation if the embargo thereon has been duly declared and enforced. As to the law of embargoes, see our answer to "Illinois," published on page 248 of the Aug. 3, 1918, issue of *The Traffic World*.

* * *

Delivery Upon Private Siding.

Minnesota.—Question: Some time ago we made a shipment of a car of flour which was billed in care of a warehouse in a large terminal. When the shipment arrived on the tracks of the terminal company they notified the warehouse company and were notified about 6 p. m. to place the car at the warehouse on their private siding. Some time during that night the car was placed on this private siding near the warehouse. About 7 a. m. the fol-

lowing morning the warehouse company commenced to unload the flour into the warehouse, and discovered that one of the seals was broken. They discovered a shortage of about 20 sacks of flour as compared with the invoice.

We entered a claim against the railroad company for the shortage of these 20 sacks and they claim that when the car was set on the warehouse company's private siding both seals were intact and, in fact, they have the record of the original seals being on the car at that time. They disclaim all liability, and we wish you would advise us, through your valued department, if we have any recourse. The warehouse company did not have any employees working between the hours of 6 p. m. and 7 a. m. the following morning.

Answer: In our answer to "Ohio," published on page 201 of the July 27, 1918, issue of *The Traffic World*, we said: "A delivery by the carrier at the place specified in the bill of lading, or a delivery at the place where it is customary for the consignee to receipt and accept shipments, would be sufficient to discharge a carrier from liability for its surety, provided that 40 hours' notice of arrival has been given prior to the loss or damage to the shipment, except that when the shipment is delivered on a private track or other siding, it will be at the owner's risk after the car is detached from the train. See section 5, paragraphs 1 and 3, of the uniform bill of lading." If, therefore, the car seals were broken and the flour pilfered after the car in question was placed on the warehouse's private siding, no matter what time of the day or night it might have been done, the carrier is not liable. If the theft occurred prior to that time it is liable.

THE COMMISSION AND RATES

The Traffic World Washington Bureau.

It is worth while, every now and then, to consider what the Interstate Commerce Commission may do, during the period of federal control. It is not dead. The rate-making part of the federal control act was passed through Congress upon the representation that only in great emergencies would the President exercise the autocratic power therein granted. Even when promises of that kind were made, the vote in favor of making the President superior, in rate-making matters, to the Commission, was close.

It is true that Congress seldom, these days, disagrees with the President, even in little things, and therefore although the margin by which the bill was passed was narrow, it is not safe to assume that if the President desired it, the Commission would not be abolished and complete control over everything pertaining to railroads and railroad rates placed in the hands of Director-General McAdoo. It might not be necessary for the President, if he desired to get rid of the Commission, to even ask for the repeal of the act to regulate commerce. Under the Overman law, he could transfer the powers of the Commission to Mr. McAdoo and the members of his staff.

But, on the assumption that that will not be done, because the President was represented, in the Senate, as abhorring any such idea, the course of the Commission in respect of things that have happened since the Railroad Administration took full control of the making of rates, is at least interesting, if not important.

The Commission has had to consider things ordered in General Order No. 28, in connection with rates for non-controlled roads, some of which are steam and some of which are electric. It has had to come to conclusions as to some of them and to announce the conclusions, not with a flourish of trumpets, but nevertheless announce them.

Consistently the Commission has denied fifteenth section applications for permission to make effective the minimum class scale beginning with twenty-five cents per 100 pounds, first class. The same is true of the \$15 per

or minimum. The Railroad Administration itself has relieved the public of the burdens imposed by that scale and that minimum in a large number of instances. The Commission, however, has refused to allow either the minimum scale or the minimum charge per car to be imposed on any railroad subject to all parts of the act to regulate commerce. In other terms, it has not found one railroad that could offer facts to support either the minimum charge or the minimum scale of weight, enough to convince the Commission that it should follow the Railroad Administration in either matter.

In a number of instances the Commission has refused to allow any increase in either freight rates or passenger fares, one of the first instances being that of the Washington, Baltimore & Annapolis, the electric road that has found the war such a boon, in a financial sense, that even after one of its officials had filed a perfunctory affidavit saying the increases were needed to cover the extra cost of materials and labor, the attorney for that road had to come before the fifteenth section board and say the company did not want the increases lest they hurt its interests. The Commission has found a number of short or electric roads that have been making from 10 per cent upward. They asked for the increases decreed in No. 28 because they received a letter from Director Chambers asking them to make such application so as to keep on a relative basis with the controlled roads.

A number of fifteenth section permits have been issued allowing increases in freight rates and passenger fares without, however, allowing the electric road making the application to have rates or fares on any relationship other than that prevailing before June 25, if the rates of the electric applicant were voluntarily established charges. That is to say, it has forced them to keep their charges lower than the steam roads, because, when they put in rates originally they made concessions to the public so as to attract business.

There is no uniformity in the rate per mile on electric roads. Some of them have been given three cents a mile, some 2.5 and a few have been required to remain at two cents. One road came in asking for permission to increase its passenger fares to three cents, although it had been making a handsome return on the investment at a rate of 1 1-3 cents per mile. The Commission allowed it two cents a mile, on the showing that the War Labor Board had recommended an increase in wages.

Many applications for permission to increase rates have been denied because they were not in proper form. The Commission has not the power possessed by the President to grant advances out of hand. It is bound by the law requiring a carrier to show facts to justify the increase and it must insist upon a showing by the applicant carrier that the proposed rates would not be unjust, unduly discriminatory or otherwise unlawful. A mere statement that a road desires the increase because it was given to Federal controlled roads in the same territory is not sufficient. The Commission must know something about its financial condition before it can act.

Federal controlled roads that have been publishing agents for short lines have been the worst offenders against the Commission's rules for the making of fifteenth section applications. One of the largest lines in the south filed an application asking permission to put No. 28 rates into effect between stations on a short line it did not mention by name. It was acting for a principal it did not disclose. Applications of that kind are being turned down, not because the Commission has reached a conclusion as to the merits, but simply because it has no

material on which to work. Short lines that are being advised that the Commission has declined to grant them advances, before coming to the conclusion that the Commission is rejecting meritorious claims, should be sure the applications were made in good form, even if they are satisfied of the good faith of the applying connection.

There is close connection between the non-controlled lines and the trolley lines in cities. The electric lines, in many localities, are in desperate condition. They are trying to influence either the President to take them over, or Director-General McAdoo, as head of the financial machinery of the country, to extend them help. The President, in a telegram to Mayor Behrman on August 24, sent by Joseph Tumulty, said that it is the President's judgment that there can be no common rule dealing with the question of fares on urban lines; that conditions vary so greatly that the local or state authorities must settle the question. City councils, rather than state utility commissions, are the ones held responsible for failure to afford relief. As a rule, state commissions have been acquitted of negligence or indifference. City councils, however, probably being afraid of the public sentiment that caused riots in Detroit, when the fare was advanced to six cents, have been slow to grant advances. State commissions, being not so afraid of the local sentiment, have been more prompt in granting relief.

DENIES FIFTEENTH SECTION APPLICATION OF ELECTRIC RAILWAY

The Traffic World Washington Bureau.

The Commission, in fifteenth section order No. 806, denying to the Detroit United Railway the benefits of General Order No. 28, in effect disapproved everything the Railroad Administration has done in the way of increasing rates. The denial was based solely on the fact that the financial condition of those electric roads, in the opinion of the Commission, is such that they do not need anything above the C. F. A. scale increased by fifteen per cent, allowed all railroads, by it, before the government went into the railroad business. The record in the application to which No. 806 is the answer looked suspiciously like the record made by the Washington, Baltimore & Annapolis, which asked for the benefit of General Order No. 28, because Director Chambers had suggested to it that it would be desirable for that electric road to have as high rates as the parallel and supposedly competing steam lines so as to preserve the relative positions of the two classes of carriers. The W., B. & A., when the matter came on for hearing, frankly admitted that it did not need the money and that grant of the increase would probably result in damage rather than benefit, by driving its business to the steam lines, and also incensing the people of Maryland, so that they would take steps to "get even."

EXPORTS TO HOLLAND AND DENMARK

The War Trade Board has adopted the following regulations with respect to the exportation of commodities to European Holland and Denmark proper:

(1) The list of commodities which will be considered for exportation to European Holland and Denmark proper has been revised. Applications for licenses to export the commodities as listed below will now be given consideration. Previous announcements with respect to such commodities (W. T. B. R. 50, Feb. 20, 1918; W. T. B. R.

96, April 20, 1918; W. T. B. R. 118, May 22, 1918; W. T. B. R. 146, June 20, 1918; W. T. B. R. 180, Aug. 3, 1918) are hereby withdrawn.

(2) The list of commodities which will now be considered for exportation to European Holland and Denmark proper is as follows:

Adding and Calculating Machines
Alabaster for Statuary
Artists' Materials, excluding Oils and Turpentine
Athletic Goods not containing Rubber or Leather
Automobiles (Passenger), Bicycles, Motorcycles and Spare Parts of, but not Tires and no Accessories
Billiard Balls (Ivory)
Buttons, Bone, Horn or Mother-of-Pearl
Carpets, Oriental, of high value
Cash Registers
China
China Clay
Clocks, including Clocks for Time Checking
Clothing made up of Silk or Mixed Silk
Coral
Cutlery:
Knives:
Table, Dessert, Butchers', Cooks', Bread, Carving, Pocket, Hunting, Painters', Palette, Shoemakers', Pruning, Budding and Bowie
Scissors
Steel Forks, Table and Carving
Razors, including Safety Razors and Blades not containing Nickel or Tin
Drugs:
Acetylsalicylic Acid
Aconite, Pure
Agaricin
Althaea Root
Amidol and Substitutes
Argentamine
Arsenobillin
Arsenous Acid
Barium Sulphuric, Pure, for X-Ray
Beta Naphthol
Bromine
Butylchloralhydrate
Camomile
Chromic Acid
Diaethylbarbituric Acid
Digitalis
Eucaine
Ferric Compounds
Fruit or Fennel
Hydrobromic Acid
Ichthyol
Inula Root
Iron, Reduced
Kharsevan
Leaves of Hyoscyamus
Metol
Nitrate of Silver
Opium Alkaloids
Paraldehyde
Phenacetine
Salicylic Acid
Sodium Arsenate
Sodium Bromide
Sodium Cacodylate
Sodium Nitroprusside
Sodium Salicylate
Sulphuric Acid
Veronal
Dental Burs, Dental Fillings, other than such as contain Platinum or other rare metals
Diamonds, other than industrial
Dyes and Dyestuffs
Earthenware
Electroplated Goods and Silverware containing not more than 5 per cent Nickel or Copper
Feathers or high value
Films, Cinema
Flowers, Artificial
Flower Seeds, except Seeds of Oil-Bearing Plants
Fountain Pens
Furs of high value
Gauge Glasses
Glassware
Hair Ornaments and Combs, except such as are manufactured from Caseine or Corozo
Hardware for Builders if of Iron or Steel
Hats trimmed ready for use.
Hats, Straw
Household Furnishings, Fixtures and Equipments if manufactured of Wood, Iron or Steel
Jewelry, Imitation
Laces, Handmade, such as Maltese
Ledgers, Loose-Leaf, and Similar Stationery
Leathers, imitation, made up for Hats
Lighting Fixtures if of Iron or Steel
Machinery:
Cotton Goods Machinery
Laundry, not containing Rubber or Copper
Sugar Refining Machinery
Printing Presses not containing an undue proportion of Copper, Nickel or Antimony
Typesetting and typecasting, excluding Type-Metal
Spare or Replacement Parts of Machinery
Marble for Statuary
Medical and Surgical Appliances other than those containing Rubber
Morocco Leather, small fancy articles
Musical Instruments, except when composed entirely or mainly of metals
Office Furniture, Equipment and Supplies
Oil Paintings
Opera Glasses for use in Theaters
Paper Materials, Fancy, for Book Covers
Phonographs, Phonographic Records
Photographic Goods
Pianos
Pen Nibs
Perfumery, but not essential Oils
Pictures, reproductions of
Precious Stones, real and imitation
Ribbon Silk
Silks and Manufactures thereof, except Gaze a Blutoir and Asiatic Silk or similar silk wherever manufactured
Salt (Table)
Salt Cake
Sanitary Ware, Plumbers' Goods, if of Iron, Steel or Earthenware
Screw Spanners for Cycles
Sewing Machines
Scales and Balances, not including weights of Copper or Brass
Shrubs
Spectacles
Tobacco Pipes
Teeth, Artificial, except such as contain Platinum, Iridium or other rare metals
Tooth Brushes
Toilet Preparations (excluding Soap not in Tin or Lead Containers and not containing more than 1 per cent of Glycerine)
Trimmings, Silk
Toys
Truffles, Fresh or Preserved
Typewriters and Spare Parts and Accessories, except Typewriter Ribbons not cut for use and except Ribbons over 2 inches wide
Vanilla
Wall Paper
Watches, other than with Gold or Platinum Cases
Wines

(3) Prospective importers in European Holland should obtain from the Netherlands Overseas Trust Company an import certificate. Upon receipt of the certificate, the importer should notify the prospective exporter that such a certificate has been obtained and advise him of the serial number thereof. The exporter should thereupon apply to the War Trade Board, Bureau of Exports, Washington, D. C., for an export license, using Application Form X and such supplemental information sheets concerning the commodity as are required, and, in addition, furnish on Supplemental Sheet X-102 the gross weight of the proposed shipment and the serial number of the import certificate of the Netherlands Overseas Trust Company.

All shipments to European Holland, except those consigned to the government of the Netherlands, must be consigned directly to and only to the Netherlands Overseas Trust Company (W. T. B. R. 77, March 15, 1918).

(4) In the case of proposed shipments to Denmark, the prospective importer abroad first should obtain an import certificate from the Merchants' Guild of Copenhagen or the Danish Chamber of Manufacturers. When this certificate is received, the prospective importer should advise the exporter in the United States of the serial number. Application for export licenses should be made on Application Form X, and the applicant should attach thereto the appropriate supplemental information sheets, and also Supplemental Information Sheet X-105, upon which should be noted the Merchants' Guild of Copenhagen, or the Danish Chamber of Manufacturers' Import Certificate Serial Number. Such shipments need not be consigned to the Merchants' Guild of Copenhagen or the Danish Chamber of Manufacturers, but may be consigned to an individual.

(5) Licenses will be valid only for shipment on vessels flying the flag of the country to which commodities are destined.

FIFTEENTH SECTION APPLICATION No. 6532

The Traffic World Washington Bureau.

The filing of fifteenth section No. 6532 by C. C. McCain and Eugene Morris, for authority to make increases in rates on manufactured iron, billets and pig iron from Pittsburgh to eastern destinations, with the usual adjustments from Johnstown and Connellsville, raises the question as to what the Commission will do with the \$15 per car minimum and the minimum class scale beginning with twenty-five cents for first class. The application covers the rates to apply, generally, from points of origin on non-controlled roads to destinations on controlled roads or from controlled roads having the road haul to destinations on non-controlled.

Neither the \$15 per car nor the minimum class scale are likely to have much to do with shipments of iron, but they are parts of General Order No. 28, and the application does not except them from the list of advances desired.

The Commission, in every case in which the question of the reasonableness of the minimum charge for the minimum class scale has been raised, has rejected those features of General Order No. 28. Therein is shown a conflict in opinion between the Railroad Administration and the Commission. It is not, however, a conflict that goes to every phase of the matter. The Administration itself has discarded the per car minimum on many commodities moving from points of production to factories

use in manufacturing. It has also set aside the minimum scale wherever it has had the opportunity. That may be because the railroads not under federal control have not gone into the subject deeply enough to be able to show the Commission that \$15 as a minimum charge for hauling a car is not unreasonable, and that twenty cents is the smallest sum a railroad should charge for carrying 100 pounds of first class freight, even for a mile.

The minimum scale and minimum charge, where they

are still in effect, have forced business to motor trucks. Under existing conditions that is a pleasing fact to the railroads. They have all they can handle without being afflicted with truckload business. At least that is the theory. The figures showing a big decrease in the less-than-carload business on the Pennsylvania lines west of Pittsburgh may mean that the remedy was too drastic. Before the war the competition of trucks in hauling high-class merchandise, milk and cream, caused some worry to freight traffic officials.

Loss and Damage Decisions

Cases Recently Decided by State and Federal Courts

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TRANSPORTATION AND DELIVERY BY CARRIER.

Ownership:

(Supreme Court, Appellate Term, First Dept.) Where consignee refuses to accept a shipment from a common carrier, the presumption that the consignee is the owner is destroyed, and the carrier may assume that such consignee has no authority to direct the further disposition of the shipment.—*Sterling Button Co. vs. Barrett*, 171 N. Y. Sup. 326.

Refusal to Accept:

(Supreme Court, Appellate Term, First Dept.) Where a consignee refuses to accept a shipment of goods, the carrier must use reasonable efforts to inform the consignor thereof.—*Sterling Button Co. vs. Barrett*, 171 N. Y. Sup. 326.

DELAY IN TRANSPORTATION OR DELIVERY

Damages:

(Supreme Court, Appellate Term, First Dept.) In an action against a carrier for delay in delivering two fur coats, the measure of damage is the difference between the market value when the goods should have arrived and the value at the time of delivery, notwithstanding that the goods are "seasonable" and depreciate in value because of change of style.—*Bawer et al. vs. Barrett*, 171 N. Y. Sup. 322.

In an action for damage for delay in delivery of a shipment of fur coats, damage for the fading of the color and deterioration from lying unused were recoverable, notwithstanding the carrier's receipt exempted it from liability for damage caused by the "nature of the property or inherent vice therein;" such a clause referring only to a special or peculiar quality in the article, which would render it intrinsically perishable.—*Ibid*.

Special Damages:

(Supreme Court, Appellate Term, First Dept.) "Special damage," as applied to delay in delivering a shipment of goods, is something other and beyond the damage occasioned by the mere difference in the market price, being an element which the carrier cannot be presumed to have knowledge of without special notice.—*Bawer et al. vs. Barrett*, 171 N. Y. Sup. 322.

LOSS OF OR INJURY TO GOODS.

Cartage:

(Sup. Ct. of N. J.) The charge for carting a bag of potatoes from the place where plaintiff bought them, at a reasonable market price, in New York City to the defendant's freight station in the same city, from which they were shipped to Lakewood, N. J., does not constitute a part of the value of the shipment within the meaning of the bill of lading, which provides that "the amount of any loss or damage for which any carrier is liable shall be computed, on the basis of the value of the property at the place and time of shipment under this bill of lading, including the freight charges, if paid."—*Blessing vs. Central R. Co. of N. J.*, 103 Atlantic Rep. 1045.

Place of Shipment:

(Sup. Ct. of N. J.) The words "place of shipment" as used in bill of lading, providing that "the amount of any

loss or damage for which any carrier is liable shall be computed on the basis of the value of the property at the place and time of shipment," mean the city, town or locality where the shipment originates as contradistinguished from the place of destination, and cannot be construed to mean the actual street or station from which the goods are shipped.—*Blessing vs. Central R. of N. J.*, 103 Atlantic Rep. 1045.

Notice of Loss:

(Sup. Ct. of Ark.) Stipulation in contract of carriage for written notice and for a maximum liability for loss of article shipped is waived by letter of carrier's claim agent to shipper, soon after loss, directing him to replace the article at its expense.—*Wells Fargo & Co. Express vs. Townsend & Freeman Co.*, 204 S. W. Rep. 417.

CARRIAGE OF LIVE STOCK.

Connecting Carrier:

(Sup. Jud. Ct. of Me.) In common-law action against initial carrier for injury to shipment of horses, its negligence must be proved.—*Hayden vs. Maine Cent. R. R.*, 103 Atlantic Rep. 1047.

Liability:

(Sup. Jud. Ct. of Me.) Where plaintiff's evidence as a whole failed to prove defendant's liability, the burden being on plaintiff, defendant's motion to direct verdict in its favor should have been granted.—*Hayden vs. Maine Cent. R. R.*, 103 Atlantic Rep. 1047.

Delay:

(App. Ct. of Ind., Div. No. 1.) Conceding that carrier was guilty of unreasonable delay, the shipper cannot recover damages where there is no evidence from which the actual damages sustained can be ascertained.—*Williams vs. Pittsburgh, C., C. & St. L. Ry. Co.*, 120 N. E. Rep. 46.

The measure of damages for unreasonable delay in the shipment of goods or live stock, in the absence of a contract in that regard, is the difference between the market value at their destination when they should have arrived and the value at actual delivery.—*Ibid*.

Evidence:

(Ct. of Civ. Appeals of Tex.) In action for injuries to cattle in shipment, testimony of plaintiff's agent that the cars were not properly bedded, and that he knew that cattle could not properly be shipped in unbedded cars for any distance, did not show contributory negligence as a matter of law, in the absence of evidence as to the distance the cattle were shipped.—*Beaumont, S. L., & W. Ry. Co. vs. Milby*, 204 S. W. Rep. 444.

Receivership:

(Ct. of Civ. Appeals of Tex.) To make a railway corporation liable for injuries to properties of a shipper while the railway was in the hands of and being operated by a receiver appointed by a federal court, it must be shown that the receivership has terminated and the railway returned to the corporation with such liability imposed upon it by the decree of the court as a condition to receive it, or that the revenues received by the receiver were expended by him in betterments.—*Beaumont, S. L., & W. Ry. Co. vs. Milby*, 204 S. W. Rep. 444.

96, April 20, 1918; W. T. B. R. 118, May 22, 1918; W. T. B. R. 146, June 20, 1918; W. T. B. R. 180, Aug. 3, 1918) are hereby withdrawn.

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Billiard Balls (Ivory)
Buttons, Bone, Horn or Mother-of-Pearl
Carpets, Oriental, of high value
Cash Registers
China
China Clay
Clocks, including Clocks for Time Checking
Clothing made up of Silk or Mixed Silk
Coral
Cutlery:
Knives:
Table, Dessert, Butchers', Cooks', Bread, Carving, Pocket, Hunting, Painters', Palette, Shoemakers', Pruning, Budding and Bowie
Scissors
Steel Forks, Table and Carving
Razors, including Safety Razors and Blades not containing Nickel or Tin
Drugs:
Acetylsalicylic Acid
Aconite, Pure
Agaricin
Althaea Root
Amidol and Substitutes
Argentamine
Arsenobilin
Arsenous Acid
Barium Sulphuric, Pure, for X-Ray
Beta Naphthol
Bromine
Butylchloralhydrate
Camomile
Chromic Acid
Diethylbarbituric Acid
Digitalis
Eucaine
Ferric Compounds
Fruit or Fennel
Hydrobromic Acid
Ichthyol
Inula Root
Iron, Reduced
Kharsevan
Leaves of Hyoscyamus
Metol
Nitrate of Silver
Opium Alkaloids
Paraldehyde
Phenacetine
Salicylic Acid
Sodium Arsenate
Sodium Bromide
Sodium Cacodylate
Sodium Nitroprusside
Sodium Salicylate
Sulphuric Acid
Veronal
Dental Burs, Dental Fillings, other than such as contain Platinum or other rare metals
Diamonds, other than industrial
Dyes and Dyestuffs
Earthenware
Electroplated Goods and Silverware containing not more than 5 per cent Nickel or Copper
Feathers or high value
Films, Cinema
Flowers, Artificial
Flower Seeds, except Seeds of Oil-Bearing Plants
Fountain Pens
Furs of high value
Gauge Glasses
Glassware
Hair Ornaments and Combs, except such as are manufactured from Caseine or Corozo
Hardware for Builders if of Iron or Steel
Hats trimmed ready for use.
Hats, Straw
Household Furnishings, Fixtures and Equipments if manufactured of Wood, Iron or Steel
Jewelry, Imitation
Laces, Handmade, such as Maltese
Ledgers, Loose-Leaf, and Similar Stationery
Leathers, Imitation, made up for Hats
Lighting Fixtures if of Iron or Steel
Machinery:
Cotton Goods Machinery
Laundry, not containing Rubber or Copper
Sugar Refining Machinery
Printing Presses not containing an undue proportion of Copper, Nickel or Antimony
Typesetting and typecasting, excluding Type-Metal
Spare or Replacement Parts of Machinery
Marble for Statuary
Medical and Surgical Appliances other than those containing Rubber
Morocco Leather, small fancy articles
Musical Instruments, except when composed entirely or mainly of metals
Office Furniture, Equipment and Supplies
Oil Paintings
Opera Glasses for use in Theaters
Paper Materials, Fancy, for Book Covers
Phonographs, Phonographic Records
Photographic Goods
Pianos
Pen Nibs
Perfumery, but not essential Oils
Pictures, reproductions of
Precious Stones, real and imitation
Ribbon Silk
Silks and Manufactures thereof, except Gaze a Blutoir and Asiatic Silk or similar silk wherever manufactured
Salt (Table)
Salt Cake
Sanitary Ware, Plumbers' Goods, if of Iron, Steel or Earthenware
Screw Spanners for Cycles
Sewing Machines
Scales and Balances, not including weights of Copper or Brass
Shrubs
Spectacles
Tobacco Pipes
Teeth, Artificial, except such as contain Platinum, Iridium or other rare metals
Tooth Brushes
Toilet Preparations (excluding Soap not in Tin or Lead Containers and not containing more than 1 per cent of Glycerine)
Trimnings, Silk
Toys
Truffles, Fresh or Preserved
Typewriters and Spare Parts and Accessories, except Typewriter Ribbons not cut for use and except Ribbons over 3 inches wide
Vanilla
Wall Paper
Watches, other than with Gold or Platinum Cases
Wines

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LOSS OF OR INJURY TO GOODS.

Cartage:

(Sup. Ct. of N. J.) The charge for carting a bag of potatoes from the place where plaintiff bought them, at a reasonable market price, in New York City to the defendant's freight station in the same city, from which they were shipped to Lakewood, N. J., does not constitute a part of the value of the shipment within the meaning of the bill of lading, which provides that "the amount of any loss or damage for which any carrier is liable shall be computed, on the basis of the value of the property at the place and time of shipment under this bill of lading, including the freight charges, if paid."—*Blessing vs. Central R. Co. of N. J.*, 103 Atlantic Rep. 1045.

Place of Shipment:

(Sup. Ct. of N. J.) The words "place of shipment" as used in bill of lading, providing that "the amount of any

loss or damage for which any carrier is liable shall be computed on the basis of the value of the property at the place and time of shipment," mean the city, town or locality where the shipment originates as contradistinguished from the place of destination, and cannot be construed to mean the actual street or station from which the goods are shipped.—*Blessing vs. Central R. of N. J.*, 103 Atlantic Rep. 1045.

Notice of Loss:

(Sup. Ct. of Ark.) Stipulation in contract of carriage for written notice and for a maximum liability for loss of article shipped is waived by letter of carrier's claim agent to shipper, soon after loss, directing him to replace the article at its expense.—*Wells Fargo & Co. Express vs. Townsend & Freeman Co.*, 204 S. W. Rep. 417.

CARRIAGE OF LIVE STOCK.

Connecting Carrier:

(Sup. Jud. Ct. of Me.) In common-law action against initial carrier for injury to shipment of horses, its negligence must be proved.—*Hayden vs. Maine Cent. R. R.*, 103 Atlantic Rep. 1047.

Liability:

(Sup. Jud. Ct. of Me.) Where plaintiff's evidence as a whole failed to prove defendant's liability, the burden being on plaintiff, defendant's motion to direct verdict in its favor should have been granted.—*Hayden vs. Maine Cent. R. R.*, 103 Atlantic Rep. 1047.

Delay:

(App. Ct. of Ind., Div. No. 1.) Conceding that carrier was guilty of unreasonable delay, the shipper cannot recover damages where there is no evidence from which the actual damages sustained can be ascertained.—*Williams vs. Pittsburgh, C., C. & St. L. Ry. Co.*, 120 N. E. Rep. 46.

The measure of damages for unreasonable delay in the shipment of goods or live stock, in the absence of a contract in that regard, is the difference between the market value at their destination when they should have arrived and the value at actual delivery.—*Ibid.*

Evidence:

(Ct. of Civ. Appeals of Tex.) In action for injuries to cattle in shipment, testimony of plaintiff's agent that the cars were not properly bedded, and that he knew that cattle could not properly be shipped in unbedded cars for any distance, did not show contributory negligence as a matter of law, in the absence of evidence as to the distance the cattle were shipped.—*Beaumont, S. L., & W. Ry. Co. vs. Milby*, 204 S. W. Rep. 444.

Receivership:

(Ct. of Civ. Appeals of Tex.) To make a railway corporation liable for injuries to properties of a shipper while the railway was in the hands of and being operated by a receiver appointed by a federal court, it must be shown that the receivership has terminated and the railway returned to the corporation with such liability imposed upon it by the decree of the court as a condition to receive it, or that the revenues received by the receiver were expended by him in betterments.—*Beaumont, S. L., & W. Ry. Co. vs. Milby*, 204 S. W. Rep. 444.

Damages:

(Ct. of Civ. Appeals of Tex., Texarkana.) Where a shipper claims damages to stock for time confined in pens because carrier did not ship them on a certain train, it was error to instruct generally that plaintiff's measure of damages would be the difference in the market value

in the condition they were when they reached the pens and the condition they should have been in had there been no delay, where shipper had put the stock in the pens the day before they were to be shipped.—*St. Louis Southwestern Ry. Co. of Texas vs. Stinson*, 204 S. W. Rep. 476.

Miscellaneous Traffic Decisions

Cases Recently Decided by State and Federal Courts

(Digests taken from Reporters and Digests of National Reporter System, published by West Publishing Co., St. Paul, Minn. Copyright, 1918, by West Publishing Co.)

RÉGULATION OF COMMON CARRIER.

Interstate Commerce:

(Court of Civil Appeals of Texas, Texarkana.) Where shipper contracted with one railroad in Arkansas to ship stock to Texarkana, where he received them personally and drove them across the state line, and entered into contract with another railroad to ship them to another point in Texas, the latter railroad could not claim that there was a continuous shipment so as to entitle it to the

interstate rate.—*St. Louis Southwestern Ry. Co. of Texas vs. Stinson*, 204 S. W. Rep. 476.

Enforcing Regulations:

(Supreme Court of Washington.) Laws 1911, p. 596, sec. 86, providing that one affected by "any order" of the Public Service Commission may apply for writ of review, applies to a carrier affected by an order of reparation; there being no express exception in section 86 or section 91.—*State ex rel., Tacoma Eastern R. Co. vs. Public Service Commission of Washington et al.*, 173 Pac. Rep. 626.

Shipping Decisions

Cases Recently Decided by State and Federal Courts

(Digests taken from Reporters and Digests of National Reporter System, Published by West Publishing Co., St. Paul, Minn. Copyright, 1918, by West Publishing Co.)

Charter:

(Cir. Ct. of Appeals, Fifth Circuit.) The master of a ship, although the agent of the owners, is under duty to collect freight money for the benefit of the charterers; and where the duty exists, both the vessel and owner are liable for his acts or omissions in respect to its exercise, and for stronger reason the ship is liable, where the collection is made by the owners themselves.—*The Seguranca, Dixon vs. George W. Howe & Co.*, 250 Fed. Rep. 19.

The owners of a chartered ship held entitled to interest on an amount due them from the charterer, but retained by the charterer through a mutual mistake when the settlement was made.—*Ibid.*

Improper Stowage:

(Cir. Ct. of Appeals, Fifth Circuit.) Where, as required by the charter, a ship was loaded by stevedores employed by the charterer, but "under the supervision of the master," the charterer cannot be held liable for improper stowage.—*The Seguranca, Dixon vs. George W. Howe & Co.*, 250 Fed. Rep. 19.

Demurrage:

(Cir. Ct. of Appeals, Fifth Circuit.) Where all the terms, conditions and exceptions of the charter party are by recital incorporated in the bills of lading signed by the master, the charterer is protected by the cesser clause from liability as to all demurrage incurred after the signing of the bills of lading.—*The Seguranca, Dixon vs. George W. Howe & Co.*, 250 Fed. Rep. 19.

Delay:

(Cir. Ct. of Appeals, Fifth Circuit.) Where a time charter allowed the charterer to direct the vessel's movements, and there was no undertaking by the owner to make any particular voyage, or to deliver a cargo within a stated time, losses suffered by the charterer on account of delay in delivering a particular cargo, intended for a holiday market, are not within the contemplation of the parties and cannot be recovered, although the owner was responsible for the delay, which was due to the fault of the

crew it provided.—*Aktieselskabet Stavangeren vs. Hubbard-Zemurray S. S. Co.*, 250 Fed. Rep. 67.

Where a charterer, libeled for a balance claimed to be due under charter party, filed a cross-libel, setting up damages on account of delayed delivery of a cargo, resulting from accident to the vessel, a stipulation that as a result of the accident the charterer was damaged in a specified sum is not an admission of the owner's liability for such damages.—*Ibid.*

Seaworthiness:

(Cir. Ct. of Appeals, Third Circuit.) Though a charterer of a vessel for 30 days was a demise, and was entered into after a more or less thorough inspection by an agent of the charterer, the owner was not relieved of his implied warranty as to seaworthiness concerning a defect in the rudder port sleeve and in the timbers concealed by it, for the rule of caveat emptor applies only to defects which are patent or are discoverable on inspection.—*The Transit*, 250 Fed. Rep. 71.

A presumption of unseaworthiness arises, and alone will sustain a recovery, where a vessel sinks from an unknown cause, under circumstances where she had been subjected to no external peril, and nothing but her unseaworthiness can explain the accident.—*Ibid.*

On a libel to recover damages for injury to the cargo of a lighter, which sank at her dock, evidence held insufficient to show that the sinking was the result of the vessel's unseaworthiness.—*Ibid.*

Effect of War:

(Cir. Ct. of Appeals, Fifth Circuit.) Where the charter of a British vessel gave the charterer the privilege of naming either one of three European ports for discharging, and he in good faith selected and advertised Hamburg as the destination, the subsequent declaration of war between Great Britain and Germany, and the prohibition of trading with enemy ports, justified the master in refusing to take his vessel to Hamburg, and such refusal released the charterer from his contract, since by its terms he could not be compelled to select another port.—*Essex S. S. Co., Ltd., vs. Langbehn*, 250 Fed. Rep. 98.

Traffic Lesson No. XLIV

The Act to Regulate Commerce—Forty-fourth in the Course of Fifty-two Lessons Written for the Traffic World by Grover G. Huebner, Ph.D., Assistant Professor of Transportation and Commerce, University of Pennsylvania, and
Published Bi-weekly—(Copyrighted)

Although the railroads of the United States are operated by private companies, their services have long been regarded as of a public nature. Their services and charges are so vital to the public welfare that their determination cannot be left exclusively to the carriers. Their semi or quasi public nature has in fact long since been given statutory recognition. Many railroad companies received public aid from the federal, state and local governments to stimulate their early construction; they were granted the power of eminent domain in the acquisition of needed rights-of-way; and later they were subjected to an increasing degree of public regulation.

The industrial countries of the world have been confronted by two main options: Some have chosen government or state ownership and operation, and others—including the United States—have favored private ownership supplemented by government and state regulation or control. Under a system of private ownership there is much difference of opinion as to the proper amount of public regulation or control that should be exercised and as to what authorities shall be charged with this function, but it is quite generally conceded that some public authority vested with regulative powers must stand between the carriers and the shipping or traveling public. Charges, services and regulations may be either unreasonable in themselves or unfairly indiscriminatory even though the competitive forces referred to in previous lessons are actively at work. Unfair discrimination in particular instances may be due as much to competition as to the absence of competition.

The purpose of this lesson is to trace federal experience under the original interstate commerce act, because many of the provisions of the amended interstate commerce act are more easily understood in the light of past experiences. Subsequent lessons will deal with the provisions of the amended interstate commerce act, with the powers of the Interstate Commerce Commission, with Commission procedure, with the rate theories of the Interstate Commerce Commission, and with regulation by the states and courts.

Federal Regulation Before 1887.

Before the enactment of the original interstate commerce act in 1887, the railroad policy of the federal government was one of aid rather than control. Congress has, on various occasions, authorized land grants, grants of right-of-way, road surveys, direct financial aid and special treatment regarding the tariff on imported railroad iron. Several congressional committees were appointed and bills were introduced, but no federal regulatory statutes were enacted.

Interest was aroused in Congress during the seventies when various western and southern states were enacting their drastic "granger laws." The Senate appointed the famous Windom committee, which in 1874 pointed to constitutional power to regulate railroads, but instead of recommending direct regulation recommended the improvement of waterways and the further installation of competition by the construction of a freight railroad be-

tween the central west and the Atlantic Ocean by the government. The main complaint at that time was exorbitant freight rates, and the remedy suggested was competition. No federal legislation resulted from this report. In the same year a bill known as the McCreary bill, containing provisions similar to that of the state granger laws, passed the House, but failed to become a law; and in 1878 the House passed a second bill known as the Reagan bill, which contained provisions against pooling and discriminations and called for the publication of rates and the enforcement of the provisions through the courts, but it likewise did not become a law.

In 1886 a second well-known Senate committee, the Cullom committee, made a report which finally led to the enactment of the interstate commerce act. The paramount complaint at this time had changed from exorbitant rates to "unjust discrimination between persons, places, commodities, or particular descriptions of traffic."

The Interstate Commerce Act of 1887.

The Senate and House had each passed a regulatory bill in 1885, but it was not until a year after the Cullom committee made its report that they agreed upon a statute. By this time the demand for a federal law had become pronounced, for the Supreme Court had, in 1886, in its "Wabash decision," made it clear that the regulatory power of the states was constitutionally limited to intrastate traffic.

The scope of the original interstate commerce act was narrow, as it did not include many of the carriers that have since been added. It applied to freight and passenger traffic carried by railroads or over continuous rail-water routes in interstate and foreign commerce. It prohibited rebates or other personal discriminations, and also unreasonable charges and unfair discriminations between places, commodities and connecting lines. It contained a long-and-short-haul clause, and it prohibited the pooling of traffic or earnings; and also the unnecessary interruption of continuous through shipments.

The carriers subject to the act were required to provide reasonable facilities, to print and post all rates and fares for public inspection, to file their tariffs with the Interstate Commerce Commission, and to notify promptly the Commission of all rate changes. No rates were to be advanced except after a public notice of ten days, and only the published charges were lawful.

The original law enforced a general penalty in the form of a \$5,000 fine for violation of the act, and an amendment enacted in 1889 declared certain acts punishable by both fine and imprisonment. It also held the carriers liable for damages or reparation in case of losses suffered as a result of a violation of the statute.

The act created the Interstate Commerce Commission to administer the act and the principal body to enforce its provisions. Its membership at that time was five, their term of office was six years, and their salary was \$7,500 per annum. The Commission was given power to compel witnesses to testify and carriers to produce needed books and papers, and to render a detailed annual report

to the Commission. It was authorized to undertake inquiries either on complaint or its own initiative, and, upon investigation and rendering of a written report, to serve notice upon carriers to discontinue violations of the act and, in case injury to complainants was proved, to order that reparation be made. The Commission was also authorized to prescribe a uniform system of accounts.

Working of the Act of 1887.

Defects in the statute and interpretation by the federal courts gradually made it clear that the interstate commerce act of 1887 required amendment. The Commission experienced difficulty in obtaining evidence for a court decision of 1889 (*Kentucky & Indiana Bridge Co. vs. L. & N. R. R. Co.*, 37 Fed. Rep. 567), which permitted the railroads to introduce new evidence before the courts to which the Commission's orders were appealed, thus making out of the Commission a preliminary investigation board. It was not until 1896 that the Supreme Court discouraged the practice of withholding evidence (the *Social Circle case*, 162 U. S. 184).

During the years 1890 to 1896, moreover, the federal courts refused to compel witnesses to give incriminating testimony (*Counselman vs. Hitchcock*, 142 U. S. 547, Jan. 11, 1892). Congress, in 1893, endeavored to remedy this difficulty by enacting the immunity law, which relieved the witness from all civil or criminal prosecution, but this statute was not enforced until after a decision by the Supreme Court in 1896 (*Brown vs. Walker*, 161 U. S. 591, March 23, 1896).

The long-and-short-haul clause, moreover, was practically a dead letter after 1897 until its amendment in 1910. The act provided that the long-and-short-haul principle was applicable only "under substantially similar circumstances and conditions." This phrase the Supreme Court held to include not only water competition—which the Commission had conceded—but also competition between railroads (*I. C. C. vs. Alabama Midland R. R. Co. et al.*, 168 U. S. 144, Nov. 8, 1897). The railroads, therefore, were able themselves to create dissimilar circumstances and conditions.

The clause authorizing the Commission to prescribe uniform railroad accounts proved to be ineffective, because the act of 1887 did not definitely authorize the Commission to inspect and audit railroad accounts.

The enforcement of the provisions against rebating and unjust discriminations was made difficult because the act did not prevent the reduction of rates on short notice, and because conviction for personal discrimination depended upon the ability not only to prove that the rates charged a particular shipper were lower than the published rates, but that other shippers had simultaneously paid higher rates than the favored shipper.

The greatest obstacle encountered by the Interstate Commerce Commission, however, was its inability to enforce its orders. For a decade the Commission had ordered carriers to substitute reasonable rates for such rates as it found to be unreasonable, but in 1897 the Supreme Court decided that Congress had never granted the rate-fixing power to the Commission (*Maximum Rate Case*, 167 U. S. 479, May 24, 1897). The Commission thereafter did not exercise mandatory powers over rates, but acted in effect as an investigating body. When the Commission held rates to be unreasonable, the shippers' only redress was to sue for excessive charges, and this they usually did not see fit to do.

The gradual amendment of the interstate commerce act of 1887 will be outlined in Lesson No. 45.

Help for Traffic Man

This department is conducted by a traffic man of long experience and wide knowledge. In it he will answer questions relating to practical traffic problems. We do not desire to take the place of the traffic man, but to help him in his work. We reserve the right to refuse to answer any questions that we judge it unwise to answer or that involve situations that are too complex for the kind of investigation contemplated. Questions will be answered as promptly as possible. No answers will be given by mail except for a fee.

Address "Help for Traffic Man," The Traffic Service Bureau, Colorado Building, Washington, D. C.

No Claim for Damage to Packing Cases in Which Shipments Are Made.

Q.—Referring to your answer to question regarding liability of carrier for damage to shipping cases containing canned goods which appears on page 1435 of *The Traffic World* of June 29, 1918. Permit me to direct attention to a few facts which I believe will convince you that your opinion holding that the carrier is not liable for the damage to these containers, because the bill of lading contracted for the transportation of canned goods, is in error.

If you will refer to item 5, page 348, Official Classification No. 44, you will note that canned vegetables are given various ratings according to the materials used in packing them. The bill of lading covering shipment in question undoubtedly specified that shipment consisted of a given number of boxes or cases of canned goods packed in metal cans, glass or earthenware, but if it did not, it would make no difference, as charges would have to be assessed according to the classification requirements. In my opinion the packing cases or other containers are just as much a part of the shipment as their contents and any damage to any part of the shipment due to the carelessness or negligence of the carrier is collectable. No separation is made as between the containers and their contents in the classification or in assessing charges, and consequently the container is as much a part of the property that the carrier contracts to transport as are its contents. Supposing this was a shipment of vegetables packed in tin cans boxed and, through careless handling in transit, it arrived at destination with the labels on the cans destroyed or damaged so that the cans would have to be relabeled before they could be placed on sale. Would you hold that the carrier is not liable for the damages resulting from their careless handling? Or, let us suppose the vegetables were packed in glass, and on arrival at destination some of these glass cans or bottles were found to have been cracked through the carelessness of the carrier, but still the contents of the bottles were not damaged. Would you hold that the carrier is not liable for the value of these bottles which would have to be replaced before the contents would have any market value? Of course, I appreciate that ordinarily packing cases or other containers have no particular value to the consignee, and therefore no claims would be made in case of damage to containers that did not result in loss or damage to their contents, but it is my opinion that where any container that is required by the carriers according to their classification and tariffs is damaged and the owner suffers a loss by reason of such damage, he has a valid claim.

Another reader writes: "If a firm in Baltimore, for example, sells a carload of canned tomatoes to a wholesale grocer in Iowa and upon arrival of the car at destination a lot of the cases are found broken or so badly damaged that they are worthless for further use, as I understand your answer, the consignee has no claim against the carrier. You say that the carrier undertook to transport a carload of canned tomatoes and if the canned tomatoes are delivered it has performed its duty regardless of whether or not the cases are damaged. The wholesale grocer buys his canned tomatoes from the Baltimore packer, has them shipped to his warehouse and later they are reshipped in the original packages to his retail customers. The cost of cases is taken into consideration by the packer in making his price to the jobber and the cost of the case is considered by the jobber in making his price to the retailer.

"If you are correct in this argument, you might just as well go further and say that if we were to buy 100

bags of sugar and the bags were all torn upon arrival, so that as the carriers delivered us the sugar, we have no time, even though we have to resack the sugar in order to properly handle it. Packing cases cost a lot of money every day. They are an important factor to the wholesaler in the handling of his merchandise and, if the carriers smash them by rough handling or otherwise damage them beyond use, the owner should have a just claim against the carrier to cover loss."

Still another reader writes: "It is our idea that it is our intention that nothing should appear in your paper which is not absolutely correct as near as it might be from the information that is given. We believe that even a casual investigation would have shown that the answer to this question is not correct. The writer has had considerable experience with claims of this very nature and never has had one questioned. The writer's experience has been in connection with firms who did the warehousing and also the reconditioning on many damaged cases of cereal products where the contents of the cases were not damaged in any way."

A. This is a question upon which authorities might well, and do, in fact, at times disagree. It appears from the original inquiry mentioned that there was disagreement between consignor and consignee, either of whom might be recognized as an authority on shipping matters. We doubt if the practices of the carriers are uniformly the same, and the bare fact that such claims have been paid by some carriers is not conclusive proof of merit. It is common knowledge that through the payment of loss and damage claims many discriminations have followed and

many rebates been given. The view expressed in our issue of June 29 is the thought of this column and it is not surprising to learn that there are opposite views. As this column sees it, there is a distinction between shipping containers, such as gas cylinders, copper drums, bread baskets, egg carriers, cases for carrying bottled goods, etc., which are used over and over again until they become useless for that purpose by reason of ordinary wear and tear, and the ordinary wooden box, case or crate used for the protection of goods which are not shipped in bulk. In the case of canned goods the "container" is the can or the glass jar in which packed, and the wooden box protects the goods and the container. In some instances the carrier will not accept goods in the "container" unless protected by boxing or otherwise, nor will it accept such packed goods for shipment in bulk or, if accepted at all, it assesses a greater charge. It therefore becomes necessary for the shipper to box such goods, including container, for the purpose of protecting the shipment from damage and to facilitate handling, marking and delivery. When the goods, including the container, have been delivered in good sound condition the box within which they were placed for their protection will have served its purpose so far as its transportation is concerned and may or may not be useful for a like protective service with another shipment of the same or similar goods. Containers which are used over and over again are made for special service and, being substantially constructed, do not require the protection of a box, case or crate. Of course, the final arbiter in an action for damages is a court of competent jurisdiction.

Efficiency in Traffic

New Devices, Suggestions, and Methods for Increasing Efficiency
in Freight Handling and Other Branches of Traffic Work

HIGHWAYS TRANSPORT COMMITTEE REPORT

The Highways Transport Committee of the Council of National Defense has just made the following report of its activities:

The work of the Highways Transport Committee, Council of National Defense, this committee having been appointed to make the most effective use possible of the highways as one of the means of strengthening the nation's transportation resources, is now being developed in such a way as to take in every state in the Union. Further, through the medium of State Highways Transport bodies, functioning with the national body, this organization is being developed in some states not only down to the districts, but to the counties and even communities.

The State Highways Transport bodies are a part of the State Council of Defense. They consist of the following:

The chairman of the State Highways Transport Committee, five members of the Highways Transport body, and a secretary.

The five members in question are named to represent areas of varying sizes and populations, each of the five members being chosen from one of such five different areas, and in turn serving as chairman of his district committee. The district boundaries are laid out in harmony with existing conditions, the aim being that the most effective results possible may be brought about. For instance, in one locality, large population centers may be found to be best as the heart of one or more districts. Again, in other sections, where cities of large population are not found, the district boundaries may be made to embrace agriculture, lumber, oil, or other areas.

Such Highways Transport Committees have been organized in practically all of the states of the Union, and are now working not only as a part of the State Council of

Defense but with the National body at Washington. While in some states the work in detail has gone forward to a most gratifying extent, thus pointing the way to those in which the State Highways Transport body has been more recently organized, without exception efforts looking to the desired end in all states are being made.

The main activities of the National and its allied highways transport bodies are for the present being devoted directly to the following main activities:

Return Loads Bureaus; Rural Express; Co-operation With Federal Railroad Administration; Transport Operating Efficiency.

These activities may be briefly interpreted as follows:

Return Loads Bureaus—Elimination of empty running of trucks by the bringing together of shipper and truck owner in a systematic way, so as to provide a full load wherever possible.

Rural Motor Express—Rapid development of the use of the motor truck in regular daily service over a fixed route with a definite schedule of stops and charges; gathering farm produce, milk, live stock, eggs, etc., and on the return trip carrying merchandise, machinery, supplies, etc., for farmers and others along the route.

Co-operation With Federal Railroad Administration—Taking of congestion from crowded rails on to the open highways and also freeing terminals from railroad and express congestion.

Transport Operating Efficiency—The making of transportation more efficient, which end will be sought through encouragement of such use of highways transport as will operate to avoid the making of trips with only part loads; also, briefly, the elimination of waste efforts, man power, and time in loading and unloading.

Typical of the work being done by some of the State Highways Transport bodies that are already inaugurated in such representative states as Connecticut, New York, Pennsylvania, Michigan, Illinois and Colorado may be suggested. For instance, resolutions recently adopted at a

meeting of the Michigan Highways Transport Committee point the way to the manner in which that enterprising state is aiding in this vital phase of the war work.

Resolutions, in part, recommend that inter-city and rural motor express and Return Loads Bureaus be established where practicable in every part of the state; that steps be taken to have the state constitution amended and suitable legislation enacted to aid in the granting of franchises, properly restricted, for organizing and equipping motor express lines.

Again, in Pennsylvania, an organization down to the county has been perfected, and noteworthy development has been brought in such counties as Allegheny, Butler, Clinton, Lawrence, Luzerne, McKean, and Tioga. Pennsylvania co-operated most effectively during the heavy snows of the past winter to the end that routes selected for government motor truck trains on their way from points north to seaboard were cleared of snow and the overland trips, the first attempted by the government, made possible. In this work Michigan also lent a hand most effectively.

In Illinois the transport division, Highways Transport Committee, has gone to bat in a manner which promises to set a pace for other states to follow, and entirely good-natured rivalry already is on to see which state will be able to produce the most effective results in the most approved manner in the shortest space of time. The Illinois committee has worked out a compact plan of organization and drawn up a method of procedure.

It has established a Return Loads Bureau in Chicago, located at the headquarters of the State Council of Defense, and preliminary steps have been taken looking to the establishment of subsidiary bureaus in some of the larger towns between which and Chicago there is considerable movement of freight.

Connecticut was the first state to organize completely, with a Return Loads Central Bureau at Hartford. It has numerous flourishing bureaus outside of Hartford, equipped with telephone service, that delays in the transmission of orders may be eliminated. The Hartford bureau is constantly on the alert to the end that interested persons, such as truck owners, merchants, farmers, manufacturers, may know just when and where return loads service is available.

From Denver comes information, through Tom Botterill, chairman of the State Highways Transport body, that a gratifying number of inter-city motor express routes are now in operation in Colorado, and that within a short time these will be organized as rural motor express routes in harmony with the plans of the National Highways Transport body.

The establishment of Return Loads Bureaus throughout Colorado also is being given intensive study, and the State Highways Transport body is confident of being able shortly to have this vital war activity in operation.

PROPER PACKING AND MARKING

E. S. Stephens, general freight agent of the Chicago & Eastern Illinois Railroad, has just sent out the following notice to shippers:

Enormous losses in property tendered carriers for transportation still continue. These losses waste food and material needed by our armies and our people, and are an unnecessary drain on national resources, which a little more care will prevent—and on this ground it is only plain patriotism for all to co-operate in a drive to eliminate such losses.

Railroads generally were never before so short handed. Practically every freight station and agent is working under pressure and difficulties. Notwithstanding this, railroad men are patriotic and are trying to do their part in saving property as well as buying Liberty Bonds.

There are three main causes for freight losses which shippers can, if they will, practically eliminate:

First: Packing all L. C. L. freight strictly in accord with classification requirements and so it will stand ordinary transportation handling—keeping in mind, in this connection, that it is necessary for railroads now to load all cars much heavier and the crushing or breaking strain on many shipments is much greater than ever before.

Second: Marking all L. C. L. freight clearly and permanently, and in accord with classification requirements.

Third: Make out shipping tickets and bills of lading clearly and legibly.

As to the first and second requirements: It should be borne in mind that the classifications are filed with the Interstate Commerce Commission and classification rules have the same legal force as tariffs naming freight rates; also that railroad agents have authority to refuse any shipment not packed or marked in accordance with the classification, or in a condition unsafe for transportation.

Shippers should, therefore, familiarize themselves with classification requirements as to packing and marking freight and see to it that those in their employ preparing goods for shipment understand those requirements.

Following are a few of the important points to be watched:

Packing:

Packages or boxes must completely enclose contents and be constructed of material sufficiently strong to contain and protect same.

Crates must enclose articles sufficiently to hold framework together and to protect the property during transportation.

"Jacketed" means double covering. "In Wood" means completely enclosed in barrels, kegs, casks, pails, etc. "In Bags—Sacks" means bags or sacks made of material sufficiently strong to carry contents safely.

Marking:

Each package or loose piece must be plainly and durably marked by brush, stencil, crayon (not chalk), glued label or strong tag (metal, leather, cloth or fibre tag board) securely fastened.

Shippers must see that old marks are removed or effaced and that marking on freight when tendered must correspond with bill of lading or shipping instructions.

Marking must show the name of only one consignee and town or city and state to which destined. When shipping to a place where two or more of the same name in the same state, name of county must also be shown.

"Shipper's Order" consignments must be so marked, and further marked with an identifying symbol—or number, which must also be shown on bill of lading.

Household goods, particularly, must be clearly marked, and excellent practice is to number each piece of each shipment beginning with No. 1—corresponding number to be shown opposite each item as described in bills of lading.

Freight improperly packed or marked will not be accepted for transportation.

Legible Bills of Lading:

A casual inspection of the files of any freight receiving station will show a large number of bills of lading or shipping tickets so hastily or poorly written as to be practically illegible; also defective as to description of property, quantity, etc. The result is that freight properly marked and packed is improperly billed. No bill of lading that is not entirely legible should be presented, and agents will refuse to accept shipments and execute bills of lading that are not clearly and legibly prepared.

Indifference on the part of shippers in marking and preparing their freight, and shipping instructions in connection therewith, necessarily has a tendency to cause railway employees to be careless in handling same, as, manifestly, railway employees cannot be expected to take more interest in proper handling of shipper's property than the shipper does himself.

Care by shippers to conform to the reasonable classification requirements—which are based upon the common-sense needs of the carriers—will lead to corresponding interest by railway employees in protecting that property and render railway discipline that much more effective.

In closing I might mention that no small amount of damage is caused by careless handling of freight on wagons to and from freight stations. I am sure many teamsters are thoughtless on this simply because they assume freight is securely packed and the extent of damage is not brought to their attention.

Can you not enlist the interest and support of all your forces in this patriotic move to avoid waste and make our resources count to the utmost in winning the war?

Personal Notes

Edgar Moulton has been appointed assistant general manager of the New Orleans Joint Traffic Bureau. He has been connected for the last ten years with the Q. & C. system. When the N. O. & N. E. Railroad was made a part of the Southern Railway System he remained with the A. & V. Railway and the V. S. & P. Railway, having charge of all west side rate adjustments. When Carl Gieslow, assistant general manager of the New Orleans Joint Traffic Bureau, was made shippers' representative on the New Orleans Western District Freight Traffic Committee, his services being donated by this organization, Mr. Moulton was employed in his place.

The following appointments for the Baltimore & Ohio Railroad (eastern lines, New York terminals), Western Maryland Railway, Cumberland Valley Railroad, Cumberland & Pennsylvania Railroad, Coal & Coke Railway and Wheeling Terminal Railway, are announced: W. W. Wakely, division freight agent, Pittsburgh, Pa., Baltimore & Ohio territory—Pittsburgh division, Connellsville to New Castle Junction, both exclusive, including branches; Wheeling division, Moundsville to Holloway, both inclusive, including branches. M. H. Jacobs, division freight agent, Uniontown, Pa., Baltimore & Ohio territory—Hyndman to Connellsville, both inclusive, including branches; New Junction to Mantana, inclusive; western Maryland territory, Frostburg, exclusive, to Connellsville. H. C. Teubel, division freight agent, Parkersburg, W. Va., Baltimore & Ohio territory—Wheeling and Ohio River divisions south of Moundsville to Kenova, including R. S. & G. and M. & C. V. branches.

R. H. Ashton, regional director, announces the appointment of C. O. Bradshaw, general superintendent of the Chicago, Milwaukee & St. Paul Railway, as terminal manager at Milwaukee. He will have charge of all terminal operations at Milwaukee, reporting to the regional director.

The Chicago Great Western Railroad announces that the following officials are assigned to the positions indicated: J. G. Morrison, assistant general freight agent, Chicago; C. L. Smith, general agent freight department, St. Paul; T. J. Cleary, freight service agent, Waterloo; C. Northrup, freight service agent, Omaha; J. H. Lyman, freight service agent, St. Joseph; J. F. Kelly, freight service agent, Des Moines; L. N. St. John, freight service agent, Kansas City. The following will perform such duties as may be assigned to them by the transportation, accounting and freight traffic departments: C. R. Berry, general agent, St. Joseph; F. P. Crawford, division agent, eastern division, Chicago; W. C. Hine, division agent, western division, Fort Dodge; D. W. Quick, division agent, northern division, Red Wing; Lloyd Jodon, division agent, southern division, Des Moines.

The Chicago & Northwestern Railway announces the following appointments: Alex C. Johnson, assistant traffic manager; Frank P. Eyman, assistant traffic manager; Henry W. Beyers, assistant traffic manager; Samuel F. Miller, general freight agent; A. F. Cleveland, assistant general freight agent; S. G. Nethercot, assistant general freight agent; S. H. Gillette, assistant general freight agent. M. J. Golden, Boone, Ia., district freight and passenger agent, territorial assignment, Iowa. D. H. Hoops, Chicago, Ill., district freight and passenger agent; territorial assignment, Illinois (except Galena), Wisconsin, Racine to Williams Bay via Kenosha. H. C. Cheyney, Green Bay, Wis., district freight and passenger agent;

territorial assignment, Wisconsin, Lake Shore division, Shoreline to Sheboygan, inclusive, and north of the line Sheboygan to Marshfield; Michigan, upper peninsula. A. R. Gould, Madison, Wis., district freight and passenger agent; territorial assignment, Wisconsin, on and south of the line Sheboygan to Grand Rapids; on and south of the line Wyeville to Marshfield, and excepting the line Sheboygan to Williams Bay via Milwaukee and Kenosha, inclusive; Illinois, Galena. W. H. Jones, Omaha, Neb., district freight and passenger agent; territorial assignment, Nebraska, Wyoming, South Dakota, Bonesteel to Winner and Oelrichs and north to Newell, inclusive; Wyoming & Northwestern Railway. H. J. Wagen, Winona, Minn., district freight and passenger agent; territorial assignment, Minnesota, North Dakota, South Dakota, except Bonesteel to Winner, and Oelrichs and north to Newell, inclusive; Pierre, Rapid City and Northwestern Railway. J. P. Williams, Chicago, Ill., traffic agent, freight department; E. E. Benjamin, Deadwood, S. D., traffic agent; J. J. Livingston, Des Moines, Ia., traffic agent; Charles Thompson, Milwaukee, Wis., traffic agent; John Mellen, Omaha, Neb., traffic agent; M. M. Betzner, Sioux City, Ia., traffic agent.

H. J. Fernandez, who on September 1 becomes traffic manager of the Chamber of Commerce of Monroe, La.,

and who was recently elected first vice-president of the Southwestern Industrial Traffic League, started as stenographer in the general freight department of the Galveston, Houston & Northern Railway, Houston, Tex., in 1898, and continued in this capacity with various Texas railroads until made rate clerk in the traffic department of the Texas & Pacific Railway, Dallas, Tex., in 1904. He was next made chief clerk of



Louisiana & Arkansas Railway at Texarkana, Ark., and remained in this position about four years, when he was made rate clerk in the traffic department of the Illinois Central Railroad at Memphis, Tenn., and Chicago, Ill. He entered industrial traffic work in 1910 as assistant traffic manager, Shreveport Chamber of Commerce, and remained in this position one year and was then made traffic manager of the Alexandria Chamber of Commerce at Alexandria, La. He then went into the oil business in Shreveport for one year, and after that returned to traffic work at Baton Rouge, La., handling traffic for the Monroe Chamber of Commerce and other Louisiana shippers.

The Canadian Pacific Railway Company announces that W. B. Lanigan is appointed freight traffic manager, with office at Montreal, in charge of freight traffic on all the company's lines.

E. F. LeFavre, formerly general agent C. & E. I. and also of the Frisco at Minneapolis, has accepted a position with the C. E. Healy & Company, Minneapolis, as traffic manager, effective September 1.

Effective August 21, E. C. Keenan was appointed general superintendent telegraph and telephone, eastern region, with office at Grand Central Terminal, New York.

Digest of New Complaints

No. 10235. H. R. Willmar, Kimberly, Wis., vs. McAdoo and Southern Pacific et al.

Against rates on book paper (not surface coated), from Kimberly via San Francisco, to Sydney, Australia, as unjust, unreasonable and unduly discriminatory because higher than rates on the same commodity destined to China and Japan. Asks for a cease and desist order and reparation.

No. 10,236. Diamond Alkali Co., Chicago, vs. Fairport, Painesville & Eastern et al.

Alleges undue discrimination through the failure of the trunk lines to make through route and joint rates with the first mentioned defendants, owned by stockholders of the complainant, while making such arrangements with railroads owned by stockholders of competing alkali companies, particularly at Detroit.

POSITIONS WANTED OR OPEN

GOOD TRAFFIC MEN ARE MORE THAN EVER IN DEMAND AND THE TRAFFIC WORLD is the logical medium for getting the men and the positions in touch with one another. The rates for classified advertisements are as follows: Five cents per word first insertion, three cents per word second insertion and two cents per word for each additional insertion, payable in advance. Answers to keyed advertisements forwarded free and all correspondence held in strict confidence. THE TRAFFIC WORLD, 418 South Market Street, Chicago, Ill.

TRAFFIC MANAGER, age 37, married, now employed, fifteen years' railroad and industrial experience, desires position, essential industry, preferably petroleum industry. Address MB 111, The Traffic World, Chicago, Ill.

WANTED—Position as General Manager or Traffic Manager, railroad or commercial; eighteen years' experience; married; aggressive, good address, large acquaintance. Successful as general manager and traffic manager short line until Railroad administration relinquished control. Highest references. Address General, care of The Traffic World, Chicago, Ill.

WANTED—Experienced Rate Clerk, state age, whether married or not, full experience, to locate Youngstown, Ohio. Address "Clerk," care of The Traffic World, Chicago, Ill.

WANTED—Traffic Managership; experience, ability and character qualifications justifying minimum three thousand dollar position, with prospects. Address "Prospect," care of The Traffic World, Chicago, Ill.

TRAFFIC MANAGER of commercial organization in western city of 80,000 desires to make change. Will consider position with industrial or commercial organization. Age 29, eleven years' experience, class four draft. Can furnish publications and references to vouch for my ability and initiative. Minimum salary \$2,400. Address T. M., care Traffic World, Chicago.

TRAFFIC MANAGER is seeking desirable opening; sixteen years' experience, railroad and industrial. Thoroughly familiar with I. C. C. regulations and procedure; rates and efficient handling of claims. Capable of assuming charge or organizing traffic department. Married. Address "Manager," care of The Traffic World, Chicago, Ill.

WANTED—Position as Car Service Agent or Chief Clerk. Have had twenty years' experience. Married; age 46. Now with large road not under Federal control. Best of references furnished. Good reason for desiring permanent position immediately. Address B., care of The Traffic World, Chicago, Ill.

WANTED—Position as Traffic Manager for a commercial organization or industrial concern. Twenty-four years' experience. Five years in general railroad freight office and balance in city local freight offices. Age 45 years. Competent to handle men. Thorough knowledge of freight rates. Have a good job but want a better one. Address "M," care of The Traffic World, Chicago, Ill.

WANTED—Traffic position with very large industrial concern where young man with twenty years of technical and practical traffic experience of a wide scope can have plenty to do. Be glad to discuss matter and furnish as references some of the best traffic people in the business, commercial and railroad. Address D. T. C. 20, The Traffic World, Chicago, Ill.

WE LEASE TANK CARS

ALL STEEL MODERN EQUIPMENT

LIQUIDS DESPATCH LINE

Phone Canal 3400 2500 S. Robey St., Chicago, Ill.

DOCKET OF THE COMMISSION

Note.—Items in the Docket marked with an asterisk (*) are new, having been added since the last issue of The Traffic World. Cancellations and postponements announced too late to show the change in this Docket will be noted elsewhere.

Sept 4—Chicago, Ill.—Examiner Bell:

1 & S 1161—Reconsignment Case (No. 3).

10173—Diversion and reconsignment rules.

15th Sept. App. 5307, 5318, 5319, 5566.

September 5—Denver, Colo.—Examiner Disque:

10204—Consolidated Classification case.

September 9—Fort Worth, Tex.—Examiner Disque:

10204—Consolidated Classification case.

September 13—New Orleans, La.—Examiner Disque:

10204—Consolidated Classification case.

September 19—Atlanta, Ga.—Examiner Disque:

10204—Consolidated Classification case.

September 20—Portland, Ore.—Commissioner Atchison:

10229—Public Service Commission of the State of Washington et al. vs. W. G. McAdoo, Director General of Railroads, U. S. R. R. Administration et al.

September 23—Portland, Ore.—Commissioner Atchison:

1 & S. Docket 1161—Reconsignment Case 3.

10173—Reconsignment and diversion rules.

15th Sec. App. 5307 filed by E. Morris.

15th Sec. App. 5318 filed by E. Morris.

15th Sec. App. 5319 filed by E. Morris.

15th Sec. App. 5566 filed by E. Morris.

October 2—Argument at Washington, D. C.:

10030—Milton Brick Co. et al. vs. Pa. R. R. Co. et al.

1 & S. 1024—Southwestern potato rates.

9574—Chamber of Commerce of Greeley et al. vs. C. & S. Ry. Co. et al.

October 3—Argument at Washington, D. C.:

9395—Pacific Lumber Co. et al. vs. Northwestern Pacific R. R. Co. et al.

9536—Willamette Valley Lumber Assn. et al. vs. Sou. Pac. Co. et al.

9924—Lumber Assn. of Chicago et al. vs. A. A. R. R. Co. et al.

October 4—Argument at Washington, D. C.:

9882—American Window Glass Co. vs. W. Md. R. R. Co. et al.

9990—St. Ellen Coal Co. et al. vs. St. L. & B. E. Ry. Co. et al.

October 5—Argument at Washington, D. C.:

1 & S. 490—Lumber transit privileges at Buffalo, N. Y.

7506—Buffalo Lumber Exchange and Buffalo Chamber of Commerce vs. Ala. Cent. Ry. Co. et al.

9488—Aurora, Elgin & Chicago R. R. Co. vs. Ind. Harbor R. R. Co. et al.

9006—Cabin Creek Cons. Coal Co. et al. vs. C. H. & D. Ry. Co. et al.

October 9—Argument at Washington, D. C.:

1 & S. Docket 1118—Live stock loading and unloading charges.

9977—Chicago Live Stock Exchange vs. A. T. & S. F. Ry. Co. et al.

1 & S. Docket 1156—Shipments in refrigerator, insulated or heated cars.

October 10—Argument at Washington, D. C.:

8834—Kettle River Co. vs. Mo. Pac. Ry. Co. et al.

9146—McGowen-Foshee Lumber Co. vs. F. A. & G. R. R. Co. et al.

9797—Robert Abeles et al. vs. Alex. & Western Ry. Co. et al.

9907—Commercial Club of Omaha vs. B. & O. R. R. Co. et al.

October 11—Argument at Washington, D. C.:

9798—Portsmouth Assn. of Commerce vs. S. A. L. Ry. Co. et al.

9955—Rowland Lumber Co. et al. vs. S. A. L. Ry. Co. et al.

9752—E. I. Du Pont de Nemours & Co. vs. M. D. & S. R. R. Co. et al.

TRAFFIC ORGANIZATIONS

THE NATIONAL INDUSTRIAL TRAFFIC LEAGUE.—Object: The object of this league is to interchange ideas concerning traffic matters, to co-operate with the Interstate Commerce Commission, state railroad commissions and transportation companies in promoting and securing better understanding by the public and the state and national governments of the needs of the traffic world; to secure proper legislation where deemed necessary, and the modification of present laws where considered harmful to the free interchange of commerce; with the view to advance fair dealing and to promote, conserve and protect the commercial and transportation interests.

Headquarters—Tacoma Bldg., 5 North La Salle St., Chicago.

G. M. Freer President
Manager Traffic Department, Cincinnati Chamber of Commerce and Merchants' Exchange.

W. H. Chandler Vice-President
Manager Transportation Department, Boston Chamber of Commerce.

Oscar F. Bell Secretary-Treasurer
T. M. Crane Company, 836 South Michigan Avenue, Chicago, Ill.

E. F. Lacey Assistant Secretary
5 North La Salle Street, Chicago, Ill.

MANUFACTURERS' ASSOCIATION, in Charge of Traffic of Industries Located at Sterling and Rock Falls, Ill.

A. N. Bradford President

P. W. Dillon Vice-President

W. J. Burleigh Secretary-Treasurer

W. E. Long Traffic Manager

All correspondence relative to movement of traffic to or from Sterling and Rock Falls, Ill., should be addressed to the Traffic Manager, General Offices, Lawrence Building, Sterling, Ill.

THE TRAFFIC WORLD

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R. F. HAMM, President
WILLIAM C. TYLER, Sec'y and Treasurer
HENRY A. PALMER, Editor E. C. VAN ARSDEL, Manager

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SHIPPERS MUST FIGHT FOR LEGISLATION

Communities such as Sioux City and Minneapolis had better bestir themselves into political activity to the end that if and when the railroads are returned to the control of their owners they do not lose the equalizations in grain rates that have been made or promised during the period of federal control. Sioux City has been put on the grain market map through the establishment of proportional rates that enable that city, after forty years of struggle, to become a primary grain market instead of a way-station to see that the cars carrying grain through it are properly greased and are not leaking. Minneapolis, at the time this was written, was expecting an adjustment of rates that would result in a larger use of her great elevator capacity. Unless cities not the termini of railroads do busy themselves with legislative matters, they will find their elevators as useless as those of Milan, Ohio. Elevators at that place became useless as soon as the grain wagon lines found themselves unable to compete with the railroads. As a port handling grain it is dead, and also forgotten.

A statute authorizing the railroads to pool either traffic or the earnings thereof is the thing for which Sioux City and Minneapolis will have to fight, if they desire to retain proportional rates. If the American people, following the recommendation of President Taft in 1909, had approved a pooling arrangement, it probably would not now be paying nearly a billion dollars a year more for its transportation than it ever has paid. There would have been no serious congestion and without congestion the foolish priority bulletin No. 22 of the American

Railway Association, the thing that tied the railroads into a hard knot in the fall of 1917, probably would not have been issued. There would have been no necessity for it. The railroads would have short hauled themselves so uninformed government officials and army officers would not have had reason to ask for preferences for the government stuff with as much emphasis as they did.

Sioux City and Minneapolis cannot expect to retain the proportional rates now promised or in effect if the pre-war conditions are permitted to return. Under the fifteenth section every railroad, in the absence of such a pooling statute as Mr. Taft suggested, is bound to insist upon the long haul for all traffic that touches its rails. The long haul of the two big carriers serving Minneapolis is to Chicago. The C. & M. & St. P., serving Sioux City, has its long haul to Milwaukee. None of the roads may be reasonably expected to short haul itself by allowing grain to be stopped at Sioux City or Minneapolis. But if a pooling statute should be placed upon the books, both the Milwaukee and the two northern transcontinental lines will be able to enter into arrangements whereby the elevators in existence at Minneapolis and those that will be built at Sioux City during the government operation of the railroads will be continued in use.

Under the law as it now stands on the statute books, the city or community that is at a rate-breaking point because it is the terminus of one or more lines should go into mourning the minute the road or roads terminating within its borders indicates the slightest desire to extend itself or to become the owner of a road the terminus of which is at some point other than the city recommended for sackcloth and ashes. Under a pooling statute, the privileges under which would have to be safeguarded by the Commission or some other competent body, extension of a given line would be a blessing, and not a calamity as at present.

WORSHIPING THE SNAIL DANGEROUS

In a short time the men who pay the money needed to operate the railroads undoubtedly will find it necessary to give thought to the question whether their interests are better served by heavy trains moving slowly, or by lighter trains moving a little faster. The Railroad Administration, through its publicity department, has referred to the fact that engine, car and train miles have decreased while loading, both car and train, have increased. The publicity department has recently had a large increase in personnel. It has been placed in charge of complaints and suggestions for the improvement of the service. Theodore H. Price, the head of that branch of the Railroad Administration, has already

issued a statement showing the improvement in service since the taking over, in which the decrease in engine, car and train miles has been a fact mentioned for which the Administration is entitled to credit. He also mentioned the heavier loading of cars.

The decrease in mileage is due to the shortening of routes and the slowing up of engines and trains. The shipper is not interested, directly, in the shortening of routes. He, however, may be forced to consider the slowing up of engines. He is paying more now than ever before for transportation. The query is as to whether he should not be served more expeditiously than heretofore. The shortening of routes is made possible by the unified operation. The government could have brought about unified operation by the simple expedient of repealing the laws against pooling and consolidation. They were enacted to prevent extortion. They were archaic when enacted because the regulation of rates was provided before the anti-combination and anti-pooling statutes were enacted. Extortion could have been practiced only with the consent of the Commission. Its history shows that until 1914 it never favored blanket increases in rates over large areas.

At present, so far as anyone can see, heavy, slow-moving freight trains are serving the country well. However, savings made in that way should be tempered with wisdom. There should be a speeding up in trains just as soon as the accumulated freight, the old "soup piles" created by the fact that the government would not allow the railroad owners to operate their properties in a common sense way, have been cleared away. The country is paying enough of a penalty without having added to it one for somebody's devotion to heavy loads moving at a snail's pace.

SHORTEN ORAL ARGUMENT

The Traffic World Washington Bureau.

In the interest of a conservation of time, the Commission has decided that not more than one hour will be allowed for arguing a minor case and not more than three for a major case except where there are unusual complications. It suggests that parties in interest where many lawyers are employed, consult and agree upon one of two to make arguments, suggesting that one speech of sixty minutes is better than six of ten minutes each.

Hereafter Frank Stratton of the docket division is to be advised ten days before argument as to the time required and who will make the arguments. A further suggestion is that counsel develop details in briefs and devote themselves to the issues as framed by objections to tentative reports.

The new rule is to become effective in the arguments on the daylight zone case on October 1, on the tentative report on that matter submitted September 5. That tentative report creates four time zones differing considerably from existing ones largely by moving boundaries west. By it, the eastern zone is extended westward from Pittsburgh to a line between Canada and Michigan, thence south-easterly through Toledo, Crestline, Columbus and out of

Ohio at Kenova, W. Va., through Johnson City, Tenn., Thomasville, Ga., and ends at Apalachicola Bay, Fla.

The central zone is bounded on the west by a line beginning at Portal and passing through Mandan, along the boundary between Nebraska and South Dakota, the boundary between Kansas and Nebraska, along the one hundredth meridian to Rio Grande. The mountain zone's western line passes through Helena, Mont, Pocatello, Ida., and Ogden, thence along the boundary between Utah and Nevada, and follows the Colorado River to the Mexican border. The Pacific zone embraces the rest of the country and Alaska.

Examiner Money recommends making new zones effective on Thanksgiving Day.

TRANSPORTATION TAXES IN THE NEW REVENUE BILL

The Traffic World Washington Bureau.

Only a few changes in the law imposing taxes on transportation are proposed in the revenue bill of 1918 introduced in the House of Representatives on September 3. The existing tax of three per cent on freight bills and eight per cent upon tickets for passage are retained without change except in only one particular. When this bill becomes law, the tax will attach to that part of the bill which covers transportation within the United States on goods brought in from foreign countries like Canada and Mexico. Inasmuch as the constitution forbids taxes on exports, the tax does not attach to goods going out of the country. In the interests of uniformity, the treasury ruled that the tax should not attach to any part of the cost of transportation on imports. The proposed law, however, will attach the tax to the part of the bill covering the transportation within the United States.

It is estimated that the tax on freight during the year which began July 1 last, will aggregate \$75,000,000. During the part of the year it was in force prior to July 1 last about \$30,000,000 was collected.

The rule with regard to the domestic end of an import shipment by express is to be the same as the new one regarding freight of that kind. The tax is one cent for each twenty cents or fraction thereof. The receipts from that tax during the part of the fiscal year prior to July 1 was \$6,459,000. It is estimated that \$20,000,000 will be raised by it during the current fiscal year.

The tax on Pullman seats, berths, and so forth, is to be reduced from ten to eight per cent, in the interest of uniformity. That change was made at the request of the Director-General. He told the committee he intends soon to begin issuing a ticket combining the regular and Pullman fare in one and, in the interest of time saving, it is desirable that the rate on both parts of the new ticket shall be the same.

During the part of last year the tax on passenger fares was in effect the receipts totaled \$24,306,000. The expectation is the collection this year will be \$60,000,000, fares having been put up. On Pullman tickets the collection amounted to \$2,237,000. For the full year it is expected to yield \$5,000,000.

The tax on transportation by pipe line is to be increased from 5 to 6.5 per cent of the amount paid. The increase was made largely because there has been no increase, so the report says, in pipe line rates, while there has been a 25 per cent increase in rates for transportation in tank cars or barrels. During the part of 1918 the tax was in force the government raised \$1,453,000. It expects to raise \$4,550,000 during the current fiscal year.

A graduated tax is to be placed upon wire messages. Five cents is to be the tax on a message costing fourteen cents and not more than fifty cents, and ten cents on all messages costing more than fifty cents. A tax of ten per cent is to be placed upon the amount paid for special wire service, except where such private wires are used in collecting or disseminating news or in the operation of a common carrier. The receipts from messages amounted to \$6,299,000. The expectation is to raise \$16,000,000.

UNDER FEDERAL CONTROL.

Effective Aug. 1, 1918, the Galveston Wharf Company was placed under federal control and added to the jurisdiction of Federal Manager W. B. Scott, Houston, Tex.

Current Topics in Washington

Transportation Rationing Desirable.

—If this war continues through the Christmas holidays, it will be a blessing to the country if the Railroad Administration places the people upon a transportation ration. In the interest of decency and safety it will be desirable for the authorities to say who may go home to see the folks and who may not. From nearly every industrial district in the country come reports that on Labor day trains were crowded so that they were like street cars at the rush hours. Thousands

of persons had to stand, packed in the aisles, for hours. One train on the Fort Wayne branch of the Pennsylvania came into Mansfield O., on Labor Day nearly half an hour late with all the standing room in use. It was then waiting on the time of a train from the Toledo branch. When the last mentioned train came along there were seats to be had, but by the time it reached Massillon and Canton it was as bad as the train ahead, which had come through from Chicago. Women with children in arms were standing. It was that way into Pittsburgh. The feverish crowd in the day coaches was emptied into the station, which itself was uncomfortably crowded. Men and women fought to get to the main-line train leaving Pittsburgh at 11:40. There was one man of sense of duty at the gates in Pittsburgh. He appeared to violate a rule when he began admitting the people to the train—because another employe asked, in a half alarmed way, whether he was going to admit them so long before the train was due to leave, as twenty minutes. The sleepers were packed before they got to Pittsburgh. The suggestion is natural that, so long as it is necessary to provide inefficient passenger train accommodations, the Railroad Administration should decline to sell tickets in excess of the number of seats. A specified number of passengers might be accepted for standing room space, with the proviso that they should pay the full fare from the station at which they obtain seats, so as to prevent the breaking down of the three-cent-a-mile law. In nearly all European countries there are restrictions on travel, and in the interest of safety some might be adopted in the United States.

Off-Line Men Needed.—The trouble to travelers, brought about through the decreased use of the off-line traffic officials, it is believed, is emphasized every day, by the errors that are being made by the young women who are being installed in railroad offices to take places which it would have paid the public had they been reserved for the off-line men. It is a conviction that J. M. Belleville was the victim of an untrained clerk when he was not able to buy a through ticket from Buffalo to Belleire, Mich., but had to buy to Detroit and then to Belleire. Errors of that kind, in the end, are more costly to the good name of the Administration than would be the increase in salaries it would have been necessary to pay some off-line agent to keep him in the Buffalo passenger office. Errors as startling as that, it is the general report, are being made at nearly every big station in the country. For instance, one of the young women in the Pullman office at Buffalo during the National Industrial Traffic League meeting cheerfully sold a passenger a lower berth to Galion O. in a New York Central Chicago sleeper. There was nothing wrong about the ticket except that it called for a berth in a car that was going direct to Chicago instead of via the Big Four down into the heart of Ohio. The passenger happened to have given himself plenty of time to rectify the error and there happened to be an upper on a sleeper routed to Cincinnati. Inasmuch, however, as the train was composed wholly of sleepers, if the berths had all been sold, there would have been a pretty head question as to the liability of the railroad company to him if the conductor had refused to carry him on the train to Galion. He had taken time by the

forelock by buying the transportation thirty-six hours ahead of the leaving time of the train on which he desired to travel. Nearly all the off-line agents were beyond draft age when they were dismissed, or beat the coming of the blue envelope by engaging themselves to industrial concerns and thereby helping swell the attendance at the Buffalo meeting of the Traffic League.

No Interview for Oklahomans as Yet.—The Oklahoma commission, in its demand for a personal interview with Director-General McAdoo, has the sympathy of shippers and other commissioners, but the other commissioners and shippers are willing to make a small bet that if they succeed in persuading Mr. McAdoo to see them they will not obtain anything from him other than what has been decided upon by Directors Chambers and Prouty long before the interview takes place. In other words, they do not believe the Oklahomans will be able to upset the two directors. To humor them the Director-General may consent to see them, but if he does it will probably be not until after he has received "dope" as to what concessions he may make without endangering the rate structure that has been erected in the southwest. The Director-General has studiously avoided conferences with the recognized agents of state commissions and shippers. He created the rate committees to take care of the complaints. To give the shippers a hand in the making of rates he consented to placing their representatives on the committees, such representatives of shippers being an additional expense to them. This effort to have the committees settle disputes as to the proper rates may result in cutting down the amount of work to be done by the Commission on formal complaint. Then again, it, may not. If the aggrieved communities like Oklahoma and New England do not receive concessions, it is a certainty they will go to the Commission. If they do receive concessions the door will be open for demands by other communities, so that, in the end, the rate reductions it was intimated the Director-General would make in the fall, on his own motion, may come, if at all, because of the vigor of the Oklahoma commission and the critical remarks of the New England men who jeer at the suggestion that criticism of the rate work of the Railroad Administration will be in the nature of the soaping of the rails, so that the war engine will not make much real progress. The New England people have only scorn for that kind of argument.

Some Commendation Sometimes.—It is not always growling that the public does at the Railroad Administration. It has commendation for its work, especially in that matter of having the Pullman conductors who are to take out late night trains sit in the big stations and take up the tickets of passengers before the latter enter the cars. Apparently the Pennsylvania inaugurated that in New York before the railroads were taken over, but if so the Administration is given credit for continuing that adaptation of the pay-as-you-enter practice initiated by the American street railway lines. It saves confusion and delay in the cars and enables the passenger with a grouch to do his talking far away from the passengers who have retired and are trying to get the worth of the money they have given up for the privilege of taking cat naps between the lurches the engines make in efforts to start the heavy trains. Only one of the seven sleepers could stretch out in the berth nowadays and lose consciousness to the time the porter began jabbing the slumberer in the ribs. If the old system of having the conductors check up on the transportation after the passenger got to the car were in existence, that would be an intolerable condition, taken in conjunction with the plunging the engines have to do in an effort to overcome the inertia of the trains.

Waiting for River Tonnage Figures.—Communities on the upper Mississippi River, judging from a letter that General Keller of the Inlands Waterways Committee of the Railroad Administration, has written to L. B. Boswell, commissioner for the Quincy Freight Bureau, are not taking as much interest in the establishment of a commercial freight barge line on their part of the river as they might be expected to be taking. The general, in his letter, says the committee has not been able to make any recommendation to either M. J. Sanders, the head

of the Mississippi-Black Warrior barge line service, or to Director-General McAdoo because the communities on the part of the river above St. Louis have not furnished the promised tonnage statistics, which are needed to enable the committee to report the probable amount of business there would be for the suggested barge line. Their failure to hurry forward figures suggests the thought that perhaps the interest in re-establishing service on the rivers is not as great as has been supposed.

A. E. H.

RELEASE OF BARGE CANAL NEVER CONSIDERED

The Traffic World Washington Bureau.

Despite the fact that Metropolitan newspapers are circulating a statement to the effect that the Federal Government has decided to take the management of a New York State Barge Canal out of the hands of the Railroad Administration, officials of that body state that not only has such a step not been taken, but that it was not even under contemplation.

Just the purpose for the circulation of this report or the misapprehension of facts upon which it was based are not known here, but the untimeliness of the aspersions contained in the leading editorial of at least one metropolitan daily are self-evident. The editorial referred to and to which Railroad Administration officials have given an unqualified denial is as follows:

"To obtain the best results the Federal Government is reported to have decided to take the management of the New York State Barge Canal out of the hands of the Railroad Administration, and to confide the work to some other department or to some independent administrator who will make it a direct competitor of the railroads. Railroad men have acquired ingrained opposition to canals and other waterways, and the Government seems to believe that they will not make intensive use of this canal, and that it will get only such traffic as the railroads cannot handle.

"All men who amount to anything enjoy and court competition. The spirit of competition is ingrained in the human race and many of the lower animals. It is a primitive instinct which develops the mind and body from early childhood to old age, and nature should have its course. In the Army and Navy, competition between regiments and between ship crews stimulates and interests the men. Competition between managers of canals and railroads should be productive of good.

"Regulations governing interchange of traffic can easily be enforced. Already the canal is allowed to charge lower rates than the railroads for the purpose of attracting business; but an administrator who believes in and favors railroads may not give the canal its full share. He may also, as a railroad man, look forward to the day when the railroads will revert to their private owners and the close relations between the private companies and the canal owned by the State of New York may be disrupted.

"After spending \$150,000,000 on its barge canal, the State of New York is entitled to demand that the Federal Government make the best possible use of it. This canal is a highway for common use by all persons and corporations. It should secure for the principal cities and towns of this state, from Buffalo to New York City, cheap rates and active competition for traffic. It will pay the competing railroads better to concentrate their efforts on high class freight and passenger traffic, than to congest their tracks with low class freight that can be handled more cheaply by water if the canal gets a fair chance to carry it.

"Competition between Government administrators will put life into their efforts. It will be interesting to watch the competition which should improve both canal and railroad service. Director-General McAdoo has been obliged to warn railroad employees to be more obliging in their treatment of the public which pays their wages. Some real competition for records of efficiency between the canal and railroad staffs will tend to improve the morale of both. If the Federal Government hands the canal back to the State it will then have a well-organized traffic and the municipalities along its course will enjoy

the benefits of real competition even if the Federal Government finally decides to retain control of the railroads of the country. The State cannot be deprived of its canal after peace is restored, if it asks for its return, until the Constitution of the United States is changed."

The canal has been placed under what it considers an efficient management, by the Railroad Administration, and its tariffs have been placed on file, and in every way the Administration considers that it is making use of the canal for the benefit of the people and of transportation conditions in general in New York State.

FORM OF CONTRACT COMPLETED

The Traffic World Washington Bureau.

The form of contract for compensation to be offered railroads by the government, made public by the administration on September 5, more carefully guards the interests of stockholders than the form made public August 7, but is far from what was requested by railroad lawyers and especially lawyers for security owners.

In the modified contract the government retains power to deduct money otherwise due to railroads, sums needed to bring the roads up to a degree of "normal" maintenance necessary to make them safe for operation, but such deductions may not be made to such an extent as to make impossible payments of interest where interest had been regularly paid during three-year test period, payments to sinking funds, taxes and rents for leased or controlled lines. Nor are deductions to be made from compensation for additions, improvements or extensions for war purposes. Deductions are to be within the power of the President for additions and betterments of "normal" character, the President to be judge of deductions of this character.

This concession assures fixed charges, but not dividends.

In a statement explaining the contract, McAdoo says the government cannot obligate itself to pay "improvident" dividends, but must have power to use money paid by it as rent to keep roads in good condition, the government being the judge as to what is good condition.

Upon advice of the solicitor-general, McAdoo rejected the modification proposed by railroad lawyers, which, if accepted, would have allowed a road to sue for damages caused by diversion of traffic, loss of good will and things like that.

If a road makes a contract, the sum promised will be in full settlement of all claims for damages, no matter what the government does to the property as a going concern. If the Pennsylvania, for instance, accepts the contract, no damage could be claimed for loss of business to rival roads through construction of tracks to plants now exclusively on rails of Pennsylvania. The promise to return the property in as good condition as when taken means physical condition.

McAdoo rejected the demand of roads for money enough to pay expenses of corporations not chargeable to operating accounts, but waived his own demand that roads furnish working capital equal to one month's receipts.

The contract, as modified, still gives the government the power to deny stockholders dividends on the ground that their company did not keep the property in safe condition and to wholly scramble it as a going concern by making it possible for a rival to get into its territory during the period of federal control, as, for instance, putting New York Central into Baltimore and allowing it to build terminals so as to be prepared under private control to take business from the Pennsylvania and B. & O. without being liable to their stockholders for that damage.

Railroad owners may protect themselves from such conditions by refusing to make contracts and taking the matter to the courts on the bald proposition that the government has seized their property and they demand pay for it.

As to the rate of compensation, McAdoo's statement indicates that he will offer the average of the three-year period to all roads, subject, of course, to conditions which enable him to say whether there shall or shall not be a dividend on certain roads or whether the whole amount shall be spent on deferred maintenance extensions and improvements.

Mid-Summer Traffic League Meeting

Meeting, at Which Government Operation Was Largely Discussed, Concluded—Annual Meeting at Cincinnati in November

Buffalo, N. Y., Aug. 29.—After a most animated discussion of the chaotic condition caused by the fact that the Administration tariffs do not provide joint rates to and from non-controlled roads, the League today instructed President Freer to write Director-General McAdoo that it expects him, without delay, to remove such discriminations against shippers located on such roads. T. F. Bentley suggested that the trouble should be cured by the government taking over all roads, but the League members showed such extreme hostility to any further extension of government operation that Bentley withdrew his motion and F. H. Montgomery suggested the action that was ordered.

Discussion developed that confusion among McAdoo's subordinates as to what roads have and what have not been taken over is probably the cause of the confusion, especially that shown in Countess's tariff re-establishing export rates to the Orient. It shows such rates from controlled and Canadian roads, but not from non-controlled roads. That and other tariffs puts shippers from non-controlled roads on combinations higher than joint rates via controlled roads.

More than half the time of the last day's session was devoted to the stating of facts tending to show that government operation, undertaken on the pretense of unification and uniformity, has produced exactly the opposite result. J. M. Belleville said demoralization has gone so far that yesterday he was unable to buy a through ticket from Buffalo to Bellaire, Mich., and the result was he had to buy another ticket and recheck his trunk at Detroit.

Stamping of bills of lading with McAdoo's name, Freer and others showed, caused forty stampings to be made on documents relating to one shipment of foodstuffs. It was suggested that the government take over the stamp manufacturing places so as to see to it that enough stamps were provided to carry out the order to advertise, on the bill of lading the fact that McAdoo controls some railroads.

Each railroad and each agent on each road, the declaration was made, interprets orders and circulars, the result being the greatest confusion ever known even by the oldest traffic man present.

"These orders, circulars and instructions from Washington are scrapping all the things we have done to bring about uniformity in practices and unification of transportation," said J. D. Hashegan; he added that usually the shipper gets instruction the day before it is effective and has not time to change his practice. On the day the stamping order went into effect, freight was turned back from freight houses because bills of lading were not stamped.

"You're lucky to get the circulars the day before the effective date," observed C. H. Tiffany. "I usually get mine ten days after." Several members said that at various points shippers are refusing to stamp bills of lading, forcing railroads to advertise the fact that McAdoo is Director-General. They take the position that the classification prescribes the form for bill of lading, and so long as they comply with that they have done their duty. They are getting away with the position they have taken.

At the request of E. N. Hurley of the Shipping Board the League appointed a merchant marine committee to

take interest in the preservation of the merchant marine after the war. The committeemen are: J. C. Lincoln, New York, chairman; W. H. Chandler, Boston; George P. Wilson, Philadelphia; Lewis Pfeiffer, New York; L. Nicholson, New Orleans; Seth Mann, San Francisco; J. H. Lothrop, Portland, Ore.; C. L. Gregory, New York; F. H. Frederick, Chicago; R. D. Sangster, Kansas City; W. P. Trickett, Minneapolis; J. A. Morgan, Houston; W. A. Cox, Norfolk, and R. S. French, New York.

Only a feeling that in time of war the citizen must put up with losses and inconveniences, not to mention irritations caused by foolish disregard of fundamental principles, saved the last day's session of the League from conversion into a continuous criticism of the Railroad Administration. As it was, Director-General McAdoo and his assistants may come to the conclusion that there was precious little other than criticism and objection.

The basic fact is that practically every man in the League meeting has had experiences that make him wonder whether, by the time the government officials get through with the railroads as physical properties there will not be need of both physical and institutional reorganization far greater than would have been possible had the roads continued in the hands of their owners.

Last November, in the fall meeting of the League, the spirit of the assemblage was decidedly different. Then everybody was saying that allowances must be made for the railroads, because the acts of government officials was placing tasks on them far greater than they could be expected to bear unless the government gave help by repealing archaic statutes, such as the anti-pooling section which makes it impossible to save the mileage which the government is now saving, and that part of the act to regulate commerce which put it into the power of the Secretary of War to appoint the man most ignorant of transportation, to say to the carriers how they should carry freight for the army.

The spirit at the Buffalo meeting was that it is a question whether the men in charge of the railroads are really trying to operate common carriers to the best advantage for the common defense, or whether they are operating them to further the ambitions of somebody or to forward the peculiar notions of a particular brand of political economists.

No-violent slopping over of the feelings took place. The members of the League, at times, politely jeered at what look like pet ideas of the Director-General, as, for instance, his instruction that all bills of lading shall be stamped so as to show that the Railroad Administration of which William G. McAdoo is Director-General, has charge of the railroad, whose agent signs the bills. There was nothing malicious in any of the jeers.

At the last meeting the subjects under consideration were: Simplified baggage tariffs and which brought up the recently issued courtesy circular; proposed fourth section legislation, bills of lading stamping and notices to consignors of unclaimed freight; liability clause in the proposed switch track agreement; the discriminations caused by the fact that the tariffs recently issued by the Railroad Administration do not publish joint rates from and to points on the non-controlled roads, thereby causing

discriminations against communities and particular shippers, and in some instances against certain commodities, because they are produced only on non-controlled roads; and the amendment to the demurrage code that confines the option of signing the average agreement to "consignees" instead of, as formerly, to receivers.

These things brought into review much of the Administration's work, and brought forward the general criticism that what is doing results in the destruction of the work for unification and uniformity that shippers, and especially those represented in the League, have been doing and that the scrapping has already gone to such an extent conditions are more chaotic than the oldest traffic man can remember of their ever having been. Inasmuch as J. M. Belleville is twitted with suggestions that he was in the traffic game during the Civil War, some of the members of the League have memories running back to the time when conditions are supposed to have been pretty bad.

John W. Cobey reported what negotiations he, as chairman of the baggage committee, had had with Gerrit Fort and E. L. Bevington about the simplification of baggage tariffs. The latest development in that matter was a telegram dated the day before, from Mr. Fort, saying he expected soon to be able to report substantial changes toward simplification.

"I hope the new rules will show me how I can check my trunk from a point on the Michigan Central to a point on the Pere Marquette," said Mr. Belleville. "I was told at the consolidated ticket office yesterday that I could not buy a through ticket from Buffalo to Bellaire, Mich. So I bought to Detroit and when I get there I will buy to Bellaire, and incidentally re-check my trunk, which I hoped to get on its way before I started."

Several members said they found courtesy all right, but exceedingly little information. The thought was informally expressed that there is more need of information than of courtesy, although both are desirable.

For H. G. Wilson, chairman of the legislative committee, President Freer reported that a favorable report on the rigid fourth section legislation for which the intermountain country is fighting is a moral certainty. Great surprise was expressed that Senator Pomerene of Ohio has become obsessed, as somebody said, with the idea that the removal of the bad fourth section situation in the transcontinental routes will be worth the troubles that will be caused in other parts of the country.

The stamp taxes imposed by the British parliament on the colonists could not have been any more unpopular than the stamp duties Mr. McAdoo imposed on the shippers on August 15, if he laid them on their backs, rather than upon those of railroad agents.

"The order must be good for the stamp manufacturers," said C. B. Stafford of Louisville. It means 5,000 or 6,000 stamps to be ordered by Louisville shippers who have been preparing bills of lading for signature by the railroads."

A Syracuse member said that the Syracuse lines are doing their own stamping. That brought out the fact that at several points shippers are forcing the railroad agents to do that, on the ground that the classification prescribes the form of the bill of lading and they can find nothing in it requiring them to do any stamping. Besides, they are also finding that the law makes it the duty of the carrier to issue a receipt or bill of lading and that what the shipper has been doing has been to relieve the carrier of just that much work.

"Our experience suggests that we recommend that the stamp manufacturing establishments be taken over by the government," said F. B. Montgomery, of the International Harvester Company, speaking facetiously. "There must be money in the business. The worst feature of the matter is that each railroad is making its own interpretation and each agent is making his own interpretation of the construction made by his company. Hundreds, if not thousands, of drays were sent back from the freight houses on August 16, with their loads, because the bills had not been stamped in accordance with a circular which does not mean the same thing to any two men in this meeting."

President Freer read a letter from a shipper of food products, who figured that on account of the regulations of the Food Administration and the Railroad Administration, the documents covering one shipment of that product must be stamped forty-two times.

"Will that make any plainer who is Director-General?" asked one of the delegates in the front row. Mr. Freer said he did not know.

"What I complain about," said Mr. Hashhegan, "is that these orders to make changes do not give us time to rearrange anything because they are generally received only a day before the operative date."

"You're lucky," interjected C. H. Tiffany. "I usually get the circular about ten days after the event."

"I feel that these orders and circulars are destroying all the work we have done toward unification and uniformity."

F. H. Frederick suggested that the way to meet the uncertainty as to the form of the stamp, whether a typewriter may be used, or whether some of the legend may be written in by hand, is to ask for a receipt from the railroad and then let it decide whether it will put Mr. McAdoo's name first or last on the document.

At the suggestion of R. D. Sangster the League reconsidered its action of the day before, asking that railroad agents be required to notify consignors, within twenty days, of the fact that non-perishable freight was unclaimed. That was changed to fifteen days because the bill of lading committees, in the Bill of Lading case, took the position that such notice should be given in fifteen days.

E. L. Dalton wanted to have something put into the circular of the director general on the subject of unclaimed freight to require the agent to notify consignees that there is freight for them at the station. Several told him that is the rule now but he said his idea was that if the director general told them about the rule, they would pay more attention to it. Checks made by him showed that from thirty to seventy-five per cent of unclaimed shipments are unclaimed because no notice of arrival has been sent out. This remissness is characteristic of country agents, who seem to assume a man knows he has ordered something by freight and will make frequent inquiries as to whether it has arrived. President Freer said he had received notice from Director Prouty's office that the revised circular would require notice to both consignee and consignor before sale of the unclaimed property.

In behalf of P. M. Hanson, chairman of the organization committee it was reported that thirty-four new members had been received during this meeting. No other statistics as to increase or decrease in membership was available at the time the report was made.

In behalf of A. W. McLaren, chairman of the committee on railroad leases and switch agreements, John S. Burchmore reported that the committee, which had been instructed to prepare a formal complaint in regard to the

liability clause of a switch agreement had not filed it because the Railroad Administration bureaus are conferring on the subject. The division on public service and accounting has recommended a liability section, the substance of which is that the railroad shall be liable for its servants in what they do on the sidetrack to cause damage.

Nobody could answer the query as to whether all sidetrack agreements are to be abrogated by the Administration, if it deems them unjust to the carriers that made them.

The real interesting subject of discriminations against shippers, against communities and against commodities by the fact that some roads are not under federal control was precipitated by F. E. Williamson, chairman of the tariff committee when he said it has no recommendations to make because things are in such an uncertain condition that apparently the Commission has suspended its revision of tariff circular 18-A.

President Freer innocently precipitated the criticisms about conditions generally by asking the brethren if they had seen Countiss's I. C. C. 1044, re-establishing export rates to the Orient over federal-controlled and Canadian lines, but not over non-controlled American lines. R. D. Sangater produced one with the explanation that Countiss could not include the non-controlled lines because he did not know them. Freer added that Chambers had told him that shortly he intended publishing an I. C. C. tariff showing the controlled roads, so that a tariff of that kind would at least show over what American roads the rates do apply.

T. T. Harkrader of the American Tobacco Company said that that company, on behalf of the Durham South-bound Railroad, controlled by it, had taken up the subject and that it is to be made a party to the tariff.

"Aren't we getting into a ridiculous position," asked T. F. Bentley of the Illinois Steel Company, "with the Administration publishing joint rates to apply over only controlled roads, after all our efforts to link up all the roads in the country so rates would apply regardless of who owns or controls them? These rates do not seem to cancel the old ones. Therefore, it seems that from and to points on non-controlled roads the old joint rates apply, while from and to controlled roads the new ones are in effect.

"I move that it is the sense of the League that all roads should be government controlled or that something should be done to restore uniformity. We are getting into a horrible condition. Many of the vital industries are on non-controlled roads. Tariffs like this create discriminations and put industries on short lines at a terrific disadvantage. I have no personal interest in the matter. I know, however, that it will make it almost impossible for buyers of raw materials to do any accurate figuring because they cannot be sure of rates."

"Our interest is in rates and service," observed C. H. Tiffany, "not in questions as to who owns or who controls a road. It is more important to us that that part of the act to regulate commerce requiring the establishment of through routes and joint rates be enforced than that the government take over or do not take over this, that or the other road. The situation in some parts of the country is extremely critical to industries." R. D. Sangater backed up the suggestion that the interest of the League is in rates and service and not in questions of ownership or control.

After considerable time was spent on discussion of the motion, Mr. Bentley withdrew it, saying he had accom-

plished what he desired, namely, a discussion that will enforce upon the members the thought that the situation is grave and needs their attention in all concrete cases.

As a substitute for motions and discussion, Mr. Montgomery proposed an instruction to President Freer to wire to Director-General McAdoo that the League expects him to remove these discriminations without delay. In fact, Mr. Montgomery used the word "immediately."

Immediately after the League had instructed Freer to wire to McAdoo, J. E. Walsh, of the Canadian Manufacturers' Association, on the earnest solicitation of Mr. Freer made the few remarks in which he expressed the sincere hope that the Canadian government will not take over the railroads, and expressed surprise that, as he had learned from *The Traffic World*, and from remarks made at the meeting, that while the public is supposed to be operating the railroads, the shipping public has so small representation at Washington and on the rate committees. He did not utter the thoughts in criticism of anything that has been done south of the international line, but merely as to the impressions he, as a Canadian, had formed from the experiences of American shippers as told by the members of the League.

Charles Rippin, speaking for the demurrage committee, submitted a report, tentatively agreed upon by the committee and a committee from the American Railway Association, in which it is agreed that the conference rulings of the Commission, which caused the railroads to amend the demurrage code so that only "consignees" and not "receivers" of freight may sign the average agreement. He said the railroads amended the code because they claim conference rulings forced them to do so. The effect is to make it impossible for public warehouses and elevators to compete with railroad-owned elevators and warehouses, because they cannot take advantage of the average agreement by combining the shipments to various consignees sent to their houses. The League endorsed the proposed restoration.

Other phases of the demurrage code questions were brought forward by Messrs. Hashegan and Rhodehouse. The former also asked the League to look into the question of consular invoices with a view to having it made possible to have them made uniform and in English.

Then the League, as a good bye, adopted a resolution suggesting to Director General McAdoo, that he should appoint as one of his advisers some representative of shippers who had actually handled shipments. He said that if Mr. McAdoo could read the minutes of the meeting he would realize the necessity of having about him somebody other than railroad executives and attorneys. He said that while the shippers have a high appreciation of Messrs. Prouty and Walter, those men he believed would second him in saying there should be somebody among the advisers who has actually handled goods.

The annual meeting, the executive committee then announced, would be held in Cincinnati in November. Buffalo was thanked for its hospitality, and then the League adjourned.

In addition to those shown, in last week's issue of *The Traffic World*, the following also registered: R. S. French, National League of Commission Merchants, New York; A. E. Heiss, *Traffic World*, Chicago; R. G. Phillips, International Apple Shippers' Association, Rochester, N. Y.; M. M. Davis, Hammermill Paper Co., Erie, Pa.; F. O. Johnson, Erie Forge Co., Erie, Pa.; T. B. Mansfield, Cutler-Hammer Mfg. Co., Milwaukee, Wis.; W. Dean Transfer Lumber & Shingle Co., North Tonawanda, N. Y.; A. W. McLaren, Morris & Co., Chicago; E. W. Kerr, Pratt & Letchworth Co., Buffalo, N. Y.; R. E. Squires, Stein, Hall

& Co., Chicago; F. J. DeMars, American Radiator Co., Buffalo, N. Y.; G. H. Anderson, Manhattan Electric Supply Co., Inc., Chicago; W. J. Womer, Consumers Company, Chicago; F. J. Goodfellow, National Wood Chemical Association, Bradford, Pa.; N. H. Kendall, Chicago Coal Merchants' Association, Chicago; B. F. Curtiss, Norton Company, Worcester, Mass.; G. M. Freer, Chamber of Commerce, Cincinnati, O.; J. Lindsay, Republic Metalware Co., Buffalo, N. Y.; W. H. Day, Jr., Lynn Chamber of Commerce, Lynn, Mass.; C. H. Tiffany, New England Paper & Pulp Traffic Association, Boston; W. W. Ingalls, Penick & Ford, New Orleans, La.; H. W. Holden, Pittsburgh-Des Moines Co., Pittsburgh; F. G. Pick, Flint Board of Commerce, Flint, Mich.; Geo. A. Bowman, B. R. & P. Railway, Buffalo, N. Y.; H. G. Maxwell, Chamber of Commerce, Dallas, Tex.; J. C. Lincoln, Merchants' Association of New York, New York City; W. H. Chandler, Boston Chamber of Commerce, Boston, Mass.; F. C. Gorton, Standard Parts Co., Cleveland, O.; James E. Walsh, Canadian Manufacturers' Association, Toronto, Can.; W. P. Dunn, International Harvester Co., Hamilton, Can.; W. A. Jacobson, American International Ship Building Corporation, Hog Island, Pa.; C. V. Horan, Jacob Dold Packing Co., Buffalo, N. Y.

THE NEW ENGLAND SITUATION

The Traffic World Washington Bureau.

Director-General McAdoo, on September 4, began an inspection of New England roads. In theory he started out to have a look at the physical properties. It was suspected, however, that he had another motive, and that that was to find out how much of a foundation there is for the protests that have come from that part of the country against the double increase which the New Haven has made in rates and the third layer it proposes to place on the shippers of that country so as to eliminate the fourth section violations by increasing the class rates between New England and trunk line territory.

New England industries are bitter on account of the double increase, the first having been made on the permission granted by the Interstate Commerce Commission in accordance with the so-called Anderson scale and the second under authority of General Order No. 28.

The so-called New England case was decided early in May—before the public had any information concerning the big advance then in contemplation, other than the rumors that circulated and were not denied further than the declarations of the men who were handling the subject that no specific conclusion had been reached. Commissioner Anderson's report said that for rate-making purposes Massachusetts, in considerable part, is no higher in the scale of traffic density than the southern peninsula of Michigan.

Nobody will probably ever know definitely whether the Commission, at the time it made its report, knew that McAdoo was about to add twenty-five per cent to existing rates. Those who give the Commission credit for being reasonable, argue that it knew nothing of the intention of the President to declare the existence of an emergency calling for a twenty-five per cent addition to rates, else it would not have made the report adding twelve per cent to the class rates.

The New England freight rate committee has been listening to the complaints of New England shippers, who think the rate situation in that part of the country is the most unjust that could be imagined. William M. Chase, traffic manager for the Brockton Chamber of Commerce, at a recent hearing before that committee pointed out the injustices that have been laid upon that point in the vast shoe industry of New England. He also pointed out how they may be removed. He did not, as so many others have done, merely point out the injustice and allow the committee to guess as to what would be the remedy. He said:

"Preliminary to further talk it may be permissible for me to declare that I defer to no man on the score of loyalty and patriotism, or to a genuine desire to aid the administration in any way that I can in efforts that will help speedily win the war. Neither do I expect to be thrown off my balance by the suggestion that anyone who criticizes the acts of the administration agencies is unpatriotic and dangerous. To remain passive and un-

complaining under an injustice is not commendable; it is cowardice.

"Adoption of measures to win the war do not necessarily discard all respect for justice and common sense. Freight tariffs against which our complaint is made, violate both. Their continuance has nothing to do with winning the war. It is more likely to promote discontent and discord.

"The Railroad Administration when Order No. 28 was promulgated, asked for assistance in making the inevitable readjustments needed to accomplish the largest measure of relative justice." It would seem that those who made up the rates in the present New England railroad freight tariffs as well as the recent move to overcome the many fourth section violations had entirely lost sight of that admonition. Continuance of present freight tariffs and the adoption of 72 cents as the maximum scale to trunk line territory west of the Hudson River would accomplish the largest measure of injustice to the shipper who is so situated that he must ship his freight by the N. Y., N. H. & H. Railroad.

"The decision in Interstate Commerce Commission case No. 9953, known as the New England rate case, was rendered before May 1, the findings being such that the Interstate Commerce Commission gave the New England roads permission to file advance rate tariffs.

"Just why the N. Y., N. H. & H. rate-makers were so much quicker on the trigger than other New England roads is not clear. Permission was not a mandate. Nobody, so far as I know, connected with the Railroad Administration urged the railroad to increase their rates as permitted by the Interstate Commerce Commission. It has been a long time since the permission was given and still the New Haven is the only New England railroad that has seen fit to take advantage of the permission, and is the only one to impose upon the users of its freight carrying facilities a discrimination which in ordinary times would so handicap manufacturers that they would be crippled in trying to compete with others located on other roads where freight rates are less burdensome. Simple justice requires that before industrial conditions again become normal these inequalities be adjusted and a reign of common sense restored. The prayer of the petitioners to the N. Y., N. H. & H. Railroad, which is before you, is that discriminatory rates be abrogated and reparation made for freight overcharges which have accrued by reason of their enforcement.

"The complaint of the Brockton Chamber of Commerce, which institution it is my duty to represent, requested the Interstate Commerce Commission to exert its authority so that action toward this end be taken as quickly as possible.

"A quick way to accomplish this act of justice would be to abolish the basis of rates imposed by the so-called Anderson scale, allowing Order No. 28 rates to become and continue effective. Another simple way which would at least overcome the obvious unjust and ridiculous violations of the fourth section would be to insert in the N. Y., N. H. & H. Railroad freight tariffs, the provision that no higher rate shall be applied than is named to a farther distant point in the same line, as now all roads and routes are one line.

"You all doubtless know that Brockton's chief industry is shoemaking. Its prosperity is almost wholly dependent upon that industry. You also know that to-day the industry is carried on extensively outside of New England; Cincinnati and St. Louis are great shoemaking centers.

"If leather is bought from Pennsylvania tanners and freight rates therefrom are higher to Brockton than to Cincinnati, then the Brockton manufacturer is handicapped to the extent of the difference. If the finished product can reach the eastern states and the central west at lower freight rates, the handicap is added to.

"Brockton shoe product is generally sold f. o. b. Boston or New York; therefore advance rate to New York by the Anderson scale of 12 per cent plus the 25 per cent advance under Order No. 28 penalizes the Brockton product just that 12 per cent, whereas the application of 25 per cent advance would maintain an equal balance regardless of location of the shipper. If the Brockton product is delivered at Boston as against Haverhill product, then there is a 25 per cent handicap against Brockton in freight charges."

Consolidated Classification Hearings

San Francisco Hearing—At Which the Most of the Testimony Appeared to Be in Opposition to Rule 10—Concluded in One Day—Denver Interests Also Oppose

(By a Staff Correspondent)

San Francisco, Cal.—By holding the consolidated classification hearing in session until 7 o'clock in the evening Friday, August 30, Examiner Disque was able to finish the San Francisco proceedings in one day. The number of shippers who appeared to protest was small, most of them being concerned in the proposed rule 10. As in other western hearings, it was made plain that the shipping public in the west is opposed to the rule. At San Francisco the showing was by California communities, both terminal and interior.

The hearing was opened by a general informal discussion of the rule in which questions were fired at Chairman Eyle of the Western committee. He expressed the opinion that the effect of the proposed rule would be to build up industry in the west and that the Pacific coast was admirably situated to use such a rule. With this the shippers heartily and unanimously disagreed.

L. C. Neff, assistant manager of the San Francisco Chamber of Commerce traffic bureau, was the first witness and after he finished he put on several others. The proposed rule, he said, would work havoc to San Francisco industrial and commercial interests. It might be beneficial to some communities, he said, but it would undoubtedly be detrimental to others—for instance, San Francisco. The rule might be an advantage in promoting the heavier loading of cars, but eastern shippers, in making up carloads to take advantage of the mixture privilege offered, would have to use articles of which there was a surplus at the point of destination, thus effecting a waste of equipment. It would allow houses in the east—at Kansas City and St. Louis, for instance—to get into the Pacific coast territory at lower rates than at present and thus disrupt an arrangement that had been in effect for many years, he said.

Kansas City and other Missouri River cities had argued, at previous hearings, that the proposed rule would benefit jobbers further east at their expense, but no one asked Mr. Neff or made the point otherwise how Kansas City, for instance, would suffer on the whole if it lost business to Chicago and gained it at the expense of the coast.

James A. Keller, traffic manager of the Baker, Hamilton & Pacific Company, San Francisco, and also traffic manager of the Pacific Portland Cement Company, Consolidated, and of its industrial railroads, was a lively witness. He talked of implements, machinery and vehicles, and the possibilities for rampant competition that would be opened through the privilege of mixing such commodities. The field would be open for the freight forwarders, he said, and he was sure disaster would result. He asked why, if the rule was a good one, it had not been put into effect before. The region west of the Rocky Mountains was absolutely satisfied with present conditions, he said; it was a region of special conditions and it asked to be let alone. He pointed out that W. G. McAdoo, Director-General of Railroads, was also interested in the sale of Liberty Bonds and had recently toured the west boosting subscriptions.

"You may laugh," said he, "but it isn't a laughing matter. If this rule goes into effect we can buy no more bonds. We shall have to stop doing business."

He said the rule would not do the east any good. Mr. Colquitt asked how, then, it would do the west harm. Mr. Keller said it was the freight forwarders that were most feared and that would reap the greatest profit.

S. R. Newbauer, representing J. H. Newbauer & Co., of San Francisco, and the San Joaquin Grocery Company of Fresno and Bakersfield, was the last of Mr. Neff's witnesses. He made a strong witness and his testimony was helped by sympathetic questions from Fred P. Gregson of Los Angeles, F. M. Hill of Fresno and Mr. Bradley of the Sacramento Merchants' and Manufacturers' Association. He spoke also for the Northern California Grocers' Association. The rule, he said, would decrease the sphere of usefulness of the California wholesale grocer

and would bring no benefit to the ultimate consumer. The forwarding companies would become an adjunct to the railroads. The new plan of doing business that would ensue, he said, would be more expensive. One of the items of this increased expense, he said, would be the necessity for business men making a closer study of freight rates and classification, or employing men to do it for them. Thus, he pointed out, the consumer would not be the gainer. Again, he said, the rule would cut down the number of local centers of distribution, which are a benefit to the communities they serve.

C. W. Wild, general manager of the Crane Company, San Francisco, spoke decidedly against the rule and he said he also represented the other plumbing supply houses of the city.

Mr. Gregson, traffic manager of the Associated Jobbers of Los Angeles, said he believed the effect of the rule would be to paralyze the factories and commercial houses on the coast. What he called the "evil of the brokers and the freight forwarders" would grow. He referred to them as the "consolidated pirates." Examiner Disque asked who got the benefit of the work of the 135 freight forwarders in Los Angeles.

"Believe me, the consumer don't get it," replied Mr. Gregson. "The forwarder gets some of it and the retailer isn't overlooking anything."

Mr. Colquitt asked why, if this were all so, the forwarders did not appear to urge the adoption of the rule. Mr. Gregson said that might be due partly to the fact that they did not know about the proceeding and partly to the fact that they realize that they are not a necessary part of commerce, in spite of what the Supreme Court has held in regard to them.

Examiner Disque caused it to appear in the record, for the information of the Commission, that The Traffic World publishes each week two pages of advertising matter from freight forwarders all over the country.

Charles Clifford, appearing for the following jobbers and manufacturers of San Francisco, objected, in the abstract, to any rule that permits indiscriminate mixing of commodities as set forth either under the provisions of rule 10 of the Official Classification or as set forth in the proposed consolidated classification: Mark-Lally Company, George H. Taylor Company, Crane Company, Dalziel-Moller Company, M. Stulsaft Company, Pacific Sanitary Mfg. Company, Holbrook, Merrill & Stetson, Dunham, Carrigan & Hayden Company, R. W. Kinney Company, California Steam & Plumbing Supply Company, Standard Sanitary Mfg. Company.

The rule, he said, if adopted and made applicable to Pacific coast terminals and interior points, would enable "consolidators" and eastern jobbers and manufacturers to make up into carload lots thousands of less-carload shipments that are now, and have been, moving at the less-than-carload rates. Because a similar rule is now applicable to traffic moving between points in Official Classification territory is, he said, no reason for its adoption as applicable to Pacific coast and interior traffic for the following reasons:

First—That the spread as between the carload and less-carload rates in the Official Classification territory is relatively small as compared with the spread from eastern defined territories to Pacific coast terminals and interior points.

Second—That if rule 10 is adopted and made applicable to Pacific coast terminals and interior points, unquestionably a very large percentage of the traffic that is now moving under L. C. L. rates will be consolidated by the eastern jobbers or "consolidators" into carload lots in the case of where the classification names carload rates—and there are thousands of items subject to carload rates.

Third—That the revenue derived from the Pacific coast L. C. L. traffic is enormous cannot be denied, and any reductions by such a basis as rule 10 would be extremely hurtful to the government in that a tremendous decrease of revenue would result. It would also be disastrous to

those on the coast who have adjusted themselves to the basis of rates, rules and conditions now appearing in the tariffs and classifications governing the traffic.

Fourth—That no economy can be accomplished in the way of reduction in operating costs under the rule 10 plan seems very obvious, because under the present plan the carriers load at their freight sheds all L. C. L. traffic and are loading merchandise cars to their carrying or visible capacity—at least should do so according to government orders. Whereas, if a consolidator does the loading he is interested only in loading the minimum weight and the amount he can make out of the transaction and not in loading cars to their carrying or visible capacity. For instance, if he has 12,000 pounds, all classified in carload lots at second class and $1\frac{1}{2}$ L. C. L., he will not load in same car articles classified in C. L. lots lower than second class. He will also avoid using any dunnage if possible.

Fifth—That in a large number of instances throughout the Western Classification it is required that L. C. L. freight be boxed or crated—also knocked down and nested, etc., while these conditions are not required in many instances when the same shipments are tendered in carload lots in the case of where there are carload rates. Less-carload shipments are usually shipped in boxes or barrels in cases of where lower rates obtain when so packed than when shipped in crates, bags, bales or bundles, or loose, on account of the penalty assessed by the classification and tariff provisions. It cannot be denied, we submit, that the revenue derived from the weight of containers is enormous; and it also cannot be denied, we aver, that there is a greater hazard in handling a large number of commodities loose than when shipped in containers—and as a consequence, naturally, more loss and damage claims.

Sixth—That if rule 10 is adopted the "consolidator" is going to work on the principle of all the traffic will bear, in figuring his charge for consolidating, etc., and will have taken a lot of money that now accrues to the government, and that for many reasons should continue to accrue to the government. The "consolidator" plan will be to eliminate the shipping of commodities from the Pacific coast distributing points to the interior, thus destroying a large revenue.

The "consolidator" will not, of course, confine his operations to the interior traffic, for he will, if rule 10 is adopted, find "fat pickings" at such large points as San Francisco, Los Angeles, San Joe, Portland, Seattle, etc., in that these points handle a tremendous tonnage that moves in L. C. L. lots, which are provided for with carload ratings in the Western Classification. The effect on the 3 per cent war revenue tax would be enormous if rule 10 is adopted.

The interior merchants, if rule 10 is adopted, will not lose sight of the saving on their freight shipments; and if they are not familiar with the advantages that would accrue to them under the provision of rule 10 they will be educated by the eastern jobbers and "consolidators." We have gone into, at considerable length, the advantages that would accrue under rule 10, as our exhibit shows, but at that we have only "scratched the surface," so to speak, on account of the tremendous scope of what is allowed by this rule and the thousands of commodities that would be amenable to same.

Take a house like Sears, Roebuck & Co. of Chicago, for instance, who handle an exceptionally wide range of commodities, and who employ expert traffic men, would, under the provisions of rule 10, be able to make up mixed carloads of their commodities, in the case of where carload ratings are provided, not only for the large cities on this coast, but also for the interior.

They could, in the case of the lower San Joaquin Valley, for instance, mix Fresno, proper, shipments with those destined to points contiguous to Fresno, like Hanford, Tulare, Porterville, Bakersfield, etc., and could well afford to pay the local from Fresno on account of the great saving that would accrue by reason of the consolidating into carloads to Fresno. They could distribute from Sacramento to all points north and east thereof until they would run into points that might be distributed—on the north by Portland and on the east by Reno or Salt Lake. This is so obvious that it does not permit, we submit, of contradiction.

It will be noted that by referring to tariff 1-Q, I. C. C. No. 1048, that there is a spread only of 2 cents as be-

tween fifth class and class A from groups A, B, C, D, and from group E only 4 cents per 100 pounds, while from the other groups fifth class and class A are the same. By referring to the Western Classification it will be noted that thousands of articles are rated fifth and class A. We call attention to this for the reason that there would be no particular disadvantage in mixing articles rated fifth class with those rated class A from group A to E, inclusive, while from the other groups, as stated, fifth and A is the same. So that an eastern jobber or manufacturer would not hesitate to put articles rated fifth class in with articles rated class A on account of the slight variation in rates mentioned. However, owing to the large volume of traffic moving, "consolidators" would have no difficulty in loading in same car commodities classified alike in carload lots.

Of course, many commodities are and have been consolidated, but this practice is limited, due to the fact that the mixtures now appearing in the tariffs and classification applicable to transcontinental traffic are confined, generally speaking, to related articles; and further difficulties are encountered on account of the fact that the points of production are scattered, which forces the payment of local rates to a point of concentration. For instance, a consolidator having 3,000 pounds of machinery at Cincinnati, if it is intended to obtain the carload rate thereon, must load same in with other machinery entitled to mix, or forward same to Chicago or some other point of concentration. While, under the provisions of rule 10, if adopted, the consolidator would be able to load the 3,000 pounds with any freight classified fifth class or class A and thereby be in position to make up full carloads at all of the large eastern points of production.

Under the present adjustment the consolidator is circumscribed and limited for the reason that it is difficult for him to make up carloads promptly.

Under existing conditions consolidated shipments move largely to San Francisco and other large cities and from where distribution is made to the various interior points, whereas under the provisions of rule 10 it will be possible to make up full carloads for direct shipments to the interior, on account of the large number of commodities provided for at carload rates and the importance of the interior territory.

Tariff reference covering the movement from the east is R. H. Countiss No. 1-Q, I. C. C. No. 1048, and in the case of rates shown from San Francisco, tariff reference is Southern Pacific Company I. C. C. No. 3543 and 3432.

Mr. Clifford's exhibit contained examples based on the application of rule 10, showing in some instances the carload rates to San Francisco plus the L. C. L. rates to various points in the interior, and other methods of figuring based on the rule.

Mr. Bradley, of the Sacramento Merchants' and Manufacturers' Association, made a brief statement to the effect that his clients were opposed to the proposed rule. Mr. Hill of Fresno made a similar statement.

O. T. Helping of the Riverside Portland Cement Company wanted the continuance of the present fertilizer list in the south if rule 10 is not adopted.

In answer to a question from Mr. Neff, Mr. Fyfe stated emphatically that if the rule is not adopted he will insist that the present mixture be continued, realizing that that would have to be done. Mr. Collyer said the same thing would apply to the other territories and that the consolidated classification would have to be entirely reconstructed under such circumstances.

Examiner Disque asked if it was understood that the three territories would agree on specific mixtures if the proposed rule 10 were not adopted.

"The devil himself couldn't write the necessary mixtures, and if he did the book would be over a thousand pages instead of five hundred," replied Mr. Fyfe.

This ended the testimony on rule 10.

S. K. Burgess of Los Angeles, a manufacturer of oil well machinery, discussed the classification of working barrels.

H. M. Wade of the Redwood Manufacturers' Company talked about wood pipe, protesting the proposed advance in minimum weight in western territory. He wanted the reference to rule 34 eliminated, not otherwise objecting to the 30,000-pound minimum provided.

Mr. Bradley of Sacramento briefly and formally protested the proposed advance on sugar in single bags and

from fourth to third class on soap, lard substitutes, and syrup.

R. F. Herrod, for the American Beet Sugar Company, seconded what Mr. Bradley had to say on sugar in single bags.

Hearing at Denver.

The first day's hearing on the proposed consolidated classifications in Denver, September 5, lasted until 6:30 p. m. Rule 10 was the principal subject considered. Those who took the stand against it were Mr. Prickett, manager of the Traffic Bureau of Utah; W. S. McCarthy, representing the Salt Lake Hardware Company, with plants at Salt Lake City and Pocatello; D. W. Cowden, of the H. D. Lee Mercantile Company, Salina, Kan., with a branch at Kansas City, Mo.; Traffic Commissioner Maxwell of the Denver Transportation Bureau; B. S. Craig, secretary of the Hutchinson Traffic Bureau, Hutchinson, Kan.; R. O. McCormick of the Wichita Kansas Board of Commerce, and W. H. Birm, of the Bogue-Wendley Lead Company, Denver. Mr. Cowden was put on the stand by Mr. Kinkel, member of the Kansas commission, who also asked many questions at other times, indicating his opposition to the rule, as did also H. W. Robinson of the Mary Murphy Gold Mining Company, Denver.

Two questions asked by Examiner Disque might indicate the trend of his thoughts on the subject. He asked Mr. McCarthy if he would be satisfied to accept the rule in the classification with the provision that it should not apply from points east of the Mississippi to points west of the Missouri River. Mr. McCarthy said that would go far to remove the objection.

Later on Mr. Disque asked Mr. Collier if the western mixture could not be allowed in the east and rule 10 allowed also, with the provision that the rule should not apply in the west. Mr. Collier said that would be practicable.

The protests from shippers heard at Denver were much the same as had been heard at other western points, the fear being that the rule would enable eastern dealers to take the business away from western jobbers.

Mr. McCarthy spoke also as a director of the Traffic Bureau of Utah, representing, he said, practically all the jobbing interests of the state. He said the rule would operate ultimately to centralize jobbing business at eastern producing points, which was not desirable. He said that under it the mail order houses would go direct to the consumer and put the retailer out of business, which proposition was scouted by the classification men. He could see no benefit except to the big eastern distributor, and he drew a picture of the distress that would be visited on the western country. Asked by Mr. Disque what he would do about a mixture rule in view of the desire for uniformity, he confessed that he was like the Irish city councilman, who said he thought the police force ought to have uniforms as much alike as possible. He could not say what should be done.

Mr. Cowden, a wholesale grocer, pointed out the advantage of the eastern jobber under the proposed rule in being able to ship at fifth class to the small consuming point in the west, while the Salina jobber, for instance, must pay fifth class to Salina and fourth class out to the consuming point. He gave many illustrations. The ultimate consumer would not benefit, he said, because the saving in rates would be so small on a single item that it could not be distributed among the customers.

Mr. Maxwell spoke for his organization and also for others—groceries, hardware, machinery, lumber and paper houses in Colorado. He added the former to the list of those who would, ultimately, be put out of the business by the rule, because the shipping out of the jobber and the retailer would deprive the farmer of his market. He said, as a matter of principle, he favored uniformity of classification, and he thought the west would be better off without any mixture, with perhaps some exceptions, but he said the west did not want the rule and ought not to be made to take it. He thought the Director-General had given the committee an impossible task in asking it to make uniform rules. It was explained to him that the committee had been thus instructed and that a mixture rule must be adopted or attempted consolidation would fail. He said there could be no disgrace in the committee reporting that the job could not be done, at least in so short a time.

He was closely questioned by Mr. Collier as to the prin-

ciples on which he based his opposition to the rule, and he kept on pointing out the hardships that would result to the west. Mr. Disque finally remarked that the objections of the witness seemed to be raised on expediency rather than principle, and Mr. Collier desisted. Mr. Prickett said he spoke for forty concerns. He seconded Mr. McCarthy's remarks. He added that the general freight agents of western lines were not in favor of the proposed rule, on the theory that increasing mixtures tends to retard the development of the territory and checks the growth of traffic. He also argued that this rule would decrease the net revenue of the carriers.

Mr. McCormick gave perhaps the first direct answer to the repeated question as to how uniformity was to be brought about if the demand of the west that rule 10 be not put into effect was to be complied with. He said uniformity should not be ordered at the cost of disrupting business and that if business interests in all territories could not be properly protected then uniformity should be given up as a bad job. Mr. Prickett also protested the elimination of the item of junk in western territory.

ANTHRACITE POOL FORMED

It having been decided, with the approval of the Federal Fuel Administration, to pool tidewater shipments of anthracite coal at South Amboy, N. J., the following executive committee has been appointed: R. C. Hill, H. W. Lewis, W. H. Carpenter, Gardner Pattison, H. H. Lineaweaver, C. F. Randolph, Walter Thayer.

The executive committee has adopted the following rules for the government of the pool:

1. G. W. Crane, terminal and shipping agent, Pennsylvania Railroad, South Amboy, shall be the pool manager and shall maintain record to show disposition made of each car of tidewater coal shipped to the pool and shall have authority over the conduct and administration of the pooling arrangement.

2. Any tidewater shipper or consignee of anthracite coal may become a member of the pool by furnishing reference which will meet with the approval of the executive committee and by subscribing to these rules. A member may withdraw from the pool upon ten days' notice to the executive committee, subject to their approval; the member so withdrawing to stand his proportion of the full month's demurrage, and provided he has no debit in the pool and all his obligations connected with the arrangement have been met.

3. The only coal acceptable for pooling shall be fresh-mined, washery and river coal that is screened and properly prepared as to the following sizes: Broken, egg, stove, chestnut, pea, buckwheat No. 1, buckwheat No. 2, buckwheat No. 3, buckwheat No. 4.

Shipments, of sizes pea and larger, shall be pooled and dumped, according to sizes, as follows: Lykens Valley (coal from)—Franklin Colliery, Buck Ridge Colliery, Colonial Lykens Valley Colliery, Red Ash (coal from)—Luke Fidler Colliery, Colbert Colliery.

White Ash.

All other shipments, of sizes pea coal and larger, shall be classified as white ash coal, and pooled and dumped according to sizes.

All sizes below pea, from all districts, shall be pooled and dumped according to sizes.

4. Shipments shall be consigned to the South Amboy Anthracite Pool for account of the shipper or consignee (as the case may be) member thereof.

5. Daily statements showing the initials and numbers of all cars shipped to South Amboy piers for account of the several members, with other necessary details, will be forwarded by the operator or shipper to the pool manager. Any diversions or reconsignments which are made of pool coal will be reported by the railroad company to the pool manager.

6. Members shall keep the pool manager advised of the vessels which they have chartered for loading. They shall send to the pool manager their orders for the loading of vessels for their account, with the necessary information as to the tonnage, classification of the coal to be loaded, etc., and the carrier is hereby authorized to make delivery of any pool coal in accordance with the rules and provisions of this agreement.

7. No member shall be entitled to any coal from a designated consigning pool unless the accounts show that

said member has an equal amount to his credit on hand or in transit in that pool.

8. Failure of a member to provide vessels in which to transport coal from the port shall constitute the basis for the issuance of embargoes prohibiting the forwarding of shipments of coal from mines for his account. No one who has been so embargoed shall be permitted to ship coal to any designated consigning pool until he has given satisfactory evidence to the pool manager that he has made proper arrangements for vessels.

9. Members agree, respectively, to be responsible to the railroad company for freight charges (when billed collect) on all coal consigned to the pool for their account and also for their assigned proportion of any demurrage charges which may be assessed against them by the executive committee. Members of the pool on whose account a vessel is loaded agree, respectively, to be responsible for the vessel loading charges.

10. The carrier shall render bill against the pool at the end of each calendar month covering all demurrage accruing during the month and, upon receipt of this bill, the executive committee will collect from each member his pro rata proportion on the basis of the tonnage dumped for his account, as compared with the total pool tonnage loaded by the carrier into vessels registering at the port during the calendar month within which the said demurrage charges accrued, and pay carrier the amount due.

11. The executive committee shall appoint an inspector at South Amboy to protect the quality of coal shipped into the pool and may suspend shipments of any shipper when, in his judgment, the quality of preparation is below the proper standard. Shipments which are rejected by the inspector shall stand for account of the owner and must be disposed of outside of the pool subject to demurrage rules and regulations of the railroad, independently of the pool. The expenses of the inspection at South Amboy for each month shall be borne by the members of the pool who have had coal shipped to said port during that month in the proportion which their respective shipments bear to the total pool shipments.

12. In the event of controversies with reference to the operation of the pool, which cannot be adjusted by the pool manager and the executive committee, the matter at issue shall be submitted to three arbitrators, one of whom shall be chosen by the member interested, the second to be chosen by the executive committee, and the third to be chosen by the first two appointed, and the decision of a majority of said three arbitrators shall be final.

13. The effective date of this agreement shall be Sept. 1, 1918. Coal which, on that date, is on hand at South Amboy piers or in transit thereto, or which may be shipped from the mines thereafter consigned to South Amboy piers, to or for account of any member of the pool, shall be treated as pool coal under the foregoing arrangements.

14. In consideration of the mutual agreements of the several members of the South Amboy Anthracite Tidewater Pool hereinbefore provided for, we, the undersigned, accept and assent to the foregoing rules for the government of said pool and in witness thereof have hereunto subscribed our names this.....day of.....A. D. 1918.

By.....

THE RECONSIGNMENT HEARING

That there is great interest in the reconsigning case, docket 1161, is indicated by the fact that commercial traffic men from all over the country were in attendance at the hearing which began in Chicago on September 4. Among those entering appearance were the following: B. S. French and W. L. Wagner, representing the National League of Commission Merchants; the International Apple Shippers' Association and the Western Fruit Jobbers' Association; L. E. Banta, Indianapolis Board of Trade; T. A. McGrath, Merchants' Traffic Association of Minneapolis; G. A. Schroeder, the Milwaukee Chamber of Commerce; Charles Rippin, the Merchants' Exchange of St. Louis; W. H. Chandler, the Boston Chamber of Commerce; Clifford Thorne, the National Council of Farmers' Co-operative Associations, the American Petroleum Association, and the Western Petroleum Refiners' Association; C. S. Bather, Rockford Manufacturers' Association; R. A. Callahan and T. G. Williams, Louisville Board of Trade; E. J. Smiley, Kansas Grain Dealers' Association; A. J. Tapper, the

Grain Board of the Boston Chamber of Commerce; J. S. Brown and J. C. Jeffery, Chicago Board of Trade; R. D. Sangster, Kansas City Board of Trade and the Hay Dealers' Association of Kansas City; W. D. Culbertson, Illinois Grain Dealers' Association; J. P. Haynes, the Traffic Bureau of the Sioux City Commercial Club; J. B. McGinnis, Memphis Merchants' Exchange; J. L. Collyer, the Peoria Board of Trade; H. T. Clarke, the Omaha Grain Exchange; A. L. Flinn, the Minnesota Railroad Commission; E. H. Berg, the St. Paul Association of Public Business Affairs; A. E. Helm, the Public Utilities Commission of Kansas; S. S. Reeves, Cincinnati Grain and Hay Exchange; W. T. Cornelson, Peoria Board of Trade; C. T. McDonald, Duluth Board of Trade; E. B. Richards, the Commercial Exchange of Philadelphia; W. K. Woolman, the Commercial Exchange of Philadelphia; H. B. Wood, the Cleveland Grain Company, and R. H. Widdicombe and A. F. Cleveland, representing the carriers.

Examiner Bell at the opening of the hearing stated what the case was and said the carriers would first present their case. But two main witnesses of the carriers were called on the first day, these being H. W. Byers, assistant freight traffic manager of the Chicago & Northwestern and W. C. Bush, assistant superintendent of the Godfrey Yard of the C. M. & St. P.

Particular emphasis was laid upon the fact that a special service was rendered shippers in handling reconsignments of grain, hay, seed, and straw, and that for this service it was fair and proper to make the two dollar charge proposed.

Indications point to the fact that the hearing may continue for at least a week, as there are still many witnesses for the carriers to be called on Friday and perhaps on Saturday, after which, of course, the shippers will be given an opportunity to testify.

SHORT LINE NEGOTIATIONS

The committee appointed by the Short Line Railroad Association has been in conference with E. C. Niles, short line representative in Director Prouty's office, for the past several days, and a contract between the short roads and the government has every prospect of being completed within a few days.

The main points at issue are:

1. An equitable division of rates.
2. Fair car supply.
3. Observance of routing instructions.
4. Opportunity to purchase supplies, etc., as freely and as fairly as may government-operated roads.

Every effort is being made by Messrs. Niles and counsel to reach an early agreement with the short line committee.

INCREASE IN JULY EXPORTS

The Bureau of Foreign and Domestic Commerce has just issued the following statement as to July exports:

Exports of American goods increased slightly in July as compared with June, while imports fell off slightly, according to an announcement August 27 by the Bureau of Foreign and Domestic Commerce, Department of Commerce.

Exports increased from \$485,000,000 in June to \$508,000,000 in July. For the seven months ended with July the foreign sales totaled \$3,483,000,000 as compared with \$3,661,000,000 for the corresponding period of the previous year.

July imports were \$241,000,000, whereas in June they reached a total of \$260,000,000. For the first seven months of the year the imports were valued at \$1,787,000,000, as against \$1,779,000,000 for a similar period in 1917.

The gold movement in 1918 has been of much less importance than in 1917. For the first seven months of this year \$52,000,000 represents the imports of gold; in 1917 the imports for the seven-months' period was \$505,000,000. Exports amounted to \$29,000,000 this year, as against \$272,000,000 last year.

The silver movement has increased in importance, the total imports being \$40,000,000 for the first seven months of this year, as against \$22,000,000 last year, and exports reaching a total of \$135,000,000, as compared with \$44,000,000 for the first seven months of last year.

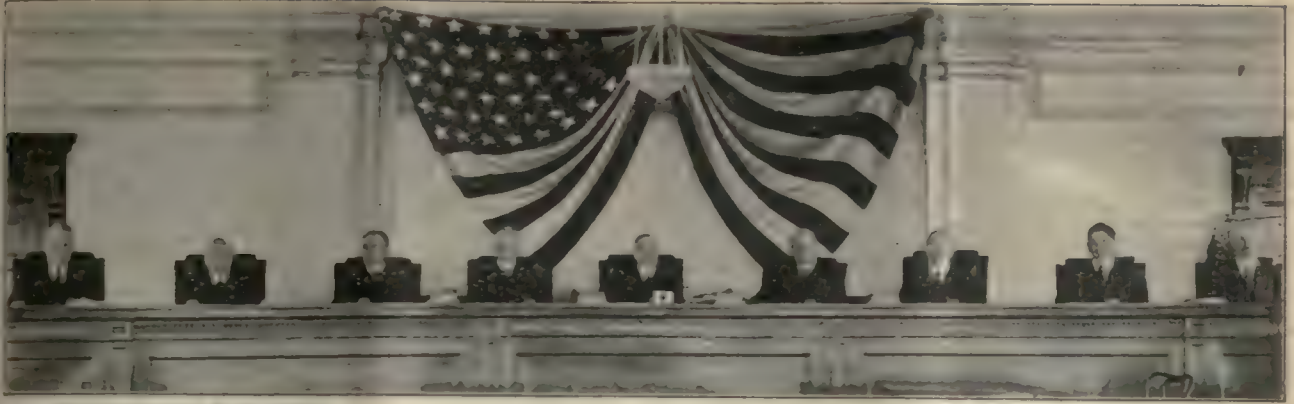


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Decisions of Interstate Commerce Commission

ORDERS THROUGH ROUTES AND RATES WITH BOAT LINES

In opinion No. 5348, Colonial Navigation Co. vs. N. Y. N. H. & H. R. R. Co., 50 I. C. C., 625-633, Docket 5733, the Commission holds after consideration of all the circumstances that the practice of the defendant in establishing and maintaining a through route for the transportation of passengers and baggage with the New England Steamship Company between points located on its line in New England and New York via Providence, while refusing to establish and maintain a similar through route in connection with the complainant, operates to produce an undue prejudice to the Colonial Navigation Company and the defendant will be required to remove the discrimination on or before October 1.

It was contended by the New Haven that the Commission had no jurisdiction and that even if it had the limitation on its authority to establish through routes would prevent an order requiring it to enter into the arrangement sought, as such an arrangement would require it to short haul itself; it was further contended that it furnished adequate rail-and-water transportation between New York and Providence by means of its existing arrangements with the New England Company and that it should not be required to share its traffic with a competitor.

The Commission holds that there is no room for doubt as to their jurisdiction either under section 1 or section 15 of the act, and in addition to this it has the authority conferred upon it by the Panama Canal Act.

STEAMER LINES ON LONG ISLAND SOUND

In its decision, handed down by Commissioner Woolley in connection with the application of the New York, New Haven and Hartford for permission to continue its operation of certain ferry and steamship lines in New England waters and between New England ports and New York, Docket 6469, opinion No. 5349, 50 I. C. C., 634-651, the Commission grants the application and gives the railroad until October 1 to file its rates, fares, schedules, and regulations governing transportation on the New England Steamship Company, the Hartford & New York Transportation Company, and the New Bedford, Martha's Vineyard & Nantucket Steamboat Company and of floating equipment and tugs.

The question presented to the Commission for consideration and determination was whether or not the N. Y. N. H. & H. does or may compete for traffic with the water lines; whether or not the existing services by water are being operated in the interest of the public and are of advantage to the convenience and commerce of the people, and, lastly,

whether or not an extension of time during which such services may continue will exclude, prevent, or reduce competition on the route by water under consideration.

In considering whether or not the existing services by water are being operated in the interest of the public and are an advantage to the commerce and convenience of the people, consideration had to be given to the whole transportation machinery in New England and to the natural limitations of transportation on Long Island Sound; whether the service between New England and New York is rapid and dependable; whether the Sound lines are being used to the greatest possible extent consistent with economy and expedition in an effort to relieve the rail system and in this connection allowance had to be made for the unusual stress of conditions incident to war which presented an entirely different outlook from that which would be presented under normal conditions and times.

As to this the Commission says that whatever criticisms or dissatisfaction there have been as to mismanagement it does not extend to the through service of the New Haven and the lines of the steamship company. Testimony was to the effect that the service is expeditious, regular, and dependable and that it is absolutely essential that it be kept up to its present standard if the commercial prosperity of New England is to be maintained. Much of the business between the New England manufacturing towns and New York City would drop off entirely if prompt shipment and deliveries cannot be relied upon, and shippers generally seem to be of the opinion that an all-rail would not be as expeditious as the present rail-and-sound service.

As to the expediency of continuing the operation of the Sound lines, the Commission takes occasion to make the following statement with reference to water transportation in general:

"It is unquestionable that at this time and probably for a long time to come, if not permanently, the public interest will require the maximum use, consistent with economy and efficiency, of water transportation on the Sound, as well as on all other water routes; and whether or not such maximum use has been and is actually made of the boats of the steamship company is a practical question, which could be determined only after a thorough investigation of the traffic handled by the rail and the steamer lines. We have numerous figures in the record as to tonnages, etc., but they are for the year 1914 and do not enable us to form a definite idea on the subject. The self-interest of the petitioner should lead it, especially under recent conditions, to make the fullest use of its steamer lines consistent with economy and efficiency, and at any rate we need now give no consideration to this question, for during the period of operation by the government, competition of the kind contemplated by the Panama Canal Act is impossible and the use of water lines can be regulated by the Director-General of Railroads in such manner as to bring about maximum transportation conditions."

PRIVATE WIRE CONTRACTS

In Docket 5421, opinion 5354, 50 I. C. C., 732-766, Private Wire Contracts, the Commission in a decision by Chairman Hall acknowledges that under the President's proclamation of July 22, 1918, all telegraph and telephone systems in the United States are under federal control and, while this takes the authority to determine and initiate the character of service, classifications, and charges out of the hands of the Commission, yet in view of the very extensive investigation which it has been conducting it has felt it wise to submit a report which, while it contains no order, summarized concisely the information which it thus obtained.

The investigation was initiated by the Commission on its own motion, and following an informal complaint which was filed by the Grain Dealers' National Association. Extensive hearings were held in Chicago and New York and, subsequently, the case was argued in Washington. The burden of defending the case was borne by the Bell Company and the Western Union. The Postal took the position that the Commission ought to put a stop to the leasing of wires to persons who can or do sublet them to others. A number of lessees of private wires intervened in support of the practice. The Morse Service Private Wire contracts have been in effect for more than 30 years and private talking service contracts have been furnished for a number of years past, although not so extensively; the number of such leases shown by the record was 32. The Morse service has 505,000, 729 miles of lines in use for private wires; its length in public service is 1,672,199; its revenue amounts to \$3,929,510 for the private lines of the Western Union, the Postal and the Bell, while from public wires they receive \$55,903,203.

After reviewing at considerable length the conditions as it found them to exist, the Commission summarizes in 14 counts its opinion, which is as follows:

1. The lawfulness of the so-called private-wire service depends upon whether or not private-wire messages are among "such other classes as are just and reasonable" into which respondent carriers are authorized by section 1 of the act to classify messages transmitted over their wires.
2. Respondents are common carriers engaged in the transmission of intelligence and, as to their interstate business, are subject to the provisions of the act.
3. The so-called wholesale theory has no proper place in the rates of common carriers; and, in so far as charges for private-wire service are based upon this theory, we find that the classification is not just and reasonable.
4. Lessees of private wires are not common carriers; and the fact that in Morse private-wire service the lessees furnish their own operators does not divest respondents of their status of common carriers as to messages sent over the private wires.
5. The Commission cannot prescribe a minimum rate.
6. The record justifies the conclusion that respondents furnish private-wire service to all applicants therefor, at least to the capacity of their spare facilities, without discrimination and in the order of the application.
7. The record does not sustain the conclusion that the Morse private-wire service is a wholesale service.
8. The character of the Morse private-wire service differs from that furnished over the public wires and, stripped of certain abuses, may be recognized as a separate class of service available to the public upon reasonable compensation.
9. The Morse private-wire service is not shown to be unjustly discriminatory or unduly prejudicial to users of respondents' public telegraph service.
10. An abuse which must be removed is the provision in the private-wire contracts of one respondent that in time of interruption to the private wires the public wires can be used at half the regular rates.
11. There is no proper analogy between private-wire service and the practice of aggregating shipments into carload lots and shipping them at carload rates discussed in *Int. Comm. Comm. vs. Del., L. & W. R. R.*, 220 U. S., 235. It seems proper, and from a practical standpoint and in the interest of the public necessary, to apply some reasonable restrictions to the private-wire service. Respondents are justified in inserting in the contract for private-wire service a provision restricting the use of instruments and facilities provided to the transmission of messages concerning

the business of the lessee or lessees and providing that messages shall not be transmitted for other persons or firms. That is not to say that it is unlawful for two or more persons to unite in securing private-wire service where all are named as lessees.

12. The record warrants the conclusion that in rendering Morse private-wire service and the public message service at their present rates respondents are furnishing the more valuable service at a relatively lower charge, contrary to recognized principles of classification.

13. As the charges for messages other than by private wire are not in issue, and we cannot assume that rates for the latter should be increased rather than that those for sending day messages should be reduced, we shall enter no order in this respect. Respondents should consider whether or not their rates for Morse private-wire service should be revised.

14. The record discloses no essential difference between the private-wire talking service and the toll service furnished by the Bell company, and we are of opinion that the classification of messages into private-wire talking service is not a just and reasonable classification.

STORAGE CHARGES ILLEGAL

In a report by division No. 1, opinion No. 5355, 51 I. C. C., 1-3, docket 9424, the Commission dismisses the complaint of the Dow Chemical Co. vs. the Pere Marquette R. R. Co. et al., in which it was alleged that the storage charges of two dollars a day on carloads of oils, benzol, sulphuric acid, charcoal and chloride of sulphur at Midland, Mich., were illegal. These storage charges accrued after the shipments had been moved from the interchange tracks to the company's private tracks within the plant inclosure. As to these, the Commission holds that the charges were not legally assessable. No order is issued at this time relative to at least one of the shipments upon which the storage charges were collected, but the amount so collected should be refunded.

CONDEMNNS GASOLINE RATES

CASE NO. 8586. (51 I. C. C. 4-6.)
GULF REFINING COMPANY OF LOUISIANA VS. LOUISVILLE & NASHVILLE RAILROAD COMPANY ET AL.

Submitted April 20, 1916. Opinion No. 5356.

Rates on gasoline and other volatile petroleum oils in carloads from Mobile, Ala., to Chattanooga and Knoxville, Tenn., and from Gretna, La., to Mobile and Gadsden, Ala., and Knoxville, found to have been unreasonable. Reparation awarded.

Report of the Commission.

BY THE COMMISSION:

Complainant is a corporation engaged in marketing petroleum and its products, with an office at Pittsburgh, Pa. By complaint seasonably filed it alleges that the rates charged by defendants on certain carloads of petroleum and its products, including gasoline in tank cars, gasoline, kerosene, and naphtha in iron barrels or drums, and lubricating oil in barrels and cases, shipped from New Orleans, La., to Mobile and Gadsden, Ala., and Knoxville, Tenn., and from Mobile to Knoxville and Chattanooga, Tenn., between July 25 and December 16, 1913, inclusive, were unreasonable. Reparation is asked. Rates are stated in cents per 100 pounds.

The shipments from Mobile, consisting of numerous tank-car loads of gasoline, moved over the lines of all of the defendants to Chattanooga or over the Louisville & Nashville to Knoxville. The other shipments, consisting of numerous tank-car loads of gasoline and carloads of gasoline, naphtha, and other volatile petroleum oils in barrels, drums, or cases, moved from New Orleans over the Louisville & Nashville to Mobile, Gadsden, or Knoxville. They originated at Gretna, La., within the switching limits of New Orleans, but were billed from New Orleans, the charges of the switching carrier being absorbed by the line-haul carrier under appropriate tariff provisions still in effect. Charges were collected on the basis of the fifth-class rates legally applicable under the governing southern classification: 47 cents to Chattanooga and 52 cents to Knoxville, from Mobile; 15 cents to Mobile, 48 cents to Gadsden, and 57 cents to Knoxville, from New Orleans.

Prior to July 24, 1913, the following carload commodity rates applied over the routes of movement on the general list of petroleum and its products, including the oils in question: 30.5 cents to Chattanooga and 35.5 cents to Knoxville, from Mobile; 12 cents to Mobile, 33.5 cents to Gadsden, and 38.5 cents to Knoxville, from New-Orleans. The tariff in which the above rates were published also named carload commodity rates on this traffic between various southeastern points. Practically all of the southeastern carriers were parties to this tariff, and the lines of certain of these carriers, other than the Louisville & Nashville, formed available but more circuitous through routes from and to the points in question. Effective July 24, 1913, it was provided by tariff exception that the rates named in the commodity tariff would not apply in connection with the Louisville & Nashville on shipments of gasoline and other volatile oils except to certain destinations not including those here concerned. To destinations local to its line, the Louisville & Nashville continued to transport these commodities at commodity rates. The application of the commodity rates was not restricted by other carriers parties to the tariff and those carriers continued to apply throughout this territory commodity rates on the general list of petroleum and its products. Effective March 4, 1915, the restrictions mentioned were removed, thus re-establishing the above-named commodity rates over the routes of movement. Complainant seeks reparation on the basis of these commodity rates. The present rates are not assailed. Representative ton-mile earnings under the rates charged were 19.7 mills from Mobile to Chattanooga, 474 miles; 16.3 mills from New Orleans to Knoxville, 701 miles.

We find that the rates charged on the shipments from Mobile were unreasonable to the extent that they exceeded 30.5 cents per 100 pounds to Chattanooga and 35.5 cents per 100 pounds to Knoxville; that the rates charged on the shipments from Gretna were unreasonable to the extent that they exceeded 12 cents per 100 pounds to Mobile, 28.5 cents per 100 pounds to Gadsden, and 38.5 cents per 100 pounds to Knoxville. We further find that complainant made the shipments as described and paid and bore the charges thereon; that it has been damaged to the extent of the difference between the charges paid and those that would have accrued at the rates herein found reasonable; and that it is entitled to reparation, with interest. The exact amount of reparation due can not be determined upon this record, and complainant should prepare a statement showing the details of the shipments in accordance with rule V of the Rules of Practice, also specifying the date on which the charges were paid, which statement should be submitted to the defendants for verification. Upon receipt of a statement so prepared and verified we will consider the entry of an order awarding reparation.

AWARDS REPARATION ON MIS-ROUTED LUMBER

CASE NO. 8384. (51 I. C. C. 6-8)
LAMB FISH LUMBER COMPANY VS. YAZOO & MISSISSIPPI VALLEY RAILROAD COMPANY ET AL.

Submitted Feb. 25, 1918. Opinion No. 5357.

Certain carload shipments of gum and oak lumber from Charleston, Miss., to Chicago, Ill., found to have been misrouted. Reparation awarded.

Supplemental Report of the Commission.

BY THE COMMISSION:

In our original report herein, 42 I. C. C. 470, we found that the rates charged on certain carloads of gum and oak lumber shipped by complainant, a corporation, from Charleston, Miss., a local point on the Yazoo & Mississippi Valley Railroad, to Chicago, Ill., for delivery by the Pittsburgh, Cincinnati, Chicago & St. Louis Railway, hereinafter called the Panhandle, that were so delivered within two years prior to July 27, 1915, were illegal to the extent that they exceeded 16 cents per 100 pounds on gum lumber and 15 cents per 100 pounds on oak and other lumber taking the same rates. Reparation was found due on such shipments, and no order was entered, as the record was insufficient. The customary statement from complainant relative to the shipments and its verification by the defendants was required. The defendants refused to verify that

portion of the statement submitted by the complainant covering shipments which were not actually delivered by the Panhandle, whereupon the complainant filed a petition for a rehearing, alleging that numerous shipments upon which the higher rates were charged and on which reparation was sought were misrouted by the defendants and that the question of reparation on such shipments was before us in the former proceeding, but not determined. This petition was granted, and at the rehearing complainant exhibited bills of lading and freight bills and subsequently filed a statement showing that 6 shipments were not routed by the shippers; 6 were routed "via P. C. C. & St. L. Ry., C. B. & Q. delivery;" 1 was routed "via P. C. C. & St. L. Ry., C. M. & St. P. Ry. delivery," and 191 were routed "via P. C. C. & St. L. Ry." All the shipments were delivered by the Yazoo & Mississippi Valley to the Illinois Central Railroad and by the latter transported to Chicago except eight or nine, which were turned over to the Panhandle.

The defendants take issue with the findings in our former report that the lower rates were the legal rates, but the case was reopened solely "upon the question of reparation due to the alleged misrouting of certain shipments of gum and oak lumber from Charleston, Miss., to Chicago, Ill." The defendants also argued that complainant's petition was filed too late, under rule XV of our Rules of Practice, but as no order has been issued this contention is not well founded. They further urged that as to shipments intended for delivery on the numerous lines serving Chicago other than the Panhandle the higher rates to Chicago shown in the tariff by way of those lines were specific and took precedence over the lower rates by way of the Panhandle which could apply to points on other lines only in connection with the switching and absorption tariffs, and therefore that they were justified in not delivering to the Panhandle shipments which were destined to points at Chicago not reached by that road. We cannot agree with this contention.

It appears that a number of the shipments as to which the only routing shown was by way of the Panhandle were intended for delivery at points within the Chicago switching district on other lines, but the actual points of delivery are not shown of record. We will, therefore, confine ourselves to the rate to Chicago, without reference to any charges in addition to the line-haul rate for terminal services at Chicago, which, if legally applicable to the shipments, must be taken into consideration in determining the amount of reparation due under our findings. It is our opinion that if all the shipments routed in connection with the Panhandle had moved as routed the legal rates to Chicago would have been 16 cents per 100 pounds on gum lumber and 17 cents per 100 pounds on oak lumber and other lumber taking the same rates. Shipments which were unrouted by the shipper were entitled to the lowest rates available by any route, which in this case were the rates by way of the Panhandle.

We find that the above-described shipments were misrouted by the Illinois Central Railroad Co.; that complainant made the said shipments and paid and bore the charges thereon; that it was damaged by the misrouting to the extent of the difference between the charges paid and those that would have accrued had the shipments moved over the route in connection with the Pittsburgh, Cincinnati, Chicago & St. Louis Railway; and that it is entitled to reparation, with interest, from the Illinois Central Railroad Company. Upon this record we cannot determine the exact amount of reparation due, and the complainant should prepare a statement showing the details of the shipments in accordance with rule V of the Rules of Practice, also specifying the date on which the charges were paid, which statement should be submitted to the Illinois Central Railroad Company for verification. Upon receipt of a statement so prepared and verified, we will consider the entry of an order awarding reparation.

COTTONSEED RATE UNREASONABLE

CASE NO. 8772 (51 I. C. C. 9-10)
BAINBRIDGE OIL COMPANY VS. MARIANNA & BLOUNTSTOWN RAILROAD COMPANY ET AL.

Submitted November 23, 1917. Opinion No. 5358.

Rates legally applicable on cottonseed, in carloads, from certain points in Florida to Bainbridge, Ga., found unreasonable on rehearing and reparation found due.

Report of the Commission on Rehearing.

In our original report herein, 44 I. C. C., 660, we found that the combination rates charged for the transportation of 26 carloads of cottonseed from Sneads, Cypress, Marianna, Fairgrounds and Alliance, Fla., to Bainbridge, Ga., between Aug. 30, 1911, and Feb. 16, 1912, inclusive, were unreasonable to the extent that the components to River Junction, Fla., exceeded the class N rates in effect before and the commodity rates established after the shipments moved. The through rates were assailed, but at the time of the hearing it was assumed that a class M rate of \$1.21 per net ton applied from River Junction to Bainbridge, and, as charges were ultimately collected on that basis and were satisfactory to complainants, its attack was directed specifically against the components to River Junction. We found that the component legally applicable beyond River Junction was the class D rate of 7½ cents per 100 pounds, and that each of the shipments had been undercharged, but did not pass upon the reasonableness of the legally applicable component. Upon petition of complainant the case was reopened for further hearing with respect to the reasonableness of the 7½-cent component of the through rate.

The Atlantic Coast Line Railroad Company originally collected charges for the movement from River Junction to Bainbridge on basis of the class D rate of 7½ cents per 100 pounds, but subsequently refunded charges down to the basis of the class M rate of \$1.21 per net ton. The latter rate applied on—

Fertilizer, any quantity, embracing * * * cottonseed * * * in bags, bales, barrels, or casks, or in bulk, for fertilizer purposes, so certified on bill of lading or shipping receipt, value limited to \$10 per ton and expressed in bill of lading.

The shipments were not limited, as required under the class M rates, to \$10 per ton in value or for fertilizer purposes. On Nov. 1, 1912, after the shipments moved, the Atlantic Coast Line established the class M rating on "cottonseed, * * * carloads," without limitation as to use or value, and this rating is still in effect. It was explained that the Atlantic Coast Line intended to apply the class M rates on all carload shipments of cottonseed regardless of its use.

The complainant contends that the rates cited in comparison to show that the rates from the points of origin to River Junction, over the Louisville & Nashville Railroad were unreasonably, apply with equal force to show that the 7½-cent rate from River Junction to destination, over the Atlantic Coast Line, was unreasonable, transportation conditions being substantially similar. Comparative rates are shown in our original report and need not be repeated. An intrastate rate of 6 cents per 100 pounds over the Louisville & Nashville from Holts, Fla., to Pensacola, Fla., 39 miles, is emphasized. The distance from River Junction to Bainbridge is also 39 miles. The components found reasonable to River Junction ranged from 3 to 6 cents per 100 pounds for distances of from 5 to 27 miles. The defendants introduced no additional evidence.

Upon the facts presented we are of the opinion and find that the through rates legally applicable were unreasonable to the extent that the components to River Junction exceeded the class N rates in effect before and the commodity rates established after the shipments moved and further to the extent that the component from River Junction to Bainbridge exceeded the class M rate of \$1.21 per net ton. We further find that the complainant made the shipments as described in our original report; that it paid and bore the charges thereon; that it has been damaged to the extent of the difference between the charges paid and those that would have accrued at the rates herein found reasonable; and that it is entitled to reparation, with interest. The exact amount of reparation due cannot be determined on this record, and complainant should prepare a statement showing the details of the shipments in accordance with rule V of the Rules of Practice, also specifying the date on which the charges were paid, which statement should be submitted to the defendant for verification. Upon receipt of a statement so prepared and verified we will consider the entry of an order awarding reparation. Collection of the outstanding undercharges should be waived.

TENTATIVE REPORT ON TEXAS RATES

The Traffic World Washington Bureau.

If the tentative report of Attorney Examiner Burnside as proposed in Docket No. 10078, Beaumont Chamber of Commerce et al. vs. A. & V. Ry. Co. et al. is adopted by the Commission the complaint will be dismissed on the ground that the rates have not been shown unreasonable, unjustly discriminatory or unduly prejudicial to complainants who represent shippers at Beaumont and Orange, Texas, as compared with the rates from New Orleans to C. F. A. Territory.

The rates are made up by combination on Memphis and run all the way from 14.6 cents in favor of New Orleans on shipments to Albany up to a difference of 20 cents to Springfield, Mass., at Toronto, Ontario, with an average over New Orleans rates of 16½ cents. The complainants did not ask for the application of the New Orleans rates but the relationship should be brought nearer, in fact, they asked for the extension of the differential of ten cents which exists to points in C. F. A. Territory east of the Indiana-Illinois state line so as to include eastern Trunk Line and New England Territories. The increased rates which have resulted from the advances under General Order 28 were not in effect at the time the above complaint was filed and, therefore, are not a matter of issue which the Commission will have to consider in its final determination in that case.

WINSTON-SALEM SOUTHBOUND VALUATION

The Traffic World Washington Bureau.

The Commission has submitted a report on Valuation Docket No. 5, Winston-Salem Southbound Ry. Co., 1 Val. Rep. 187-222, in which it holds that the original cost to date of the railroad was \$5,197,452; the cost of reproduction new, \$5,356,836, and the cost of reproduction less depreciation, \$4,966,922. These figures are as of June 30, 1915. The railroad is 88 miles long and is owned jointly by the Atlantic Coast Line and the Norfolk & Western. It was started as an independent company, but the carriers mentioned took it over as a connection between their lines.

DENIES FOURTH SECTION RELIEF

The Traffic World Washington Bureau.

The Commission, in fourth section order No. 7339, issued on Washburn's application No. 11347, gave the carriers indirect notice that it is not going to issue special fourth section orders except where necessary. The application in this instance was denied. The authority sought was to establish a rate of 25 cents on copra meal from Memphis to Cincinnati without reducing the rates from and to intermediate points.

There are two rules by which the situation could have been met without asking for this special order, which has resulted in a denial. The first is rule 77 of tariff circular 18-A and the section is fourth section order No. 144, general order No. 5.

The desire of the carriers is to establish a rate, in the amount mentioned, so as to move copra meal from Memphis to Cincinnati. The class rate is about 69 cents under which the meal could not be moved, because the delivered price at Cincinnati would be too high.

Under the tariff circular rule when the railroads find a situation such as this they may establish the desired rate and specify it as the maximum to and from any intermediate point, without prejudice to themselves in the event conditions change. That is to say, if, as in this case, no copra meal would ever move from or to an intermediate point and the carriers so state, they will be allowed to establish the desired commodity rate, without that action prejudicing the situation at any other point.

Under fourth section order No. 144 a commodity may be taken out of the class scale and given a commodity rating. The object of both rules is to simplify procedure and relieve the Commission of the work of issuing special fourth section orders to cover situations such as the Memphis-Cincinnati situation respecting copra meal. The failure of Washburn to avail himself of the benefit of the two regular rules may discommodate the shipper, but there is no reason for a continuance of the situation.

RAILROAD EMPLOYEES OUT OF POLITICS

W. G. McAdoo, Director General of Railroads, has just made public the following notice in reference to political activity upon the part of railway officials and employees:

The approaching Federal and State elections, including the primary contests connected therewith, make it both timely and necessary that the attitude of the Director General towards political activity on the part of officers and employees in the railroad service should be clearly stated.

It was a matter of common report that railroads under private control were frequently used for partisan political purposes; that railroad corporations were frequently adjuncts of political machines and that even sovereign states had been at times dominated by them. Contributions to campaign funds and the skillful and effective coercion of employees were some of the means by which it was believed that many railroads exerted their power and influence in politics. Scandals resulted from such practices, the public interest was prejudiced and hostility to railroad managements was engendered.

Now that the Government controls and operates the railroads, there is no selfish or private interest to serve, and the incentive to political activity on the part of the railroads no longer exists.

Under Government control there is no inducement to officers and employees to engage in politics. On the contrary, they owe a high duty to the public scrupulously to abstain therefrom.

It is, therefore, announced as a definite policy of the United States Railroad Administration that no officer, attorney or employee shall

Hold a position as a member or officer of any political committee or organization that solicits funds for political purposes.

Be a delegate to, or chairman, or officer of any political convention.

Solicit or receive funds for any political purpose or contribute to any political fund collected by an official or employee of any railroad or any official or employee of the United States or of any state.

Assume the conduct of any political campaign.

Attempt to coerce or intimidate another officer or employee in the exercise of his right of suffrage. Violation of this will result in immediate dismissal from the service.

Become a candidate for any political office. Membership on a local school or park board will not be construed as a political office. Those desiring to run for political office or to manage a political campaign must immediately sever their connection with the United States Railroad Service.

I am sure that I can count on the loyal co-operation of all officers, attorneys and employees engaged in the operation of the railroads under Federal control, to carry out in letter and spirit the policy here announced. This policy is intended to secure to all of them freedom of action in the exercise of their individual political rights, and, at the same time, to prevent any form of hurtful or pernicious political activity.

Let us demonstrate to the American people that under Federal control, railroad officers, attorneys and employees cannot be made a part of any political machine nor be used for any organized partisan or selfish purpose.

Let us set such a high standard of public duty and service that it will be worthy of general emulation.

ARRANGES COMPROMISE RATE

Director-General McAdoo authorizes the following announcement:

For a period of three years or more prior to Federal control the railroads of the country, on the one hand, and the War Department on the other, were in dispute as to the proper freight rates to apply on military impedimenta, the former contending for a second class rate, and the latter for a fourth class rate. Neither side being willing to concede the reasonableness of the claim of the other, it was agreed by the two parties early in November of 1917 to submit briefs to the Interstate Commerce Commission as a referee. This procedure would have necessitated a more or less exhaustive and expensive investigation on the part of the Commission.

However, before the briefs had been prepared the matter was brought to the attention of the Division of Traffic, U. S. Railroad Administration. After weighing the arguments carefully the Railroad Administration recognized merit in the positions of both the carriers and the War Department and suggested to the War Department, for account of the carriers under Federal control, a compromise basis of third class, minimum weight 24,000 pounds per shipment, which the War Department readily accepted.

This disposition of the case makes for uniformity of practice by all carriers, and a simplified method of accounting both with the carriers and with the War Department.

RATE INFORMATION IN NEW YORK

B. Campbell, chairman Eastern Freight Traffic Committee, under date of August 28, issued the following statement with reference to freight rate information formerly obtained from western and southern roads, now to be furnished by initial trunk lines, this being a revision of a similar announcement dated August 9, 1918:

Announcement is made that arrangements will be perfected as speedily as practicable whereby information regarding freight rates heretofore supplied by "off-line agencies," formerly having representation in New York City, will be furnished by the initial trunk lines, as indicated below:

Initial Trunk Lines
Baltimore & Ohio R. R.,
S. A. Allen,
General Freight Agent,
295 Broadway.

Central R. R. of New Jersey.
A. Hamilton,
General Freight Agent,
143 Liberty Street.

Delaware, Lackawanna & Western R. R.,
J. J. Byrne,
General Eastern Agent,
90 West Street.

Erie R. R.,
W. S. Cowle,
General Eastern Frt. Agent,
390 Broadway.

Lehigh Valley R. R.,
Fred E. Signer,
General Eastern Frt. Agent,
Woolworth Building.

New York Central R. R.,
Ira H. Hubbel,
Asst. Freight Traffic Mgr.,
Woolworth Building.

New York, Ontario & Western R. R.,
Fred Berghelm,
General Eastern Agent,
Grand Central Terminal.

Pennsylvania R. R.,
A. B. Scott,
District Representative,
Woolworth Building.

Lines to Be Covered
Chicago & North Western R.R.
Cincinnati, Indianapolis & Western R. R.
Missouri, Kansas & Texas Ry.
St. Louis-San Francisco Ry.
St. Louis Southwestern Ry.
Western Maryland Ry.

Louisville & Nashville R. R.
Nashville, Chattanooga & St. Louis Ry.
Norfolk & Western Ry.

Chicago Great Western R. R.
Denver & Rio Grande R. R.
International & Great Northern R. R.
Missouri Pacific R. R.
Northern Pacific Ry.
Texas & Pacific Ry.
Western Pacific R. R.

Atchafalpa, Topeka & Santa Fe Ry.
Chicago & Alton R. R.
Colorado, Midland R. R.
Gulf, Colorado & Santa Fe R. R.
Kansas City Southern Ry.
Kansas City, Mexico & Orient Ry.
Minneapolis, St. Paul & Sault Ste. Marie Ry.
Toledo, St. Louis & Western R. R.

Chicago, Milwaukee & St. Paul Ry.
Grand Trunk Western Lines.
Great Northern Ry.
Illinois Central R. R.
Mobile & Ohio R. R.
Pere Marquette Ry.
Wabash Ry.

Chicago, Rock Island & Pacific Ry.
Chicago, Indianapolis & Louisville Ry.
Cleveland, Cincinnati, Chicago & St. Louis Ry.
El Paso & Southwestern Ry.
Lake Erie & Western R. R.
Los Angeles & Salt Lake Ry.
Minneapolis & St. Louis R. R.
Union Pacific Railroad System.

Chicago, Peoria & St. Louis R. R.
Ann Arbor R. R.
Chicago & Eastern Illinois R. R.

Atlantic Coast Line R. R.
Atlanta & West Point R. R.
Chesapeake & Ohio Ry.
Chicago, Burlington & Quincy R. R.
Colorado Southern Ry.
Georgia R. R.
Norfolk Southern R. R.
Seaboard Air Line Ry.
Southern Railway System.
Western Ry. of Alabama.

It is contemplated that this service should be in satisfactory operation by September 15, 1918.

CAR EFFICIENCY COMMITTEES

Manager Kendall, of the Car Service Section, in his Circular CS-28, makes the following announcement:

With a view to securing: (b) Increased car efficiency, (a) Improved service, (c) Decreased transportation expenses, in handling "Less Carload" freight, committees representing the several regional district have been formed with the following as chairmen: Mr. J. R. Kearney, Allegheny Region; Mr. George Morton, Central Western Region; Mr. C. H. Ketcham, Eastern Region; Mr. T. M. Proctor, North Western Region; Mr. J. A. Talbott, Pocahontas Region; Mr. W. L. Stanley, Southern Region; Mr. F. M. Lucore, South Western Region.

2. These committees will, without delay, have a survey made covering L. C. L. freight forwarded for a period of at least ten days from all stations and transfer points in their respective territories, and will institute "shipping days" and through car loading via one or more designated routes base on the following considerations: (a) Volume of traffic; (b) Direct routing; (c) Car conservation.

3. The committee for each region will determine the routing on cars destined to points within the same region.

4. The chairmen and such members of the regional committees as may be designated by the chairmen will, with the Car Service Section, act as a general committee to determine the routing and adjust necessary matters affecting inter-region cars.

5. Care must be exercised to prevent any undue advantage being given to one city or section as against a nearby competing city or section.

6. The support of shippers, jobbers and various commercial organizations in each locality should be obtained for the detailed plans as adopted.

7. As arrangements are perfected for each shipping center or distributing point, chairmen will furnish to the regional director and to the Car Service Section a detailed report showing: (a) Number of additional through cars established; (b) Estimated increase in tonnage per car; (c) Estimated daily or weekly saving in equipment.

8. The chairmen will advise the Car Service Section of opportunities for improved loading through the back hauling of freight, particularly from far distant points, as, for example, freight from Boston, New York, or Philadelphia destined to local points within a radius of one hundred miles east of San Francisco, which might be loaded to advantage in through cars to San Francisco, involving but one intermediate handling, as against several such handlings if loaded in cars carded to points east of San Francisco.

NEW RESERVATION RULING

B. F. Bush, regional director, in his Order No. 53, cancelling Order No. 27, concerning reservations for sleeping, parlor cars and steamer accommodations, has made the following ruling:

Railroad agents or representatives will not pay for telegraph or telephone messages covering sleeping, parlor car or steamer reservations; passengers desiring such reservations made for them by railroad representatives will be required to pay the established charges for the necessary telegraph or telephone service in both directions; except that telegraph and telephone wires of railroads under government control may be used locally or jointly, without charge to passengers, in procuring sleeping or parlor car and steamer accommodations, under the following conditions:

(a) The accommodations will be secured only in connection with continuous trip, a reasonable time, not to exceed 12 hours, being allowed for train connections at points where transfers to sleepers are made.

(b) A sleeping or parlor car or steamer berth ticket or order therefor covering the accommodations must be purchased at the time they are secured.

(c) Before delivery of the sleeping or parlor car or steamer berth ticket, the agent to whom application is made for the accommodations shall require presentation or purchase of ticket good from his station to or beyond destination to which the reservation is made.

It has been decided as desirable in some cases to make assignments of sleeping car space to points off the line of

sleeping and parlor car runs, but that it is not advisable to enumerate these points. This will permit the assignment of space at the discretion of the passenger traffic officers of the railroads concerned. It is desired that care be used in making such assignments in order to keep at a minimum the amount of vacant space in sleeping cars and at the same time afford the traveling public every opportunity to utilize all available space.

Arrangements with respect to the joint use of railroad wires should be made immediately and the necessary instructions in regard thereto issued. Arrangements should also be made so that ticket agents will be enabled to sell tickets or orders for both railroad and sleeper or steamer transportation in connection with the accommodations that may be requested.

WAR INDUSTRY WORKMEN FARES

B. F. Bush, regional director for the southwestern section, by means of order No. 50, makes the following ruling:

To insure uniformity throughout the country, the following fares and arrangements for War Industry Workmen, where special train service is necessary, have been authorized; by which you will please be governed:

Fare—one way: Six mills per mile, plus five cents, with minimum of ten cents per capita based on the mileage of the special service from starting point to destination.

Fares from intermediate points to destination, and vice versa, to be the same as fare between the extreme points covered by the service.

Minimum per train mile: All trains to earn a minimum of three dollars (\$3.00) per train mile.

The minimum of \$3.00 per train mile for operating special trains for short distances is exceedingly low, and for that reason it is suggested that you give this feature consideration, and by mutual agreement with representatives of the Government or the contractors, establish such special train minima per trip or per round trip as in your judgment will properly meet the situation at the various points where these industries are located.

Form and limit of ticket: Special form of ten or twelve-trip tickets good for bearer to be used; limit not to exceed thirty days.

These rates and arrangements should be confined to industries and construction contractors engaged wholly in war work. Contractors doing Government work at any point, and having no other business at that point, are considered, as to such work, as engaged wholly in war industry.

The special forms of ten or twelve-trip tickets, which ever it is decided should be used, should be sold through the industry wherever possible, and should be honored only on workmen's trains, the industries to be advised of the numbers and schedules of such trains and to be responsible for the use of these tickets by their employees only on such trains.

After conclusion is reached as to the minimum charge for special train at each point, the territorial Passenger Traffic Committees should be directed to arrange that tariffs now in effect be brought into conformity with the basis outlined herein, obtaining passenger fare authorities in the usual way.

LIBERTY LOAN APPEAL TO RAILWAY EMPLOYEES

In his Circular No. 51, Director-General McAdoo makes the following Liberty Loan appeal:

In order to raise sufficient money to arm, equip, and support our gallant soldiers and sailors, to finance our other war activities, and to extend necessary credits to our allies, to enable them to continue the war against the German military despotism, the Fourth Liberty Loan campaign will begin September 28, 1918. Every loyal American must invest in the securities of his government to the limit of his ability if America is to triumph in this war.

Railroad men and women are doing a vital service for their country. They responded patriotically to the appeal of the government in the First, Second, and Third Liberty Loan campaigns, and I hope that they have bought lib-

erally of War Savings Stamps. They are also operating the railroads, which is war service of primary importance. I am sure that they count it a glorious privilege to do this vital work for their country. I deeply appreciate what they have already done, but there is more to do, and I am sure that they will do more if the way is pointed out to them.

The enormous sums required to finance democracy's part in the war impose a new duty upon each and every one of us. Liberty Loans must be offered from time to time until the Kaiser is licked to a finish. Each of these loans must be subscribed in full. No patriotic American will have performed his duty by subscribing to one loan only, or by buying a few War Savings Stamps. Each and every one should practice every possible economy, save every possible dollar, and buy as many Liberty Bonds as he can afford every time a Liberty Loan is offered to the country.

In the Fourth Liberty Loan campaign which is just ahead of us I wish to make a special appeal to every railroad employe to go the limit in lending of his available means to Uncle Sam. Now is the time to prepare for that campaign by saving every possible dollar, so that each may be ready to do his part before the subscription closes. Hundreds of thousands of employes in the railroad service of the United States have received, or will receive, checks for back pay, in accordance with the provisions of the Wage Order I approved May 25, 1918, and Supplement No. 4 to General Order 27, issued on July 25, 1918. No employe can make better use of his back pay than to lend it to the government at interest, thus securing an investment of absolute safety for himself and building up a reserve for a rainy day.

You must remember that you are not asked to give your savings to the government; you are asked merely to lend your money to your government—and for what purpose? To back the millions of the finest American boys ever collected together in a great army, and to help them fight irresistibly for our lives, liberties, and vital interests. One and a half million of these splendid boys are already in France, and already they have given the Kaiser a dose from which he is staggering and from which he will not recover. But the pressure must be kept up. Arms, ammunition, and food supplies of all kinds must go forward in a continuous stream if the pressure is to be maintained. It depends upon us who stay at home to keep the pressure applied. We must lend our money to our government, lend it to the limit, so that the government may in turn put in the hands of our splendid sons the things without which they cannot fight and without which the defeat of the Kaiser and his hateful military despotism cannot be accomplished.

I want the railroad men and women of the United States to do more, if possible, than anybody else, because I want them to be among the first always in patriotism, in service, and in sacrifice to our great and glorious country. We have the Kaiser groggy—let us keep hitting hard now until he is counted out.

REDUCED FARES TO ENLISTED MEN AND OFFICERS

A recent letter from Director Chambers to Regional Director Bush, concerning officers and enlisted men of the United States, is as follows:

"Prior to the effective date of the Director-General's Order No. 28, advancing passenger fares and discontinuing special concessions, reduced fares were in effect between a number of military camps and contiguous cities. Order No. 28 discontinued all such arrangements and, thus far, none of them have been renewed.

"You are requested to canvass the situation in your region and to make such recommendation as to the granting of reduced fares to officers and enlisted men as may, in your judgment, be advisable. It is suggested that each situation be dealt with on its merits, that where there are other reasonably satisfactory facilities for moving the men, such as trolley lines and motor busses, it will be unnecessary to make any reduction which will have the effect of unduly burdening the steam roads. In cases like that of Camp Upton, where there is no other means of transit, it is believed that the men who were largely recruited from New York should have an opportunity to

visit their homes occasionally at low fares. You may decide to confine the reduced rates to certain trains or certain days of the week.

"We would suggest a conference with the camp commanders and an understanding in advance that the soldiers must expect to put up with crowded cars if they are granted reduced rates.

"As to the measure of the reduction—this is also a matter in which your recommendation is requested, but unless there is some good reason to the contrary, we believe it should not be less than one fare for the round trip.

"It is obviously impracticable to use the furlough fare certificates which are used in connection with the long-haul business for which a rate of one cent per mile is authorized, and the only feasible check upon the traffic will be to confine the sale of tickets to men in uniform and, wherever possible, to given trains, either regular or special.

"A copy of this letter has been sent to the chairman of the territorial passenger committees, whose co-operation you will probably desire in working out the details."

DISCONTINUES MAIL FINES

Regional Director Bush, by means of order No. 46, announces the discontinuance of fines for mail failures, in the following language:

Effective September 1, 1918, the practice, where it now exists, will be discontinued, of imposing fines upon train and station employes in connection with mail irregularities.

It is expected, however, that all employes whose duties require handling mail, will give it such attention as to prevent failures, and guard it at stations to prevent damage or depredation.

If negligence occurs, discipline should be in some other form than fines.

Where railroad companies have contractors for handling mail between post offices and railroad stations, the provisions of such contracts relating to fines should continue to be enforced.

URGED NOT TO TRAVEL

The Traffic World Washington Bureau.

According to a statement prepared by Theo. H. Price, Director-General McAdoo's recent statement in which he appealed to the public to forego traveling that was unnecessary is given point by a recently published letter from the Associated Press correspondent in London, which reads as follows:

"The recent curtailment of railway traveling facilities is making itself increasingly felt at the big London stations, where, during the week-end, long lines of travelers form at the booking offices hours before trains are scheduled to start.

"No extra trains are being put on for the holidays, and as ticket offices are closed as soon as the seating capacity of the train is full, hundreds are left waiting.

"On one Lancashire railway tickets for popular seaside resorts have to be purchased two weeks in advance."

If it be true that misery loves company, that portion of the American public who are complaining at the crowded condition of the passenger trains here may find some consolation in the fact that similar conditions prevail in England.

The truth is that it is not possible to put a quart in a pint bottle either in England or in the United States, and although the passenger traffic officials there, as here, are doing all they can to cope with the situation, the effective remedy is in the hands of the public itself. It is very simple and may be described in the sentence, "Stay at home unless travel is unavoidable."

During the month of July the railroads were called upon to move 1,100,000 troops for the government, as well as those soldiers and sailors who were traveling on their own account.

The workers in the service of the government who must

be moved about from place to place impose a further tax upon the transportation facilities of the railroads. It is important that these men should travel in comfort and that they should be supplied with sleeping cars on long journeys. New cars cannot be built in a night and, as a matter of fact, they are at present unobtainable because the labor and material required in their construction is not to be had.

The passenger equipment of the railroads when they were taken over by the government was barely equal to the demands then made upon it. It cannot be enlarged at present without restricting some necessary war activity. Those who travel unnecessarily are therefore needlessly overtaxing the railway service, are making themselves and others who must travel uncomfortable, and are really impeding the prosecution of the war. To "stay at home" has now become a patriotic duty and everyone who feels disposed to "take a trip" these days ought to seriously ask himself whether it is necessary or cannot be postponed before he buys his ticket.

If this habit of self-examination becomes general the congestion of passenger traffic will disappear, for there are lots of journeys that are a waste of both money and time, and "Home, Sweet Home" is a pretty good and restful place after all. Those who feel an irresistible desire to roam may be able to control themselves if they will re-read "Prue and I," the charming story in which George William Curtis describes the imaginary journeys of an old bookkeeper and his wife, who, being unable to afford the cost of travel, found exquisite pleasure in imagining that they were visiting the places described in the books of celebrated travelers.

CLAIM AND PROPERTY PROTECTION SECTION CREATED

John Barton Payne, general counsel of the Railroad Administration, makes the following announcement by means of his Circular No. 1:

Effective September 1, a Section is created in the Division of Law entitled Claims and Property Protection, to be located in the Southern Railway Building, Washington, D. C.

The Section is to have jurisdiction over freight claims and prevention; property protection, now under the jurisdiction of the Property Protection Section, and personal injury claims.

John H. Howard is appointed manager; Philip J. Doherty, counsel for the property protection work; Charles F. Patterson, late of Pittsburgh, Pa., counsel for claims.

CREATES WOMEN'S SERVICE SECTION

W. S. Carter, director of the Division of Labor, in his Circular No. 2, makes the following announcement:

Effective August 29th, the Women's Service Section of the Division of Labor is hereby created and Miss Pauline Goldmark is appointed manager with office at Washington, D. C.

The manager of the Women's Service Section will give consideration to conditions of employment of women on railroads under Federal control.

SPECIAL WORKERS' AND SOLDIERS' RATES

The three cents a mile basis, around cities where there are war factories and military camps, is likely assumed to be in the scrap heap so far as soldiers and war factory workers are concerned. Prior to June 10, low rates were in effect from a number of camps to contiguous cities. Soon after the higher passenger fares went into effect arrangements were made to give soldiers on furlough and desiring to go for a considerable distance

from the camp, furlough rates of one cent a mile. They can obtain such tickets upon the presentation of furlough certificates and application while in uniform.

Director Chambers has sent a circular to regional directors and to passenger officials suggesting the restoration of concession rates at camps where there are not sufficient trolleys and omnibuses to take the men to the cities for spending their off-duty time. They have been asked to send their recommendations, after consultation with camp commanders, to Director Chambers.

The director, it is inferred from his circular letter on the subject, is moving in the matter largely because of pressure, because he suggests that where there are trolleys and motor busses "it will be unnecessary to make any reduction which will have the effect of unduly burdening the steam roads." While he is asking for recommendations, he expressed the belief that in no instance shall the recommendation be for less than one fare for the round trip.

At points where special trains are needed to carry war workers to and from their work, the three cent fare has already been knocked out. There is, however, no uniformity in such war workers' special train fares. A scale for making such rates has been prepared by Director Chambers. It calls for a one-way fare of six mills per mile, plus five cents, with a minimum of ten cents per capita based on the mileage of the special service from starting point to destination, with a train mile earning of not less than \$3 per mile. A special form of six or twelve trip ticket is to be used, limit not to exceed thirty days.

WANT CANADIAN GOVERNMENT CARS RETURNED

Manager Kendall, in Bulletin CS-45, said:

Your attention is directed to Car Service Bulletin No. 33, issued July 16, 1918, covering the return of Canadian Government Railway cars in series 248,000 to 248,999 to the owning road.

These cars are required by that company in order to convert them into heater cars to protect perishable freight this winter.

The results obtained from Bulletin No. 33 are not satisfactory and all roads are directed to take immediate action and forward cars in this series to the Canadian Government Railway either loaded or empty, also to maintain record check of these cars for period of sixty days to locate and forward such as may be received.

PROPOSED SALARY READJUSTMENT

The Railroad Administration is considering readjustment of the salaries of supervising officials. Regional Director Smith has made the following recommendations with regards to such officials in the Eastern District:

1. Assistant Yardmasters: Pay assistant yardmasters on an hourly basis of eight hours per day with rate five cents higher than that of day or night yard foremen's rates. Consider the day rates applicable to assistant yardmasters whose regular hours are between 7 a. m. and 7 p. m. and the night rates applicable to all other assistant yardmasters.

2. Yardmasters: Pay a monthly rate on the basis of ten per cent over the earnings of an assistant yardmaster on a ten-hour basis. Yardmasters at outside points where no assistant yardmasters are employed should be paid on monthly basis the same rate as an assistant day yardmaster working ten hours per day.

3. Assistant General Yardmasters: Pay a monthly rate on the basis of 12½ to 18 per cent over the earnings of an assistant yardmaster on a ten-hour basis, maximum \$250 per month.

4. General Yardmasters: Pay on monthly basis a rate 20 per cent over the wages of an assistant night yardmaster working ten hours, with a maximum of \$275 per month.

5. Trick Dispatchers: Apply increase of twenty per cent over rates as of August 1, 1918, with a maximum of \$210 per month.

6. Chief Dispatchers and Night Chief Dispatchers: Ap-

ply increase of 20 per cent over rates as of August 1, 1918, with a maximum of \$275 per month.

7. Trainmasters: Apply increase of 30 per cent over rates as of August 1, 1918, with maximum of \$350. The Allegheny Region disagrees and recommends a 30 per cent increase, with a minimum of \$250 and a maximum of \$350. The Eastern Region asks for a maximum of \$350, with a 20 per cent latitude, with no minimum, as we have a great many branches where a minimum of \$250 is too high. Our disagreement as to the 20 per cent and 30 per cent is that the prevailing Allegheny rates are now higher than the Eastern Region, and the 30 per cent on the Eastern Region will tend to restore equilibrium.

7a. Assistant Trainmasters: Apply increase of 30 per cent over rates as of August 1, 1918, with a maximum of \$300. The Allegheny Region disagrees and asks for an increase of 20 per cent, with a minimum of \$200 and a maximum of \$300. The Eastern Region asks for a maximum of \$300, with 30 per cent latitude and no minimum, as we have a great many branches where a minimum of \$200 is too high. Our disagreement as to the 20 per cent and 30 per cent is that the prevailing Allegheny rates are now higher than the Eastern Region, and the 30 per cent on the Eastern Region will tend to restore equilibrium.

8. Road Foremen of Engines and Traveling Engineers: Apply increase of 20 per cent to rates as of August 1, 1918, with minimum of \$200 and maximum of \$300.

8a. Assistant Road Foremen of Engines: Apply increase of 20 per cent over rates as of August 1, 1918, with a minimum of \$175 and maximum of \$250.

8b. Traveling Firemen: Apply increase of 20 per cent over rates as of August 1, 1918, with minimum of \$150 and maximum of \$200.

9. Division Engineers, or Roadmasters: Apply increase of 20 per cent over rates as of August 1, 1918, with minimum of \$250 and maximum of \$350.

10. Track Supervisors, Supervisors of Bridges and Buildings, and Supervisors of Signals, or their equivalents: Apply increase of 25 per cent over rates as of August 1, 1918, with minimum of \$150 and maximum of \$225.

11. Division Superintendents, Assistant Superintendents, Master Mechanics, etc.: We recommend that the federal or general managers be requested to submit to the regional directors their recommendations for increases in rates of pay for superintendents, assistant superintendents, master mechanics, and such other officials as in their opinion should receive consideration.

12. Recommend in connection with paragraph 11 that the federal or general managers be authorized (with approval of the regional director) to make such further adjustments in rates of pay as may be necessary to re-establish the proper differential between the new rates for supervising officials and other employees not specifically covered, in order to correct any inequalities resulting from increases that may have been granted or as may be necessary.

13. On account of different systems of organization being in effect on the several railroads, titles do not correspond with those listed above and in some cases on the smaller lines the duties are not assigned to correspond with the above organization. In such cases the regional director should be authorized to make adjustments to correspond with the foregoing recommendations.

14. Recommend that increases referred to be applied against the rates as of August 1, 1918, and be retroactive to January 1, 1918.

NAMES FEDERAL MANAGER COASTWISE STEAMSHIP LINES

Director-General McAdoo, September 3, announced in circular No. 33 the appointment, effective September 1, of H. B. Walker as federal manager of the Coastwise Steamship Lines, with office Southern Pacific Pier 49, North River, New York, reporting to the director, Division of Operation, and with jurisdiction over all departments of the following coastwise steamship lines under federal control: Old Dominion Steamship Company, Ocean Steamship Company, Southern Steamship Company, Merchants & Miners Transportation Company, Mallory Steamship Company, Clyde Steamship Company, Southern Pacific Company-Atlantic Steamship Lines.

The Director-General expressed his appreciation of the services of the steamship advisory committee, which, with L. J. Spence as chairman, has been handling the coastwise service under a temporary organization up to this time. L. J. Spence particularly, who remains with the Southern Pacific Company, has rendered excellent service, the Director-General said.

H. B. Walker, the new federal manager, is president of the Old Dominion Steamship Company, which is owned jointly by the railroads from the South and has been their means of entry into New York, Boston and other eastern cities. He is a traffic man as distinguished from an operating official or one who has devoted himself to the financing of property. He came up through the various ranks to the position he is now holding, so he is fully aware of the traffic problems confronting the adjunct to the rail transportation system, of which he has been made the head.

MAKING INSPECTION AND INVESTIGATION TRIP

The Traffic World Washington Bureau.

Director-General McAdoo left Washington on Sept. 4 for about two weeks, which will be devoted exclusively to the consideration of railroad questions. He went first to New York where he met with the regional director, the district directors, and federal managers of the eastern region for a discussion of questions connected with railroads under federal control in that region.

From New York, Mr. McAdoo goes to New England for an inspection, as his press announcement said of the terminal facilities at Boston, and railroads in New England. Incidentally he intended to have a look at the Cape Cod Canal taken under federal control about a month ago.

From New England he plans to go to Pittsburgh for a meeting with the principal officials of railroads under federal control in the Allegheny and from there he thought he might go to the principal railroads in the Pocahontas Region.

Up to the time of his departure from Washington, the Director General has made an extended trip to the Pacific Coast and had met with the officials of the Northwestern and Central Western Regions.

SHORT LINES AND ORDER 27

B. F. Bush, regional director for the Southwestern Region, in his Order No. 55, says: I have letter of August 28th, from Mr. C. R. Gray, Director, Division of Operation, which reads as follows:

"The Director General has decided that where short lines are taken over by special agreement, subsequent to July 1st, the application of General Order No. 27 and its supplements thereto, so far as the Railroad Administration is concerned, will be as of the date upon which the particular contract is effective."

Please be governed accordingly.

MAY CONTINUE SPECIAL TRAINS

The Traffic World Washington Bureau.

Special trains for political candidates and campaigners will be continued by Director-General McAdoo when it can be done without interfering with regular passenger business or troop movement. Tariff rates will be charged as formerly.

The question was raised in the southern states where rival candidates by custom are required to travel on the same train, eat at the same table and speak from the same platform.

NO GARNISHMENT OF WAGES

The Traffic World Washington Bureau.

The administration has forbidden the garnishment or attachment of money in the hands of federal-controlled railroads for the payment of debts of employees, on the ground that such proceedings hamper operation of the railroads. If necessary, rules for disciplining railroad employees who do not pay their debts will be issued.

Legal Department

In this department a legal expert answers simple questions relating to the law of interstate transportation of freight. Readers desiring special service by immediate answer may obtain privately written answers to their inquiries by the payment of a small fee.

Address Legal Department, The Traffic Service Bureau, Colorado Building, Washington, D. C.

Loss Account Defective Grain Doors.

Georgia.—Question: It has long been the practice with carriers to pay loss claims for shortage in grain, resulting from defective grain doors. Certain lines, however, are now taking the position that there is no legal responsibility resting upon them for adjustment of such claims. They contend, that devolves upon shippers to furnish sound and adequate grain doors.

May we ask for an opinion, with any citation you can give, as to decision involving this question?

Answer: The Interstate Commerce Commission holds that a carrier is not under the legal obligation to furnish grain doors for a car, and that if the shipper furnishes the same, that the carrier may not lawfully reimburse him for the expense incurred in attaching grain doors to box cars unless expressly so provided in its tariff. This provision should be to the effect that where grain doors are necessary and are furnished by the shipper, the carrier will pay the actual cost of such doors, with stated maximum allowance per grain door and per car. Rule 78, Conference Rulings Bulletin 7.

One of the causes for which a carrier is not responsible for loss of or injury to goods is that resulting from the negligence or wrong of the shipper or owner. For instance, a carrier is not responsible for loss or injury resulting from the defective manner in which goods are packed by the owner, or from negligence of the shipper in loading the freight on the car, or defects in appliances furnished by the shipper. Michle on Carriers, volume 1, section 998 to 1002. Therefore, if the shipper furnishes and attaches grain doors to a car, and the same were defective or improperly attached, and by reason thereof the goods were lost while in transit, the carrier would not be liable.

Freight Charges F. O. B. Shipments.

Missouri.—Question: We quote some of our material f. o. b. St. Louis with freight allowed. If we quote f. o. b. destination and mention the point of destination will it be necessary that the freight charge be prepaid, or can this be deducted from the face of the invoice, or else allowed on presentation of the paid expense bill? For instance, if we quote f. o. b. cars New York, must the freight charges on this shipment be prepaid by us?

Answer: The carrier may in any instance demand the payment of freight charges in advance on a given shipment, regardless of how it may have been billed, or the terms of sale between the seller and the purchaser. Therefore, the particular nature of the terms between the seller and the purchaser is not binding upon the carrier or determinative of its rights. In the shipment above described, to quote "f. o. b. car New York" means that the seller will assume all the cost and risk of transportation from shipping to destination point, and if the carrier does not collect freight charges in advance, and the same are paid by the consignee, the latter may either deduct them from the face amount of the invoice, or charge them against the consignor's account.

Rental of Tank Car Misdelivered.

Ohio.—Question: Is a carrier, who misuses a private car liable for rental of same during period of misuse? Loaded tank car moving from Indiana to point in Ohio arrived at junction point of delivering carrier, but before interchange was made, through error of operating department, tank was forwarded to another destination on a bill for car of same number but different initial. We lost the services of our car for sixteen days, due to error

of carrier, and contend that we should be reimbursed for the rental of same at \$3 per day for sixteen days, or the amount we were compelled to pay owner of the car during the period of misuse. Carrier acknowledges error, but declines to make any adjustment.

Answer: Rule 14 (c) of the Code of Car Service Rules of the American Railway Association provides that "private tank car owners must assume responsibility for any excess empty mileage resulting from improper delivery of their cars by connecting lines."

Payment of Freight Charges.

Indiana.—Question: Won't you please advise, through the columns of your publication, your opinion as to the enforcement of the rule in effect by some of the railroads, whereby they force or estimate the charge on shipments which arrive without billing? In most cases shipments of this kind are delivered on free astray billing, and when revenue billing is received the freight charges are presented for payment.

We have always contended that it is not up to the consignee to establish the carrier's billing, and we have therefore refused to pay these forced charges. What we would like to know is, whether, under the new order of things, we would be compelled to pay the charges as estimated or forced by the transportation company upon presentation of freight bills, or whether we can refuse to pay these bills until such time as the carriers can establish their billing and present bills for the proper charges.

The Railroad Administration General Order No. 25 reads that in case of any question as to the accuracy of charges, bills must be paid as rendered and claim presented for alleged errors, but in this case I do not see why we should be compelled to establish revenue billing for the carriers.

Answer: A carrier has, as a matter of law, the right to require the prepayment of all charges before accepting a shipment for transportation, and may lawfully refuse to deliver goods to the consignee until all the transportation charges are paid. The law requires a carrier to collect and the party legally responsible to pay the lawfully established rates without deviation therefrom. The consignee is liable for such charges if he accepts the shipment. Therefore, in order to obtain the goods, the consignee must pay the charges demanded by the carrier, and it is common knowledge that it would have been futile to dispute the charges. The carriers have their established rates and charges, and these the shippers are presumed to know, and must pay, or forego their facilities and benefits. For the time the shipper is under compulsion to pay whatever charges the carrier might impose. He is under a sort of moral duress, but it is well established that money paid under compulsion may be recovered, if not properly due. Chicago & Alton R. R. Co. vs. C. V. & W. Coal Co., 79 Ill. 121; Southern Pacific Co. vs. California Adjustment Co., 23 Fed. 954. The law being settled as above stated, the United States Railroad Administration, in General Order No. 25, dated May 20, 1918, ruled that in the collection of transportation charges, carriers under federal control shall be on a cash basis, for services rendered, and that in case of any question as to the accuracy of charges, bills must be paid as rendered and claims presented for alleged errors. This order also provides that if a bill of lading be lost or delayed the freight may be delivered in advance of surrender of the bill of lading upon receipt by the carrier's agent of a certified check for an amount equal to 110 per cent of the invoice or upon receipt of a surety bond, either individual or corporate, acceptable to the treasurer of the carrier, in an amount for twice the amount of the invoice.

Storage Charges Improperly Assessed.

Wisconsin.—Question: A shipment was consigned from Chicago, Ill., to Toledo, O. Immediately after the shipment moved it was discovered by the shipper that the destination should be Dayton, O., and reconsigning instructions were placed with the originating carrier to cover the new destination, Dayton, O. The shipment arrived first destination, i. e., Toledo, and was held in storage several days, after which it was turned over to a private

warehouse concern for storage. Within several weeks, however, the reconsigning instructions caught up with the shipment and same was then forwarded to Dayton.

In the meantime storage charges had accrued at Toledo. Carriers admit that they are responsible for the storage charges on account of their failure to handle reconsigning instructions promptly, but now set up that they cannot refund the amount of the storage charges, since the storage charges were assessed by an individual firm and are not the charges of the carrier. Shall be glad to have you advise us our rights in this case and the merit of carriers' position.

Answer: In the case of Lighterage and Storage Regulations of New York, 35 I. C. C., 56, the Interstate Commerce Commission ruled that railroad companies are under obligation to store freight only for such period as may be required to afford shippers a reasonable opportunity to remove it. Section 5 of the uniform bill of lading provides that if the owner does not remove property within forty-eight hours after notice of its arrival has been given, the carrier may keep it in the car or warehouse of the

carrier, or remove it to a licensed warehouse at the cost of the owner and there hold it at the owner's risk and without liability on the part of the carrier.

Rule 7 of the Code of Storage Rules, which have been approved by the Interstate Commerce Commission, provides that no storage charges shall be collected for railroad errors which prevent proper tender or delivery, and that storage charges assessed or collected under such conditions shall be promptly canceled or refunded by the carrier.

Inasmuch as the carrier reserves the right, under the uniform bill of lading, to store the goods at a public warehouse and, further, as it cannot, under the Code of Storage Rules, assess or collect storage charges for errors in improperly tendering or delivering the goods, it is our opinion that the carrier, in the shipment in question, should refund the storage charges collected, and cannot make a valid defense on the ground that the storage charges were assessed by a public warehouse, since such a defense would enable the carrier to take advantage of its own wrong.

Loss and Damage Decisions

Cases Recently Decided by State and Federal Courts

(Digests taken from Reporters and Digests of National Reporter System, published by West Publishing Co., St. Paul, Minn. Copyright, 1918, by West Publishing Co.)

TRANSPORTATION AND DELIVERY BY CARRIER.

Conversion:

(Kan. City Ct. of App.) In action against railroad company, receivers, and railway company which purchased property on reorganization, for conversion of apples, where plaintiff, alleging railway company has purchased interest of receivers and railroad company and has assumed all obligations, but offered no evidence in support, a peremptory instruction for defendant is justified.—*Clemmons Produce Co. vs. St. Louis, San Francisco Ry. Co. et al.*, 204 S. W. Rep. 599.

DELAY IN TRANSPORTATION OR DELIVERY.

Reasonable Time:

(Sup. Ct. of Mich.) Where bill of lading provides for transportation of goods "with reasonable dispatch," parol evidence of a conversation wherein carrier assured shipper before signing of bill of lading that goods would reach destination before certain time is admissible as bearing on carrier's understanding of what was a reasonable time, and is not objectionable as varying terms of bill of lading.—*Harmon et al. vs. Michigan United Traction Co.*, 168 N. W. Rep. 521.

In action against carrier for delay in transportation, where plaintiff pleads specific agreement by carrier to deliver before certain time, there is no variance between such pleading and proof of bill of lading containing agreement to deliver with reasonable dispatch, where parol evidence showed carrier's understanding of reasonable dispatch required delivery before time alleged.—*Ibid.*

LOSS OF OR INJURY TO GOODS.

Warehouseman:

(Sup. Jud. Ct. of Me.) Under act Cong. Feb. 4, 1887, section 1, as amended by act Cong. June 29, 1906, section 1, defining transportation, and section 20, as amended by section 7, par. 11, initial carrier liable for damages occurring on connecting lines where terminal carrier notified party of arrival of shipment, and shipment was not removed within 48 hours, held, initial carrier's liability thereafter, for acts of terminal carrier, was that of warehouseman, in view of bill of lading.—*Briggs Hardware Co. vs. Aroostook Valley R. Co.*, 104 Atlantic Rep. 8.

A warehouseman must use ordinary care, and is liable only for negligence.—*Ibid.*

Negligence:

(Sup. Jud. Ct. of Me.) In action for damages against initial carrier for carload of potatoes destroyed by fire after reaching destination, stipulation that contents of car "were damaged by fire originating, either from heating apparatus, or from a stove placed in the car, without the

knowledge of the terminal carrier," without evidence as to cause and circumstances of fire, would not authorize judgment for plaintiff, causes stipulated being disjunctive, excluding operation of both.—*Briggs Hardware Co. vs. Aroostook Valley R. Co.*, 104 Atlantic Rep. 8.

Initial Carrier:

(Sup. Jud. Ct. of Mass.) Where the initial carrier made no contract to deliver to the consignee, the burden rested on the latter to prove the negligence of such initial carrier before transferring the car to the terminal carrier.

Emery & Co., Inc. vs. Boston & M. R. R., 120 N. E. Rep. 106.

In an action against the initial carrier of fish for damage thereto from defective icing, held, in view of nature of shipment, weather conditions, and short time between car's arrival and delivery to plaintiff that the jury could find that, owing to defective icing, the fish were in a damaged condition when the car left the initial carrier's yard.—*Ibid.*

Agreement to Ice:

(Sup. Jud. Ct. of Mass.) Where the owner and consignee of fish agreed with the initial carrier to make and did make an arrangement to replenish the ice in the car, such agreement, subsequent to the bill of lading, was valid and bound the consignee.—*Emery & Co., Inc. vs. Boston & M. R. R.*, 120 N. E. Rep. 106.

Negligence of Consignee:

(Sup. Jud. Ct. of Mass.) The consequences to a car of fish resulting from the consignee's own failure to provide sufficient ice are not imputable to the initial carrier.—*Emery & Co., Inc. vs. Boston & M. R. R.*, 120 N. E. 106.

A consignee of freight cannot recover of the carrier where his own negligence is as much the cause of the loss as the negligence of the carrier.—*Ibid.*

Where the consignee of a carload of fish agreed with the initial carrier to re-ice the car, and appointed an ice company its agent for that purpose, whose driver reached the initial carrier's yard too late, after it had been closed, and the ice company's foreman, after attempting to communicate by telephone with the carrier's officials, and getting no response, abandoned all further efforts to execute the consignee's order to re-ice the car, the carrier was not liable for damage to the car of fish on the theory that the refusal of its gateman to permit the ice wagon to enter the yard was negligence on its part.—*Ibid.*

Evidence:

(Sup. Ct. of Ia.) In a suit before a justice of the peace by the consignor against a railroad company for damages to a shipment of eggs, an ex-parte affidavit that the eggs were in a damaged condition when they reached their

destination was not admissible, no opportunity for cross-examination having been afforded.—*Yarcho vs. Chicago, R. I. & P. Ry. Co.*, 168 N. W. Rep. 336.

In a suit before a justice of the peace by the consignor against a carrier for damages to a shipment of eggs, an unsworn and unsigned statement of account sent by the consignee to the shipper reciting that the shipment was damaged on arrival was inadmissible, notwithstanding a custom as to examination of shipments by the consignee and the railroad's inspector.—*Ibid.*

Presumption:

(Sup. Ct. of Ia.) An application of the presumption of continuity has made a rule that, if goods are shipped in sound condition and carrier delivers them in a damaged state, something done during transit has caused the damage, although the presumption that a state of things once shown to exist continues is equally available to the carrier.—*Yarcho vs. Chicago, R. I. & P. Ry. Co.*, 168 N. W. Rep. 336.

Insurer:

(Sup. Ct. of Miss.) A common carrier is responsible for all losses, except those occasioned by act of God or public enemy, except as it may stipulate in its contract against common-law liability.—*Yazoo & M. V. R. Co. vs. Craig et al.*, 79 Sou. Rep. 102.

Liability:

(Sup. Ct. of Miss.) Under bill of lading relieving, from liability for loss "by accidents or delays from unavoidable causes," unusual and unexpected congestion at place of destination due to teamsters at destination accustomed to handle shipments being occupied removing freight already there, held not to exonerate initial carrier from liability for shipment destroyed by fire while sidetracked nine miles from destination upon tracks of connecting carrier.—*Yazoo & M. V. R. Co. vs. Craig et al.*, 79 Sou. Rep. 102.

Carmack Amendment:

(Sup. Ct. of Miss.) Under Carmack amendment liability of initial carrier for goods consumed by fire while sidetracked along line of connecting carrier before reaching destination is not limited to loss caused by some affirmative act of connecting carrier.—*Yazoo & M. V. R. Co. vs. Craig et al.*, 79 Sou. Rep. 102.

CARRIAGE OF LIVE STOCK.

Value:

(Ct. of Civ. App. of Tex.) In an action for damages to a shipment of cattle, a witness who testified that the cattle had a market value at destination, naming it, was qualified to testify as to the market value, without stating that he had known the same number of cattle as were in the shipment to be sold at such point.—*International & G. N. Ry. Co. et al. vs. Ash*, 204 S. W. Rep. 668.

Contributory Negligence:

(Ct. of Civ. App. of Tex.) Contributory negligence is a matter of defense which must be pleaded and proved, except where plaintiff in pleading or developing his case pleads or develops contributory negligence.—*International & G. N. Ry. Co. et al. vs. Ash*, 204 S. W. Rep. 668.

In an action for damages to a shipment of live stock, where there was no evidence showing contributory negligence on the part of the shipper, it was immaterial whether the definition of contributory negligence given in instructions was correct or not.—*Ibid.*

Contributory negligence does not arise as a matter of law, unless the acts constituting such negligence are in violation of law, or the evidence is of such a character as to permit of but one reasonable inference.—*Ibid.*

In a shipper's action for damages to a shipment of live stock, the burden of proving his contributory negligence was on the carrier.—*Ibid.*

Delay—Washout:

(Ct. of Civil App. of Tex.) Where the carrier knows, when cattle are received for shipment, that a washout exists on its line, but fails to advise the shipper or stipulate against the consequences thereof, but promises prompt shipment, the carrier is not excused from liability for delay caused by the washout as an unavoidable casualty or act of God.—*Gulf, C. & S. R. Ry. Co. vs. Gross*, 204 S. W. Rep. 693.

Delivery:

(Ct. of Civ. App. of Tex.) The arrival of train carrying a shipment of live stock, in the switching yards of the carrier three or four miles from the stock yards which is the destination of the shipment, is not a delivery completing the shipment.—*Gulf, C. & S. F. Ry. Co. vs. Gross*, 204 S. W. Rep. 693.

In action for delay in live stock shipment, where, under the issues submitted, no damage arising after the delivery of the shipment to certain stock yards, which was the destination called for, could have been considered by the jury, it was proper to refuse the carrier's requested charges that its liability terminated upon delivery to the stock yards.—*Ibid.*

Damages:

(Ct. of Civ. App. of Tex.) In actions for damages for delay of shipment of live stock, the measure of damages is the difference between the reasonable market value of the shipment at place of destination at the time it should have arrived, if handled in the usual and customary time, and the reasonable market value of the shipment at the time and in the condition in which it actually arrived at destination.—*Gulf, C. & S. F. Ry. Co. vs. Gross*, 204 S. W. Rep. 693.

Limited Liability:

(Sup. Ct. of Ia.) Evidence held insufficient to sustain a verdict that the carrier's agent by misrepresentation deceived shipper of live stock into signing a limited liability contract instead of one providing for common-law liability.—*Tuller vs. Chicago, R. I. & P. Ry. Co.*, 168 N. W. Rep. 301.

Time to Sue:

(Sup. Ct. of Ia.) A provision in an interstate shipping contract at reduced rate, limiting the right to bring action for damages to shipment to 6 months, is reasonable, and bars recovery in an action brought 18 months after delivery of shipment.—*Tuller vs. Chicago, R. I. & P. Ry. Co.*, 168 N. W. Rep. 301.

Miscellaneous Traffic Decisions

Cases Recently Decided by State and Federal Courts

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REGULATION OF COMMON CARRIER.

Released Rate:

(Sup. Ct. of Iowa.) A shipper, accepting bill of lading at reduced rate, was bound to know that such rate was in consideration of limited liability assumed by the carrier as indicated in the approved form of contract and schedule filed with the Interstate Commerce Commission, which conditions could not be lawfully ignored, waived, or materially changed by agreement.—*Tuller vs. Chicago, R. I. & P. Ry. Co.*, 168 N. W. Rep. 301.

Schedule of Rates:

(Sup. Ct. of Iowa.) The payment of a schedule freight

rate binds both shipper and carrier to the observance of the conditions and limitations of such schedule as filed with the Interstate Commerce Commission.—*Tuller vs. Chicago, R. I. & P. Ry. Co.*, 168 N. W. Rep. 301.

In an action for damage to a live stock shipment, the transaction being controlled by federal statutes and regulations fixed by the Interstate Commerce Commission, there is no presumption that the carrier assumed the common-law liability, unless plaintiff prove it accepted the schedule rate therefor.—*Ibid.*

Routing:

(Sup. Ct. of Ala.) A carrier must observe directions

of the shipper as to the routing, especially where a greater freight charge than the lawful charge agreed upon will be incurred if a different route is employed, unless intervening circumstances justify the change.—*Ex parte Louisville & N. R. Co., Oden-Elliott Lbr. Co. vs. Louisville & N. R. Co.*, 79 Sou. Rep. 139.

Where the bill of lading specified a legal rate of 19 cents, and there was only one route over which the shipment could be made at such rate, carrier was sufficiently apprised of the route desired by shipper.—*Ibid.*

Where shipper designated a route at a certain through rate, but the goods were deflected at a certain point over another route, thereby increasing the charges, the remedy of the shipper is not against the carrier to which the goods were deflected.—*Ibid.*

GOVERNMENT OPERATION FROM THE STANDPOINT OF A FREIGHT CLAIMANT

(Thomas C. Mapother)

The American public is long suffering, and one of its afflictions of many years' duration is the arrogance and indifference of the average railroad freight claim agent, reinforced by red tape and inefficiency, which are subjects of the not greatly overdrawn satire of "Pigs In Pinks" by Ellis Parker Butler.

The freight claim and law departments of all carriers profess to be solely interested in making prompt adjustments in full of the carriers' legal obligations in this direction. Some of them are; some are not; some of each class are incapable of recognizing their obligations; and some of the inequalities and inconsistencies in such adjustments are peculiar and unique.

Many claims presented by the public are unjust or improperly compiled, and are unworthy of consideration; and many that are both just and figured on a correct legal basis are arbitrarily declined, or settlements attempted to be forced by offers far below their value. Many claimants abandon declined claims which are meritorious, and submit to unconscionable settlements on others, rather than assume the burden of litigation. The means of making this last named burden a real one were abundant under the laws of this country, state and federal, prior to government control. They bid fair to become downright oppressive under a public railroad administration with drastic power, dominated by railroad men, inclined by training and interest, to regard all claims as exaggerated obstacles to successful operation.

If the laws of this country governing liability, venue and procedure, on this branch of business prior to December 28 last were undisturbed they would be burdensome to the claimant and abundantly sufficient to protect every interest of the carrier. Where several lines participated in the transportation service, the initial carrier, being the only one liable on the whole haul, was a necessary defendant where the place of injury was unknown to claimant, which is the case nine times out of ten. And that carrier was often non-amenable to service of process at destination, where the claimant resided, in which event suit had to be intrusted to unknown counsel at point of origin, perhaps a great distance from the point of delivery, and witnesses at the last named place, which are generally the more numerous and important, had to be transported to the first named point (more than once in event of continuances of trial, which are common) or their depositions used, which latter form of proof is proverbially inefficient. This situation in itself was sufficient to spell the finish of claims involving small sums, the abandonment of which was cheaper than their prosecution.

And the claimant must usually count cost where the carrier does not.

Appearance of an initial carrier, under conditions outlined above, might have been secured by attachment, the risk of which is beyond assumption on small claims, and which, because of its danger, was not to be assumed on large ones unless in a very clear case. For the defeat of claimant, even on sheer technicalities, which are many in these cases, would mean wrongful attachment and resulting liability on the bond.

But the difficulties of getting the proper carrier in court at destination were small compared to those of meeting legal requirements in establishing a claim in court after it was in. A shipment of mixed live stock might reach destination with dead, crippled and maimed animals therein, besides missing a market through unreasonably delayed transportation and exhibiting a heavy excess shrinkage in weight. Even if service of process can be perfected at place of delivery, there must, in order to meet rules of evidence, be produced as witnesses at the trial the men who received the cars there, noted time of arrival and condition; those who weighed each lot of the different character of animals; those who sold each of the lots, and the living, dead and crippled out of them; those who know the values of each and their market values when they should have been delivered; those who fed and watered them and who followed them to the scales and who know that the stock unloaded from particular cars and put into particular pens were the particular stock weighed at particular scales and sold to particular persons. It might be necessary for a claimant to use from eight to a dozen witnesses to establish these facts, and the most careful expert at handling such cases is occasionally caught with a link missing in his chain of testimony, which it is necessary to supply by telephoning for additional witnesses in the middle of a trial, and which shows the impossibility of undertaking the proper trial of such a case except at destination, where the witnesses are available. Much of this evidence is matter of record, as readily accessible to the carrier as to claimant, but records can be identified only by the ones who made them, and many different persons figure in their making.

This is, of course, unbridled technicality, but many railroad attorneys gloat in taking advantage thereof and others do so contrary to personal inclination, but under instructions from the general counsel, who appreciates winning in this manner the same as in any other. His directions are to fight, right or wrong, and to a finish. If defeated, appeal, whether there is a chance of success or not, and keep on appealing as long as you can and at whatever cost. Make the plaintiff wait for, work for, and earn his money, to the end that he may find his task so disagreeable that, whatever the result, he will let us alone hereafter.

This spirit naturally reaches the claim agent, and its demoralizing effect is clearly discernible in the latter's inclination to drive bargains rather than be fair and to be governed in adjustments by what he considers the claimant will stand rather than what he should be paid. The average claim agent is apparently indifferent to lawsuits and will often subject his road to suit on a clear claim as readily as on one open to good-faith discussion or wanting in merit.

Some time ago certain railroad lawyers conceived the idea that the enforcement of state attachment laws against carriers constituted an unwarranted interference with in-

terstate commerce, but their contention was rejected by the federal Supreme Court in the Davis case, in an opinion discussing at length the alleged incompatibility between the obligations of carriers to their creditors and to the public, and from which the following is an extract:

"The interference with interstate commerce by the enforcement of the attachment laws of a state must not be exaggerated. It can only be occasional and temporary. The obligations of a carrier are tolerably certain, and provisions for them can be easily made. Their sudden assertion can be almost instantly met; at any rate, after short delay, and without much, if any, embarrassment to the continuity of transportation,"*

This statement is as true to-day as in 1909 and its correctness is not affected by either real or imaginary advantages of government operation. There is still no incompatibility between the obligations of a carrier to its creditors and its obligations to the public and the government, even under existing war conditions. It should be required to meet them all, and the fact that some might be burdensome or troublesome has never been considered ground for their avoidance.

It was therefore a shock to all character of railroad claimants when the President's proclamation of last December, assuming control of the railroads, was found to contain a clause making the right of attachment dependent upon the previous consent of the Director-General. And it was a worse shock to learn later that this high official withheld such consent in cases properly calling for the exercise of this writ, and even where it was the only practical remedy available to claimant, in which latter case the result is equivalent to the annihilation of the claim and represents an actual destruction of property to the extent of its value. And no apparent interest is thereby served but that of the carrier, which thus saves the money it ought to pay out.

The President's proclamation also made the levy of an execution on property used in transportation dependent upon the previous consent of the Director-General. It was possible, under this provision, for that official, by withholding such consent, to render indefinitely nugatory almost every court judgment for money against a carrier in the United States. We know of no case, however, where it became necessary to request the consent of the Director-General to levy an execution prior to the passage of the act of Congress of March 21, 1918; and, indeed, up to the present time, railroads have generally taken care of ordinary judgments without the necessity of executing them. Some of them were appealed and, in view of the fact that they could not be executed, the formality of a supersedeas bond to stay execution pending appeal was dispensed with, thus depriving claimants, in states where the execution of such a bond adds a penalty to the judgment upon affirmance, of substantial sums of money in many cases.

Claimants hoped that the act of Congress of March 21, 1918, would afford them substantial relief against the drastic provisions of the President's proclamation of last December, but it did not. That act provides, section 10:

"That carriers, while under federal control, shall be subject to all laws and liabilities as common carriers, whether arising under state or federal laws or at common law, except in so far as may be inconsistent with the provisions of this act or any other act applicable to such

federal control or with any order of the President."

This section further provides that "no process, mesne or final, shall be levied against any property under such federal control," which seems to preclude the levy of an execution against a defendant carrier, even on money in the hands of its own cashier or treasurer, whereas the original proclamation of the President prevented levy only on "property used by any of said transportation systems in the conduct of their business as common carriers," the restriction being apparently confined to equipment.

The act further provides, in section 8, that the powers conferred thereby upon the President may be exercised "through such agencies as he may determine."

After the passage of this act came orders and circulars of all sorts from the Director-General and on April 9 his order No. 18, amended on April 18 by No. 18-A, and which undertake to repeal, annul and abrogate all laws, state and federal, on the subject of venue of actions against carriers and substitute therefor these orders, the terms of which are that "All suits against carriers while under federal control must be brought in the county or district where the plaintiff resided at the time of the accrual of the cause of action or in the county or district where the cause of action arose."

Where there are several carriers participating in a transportation service it is manifestly unsafe to proceed to suit on a freight claim without making the initial line a defendant, for the reason that it is the only one liable on the whole haul. It often happens that the claimant cannot get service on the initial carrier at his place of residence, and he has no means of knowing where the cause of action arose, if by that term is meant where the injury to the freight occurred. The carriers' employees often do not know themselves. Such a case, worth, perhaps hundreds or even thousands of dollars, presents another claim for the waste basket, though it can be held in a pigeonhole en route to await the death of or scattering of witnesses who might be used to sustain it twenty-one months after the close of the war, which is the present fixed maximum period of government operation.

On May 23 Order No. 26 was issued by the Director-General, the effect of which is to make previous Order No. 18 retroactive, for it provides that pending suits not covered by Order No. 18 shall not be tried during the period of federal control if the defendant carrier makes a showing that the just interests of the government will be prejudiced by a present trial, and such a showing would, presumably, meet all requirements if it went no further than to establish inconvenience to the carrier in producing its witnesses, which might be easy.

The rights of both claimant and carrier in loss and damage freight matters are perfectly safe with our courts, who are worthy of confidence, and whose work certainly cannot be improved on by executive officers representing railroads or depending on railroad executives for guidance; and there was no apparent occasion to disturb the existing order of things in this regard.

Certain railroad lawyers claim that it is the purpose of the Director-General to exercise supervision over court judgments to meet his own ideas. But self-respecting courts will soon grow weary of having their judgments, arrived at by days and weeks of earnest thought and toil, annulled, reversed or modified by executive action, and such a thing would be altogether unheard of under our form of government.

It is difficult to procure adjustment of a perfect loss and damage claim now, even with the most efficient lines,

*Davis vs. Cleveland, Cincinnati, Chicago & St. Louis Ry. Co., decided April 4, 1909, and reported in 217 U. S., 157. Quotation on page 179, from last paragraph of opinion by Mr. Justice McKenna.

in less than six months, and it often requires sixty days to receive vouchers in payment after adjustment is effected. There is a great deal of difference between the facilities of carriers for taking money in and paying it out, especially since the Director-General's recent order abolishing the credit lists and requiring industries rated even at millions to execute bond to pay freight bills within 48 hours from the time of presentation in order to effect delivery thereof other than for cash.

The inattention and indifference of certain railroads in

the past to public interest does not bid fair to improve under government control. The Administration in becoming a carrier will act as a carrier—exactly as it pleases and without regard to the interests of the shipping and the traveling public, except so far as restrained by law; and, at present, it is under no such restraint. This situation can be justified, if at all, only upon the idea that we must win the war; but is it really necessary, in order to defeat Germany, that American railroads hinder, delay and defeat a large class of their legitimate creditors?

Efficiency in Traffic

New Devices, Suggestions, and Methods for Increasing Efficiency in Freight Handling and Other Branches of Traffic Work

ELECTRIC VEHICLE CRANE TRACTOR

By A. Jackson Marshall, Secretary, Electric Vehicle Section, National Electric Light Association.

A Chicago manufacturer of electric vehicles recently placed on the market in response to a demand from terminals and manufacturing plants, a tractor equipped with a two-ton capacity crane, also operated by electric motors, and supplied with current from the same storage battery used to propel the electric vehicle.

The demand for this mobile electric tractor crane was created principally through war conditions and the consequent handling by such plants of many heavy materials in large units. This electric crane tractor, although it has not as high a lifting capacity as many locomotive

and overhead cranes, has, however, the advantage of being more flexible in its radius of action.

Recently one of these electric crane tractors was observed unloading a freight car at a well-known terminal. It was handling large crates of army kitchen equipment weighing approximately 3,700 pounds. After lifting the crates off the freight car, it backed away and, running across the pier under its own power, depositing its load. While this is a somewhat larger load than the electric crane tractor was figured to carry while in motion—the manufacturers would prefer loads to be limited to 2,000 or 3,000 pounds in such instances—the ordinary stationary crane having only a maximum capacity of 4,000 pounds—the electric crane tractor performed its duty easily. The boom of the electric crane tractor swings 180 degrees, so



AN ELECTRIC TRACTOR.

that after material is lifted it can be deposited easily on the ground or on a trailer for transportation elsewhere.

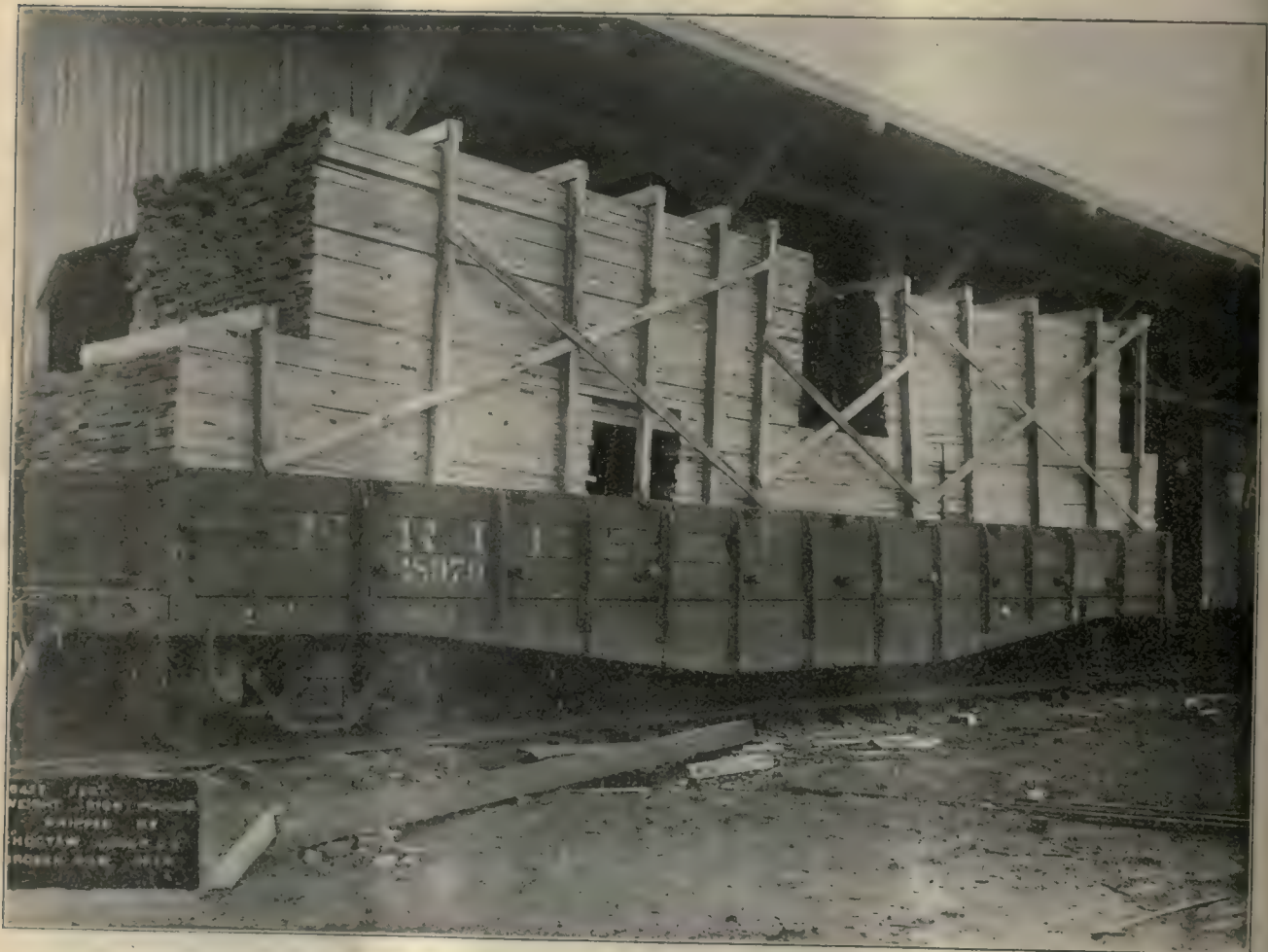
It can be readily realized that speed in handling materials is vital under present conditions. Locomotive or overhead cranes are not always available at just the place where it is necessary to handle material at a given time and, even if available, they cannot always be transported quickly from one point to another, as can an electric crane tractor of this type.

This electric crane tractor is also equipped with a spring draw-bar coupler at the rear of the frame. It is possible therefore to load trailers by means of the electric crane and then haul these trailers electrically to another point and unload them. As a tractor it can haul a gross trailing load of fifteen tons. Electric tractors of this type

have been used in many instances to "spot" loaded freight cars, either pulling or pushing them.

This electric crane tractor is another member of the electric vehicle family, which embraces light and heavy duty commercial (street) trucks, passenger cars, electric wheel chairs, canoes, electric industrial trucks and tractors, including those equipped with cranes and self-elevating platforms, which are contributing no small part in our successful war operations, as they not only expedite the rapid and economic movement of materials and munitions, but, by virtue of their gluttony for work, are releasing thousands of men otherwise needed. In fact, many of these vitally necessary small but powerful electric vehicle transportation units are being operated successfully by women.

More Heavy Loading



The above illustration shows the Choctaw Lumber Company of Broken Bow, Okla., is contributing its share in the car conservation program.

This car had on it 48,427 feet of lumber, which weighed

121,061 pounds. The picture clearly shows what can be done in lumber loading as well as in bracing the load so it will ride safely.

APPEAL FOR FULL LOADING

George W. Stevens, federal manager of the Chesapeake & Ohio Railroad, has just sent out the following appeal for the full loading of every car:

"In this stirring time of conflict with the enemies of our country and civilization, when every ounce of energy we possess as a nation, should be expended where it will accomplish the largest possible result, we find our transportation system straining under the constantly increasing load which our needs and the needs of our allies require that they should successfully carry.

"In the circumstances of to-day, when many hundreds

of thousands of men are being taken from industrial activity to form the armies which are being sent overseas, the opportunities for increasing the capacity of the railroads by extensive improvements and additions, to roadway and equipment, are necessarily greatly interfered with.

"It remains for us, therefore, to get the greatest measure of efficiency out of the facilities which we have, and there is no way in which more can be accomplished than by constant attention to the complete loading of all equipment. Anyone who sends forward a partially loaded car is interfering by just that much with the successful prosecution of the war.

"The loading of every car to its full tonnage or cubic

foot capacity would mean the minimum number of tons of dead weight per train. It would mean all available power was being utilized to haul the maximum tonnage of needed materials, fuel, supplies, food, men and munitions. It would mean the greatest economy in every detail of terminal operation; that the minimum of space and energy would be required in terminal yards and industrial centers where lack of space and the difficulties of expansion furnish increasing difficult problems. It would mean, in short, that 100 per cent of the transportation energy of the country was being applied directly to the point where it was most needed.

"The co-operation of shippers is earnestly requested. Do not let partly loaded cars leave your plant. Load all cars full. Ask your customers to allow you to ship them full carloads. Ask those from whom you buy to load cars shipped you to the maximum capacity. Do not oblige the railroad to remove a car of heavy capacity from your siding and substitute therefor a car of lighter capacity; this is a waste of transportation energy. Load each car furnished to capacity.

"Along with the importance of full loading of cars of merchandise freight is the importance of a careful loading or stowing to prevent damage. Intensive loading and excessive damage follow hand in hand unless, along with full loading, we have careful loading.

"Agents will see that copies of this circular are supplied to all interested at their station and division offices of the freight traffic and transportation departments, as well as agents, will be expected to keep closely in touch with the loading of cars received and forwarded and to report cases of light loading to their respective superior officers."

ICING PERISHABLE FREIGHT

B. F. Bush, Regional Director, southwestern region, in his circular No. 89, in reference to re-icing perishable freight, has issued the following order:

In order to keep to a minimum complaints account proper icing of perishable freight, particularly meat, the attention of all concerned at icing stations should be called to the importance of complying with instructions appearing on billing, covering meat and perishable shipments.

It is particularly desired that there be no failure to use the full percentage of salt called for and that the ice be properly tamped to break any crust, which the men might ordinarily pass as indicating sufficient ice; that tanks be filled according to instructions, and that any cars passing icing stations without being iced be protected by wire reports to insure re-icing at the next station.

It would seem existing instructions fully cover this matter, but those responsible for re-icing should have their attention again called to its importance.

AMENDS EXPLOSIVE RULES

The Traffic World Washington Bureau.

The Interstate Commerce Commission has approved the following amendments to the regulations for the transportation of explosives and other dangerous articles by freight and express and specifications for shipping containers:

Paragraph 1857 (d) requires a tight cylindrical iron case not less than 1-16 inch thick. As amended the requirement is for a tight cylindrical iron case of not less than 20 gauge U. S. standard, instead of not less than 1-16 inch thick.

Shipping container specification No. 1, paragraph 21 (b) requires certain pendulum swing tests. The amendment substitutes, in the last line of the paragraph, 12 inches for 15 inches as the vertical component of the swing which the container must withstand.

ANOTHER PAY INCREASE

The Traffic World Washington Bureau.

Director-General McAdoo has approved another increase in pay for railway employes, which, it is estimated, will amount to more than \$100,000,000.

It is supposed that this increase will, as was the former one, be retroactive to January 1.

Clocks, station agents, watchmen, maintenance of way employes and other track laborers, as well as certain other classes of employes not previously included, are to share in the increase.

NO CHANGE IN PETROLEUM PRODUCTS TRANSPORTATION CONDITIONS

The Traffic World Washington Bureau.

Director-General McAdoo has announced that there has been no particular change in transportation conditions as to petroleum products during the past week and that a surplus of tank cars in the mid-continent and Texas-Louisiana fields continues, sufficient to promptly meet all demands. No abnormal movement from western fields to eastern seaboard is anticipated in the immediate future.

TELEPHONE FIGURES

The Traffic World Washington Bureau.

The Commission has issued its report for 61 telephone companies for the month of March together with cumulative figures for three months ending March 31, the report including only telephone companies which have an operating revenue in excess of \$250,000.

The number of stations in service at the end of the month 7,825,698, as compared with 7,411,075 for March, 1917, an increase of 414,623 stations, indicating a growth of 5.6 per cent.

The total operating revenues for the month were \$27,921,462 as against \$25,952,075, an increase of \$1,969,387 or 7.6 per cent. Telephone operating expenses for the month to \$18,389,130 as against \$17,462,698 for March, 1917, or an increase of 5.3 per cent. This leaves the net operating revenue at \$9,532,332, as compared with \$8,489,377 for March, 1917, or an increase of \$1,042,955, or of 12.3 per cent. The operating income for the month is reported as \$7,822,468 as against \$6,786,417 or of \$837,051 or of 12.3 per cent.

For the three months ending with March 31, there was an increase as compared with the corresponding period for 1917 from \$76,342,929 to \$82,070,706 or of \$5,727,767 or of 7.5 per cent. The operating expenses increased from \$50,549,318 to \$56,667,776, or by \$6,108,458, an increase of 12.1 per cent. The net operating revenues show a slight decrease from \$25,792,621 to \$25,412,930, or of \$380,691 or 1.5 per cent. The operating income also shows a slight decrease from \$20,745,916 to \$20,302,345, or of \$443,571, a decrease of 2.1 per cent.

MUST SHARE THE LOAD

In its recent order denying the application of the American Railway Express Company for authority to increase intrastate express rates in Oregon, the Public Service Commission of that state makes the following statement:

"The commission may also reiterate its thought that this express company and all other public utilities should be required to bear their just portion of the unusual burden resulting from the present war conditions and that these utilities must not expect, nor will this commission permit, the entire burden to be passed on to the patrons or rate payers."

SHIPPING BOARD APPOINTMENT

Sherman L. Whipple, of Boston, who was recently invited to accept the position of general counsel of the Shipping Board and the Emergency Fleet Corporation, will assume his duties as such on August 21.

Mr. Whipple's office will be in Washington. No changes are contemplated in the legal forces of the Shipping Board or the Fleet Corporation, but Mr. Whipple's appointment will give a unity of direction to the increasing number of litigations and other matters of a legal nature that are arising in connection with the Shipping Board and its allied and kindred activities.

Mr. Hurley says, "I deem the government fortunate to command for this most important position a lawyer of such wide experience and so great a reputation throughout the country as Sherman L. Whipple."

Help for Traffic Man

This department is conducted by a traffic man of long experience and wide knowledge. In it he will answer questions relating to practical traffic problems. We do not desire to take the place of the traffic man, but to help him in his work. We reserve the right to refuse to answer any questions that we judge it unwise to answer or that involve situations that are too complex for the kind of investigation contemplated. Questions will be answered as promptly as possible. No answers will be given by mail except for a fee.

Address "Help for Traffic Man," The Traffic Service Bureau, Colorado Building, Washington, D. C.

Demurrage, Bunching Cars for Unloading or Reconsigning.

Q.—In the past the New York Central circular covering unloading or reconsigning of cars provided as follows: "When, as the result of the act or neglect of any carrier, cars destined for one consignee, at one point, are bunched at originating point, in transit, or at destination, and delivered by this railroad in accumulated numbers in excess of daily shipments, the consignee shall be allowed such free time as he would have been entitled to had the cars been delivered in accordance with the daily rate of shipment. Claims to be presented to carrier's agent within fifteen days." It now comes to my attention that they have issued rule 8, section B-2, covering payment of demurrage on cars bunched at destination, providing that bunching of cars will be considered only on cars which originate at one point or intermediate points and travel by the same route. Would you be kind enough to give your opinion in the next issue of *The Traffic World*, if claims cannot be collected for demurrage which has accrued on cars that have been bunched at destination, even though these same cars originated at various points in the south and did not travel over the same routes?

A.—The previous bunching rule which you quote was abrogated by the Director-General of Railroads by his general order No. 7, issued Jan. 29, 1918, effective Feb. 10, 1918, which changed rule 8, section B, paragraph 2, to read as follows: "When, as the result of the act or neglect of any carrier, cars, originating at the same point or at intermediate points moving via the same route and destined for one consignee, at one point, are bunched at originating point, in transit, or at destination, and delivered by the carrier in accumulated numbers in excess of daily shipments, the consignee shall be allowed such free time as he would have been entitled to had the cars been delivered in accordance with the daily rate of shipment. Claims to be presented to carrier's agent within fifteen days." The provisions of the general order mentioned have been promulgated in the tariffs of all rail carriers and are therefore uniform throughout the country. The tariff rule, which is open to but one construction, you are doubtless aware, must be observed by the carrier. It is not likely the United States Railroad Administration will modify the tariff prescribed by the Director-General of Railroads in particular instances, as to do so would destroy the uniformity of practices in the matter of demurrage rules and charges which that administration set out to obtain.

Evidence of Value of Property at the Time and Place of Shipment.

Q.—Please answer the following question: We are filing claims on basis of market value at date of delivery to carrier, on shipments pilfered in transit. Attached to claims are all necessary papers, together with a letter from shipper, advising the market value at date of delivery to carrier. Some of the carriers are turning down claims because we do not secure an affidavit from the shipper as to the market value. I am unable to find any rule in the Freight Claim Agents' Association rules requiring this document. Advise, in your opinion, whether or not carriers require an affidavit. Will not a letter from the shipper suffice, as it has in the past?

A.—The Commission, in case No. 49 (ex-parte), in re the Cummins amendment, 33 I. C. C., at page 693, said: "The liability of the carrier may be limited to the full value of the property so classified and established as of the time and place of shipment."

There appears to be no question in your mind of the soundness of the Commission's holding in regard to the point at which the value of the goods is fixed, nor does the carrier raise any question in that regard. The dif-

ference between the carrier and yourself concerns the sufficiency of the evidence offered by you of what was the full value of the goods at the time and place of the delivery thereof to the carrier for transportation. A document, such as you mentioned, when filed with one carrier might be considered by it as sufficient proof, while another carrier would not be satisfied with anything less than the shipper's affidavit certifying to the real value, and the latter appears to be the attitude of the carriers who are declining your claims for want of satisfactory proof. You could doubtless obtain, without serious inconvenience, the necessary affidavit, or the carrier would probably accept from you a certified copy of the invoice of the goods as being sufficient evidence of the value thereof at time and place of shipment. If the carrier declines to pay your claim and you should resort to the courts, you would have to establish the real value of the property at time and place of shipment by sworn testimony or by documents offered in evidence under oath. The position of the carrier is that upon presentation to it under oath of the necessary proof of the value, it will pay your claims without the necessity of your resorting to the courts. Can it be said that the carrier's requirement that satisfactory proof be filed with it is an unreasonable practice? We think not.

NAMES DETROIT TERMINAL MANAGER

A. H. Smith, Regional Director for the eastern territory, has issued the following appointment notice:

The appointment of Mr. W. D. Trump as terminal manager, in general charge of all terminal operations at Detroit, is hereby announced, effective this date.

The local and division officers of those lines who now exercise supervision over terminals at Detroit will continue such supervision as heretofore, furnishing the terminal manager with such reports as he may request from time to time.

When there is necessity the terminal manager will issue instructions direct to local or division officers, who will be governed accordingly. If at any time compliance with the terminal manager's instructions is in conflict with other instructions which they may receive, the local or division officers will immediately notify the terminal manager, who will then communicate with the federal manager or general manager of the road interested.

CLAIM HANDLING.

Director-General McAdoo, in his Circular No. 49, makes the following announcement:

Effective August 1, 1918, the handling of loss and damage freight claims and the prevention of causes of such claims will be placed in charge of freight claim agents, reporting to the head of the legal department of each railroad.

Claims for personal injury and damage to property, other than freight, will be handled by the legal department.

Overcharge and relief claims will be handled by the accounting department.

SELECTS A FLAG.

Director-General McAdoo to-day selected a flag which will be flown by all of the seventy-nine vessels being operated by the United States Railroad Administration. There are also twenty-five vessels owned by the railroads which are now under the control of other agencies, but which will also fly this flag when restored to control of the Railroad Administration.

The flag has the letters "U. S. R. A." in blue on a white field with a red border.

DEMURRAGE REPORT

The Pacific Car Demurrage Bureau in its report for June shows that out of a total of 172,280 cars reported 6,351, or a little more than 3 per cent, were held over time.

For the same month last year 181,913 cars were reported, of which 5,719 were held over time.

This report indicates a record this year, despite the persistent campaign for speedy release of cars, not so good by 54 hundredths of one per cent as it was last year.

Personal Notes

Effective August 28, W. F. Thiehoff, assistant to general manager, Chicago, Burlington & Quincy Railroad, was assigned to temporary service as acting general manager, Denver & Salt Lake Railroad, with office in Denver, Colo.

W. S. Martin has been appointed general superintendent for the Arkansas & Memphis Railroad Bridge & Terminal, the Memphis Union Station and the Union Railroad; office Memphis, Tenn.

Effective August 27, the jurisdiction of C. G. Burnham, federal manager, was extended over all departments of the Illinois Terminal Railroad and Missouri & Illinois Bridge & Belt Railroad.

Effective August 27, the jurisdiction of W. G. Bierd, federal manager, was extended over all departments of the following railroads, reporting to the regional director, central western region: Peoria & Pekin Union Railroad, Peoria Railway Terminal.

The Kansas City, Clinton & Springfield Railway, having been placed under federal control and assigned to the jurisdiction of L. Kramer, federal manager, will be added to the second district of the St. Louis-San Francisco Railroad, and will be operated as the Osceola subdivision of the Ozark division.

The Hinde & Dauch Paper Company announces the death of its president, J. J. Dauch, who was killed in an automobile accident on August 15.

Effective August 27, H. D. Page was appointed terminal manager of the Peoria and Pekin switching district, with office at Peoria, Ill.

W. M. Corbett has been appointed general manager of the Kansas City Terminal Railroad, with headquarters at Kansas City, Mo.

The Colorado & Southern Railroad announces the following appointments as effective August 16, headquarters Denver, Colo.: H. A. Johnson, traffic manager; E. E. Whitted, general solicitor; E. I. Grenfell, general auditor; W. C. Weldon, purchasing agent; B. F. James, acting federal treasurer; E. F. Vincent, chief engineer.

The following appointments on the Duluth & Iron Range Railroad are announced as effective August 20: Thos. Owens, superintendent; H. Johnson, general freight and passenger agent; F. D. Adams, general solicitor; W. A. Clark, chief engineer; Ralph P. Moore, purchasing agent; H. Johnson, federal auditor; F. C. Marshall, acting federal treasurer.

The Duluth, Missabe & Northern Railroad announces the following appointments effective August 20: J. W. Kreiter, superintendent; C. W. Kieswetter, general freight and passenger agent; F. D. Adams, general solicitor; W. A. Clark, chief engineer; Ralph P. Moore, purchasing agent; Jos. Seifert, federal auditor; J. W. Kempton, acting federal treasurer.

John J. Mantell has been appointed terminal manager in general charge of all railroad terminals on the Jersey shore between Greenville and Edgewater, both inclusive, and including all terminal yards adjacent thereto.

The following appointments, effective September 1, have been announced by Regional Director Winchell: E. T. Lamb, federal manager, Atlanta Terminal Company; office Atlanta, Ga. The federal manager will have jurisdiction over all departments of the Atlanta Terminal Company, reporting to the regional director. D. F. Kirkland,

terminal manager, Atlanta, Ga., who will have jurisdiction over the terminals of all lines within the switching limits of Atlanta, Ga. (not including the Atlanta Terminal Company).

The jurisdiction of C. H. Ewing, federal manager for the Philadelphia & Reading Railroad, Central Railroad of New Jersey, New York & Long Branch Railroad, Atlantic City Railroad, Port Reading Railroad and Philadelphia Belt Line Railroad (north of Port Richmond yard) has been extended over the Staten Island Rapid Transit Railroad, which line has been released from the jurisdiction of A. W. Thompson, federal manager.

Effective August 20, G. F. Stump was appointed assistant general freight agent, Long Island Railroad.

C. P. Morse has been appointed member of the committee of freight traffic control, Ohio River gateways, with headquarters at Cincinnati, vice George Krause, transferred.

C. E. Perkins, freight traffic manager of the Missouri Pacific Railroad, St. Louis Southwestern Railroad and the Louisiana & Arkansas Railroad, on September 1 announced the following appointments: Assistant freight traffic managers—W. A. Rambach, Missouri Pacific Railroad; C. C. P. Rausch, all lines. General freight agents—W. I. Jones, Missouri Pacific Railroad; J. L. Amos, Missouri Pacific Railroad; J. P. Park, St. Louis Southwestern Railroad; B. S. Atkinson, Louisiana & Arkansas Railroad. Assistant General Freight Agents—D. R. Lincoln, Missouri Pacific Railroad; C. E. Warner, Missouri Pacific Railroad; J. F. Harris, Missouri Pacific Railroad; G. H. Hamilton, Missouri Pacific Railroad; J. D. Watson, St. Louis Southwestern Railroad; W. M. Cook, all lines. Division freight agents—L. D. Knowles, Missouri Pacific Railroad; R. M. Williams, Missouri Pacific and St. L. S. W. railroads; Dan Jacobs, Missouri Pacific and L. & A. railroads; F. L. Feakins, Missouri Pacific Railroad; C. C. McCarthy, Missouri Pacific and St. L. S. W. railroads; W. D. May, Missouri Pacific and St. L. S. W. railroads; P. E. Watson, Missouri Pacific Railroad; J. T. Ferguson, St. L. S. W. and L. & A. railroads; J. D. Yates, Missouri Pacific Railroad; C. C. Clements, Missouri Pacific Railroad; G. W. Pither, Missouri Pacific Railroad; C. B. Lindsay, Missouri Pacific Railroad; St. L. S. W. railroads; N. A. Beach, Missouri Pacific Railroad. Live stock agents—W. B. Shirk, all lines; W. F. Lemore, all lines; G. T. Fergus, all lines. Traveling freight agents—V. J. Kaiser, all lines; F. E. Walling, Missouri Pacific Railroad; W. D. Young, all lines; W. N. Ernst, all lines.

S. M. Rogers, general manager, Chicago, Milwaukee & Gary Railroad, announces the following appointments: General superintendent, R. F. McManus; traffic manager, W. L. Louis; general solicitors, Knapp & Campbell; chief engineer, A. Monzheim; superintendent motive power, J. Horrigan; purchasing agent, C. H. Kenzel; federal auditor, C. G. Nelson; acting federal treasurer, F. A. Winkler.

J. F. Holden, traffic manager of the Kansas City Southern Railroad, Texarkana & Fort Smith Railroad, Midland Valley Railroad, Houston East & West Texas Railroad, Vicksburg, Shreveport & Pacific Railroad, Kansas City, Mexico & Orient Lines and Joplin Union Depot, announces the following appointments: General freight agent—R. R. Mitchell, all lines. General passenger agent—S. G. Warner, all lines. Assistant general freight agents—H. A. Weaver, all lines; J. R. Mills, all lines. General baggage agent—F. D. Downie, all lines. Division freight and passenger agents—Eugene Mock, Midland Valley Railroad; M. J. Dooley, Houston East & West Texas Railroad; E. H. Stauder, Kansas City, Mexico & Orient Lines. Division freight agents—L. V. Beatty, Kansas City Southern Railroad; J. O. Hamilton, Kansas City Southern Railroad South of De Queen, Arkansas and Texarkana & Fort Smith Railroad; A. H. Van Loan, Shreveport, La., and Vicksburg, Shreveport & Pacific Railroads. Division passenger agent—S. G. Hopkins, Kansas City Southern Railroad south of De Queen, Ark., Texarkana & Ft. Smith, and Vicksburg, Shreveport & Pacific railroads. Live stock agent—J. W. Spoor, Kansas City Southern Railroad. Traveling agents—W. J. Tremaine, traveling freight and passenger agent, Vicksburg,

Shreveport & Pacific Railroad; J. R. Holcomb, traveling freight and passenger agent, Kansas City, Mexico & Orient Lines; R. Dickerson, traveling passenger agent, Kansas City Southern Railroad.

Effective August 17, 1918, J. L. Dease was appointed commercial agent Fort Smith & Western Railroad, Kansas City, Mo., and W. S. Nunnery, commercial agent, Memphis, Tenn.

J. L. Nichols has been appointed superintendent; Philip Meininger, general freight and passenger agent; H. D. Sheean, general solicitor; L. G. Curtis, chief engineer; W. S. Galloway, purchasing agent; F. B. Huntington, federal auditor, and H. H. Hall, acting federal treasurer, B. & O., C. T. R. R.

W. R. Scott, federal manager of the Southern Pacific-Pacific System Lines south of Ashland, Western Pacific Railroad, Tidewater Southern Railroad, and Deep Creek Railroad, makes announcement of the following appointments: J. H. Dyer, general manager; G. W. Luce, freight traffic manager; Chas. S. Fee, passenger traffic manager; F. W. Taylor, purchasing agent, of the Southern Pacific-Pacific System Lines south of Ashland, Western Pacific Railroad, Tidewater Southern Railroad and the Deep Creek Railroad. W. H. Kirkbride, chief engineer; T. O. Edwards, general auditor; W. F. Ingram, acting federal treasurer, of the Southern Pacific-Pacific System Lines south of Ashland. T. J. Wyche, chief engineer; J. F. Evans, general auditor; Chas. Elsey, acting federal treasurer of the Western Pacific Railroad, Tidewater Southern Railroad and the Deep Creek Railroad.

R. L. McKee has been appointed traffic agent of the Louisiana Railway & Navigation Company, with headquarters at New Orleans, La.

Regional Director Smith announces that the jurisdiction of E. D. Bronner, federal manager, office at Detroit, Mich., has been extended over the Detroit Terminal Railroad.

G. H. Gilmer has been appointed superintendent of the Interstate Railroad Company, with headquarters at Appalachia, Va., vice W. A. Johnson, resigned.

George Krause, who has been assistant general freight agent C. C. C. & St. L. R. R. at Cincinnati, has been made division freight agent for the same company at Cleveland to succeed E. L. Roederer, assigned to other duties.

F. B. Seymour, general manager of the Green Bay & Western Railroad, Kewaunee, Green Bay & Western Railroad, Ahnapee & Western Railroad, Waupaca-Green Bay Railroad, announces the following appointments: Superintendent, C. H. Smith; general freight and passenger agent, J. B. Call; general solicitor, H. O. Fairchild; purchasing agent, H. E. Dutton; federal auditor, J. C. Thurman; acting federal treasurer, Arthur H. Mongin.

R. H. Aishton, regional director, northwestern region, gives notice that, effective September 1, F. B. Seymour was appointed general manager of the following railroads: Green Bay & Western R. R., Kewaunee, Green Bay & Western R. R., Ahnapee & Western R. R.; Waupaca-Green Bay R. R., and that the following railroads are added to the jurisdiction of S. G. Strickland, federal manager, Chicago & North Western Railroad, headquarters, Chicago, Ill.; Fort Dodge, Des Moines & Southern R. R., Waterloo, Cedar Falls & Northern R. R.

A. R. Smith, Regional Director for the eastern territory, makes the announcement that the jurisdiction of E. M. Costin, federal manager, office at Cincinnati, O., has been extended over the Chicago, Indianapolis & Louisville Railroad, the Cincinnati, Indianapolis & Western Railroad and the Detroit, Toledo & Ironton Railroad.

S. M. Rogers, general manager, Elgin, Joliet & Eastern Railroad, announces the following appointments: P. F. McManus, general superintendent; W. L. Louis, traffic manager; Knapp & Campbell, general solicitors; A. Montzhelmer, chief engineer; J. Horrigan, superintendent motive power; C. H. Kenzel, purchasing agent; G. W. Williams, federal auditor; F. L. Koontz, acting federal treasurer.

C. K. Dunlap, president, Southern Pacific Lines (in Texas and Louisiana), announces the following appointments: G. B. Herbert, secretary and auditor; O. M. Longnecker, treasurer; R. C. Watkins, corporate maintenance of way engineer; E. B. Dailey, corporate mechanical engineer; S. G. Reed, land and tax agent.

Regional Director Hale Holden announces that H. V. Platt has been appointed terminal manager, with head-

quarters at Salt Lake City, Utah, with jurisdiction over the following: Salt Lake City switching district, including Midvale, Murray and Garfield; Ogden switching district also that the jurisdiction of E. E. Gavin, federal manager is extended over the Ogden Union Railway and Depot, and the jurisdiction of E. L. Brown, general manager, over the Salt Lake City Union Depot and Railroad.

Geo. Hannauer, general manager, Indiana Harbor Belt Railroad, announces the following appointments: J. W. Smith, superintendent; W. H. Ward, general freight agent; Glennon, Cary & Walker, general solicitors; O. H. Gerbach, chief engineer; Wm. McMaster, purchasing agent; W. E. Osborn, federal auditor; H. A. McConnell, acting federal treasurer.

Effective September 1, J. E. Taussig, heretofore general manager of the Wabash Railroad, was appointed federal manager of the Wabash Railroad, including such of its leased and operated properties as are under federal control, with office at St. Louis, Mo.

H. G. Hetzler, general manager, Chicago & Western Indiana Railroad and the Belt Railroad of Chicago, announces the following appointments: General superintendent (C. & W. I. R. R.), R. W. Stevens; general superintendent (Belt R. R.), G. J. Shreeve; traffic manager, F. A. Spink; general solicitor, J. R. Barse; chief engineer, F. E. Morrow; purchasing agent, R. Benson; federal auditor, R. L. Porter; acting federal treasurer, J. E. Murphy.

A. S. Johnson, terminal manager, St. Louis-East St. Louis terminal district, announces that, effective Sept. 1, 1918, C. S. Darrach is appointed superintendent St. Louis & O'Fallon Railroad in addition to his duties as superintendent St. Louis & Belleville electric railroad, and that the East St. Louis & Suburban Railway is relinquished from federal control.

G. R. Huntington, federal manager, Copper Range Railroad, announces the following appointments: General manager, F. R. Bolles; general freight and passenger agent, G. H. Westcott; general solicitor, John G. Stone; chief engineer, F. L. Batchelder; purchasing agent, J. M. Wagner; federal auditor, C. E. Wright; acting federal treasurer, G. H. Westcott.

Regional Director Hale Holden announces that the jurisdiction of W. M. Corbett, terminal manager, Kansas City, Mo., has been extended over the Kansas City Connecting Railroad.

S. G. Strickland, federal manager, Fort Dodge, Des Moines & Southern Railroad, announces the following appointments: Assistant to federal manager, E. E. Nash; general manager, C. H. Crooks; general freight and passenger agent, F. M. Steele; general solicitor, S. R. Dyer; chief engineer, R. L. Cooper; purchasing agent, G. K. Motz; federal auditor, F. M. Johnston; acting federal treasurer, C. L. Smith.

Regional Director Markham, under date of September 1, announces that the jurisdiction of C. H. Ewing, federal manager for the Philadelphia & Reading Railroad, Central Railroad of New Jersey, New York & Long Branch Railroad, Atlantic City Railroad, Port Reading Railroad, Staten Island Rapid Transit Railroad, is extended over the Staten Island Railroad, Baltimore & New York Railroad and Baltimore & Ohio Railroad properties and piers on Manhattan Island, which lines and facilities are released from the jurisdiction of A. W. Thompson, federal manager.

C. H. Markham, regional director of the Allegheny region, announces that Ernest J. Cleave is appointed terminal manager, Philadelphia, Pa., effective September 1. He will have jurisdiction over terminals of all lines in Philadelphia, as follows: Pennsylvania Railroad, within the limits of the Philadelphia Terminal division; Philadelphia & Reading Railroad, within the limits of the Philadelphia division (excluding that part of the Philadelphia division between Eastwicks and Marcus Hook); Baltimore & Ohio Railroad, as far south as 70th street; Philadelphia Belt Line.

J. L. West, traffic manager for the Gulf, Colorado & Santa Fe Line, Fort Worth Union Passenger Station, St. Louis, San Francisco & Texas Railway, Fort Worth & Rio Grande Railway, Brownwood, North & South Railway, Texas Midland Railroad, International & Great Northern Railway (from Spring to Fort Worth and Madisonville branch), Missouri, Kansas & Texas Railway of Texas, Wichita Falls & Northwestern Railway, Fort Worth & Denver City Railway, Wichita Valley Railway, Houston

Texas Central Railroad, Abilene & Southern Railway, Union Terminal of Dallas, Houston Belt & Terminal Railway, Fort Worth Belt Railroad, announces the following appointments as effective September 1: General freight agents J. S. Hershey, Gulf, Colorado & Santa Fe Lines, Texas Midland Railroad, Houston Belt & Terminal Railway; J. F. Garvin, Missouri, Kansas & Texas Railway of Texas, Wichita Falls & Northwestern Railway; J. A. Brown, Fort Worth & Denver City Railway, Wichita Valley Railway, Houston & Texas Central Railroad, St. Louis, San Francisco & Texas Railway, Fort Worth & Rio Grande Railway, Brownwood North & South Railway, International & Great Northern Railway (Fort Worth to Spring—Madisonville branch), Abilene & Southern Railway, Fort Worth Belt Railroad. General passenger agents—W. G. Rush, Missouri, Kansas & Texas Railway of Texas, Houston & Texas Central Railroad, Union Terminal of Dallas; V. B. Keenan, Gulf, Colorado & Santa Fe Lines, Texas Midland Railroad, Houston Belt & Terminal Railway; J. W. Strain, Fort Worth & Denver City Railway, Wichita Valley Railway, Wichita Falls & Northwestern Railway, Abilene & Southern Railway, St. Louis, San Francisco & Texas Railway, Fort Worth & Rio Grande Railway, Brownwood North & South Railway, International & Great Northern Railway (Fort Worth to Spring—Madisonville branch), Fort Worth Union Passenger Station. Assistant general freight agents, A. Landry, all lines; F. R. Dalzell, Gulf, Colorado & Santa Fe Lines, Texas Midland Railroad, Houston Belt & Terminal Railway; W. F. Sterley, Fort Worth & Denver City Railway, Wichita Valley Railway, Houston & Texas Central Railroad, St. Louis, San Francisco & Texas Railway, Fort Worth & Rio Grande Railway, Brownwood North & South Railway, International & Great Northern Railway (Fort Worth to Spring—Madisonville branch), Abilene & Southern Railway, Fort Worth Belt Railroad. General baggage agent, C. O. Jackson, all lines. Division passenger agent, E. Daniels, all lines. Division freight and passenger agents—H. W. Landman, all lines; W. H. Yeargin, all lines; W. L. Geer, all lines; W. B. Wells, all lines; G. B. Magruder, all lines.

CHANGE IN FEDERAL MANAGER.

Regional Director Markham, in his circular No. 19, makes the following announcement: "Effective September 1, the jurisdiction of A. W. Thompson, federal manager for the Baltimore & Ohio Railroad (east of Parkersburg and Pittsburgh), Cumberland Valley Railroad, Western Maryland Railroad, Coal & Coke Railroad, Cumberland & Pennsylvania Railroad, and Wheeling Terminal Railroad, is hereby extended over the Gettysburg & Harrisburg Railroad, and over that portion of the Philadelphia & Reading Railroad from Shippensburg, Pa., to Harrisburg, Pa., which lines are released from the jurisdiction of C. H. Ewing, federal manager."

NAMES "CLOVER LEAF" FEDERAL MANAGER

Regional Director Smith, on August 29, 1918, announced the following appointment: The jurisdiction of Mr. J. E. Tausig, federal manager, Wabash Railroad, office at St. Louis, Mo., is extended over the Toledo, St. Louis & Western Railroad, effective September 1, 1918.

NEW MILEAGE SCRIP BOOK.

A fifteen dollar mileage scrip book will be placed on sale at all railroad offices on September 15. It will be sold for \$15.20, the additional sum being the war tax. The book takes the place of the 500-mile ticket that was formerly issued by the Pennsylvania and other eastern carriers. The user saves nothing. He loses in the event he uses it on a circuitous route unless the conductors have been authorized to take only the short-line mileage from such a book.

TELEPHONE OPERATING FIGURES

A summary of the results of operation of the large telephone companies in March and for the three months ending with March was made public by the Commission on September 4. It shows an increase in the number of tele-

phone stations from 7,411,075 in March, 1917, to 7,825,698 in March of this year. Operating revenues increased from \$25,952,075 to \$27,921,462; expenses from \$17,462,698 to \$18,389,130, and operating income from \$6,786,417 to \$7,623,468.

For the three months ending with March the revenues increased from \$76,342,939 to \$82,070,706; expenses from \$50,549,318 to \$56,657,776, and operating income fell from \$20,745,916 to \$19,302,345.

NEW SHORT LINE CONTRACT SUBMITTED

The Short Line Committee has received a new tentative form of contract proposed by the Railroad Administration to cover short line roads. Negotiations will be conducted at a short line meeting to consider this tentative form.

ASSOCIATION APPROVED

A. H. Smith, regional director, notifies roads in the eastern district, supplementing his letter of June 22, inclosing classified lists of associations approved under General Order No. 6, that the Association of Railway Telegraph Superintendents has been added to the approved list and it is therefore proper to continue existing memberships in this organization.

COMMISSION ORDERS.

The Commission has modified its order of February 11, in case 8978, Honaker Lumber Co., Inc., et al. vs. N. & W. Ry. Co. et al., so as to become effective October 15, instead of July 15.

The Commission has modified its order of May 9, in case 9796, Diamond Coal & Coke Co., so as to become effective November 2 instead of September 2.

The Commission has modified its order of May 22 in case 9311, Great Falls Gas Co. vs. C., B. & Q. R. R. et al., and 9311, Sub 1, Great Falls Sewer Pipe & Tile Co. vs. C., B. & Q. R. R. et al., so as to become effective October 2 instead of September 2.

The Commission has further modified its order of March 22 in case 9390, Pollok Steel Co. vs. B. & O. R. R. Co. et al., so as to become effective November 1 instead of October 1, which was originally effective July 1.

The Commission has further modified its order of April 25 in case 9310, Newport News Shipbuilding & Dry Dock Co. vs. P. R. R. Co. et al., so as to become effective November 1 instead of October 1, which was originally effective August 1.

The Commission has modified its order of June 14 in case 9876, Humphrey Brick & Tile Co. vs. P. R. R. Co. et al., so as to become effective November 1 instead of October 1.

The Commission has modified its order of May 17 in case 8830, C. F. Ewing & Co., Ltd., vs. Spokane International Ry. Co. et al., so as to become effective October 1 instead of September 16.

The Commission has modified its order of May 17 in case 8637, W. G. Chaney Co., Ltd., vs. Gt. Nor. Ry. Co. et al.; case 8637, Sub 1, Sand Point Lumber & Pole Co. vs. Spokane International Ry. Co. et al.; case 8637, Sub 2, Sand Point Lumber & Pole Co. vs. Spokane International Ry. Co. et al.; case 8637, Sub 3, Western Pine Mfg. Co. vs. D. & R. G. R. R. et al.; case 8637, Sub 4, S. H. L. Lumber Co. vs. D. & R. G. R. R. Co. et al., so as to become effective October 1 instead of September 16.

The Commission has ordered rehearing in case 9296, Cornell Wood Products Co. vs. A., T. & S. F. Ry. Co. et al. The Commission has modified its order of May 22, in case 6195, Sub 1, G. Helleman Brewing Co. et al. vs. C., B. & Q. R. R. Co. et al., so as to become effective October 2 instead of September 2.

The Commission has modified its order of May 22 in case 8303, Nashville Hardwood Flooring Co. vs. C., B. & Q. R. R. Co. et al., so as to become effective October 2 instead of September 2.

Docket of the Commission

Note.—Items in the Docket marked with an asterisk (*) are new, having been added since the last issue of The Traffic World. Cancellations and postponements announced too late to show the change in this Docket will be noted elsewhere.

- September 13—New Orleans, La.—Examiner Disque:
10204—Consolidated Classification case.
- September 19—Atlanta, Ga.—Examiner Disque:
10204—Consolidated Classification case.
- September 20—Portland, Ore.—Commissioner Atchison:
10229—Public Service Commission of the State of Washington et al. vs. W. G. McAdoo, Director General of Railroads, U. S. R. R. Administration et al.
- September 23—Portland, Ore.—Commissioner Atchison:
I. & S. Docket 1161—Reconsignment Case 3.
10173—Reconsignment and diversion rules.
15th Sec. App. 5307 filed by E. Morris.
15th Sec. App. 5318 filed by E. Morris.
15th Sec. App. 5319 filed by E. Morris.
15th Sec. App. 5566 filed by E. Morris.
- October 2—Argument at Washington, D. C.:
10030—Milton Brick Co. et al. vs. Pa. R. R. Co. et al.
I. & S. 1024—Southwestern potato rates.
9574—Chamber of Commerce of Greeley et al. vs. C. & S. Ry. Co. et al.
- October 3—Argument at Washington, D. C.:
9395—Pacific Lumber Co. et al. vs. Northwestern Pacific R. R. Co. et al.
9536—Willamette Valley Lumber Assn. et al. vs. Sou. Pac. Co. et al.
9924—Lumber Assn. of Chicago et al. vs. A. A. R. R. Co. et al.
- October 4—Argument at Washington, D. C.:
9882—American Window Glass Co. vs. W. Md. R. R. Co. et al.
9990—St. Ellen Coal Co. et al. vs. St. L. & B. E. Ry. Co. et al.
- October 5—Argument at Washington, D. C.:
I. & S. 490—Lumber transit privileges at Buffalo, N. Y.
7506—Buffalo Lumber Exchange and Buffalo Chamber of Commerce vs. Ala. Cent. Ry. Co. et al.
9488—Aurora, Elgin & Chicago R. R. Co. vs. Ind. Harbor R. R. Co. et al.
9006—Cabin Creek Cons. Coal Co. et al. vs. C. H. & D. Ry. Co. et al.
- October 9—Argument at Washington, D. C.:
I. & S. Docket 1118—Live stock loading and unloading charges.
9977—Chicago Live Stock Exchange vs. A. T. & S. F. Ry. Co. et al.
I. & S. Docket 1156—Shipments in refrigerator, insulated or heated cars.
- October 10—Argument at Washington, D. C.:
8834—Kettle River Co. vs. Mo. Pac. Ry. Co. et al.
9146—McGowen-Foshee Lumber Co. vs. F. A. & G. R. R. Co. et al.
9797—Robert Abeles et al. vs. Alex. & Western Ry. Co. et al.
9907—Commercial Club of Omaha vs. B. & O. R. R. Co. et al.
- October 11—Argument at Washington, D. C.:
9798—Portsmouth Assn. of Commerce vs. S. A. L. Ry. Co. et al.
9955—Rowland Lumber Co. et al. vs. S. A. L. Ry. Co. et al.
9752—E. I. Du Pont de Nemours & Co. vs. M. D. & S. R. R. Co. et al.
9752 and Sub. Nos. 1, 7, 9, 27, 28, 30, 33, 35, 44, 53, 58, 64, 65, 69, 76, 77, 81, 86, 95, 97, 98, 102, 104, 108—E. I. Du Pont de Nemours & Co. vs. Sou. Ry. Co. et al.
9752 and Sub. Nos. 8, 32, 55, 59—E. I. Du Pont de Nemours & Co. vs. C. & W. C. Ry. Co. et al.
9752 and Sub. Nos. 6, 10, 13, 24, 49, 56, 59, 60, 67, 68, 73, 79, 87, 90, 92, 96, 100, 103, 109—E. I. Du Pont de Nemours & Co. vs. A. C. L. R. R. Co. et al.
9752 and Sub. Nos. 3, 5, 12, 25—E. I. Du Pont de Nemours & Co. vs. Georgia R. R. Co. et al.
9752 and Sub. Nos. 2, 4, 21, 22, 38, 40, 57, 61, 71, 72, 107—E. I. Du Pont de Nemours & Co. vs. C. of Ga. Ry. Co. et al.
9752 and Sub. 11—E. I. Du Pont de Nemours & Co. vs. G. F. & A. Ry. Co. et al.
9752 and Sub. Nos. 14, 28, 39, 41, 106—E. I. Du Pont de Nemours & Co. vs. A. & W. P. R. R. Co. et al.
9752 and Sub. Nos. 15, 52—E. I. Du Pont de Nemours & Co. vs. G. S. & F. Ry. Co. et al.
9752 and Sub. No. 16—E. I. Du Pont de Nemours & Co. vs. Ga. Nor. Ry. Co. et al.
9752 and Sub. Nos. 17, 45—E. I. Du Pont de Nemours & Co. vs. M. D. & S. R. R. Co. et al.
9752 and Sub. No. 18—E. I. Du Pont de Nemours & Co. vs. Gainesville Mid. Ry. Co. et al.
9752 and Sub. No. 31—E. I. Du Pont de Nemours & Co. vs. Ga. & Fla. Ry. Co. et al.
9752 and Sub. No. 34—E. I. Du Pont de Nemours & Co. vs. Norf. Sou. R. R. Co. et al.
9752 and Sub. Nos. 36, 42, 43—E. I. Du Pont de Nemours & Co. vs. W. Ry. of Ala. et al.
9752 and Sub. Nos. 37, 85—E. I. Du Pont de Nemours & Co. vs. L. & N. R. R. Co. et al.
9752 and Sub. Nos. 19, 46, 47—E. I. Du Pont de Nemours & Co. vs. Wrightville & Tennessee R. R. Co. et al.
9752 and Sub. Nos. 48, 62, 83, 84—E. I. Du Pont de Nemours & Co. vs. A. B. & A. Ry. Co. et al.
9752 and Sub. No. 51—E. I. Du Pont de Nemours & Co. vs. Ga. S. W. & G. R. R. Co. et al.
9752 and Sub. No. 66—E. I. Du Pont de Nemours & Co. vs. Union & Glen Springs R. R. Co. et al.
9752 and Sub. No. 75—E. I. Du Pont de Nemours & Co. vs. N. W. R. R. Co. of S. C. et al.
- 9752 and Sub. No. 78—E. I. Du Pont de Nemours & Co. vs. Bennettsville & Cheraw R. R. Co. et al.
9752 and Sub. No. 95—E. I. Du Pont de Nemours & Co. vs. Orangeburg Ry. Co. et al.
9752 and Sub. Nos. 62, 105—E. I. Du Pont de Nemours & Co. vs. Lancaster & Chester Ry. Co. et al.
9849 and Sub. Nos. 4, 7, 8—E. I. Du Pont de Nemours & Co. vs. L. & N. R. R. Co. et al.
9849 and Sub. No. 1—E. I. Du Pont de Nemours & Co. vs. W. Ry. of Ala. et al.
9849 and Sub. Nos. 2, 6, 16, 17, 18, 21—E. I. Du Pont de Nemours & Co. vs. A. C. L. R. R. Co. et al.
9849 and Sub. Nos. 3, 5, 14, 19—E. I. Du Pont de Nemours & Co. vs. S. A. L. Ry. Co. et al.
9849 and Sub. Nos. 9, 12—E. I. Du Pont de Nemours & Co. vs. C. of Ga. Ry. Co. et al.
9849 and Sub. No. 10—E. I. Du Pont de Nemours & Co. vs. A. & W. P. R. R. Co. et al.
9849 and Sub. No. 11—E. I. Du Pont de Nemours & Co. vs. M. D. & S. R. R. Co. et al.
9849 and Sub. No. 13—E. I. Du Pont de Nemours & Co. vs. Norf. Sou. R. R. Co. et al.
9849 and Sub. No. 15—E. I. Du Pont de Nemours & Co. vs. R. & N. E. R. R. Co. et al.
9849 and Sub. No. 20—E. I. Du Pont de Nemours & Co. vs. M. & W. Ry. Co.
- October 12—Argument at Washington, D. C.:
9842—Western Pac. R. R. Co. vs. Sou. Pac. Co. et al.
9878—Ida S. Granstein vs. B. & M. R. R. Co. et al.
7893-7894—Royal Milling Co. vs. G. Nor. Ry. Co.
- October 14—Argument at Washington, D. C.:
9887—St. Louis Elect. Term. Ry. Co. et al. vs. C. C. C. & S. L. Ry. Co. et al.
10026—Armour & Co. vs. E. P. & S. W. et al.
10026, Sub. No. 1—Swift & Co. et al. vs. E. P. & S. W. Co. et al.
10026, Sub. No. 2—Wilson & Co. Inc. vs. E. P. & S. W. Co. et al.
- October 14—Argument at Washington, D. C.:
* 10048—Pneumatic Scales Corp., Ltd., vs. A. & R. R. R. Co. et al.
- October 15—Argument at Washington, D. C.:
* 10134—Keystone Warehouse Co. vs. Pennsylvania R. R. Co.
- October 16—Argument at Washington, D. C.:
* 10150—James J. Redmond vs. Adams Express Co.
* 10167—Sioux City Live Stock Exchange vs. Chicago & North western Ry. Co. et al.
10026, Sub. No. 3—Morris & Co. vs. E. P. & S. W. Co. et al.

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THE TRAFFIC WORLD

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PUBLICITY FOR RATE CHANGES

The Traffic World has perfected an arrangement by which it will next week begin printing the dockets of the western district freight traffic committees, with which proposed rate changes in the West, under the machinery now used, originate. This will enable interested shippers to know in advance what is proposed, so that they may be heard if they care to protest or to suggest anything. The district committees will send these dockets to us under instructions from the Western Freight Traffic Committee, which, as has already been announced, is also supplying us with the rate authorities issued by it, which authorities are abstracted and printed in our Daily Traffic World and Traffic Bulletin and in our weekly Traffic Bulletin. Thus far the Eastern and Southern freight traffic committees have failed to make any such arrangement for publicity, though it is expected that they will. It is understood that the Western Committee has done what it has done in this respect without seeking authority from the Railroad Administration, and it is entitled to commendation for its progressive spirit and its willingness to co-operate with the business public. Its plan would, if generally followed, necessarily remove all the objection that has been urged to the secretive methods of the Railroad Administration in the making of rate changes.

CONSOLIDATED CLASSIFICATION

Thus far the outstanding feature of the hearings being held over the country on the proposed consolidated freight classification is the opposition in the West to the proposed rule ten. In fact, there has been little else to attract extraordinary atten-

tion, though the hearings in the South have only just begun and it is a fact, also, that hearings with respect to some of the more important commodities have been postponed altogether until next month. We think it likely, however, that even when all the returns are in, the opposition to rule ten in the West—and possibly also in the South—will continue to be the most important fact for the consideration of those charged with the responsibility of making a decision.

It is the practically unanimous opinion of those who have appeared at the western hearings to protest against the putting into effect of this rule, that it would work to their hurt. They fear for their jobbing interests the competition of eastern concerns, which, through the opportunities afforded by limitless mixtures, might come into the field at such freight rates as would enable them to put out of business, or at least badly cripple, industry in the West. The predictions of the distress that would result have run the gamut from the overthrow of the jobbing business in the West to the ruin of the small farmer, who, following the wreck of the retailer in the wake of the vanishing jobber, would no longer have a market for his product.

It is a question, of course, whether or not there is reasonable foundation for these fears, and that question will have to be decided by the Commission in its recommendations to the Railroad Administration—if that is to be the course of the proceeding, as we understand it is—and then, in turn, by the Railroad Administration in acting on such recommendations. If the rule is to be made effective those who make it so will have to decide, either that the western business men do not know what they are talking about—that they are frightened by a bugaboo or that even if there may be some ground for their fear as to what would happen, the bad would be overbalanced by the good—or that those who have appeared have not been truly representative of western business and economic thought. To tackle either horn of the dilemma is not a light responsibility, for the opinion of practical business men as to what would or would not happen to their business under a given set of circumstances is much more likely to be correct than the opinion of a group of theorists, and to say that those who have appeared to protest are not representative would hardly be convincing, in view of the fact that the sentiment expressed was entirely one-sided, no one identified with western business interests having appeared to take issue with it. If there is another opinion among western business men it would have been well to bring it out. As the case stands there is nothing of that sort in the record for the information of the Commission or the Administration.

So we shall watch with interest for the decision. The Commission will be much more likely than the Railroad Administration to decide the case on what appear to it to be the economic facts, regardless of the opinion of those who have protested. The Administration will be more likely than the Commission to be influenced by the fact that, right or wrong, the West does not want the rule. In other words, the Railroad Administration is more likely than the Commission to be influenced by political considerations. In saying this we are not thinking altogether of politics in its narrower and more popular meaning, but in that wider sense which might be held to justify the giving to the country or to a section of the country what its people desire, regardless of whether the doctrinaires may or may not think it good for them.

It is to be said that in deciding this case the desire for uniformity for its own sake ought not to blind the vision. There is nothing sacred about uniformity, however desirable from many points of view it may be. Even the fact that shippers themselves, through their representatives—the Commission, the state commissions, and Congress—have agitated for uniformity, is not a conclusive argument. They may have been mistaken. Perhaps they did not know what was good for them. They have a right to change their minds if they see that to give them what they asked involves giving them something they do not want.

The members of the committee that prepared the consolidated classification, present at the hearings, have met inquiries as to why it has been thought necessary to force this rule on the West, by saying that they were instructed by the Railroad Administration to make rules and descriptions uniform. That is reason enough for them, of course. They did what they were told, as they had to do. But to the business man who is affected by their action, that is not a satisfying answer. It merely shifts to the Administration from the individual members of the committee the point of their attack. The rule to them is no more welcome—though they may be forced to accept it—because it may be the only possible way of complying with the instructions of the Administration to make uniform rules and descriptions.

If it be true, as has been said repeatedly in the course of the hearings, that without this rule there cannot be the uniformity ordered, and if it be true that the rule would work on established business a hardship out of proportion to any benefits received, the answer, of course, is that then there should be no uniformity. That is the issue and there is no use in attempting to dodge it. Perhaps Examiner Disque or some of the others who are giving their

earnest thought to the subject, may be able to discover some way out of the difficulty by maintaining the rule in the East and the specific mixture in the West, at the same time preserving uniformity of descriptions. Suggestions along this line that have been made up to this time have been declared impracticable by the representatives of the carriers who prepared the classification, but still some way may be found. If none can be found, the case is indeed serious.

THE FOURTH LIBERTY LOAN

In this issue we publish the announcement of a plan in which, under an organized method, the cooperation of every employer is requested in order to help in the promotion of the fourth Liberty Loan. That announcement is worthy of careful and immediate attention and action.

It is certainly not difficult to see how the energetic carrying out of this plan may produce results helpful not only to the Liberty Loan but to American business.

The tremendous impetus which Charles M. Schwab has given to shipbuilding has been largely achieved by making every individual engaged in the industry feel a personal responsibility for results and a personal pride in helping to make great results possible.

This spirit of accomplishment in the shipbuilding industry has been brought about by the leaders—the "bosses"—making it a business to come in personal contact with the workers and to inspire them with a sense of the importance of their work for victory in the war—a sense of personal responsibility and a spirit of teamwork.

The creation of that spirit among the workers of the nation in all lines of activity would be of incalculable benefit to the workers themselves, to employers, and to the nation.

Concretely two of these results would be to quicken and increase the response to all war measures such as Liberty Bonds, War Saving Stamps, the draft, and food and fuel saving, and to make the worker feel more keenly his responsibility to do his work (no matter what its character) to the very best of his ability—to make him feel the necessity of sticking closely to his job.

Employers generally should pursue with intelligent enthusiasm the plan of "Win-the-War" meetings proposed as a means of aiding the rapid flotation of the fourth Liberty Loan. The results of such action will not only be helpful in the loan drive but they will be permanently helpful to the nation through the development of a keener realization by the worker of the importance and dignity of his individual job and the necessity for personal responsibility and helpful team work.

Current Topics in Washington



Burleson's Arbitrary Exercise of Power.—Officers of the telephone companies and state commissioners who come in contact with Postmaster-General Burleson in an official way think Director-General McAdoo is mild in comparison with the head of the wire service. Mr. McAdoo consults, they believe, with his advisers, but Burleson, so far as they can learn, does not. His advisers are First Assistant Postmaster-General Koons, Solicitor Lamar and David J. Lewis. This belief that Burleson is even dis-

regardful of legal rights and the authority of local bodies is based largely on the fact that he issued bulletin No. 5 apparently without consulting anybody. That bulletin established installation charges based on the amount of money a subscriber is to pay for the telephone service he orders. The rates are \$5 for installing a telephone on which the charge is to be \$2 per month or less, \$10 where the charge is to be \$4 per month, and \$15 on telephones on which the monthly charge is to be \$10 or more. The installation charge will be imposed only on subscribers who are ordering telephones for the first time. It would not be surprising, however, if it were imposed on those who are forced to change the location of their telephones. The Postmaster-General ordered the imposition of these charges without consulting any representative of any state commission. Director-General McAdoo ignored the state authorities, but he had many consultations with his advisers who, at that time, were all former employees of the railroads. No shipper was even told unqualifiedly that consideration was being given to the question of advanced rates. Users of telephones were equally unadvised as to what the Postmaster-General was thinking about. Some of them may have had their telephones temporarily disconnected and the installation charge may be imposed on them when they ask for a restoration of service. The inference is that the Postmaster-General desires to discourage any increase in the use of the telephone, though if a person really needs a telephone, it is felt, an installation charge of even \$15 will not prevent the placing of the order. This imposition of an installation charge has the indirect effect of increasing the rates prescribed by the local authorities and of doing so without giving any attention to the state statutes. The imposition is to be made by corporations. The states do not know of any law authorizing the official placed in charge of the operation of the wires to establish rates. The statute is silent on the subject. Before this war the rule was that an official pretending to perform any act must show his authority. Burleson cannot show anything of that kind, nor can any telephone corporation. If the courts were inclined to regard any rule as binding on any federal official during the war, the chances are that a challenge of the lawfulness of the installation charge would bring an opinion to the effect that it was without authority in law.

McAdoo's Views on Dividends.—The inference has been drawn that because Director-General McAdoo would not promise dividends there may be some railroad stockholders who will not receive any because it will be the Director-General's opinion that dividends heretofore paid have been "improvident." That word was used by the Director-General in explaining why he promised to keep his hands off the "just compensation" to be paid for the use of the property of the railroad companies to the extent that he would not impair that "just compensation" so as to imperil the payment of interest, contributions to sinking funds, and other so-called fixed charges, but refused to make that promise in regard to dividends. The stockholders are wondering if he has authority to judge of the quality of the acts of the corporation officers in other years. The point is made that dividends were declared and no state officer charged with the duty of seeing that the laws against fictitious dividends made objection.

In other words, the dividends were legal when declared and paid, but now, indirectly, an officer of the federal government, without clear authority, they think, proposes to say that some dividends were paid without having been earned. Usually when a lessee takes a piece of property and agrees to maintain it, he takes it with knowledge that it has not been kept in as good repair as he would have kept it had it been his, but that does not give him authority to hold out on the rent to bring it up to the condition that meets his idea as to what would have been proper before he leased the property. Courts, in time of war, are not ever present helps in time of trouble of that kind, if it is trouble.

Charges Against Just Compensation.—There has been considerable discussion, heated at times, as to the rights of the railroad stockholders, legal and equitable. For years the railroad stockholder has been the favorite punching bag of a certain kind of patriots. That element seems to hold that if the government can take a man and compel him to lose his life by going into the trenches, it is certainly monstrous to weep over the possibility of that same government depriving a stockholder of his dividends. The other view is that when the country asks the citizen to go into the trenches, it does not say to him that it may take a notion to shoot him or stab him in the back. The risk of death comes entirely from the enemy. It is the German who takes the lives of American citizens. The argument, it has been suggested, would be fine if the possible loss of dividends were to come from acts of the public enemy. If the Germans came over and so damaged a railroad as to make it impossible for that road to earn enough to pay dividends, the rule would be that that is the misfortune of the owners of that property. No government or insurance company is liable in damages for what the public enemy does. But, it has been asked, would Director-General McAdoo be the public enemy if he decided, for instance, that the New York Central had so long deferred proper maintenance that he really had to spend every cent it took in to bring it up to a condition for safe operation? Suppose he decided to make an extension or an improvement which the officers of the company, years ago, had condemned as not worth what it would cost. Should that be a wrong without a remedy? In another form, the two questions have been combined into a single query as to whether there should be no check on the Director-General, except what he cared to impose on himself, in the charges he makes against that "just compensation" the government is to pay to the owners of the railroads.

Railroad and Wire Company Stockholders Compared.—Railroad stockholders really have no reason to complain, they will find, if they compare their own with the case of the stockholders in the telegraph and telephone companies. The resolution under which the property of the latter was taken gives them no assurance of any kind of compensation beyond what the Postmaster-General may think is fair. The largest company has been paying eight per cent on its stock. In view of the fact that the government is paying only a shade over four per cent for the money it borrows on bonds, Mr. Burleson may conclude that that amount, plus enough to pay taxes on the income that may be derived, will be enough for the owners of telephone stock. He might figure that at 5.5 or possibly 6 per cent. If an offer of that much were made, the court of claims would be open for those who think it would not be enough, but getting into any court, with the government on the other side, is a tedious and expensive business. Unless the litigant has a long pocketbook he goes broke before the court can possibly decide. Besides, the whole claim of a company or coterie of stockholders must be put in at one time. How could a telephone company know, until after the government surrendered its property, what claim to present? That may be years hence. Most stockholders need their money every six months. They could not wait until the end of the war and then until the court of claims passed on the case. All this discussion that is taking place is on the assumption that Mr. Burleson will be no more liberal than Mr. McAdoo. Those who think they know him believe he will not be so liberal. Some day, of course, the courts will do justice.

A. E. H.

Consolidated Classification Hearings

Rule No. 10, as Proposed, Continues to Meet Opposition in the South—The Hearing at Ft. Worth, Texas—Denver Hearing Finished

(By a Staff Correspondent)

Denver, Colo., Sept. 6. The hearing here closed to-day. It was what might be termed a sweet day. Honey and sugar were the commodities considered and one of the witnesses was a young woman.

Mrs. Hilma Carson, representing the Colorado Honey Producers' Association, and L. W. Thorpe, representing the Montana State Beekeepers' Association, protested against the increase from fourth to second class on strained honey in Western Classification.

Caldwell Martin, for the Great Western Sugar Company, filed a formal protest against the proposed change in classification of sugar shipped in single bags, L. C. L., and the establishment of a differential in freight rates between sugar in double bags and in single bags, L. C. L., as proposed in Western and Official territories. His witnesses were Traffic Manager E. R. Griffin and Purchasing Agent H. J. Miller.

The protest was joined in by the American Beet Sugar Company and the Holly Sugar Corporation.

After a long discussion as to the merit of the cotton bag as a shipping container, Examiner Disque appointed Mr. Miller a committee of one to confer with the carriers on a description of a cotton bag that would keep out the lighter and cheaper bags, but that might make it possible to retain the present ratings, at least until after the war.

Following is the protest filed by the Great Western Sugar Company:

"First—That the single cotton baggings now and heretofore used by the Great Western Sugar Company as containers for sugar (36-inch-2.85 yards sheeting) are of sufficient and adequate strength to contain and carry safely one hundred pounds of sugar in L. C. L. shipments.

"Second—That, by reason of war conditions, resulting in delays and uncertainties in foreign shipping, the Great Western Sugar Company has been forced to anticipate and to provide many months in advance for materials for containers for sugar manufactured by said company, by reason whereof said company now has on hand material for single cotton bags, already manufactured or in process of manufacture, aggregating one million three hundred thousand bags, which material was acquired by said company in anticipation of the requirements of the company and at periods when burlap or other bagging material in requisite amounts and dimensions could not be obtained by said company.

"Third—That the use of single cotton containers by sugar manufacturers should be fostered and encouraged by the federal Railroad Administration and by all carriers inasmuch as the use of such containers tends to the conservation of bagging materials, to lower the cost of sugar to the ultimate consumer, to promote the consumption of products grown in the United States, and to lessen and decrease the requirements of foreign shipping.

"Fourth—That the use of single-bag containers of similar or lighter material is permitted for commodities of similar character in L. C. L. shipments.

"Fifth—That the loss and damage, if any, of sugar shipped in single-bag containers is due primarily to intensive loading, defective equipment and inefficient freight handlers employed by carriers.

"Sixth—That the proposed change in classification of sugar in single bags in L. C. L. shipments will result in an increased transportation cost to the extent represented by the increase between third and fourth class ratings which will amount to from 16% per cent to 33 per cent increase over the shipping of the same sugar in double bags.

"Seventh—That the increase in freight rates provided by General Order No. 28 on all shipments of sugar is adequate and sufficient to compensate the federal Railroad Administration and the carriers for any alleged hazard incident to the transportation of sugar in L. C. L. shipments of sugar in single bags without the necessity for the creation of a higher rate for L. C. L. shipments of

sugar in single-bag containers, than in similar shipment in double bags.

"Eighth—That under the order of the Director-General of Railroads providing for the consolidated classification embracing the Southern, Official and Western classifications in one, it was contemplated and directed that such consolidation should be made upon the basis of the existing classifications and that said order was made solely for the purpose of expediting and facilitating the transportation of freight and the saving of expense incident thereto through the elimination of rebilling, and said order of the Director-General of Railroads in no wise contemplated or authorized any change in existing classifications.

"Ninth—That there have been no complaints made to the Great Western Sugar Company against the shipment of sugar in single-bag containers in L. C. L. shipments by railroads participating in the transportation of such sugar.

Hearings at Fort Worth.

Fort Worth, Tex.—The Fort Worth hearing on the proposed consolidated classification began at 2 p. m. September 9 in the directors' room of the Chamber of Commerce, with Examiner Disque presiding, the late start being due to the late arrival of the party from Denver.

Those who entered appearances were H. D. Driscoll, representing Waco Chamber of Commerce, Texas Industrial Traffic League, Texas Butter, Egg and Poultry Association and the Texas Nurserymen's Association; G. I. Zimmerman, representing William Cameron & Co., Inc., Waco; H. G. Struble, representing Hale-Halsell Grocer Company and the Oklahoma Wholesale Grocers' Association; Adams Calhoun, representing the Texas Cottonseed Crushers' Association; Roy L. Goebel, Cooper Grocer Company, Waco; S. C. Griffin, Sugar Land Industries, Sugar Land; C. D. Mowen, Arkansas Wholesale Grocer Association and Fort Smith Traffic Bureau; H. S. L. Hornum, Orange Chamber of Commerce; U. S. Pawket, Southwestern Industrial Traffic League, the Texas Industrial Traffic League and the San Antonio Freight Bureau; Charles H. Bland, Beaumont Chamber of Commerce, Rice Millers' Association and the Southern Rice Growers' Association; R. C. Fulbright, Texas Independent Refiners of Lard and Lard Substitutes and the Texas Cottonseed Crushers' Association; W. V. Hardie, Southwestern Industrial Traffic League, Oklahoma Traffic Association; S. H. Cowan and D. B. Pelton, Texas Livestock Shippers' Protective League; C. Hollady, Texas Hardware Jobbers' Association; F. A. Lallier, Galvesto Commercial Association; F. A. Leffingwell, Houston Chamber of Commerce and South Texas Wholesale Grocer Association; E. P. Byars, Fort Worth Chamber of Commerce.

After stating what the hearing was for, Examiner Disque said he supposed most of those present were interested in the proposed rule 10 and he asked Mr. Fyfe to make a statement with reference to that rule. This he did.

W. V. Hardie asked if the rule would only apply to class rates and Mr. Fyfe said the consolidation committee had nothing to do with respect to the classifications being made to apply to commodity tariffs, but he supposed this would sooner or later be done by those issuing the tariffs.

The examiner stated that, due to the docketing of the later hearings, briefs may be filed on or before December 1 and that there will be no reply briefs.

U. S. Pawket, who had been selected to conduct the case in Fort Worth for the shippers, speaking for numerous chambers of commerce as well as for half a dozen individual shippers, desired to enter objection against the application of rule 10 into Texas, Arkansas, Oklahoma and that part of Louisiana lying west of the Mississippi River. He said it would be more to the interest of the people that the mixture rule be too much restricted than too little. He said there was no commercial necessity

(Continued on page 523)



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Decisions of Interstate Commerce Commission

RATES ON SALT

CASE NO. 9586 (51 I. C. C., 21-22)
HENDERLAND BROTHERS COMPANY VS. CHICAGO,
& QUINCY RAILROAD COMPANY ET AL.
Submitted July 19, 1917. Opinion No. 5362.

Rates on salt, in carloads, from Hutchinson, Kan., to certain points in Nebraska not shown to have been or to be unreasonable or otherwise in violation of the act. Complaint dismissed.

DIVISION 3:

Complainant is a corporation dealing in salt and other commodities at Omaha, Nebr. By complaint, filed March 27, 1917, it alleges that defendants' rates on certain carloads of salt shipped from Hutchinson, Kans., to various points in Nebraska between October 19, 1914, and October 9, 1916, were unreasonable to the extent that they exceeded the aggregates of the intermediate rates. It seeks reparation and the establishment of reasonable rates for the future. The claim was filed with the Commission informally May 26, 1916. Rates are stated in cents per 100 pounds.

The following statement shows the details of the shipments, together with the combinations of intermediate rates claimed:

Destination	Carloads	Routes	Rates charged Cents	Combination rates claimed Cents
Beemer	3	C. R. I. & P. Ry., Lincoln, Neb.; C. & N. W. Ry., do.	21½	21
Clarkson	2	do.	21½	21
Creston	1	do.	23	21
Dodge	1	C. R. I. & P. Ry., C. & N. W. Ry., do.	23	21
Hooper	1	C. R. I. & P. Ry., St. Joseph, Mo.; C. B. & Q. R. R., Fremont, Neb.; C. & N. W. Ry., do.	24	20
Leigh	2	C. R. I. & P. Ry., Lincoln, Neb.; C. & N. W. Ry., do.	22	21
Lindsay	1	do.	24	23
Mullen	1	C. R. I. & P. Ry., St. Joseph, Mo.; C. B. & Q. R. R., do.	37½	35
Newmans Grove	11	C. R. I. & P. Ry., Lincoln, Neb.; C. & N. W. Ry., do.	25	23
Plainview	2	do.	23½	23
Snyder	1	do.	21½	20
Stanton	2	do.	23½	21
West Point	1	do.	21½	21

The rates applied were joint commodity rates, except on the shipment to Hooper, which was diverted by complainant over the route traversed and to which a combination rate of 24 cents, composed of specific commodity rates of 15 cents to Fremont and 9 cents beyond, was properly applied. The combination rate claimed on that shipment is composed of the 15-cent rate to Fremont and a distance commodity rate of 5 cents, in effect at the time the shipment moved, beyond. But there was contemporaneously in effect from Fremont to Hooper a specific commodity rate of 9 cents, which would take precedence over the 5-cent rate if the joint rate were canceled.

Salt, in carloads, is rated class C in the western classification, which governs. The claimed combination rates on other than the Hooper shipment are made up of a commodity rate of 12 cents to Lincoln and the following class C rates beyond: To Snyder, 8 cents; to Beemer, Clarkson, Creston, Dodge, Leigh, Stanton, and West Point, 9 cents; to Lindsay, 10 cents; to Newmans Grove and Plainview, 11 cents; and to Mullen, 23 cents. These intermediate rates were in effect at the time the shipments moved, but while there were no specific commodity rates beyond Lincoln, there were commodity distance rates, which, in combination with the rate of 12 cents to that junction, resulted in rates equal to or higher than those assailed. In the absence of specific through rates or a prescribed method of constructing combination rates, the commodity distance rates would have taken precedence over the class rates in the construction of through rates. The class rates to the points on the Chicago & North Western have since been increased so that in combination with the 12-cent rate to Lincoln they also would result in through rates higher than those assailed.

The Chicago, Burlington & Quincy admitted that the rate charged on the shipment to Mullen was unreasonable to the extent that it exceeded the claimed combination rate and is willing to make reparation. It testified that the carriers have under consideration the adjustment of rates on salt from Kansas producing points to stations in Nebraska so that they will not exceed the lowest combinations on recognized basing points. The admission of the carrier is not conclusive as to the reasonableness of a rate.

We find that the rates assailed are not shown to have been or to be unreasonable or otherwise in violation of the act. An order dismissing the complaint will be entered.

CHARGES ON SULPHURIC ACID

CASE NO. 9981 (51 I. C. C., 11-14)
GEORGE C. HOLT AND BENJAMIN B. ODELL, AS RECEIVERS OF AETNA EXPLOSIVES COMPANY, VS. ALABAMA GREAT SOUTHERN RAILROAD COMPANY ET AL.
Submitted June 20, 1918. Opinion No. 5359.

Charges assessed on certain shipments of sulphuric acid, in tank cars, from points of production in the southeast to Emporium, Sinnemahoning, Mount Union, and Oakdale, Pa., found to have been unreasonable. Reparation awarded.

Division 3, Commissioners Harlan, Hall and Anderson. The complainant in this proceeding, filed Nov. 24, 1917, by the receivers of the Aetna Explosives Company, a corporation engaged in the manufacture of explosives, alleges that unjust and unreasonable rates were charged on certain shipments of sulphuric acid, in tank cars, forwarded between November, 1915, and March, 1916, from points of production in Alabama, Georgia, Mississippi and South Carolina to Emporium, Sinnemahoning, Mount Union and Oakdale, Pa. Reparation is asked, based on rates which

were established shortly after the shipments had moved.

Sulphuric acid is produced at various points in the southeast, where prior to the European war its principal use was in the manufacture of fertilizer. When the war broke out and the supply of acid manufactured north of the Potomac and Ohio rivers became inadequate to meet the increased demand by manufacturers of munitions, the Aetna Explosives Company contracted to purchase a large quantity in Atlanta, Ga., and other points in the southeast at a price of \$22 per net ton f. o. b. point of shipment. At that time there were no through commodity rates from the southern producing points to points in Central Freight Association and Trunk Line territories. The through sixth class rates were applicable on shipments moving via the Virginia cities gateways, and the sixth class rates to the Ohio River, and proportional rates beyond on traffic routed via Ohio River crossings. The rates applicable from the Ohio River to Emporium, Sinnemahoning and Mount Union, points in Trunk Line territory, were the fifth class proportional rates from Cincinnati, O., and to Oakdale, a point in Central Freight Association territory, 90 per cent of the fifth class proportional rate from Cincinnati.

The class rate adjustment was unsatisfactory to the complainants, and application was therefore made for the establishment of joint through commodity rates on a substantially lower basis. Accordingly, a distance scale was constructed over the southern lines based on the rates prescribed in International Agricultural Corporation vs. L. & N. R. R. Co., 22 I. C. C., 488 (The Traffic World, March 2, 1912, p. 401), for the movement of sulphuric acid from Copper Hill, Tenn., to southeastern points, and effective Jan. 10, 1916, and March 2, 1916, through rates were published predicated on this distance scale to the Virginia cities or Ohio River crossings, plus the northern lines' sixth class specifics from Richmond, Va., or fifth class proportional rates from Cincinnati. The combination which produced the lowest rate was made applicable via either the Virginia cities or Cincinnati.

Before these commodity rates became effective, a number of shipments were made. There seems to have been much uncertainty on the part of the carriers as to what rates were properly applicable, as in many instances different rates were charged for the movement between the same points over the same route. Frequently the rates charged exceeded the tariff rates then in force. The following table, taken principally from exhibits filed by the complainants, shows the distances over the routes of movement, the maximum and minimum rates charged, the tariff rates then in effect, those subsequently established, and rates based on the distance scale of the southern lines extended to include the points of destination:

TO EMPORIUM.

From—	Miles.	Rates charged.	Tariff rate.	Subsequent rate.	Scale rate.
Atlanta, Ga.	*980	\$11.00 8.28	\$11.00	\$6.96	\$6.10
Athens, Ga.	*933	13.40	11.00	6.90	5.85
Valdosta, Ga.	*1,087	11.46 10.40	10.40	7.60	6.55
Troy, Ala.	*1,223	14.68 13.40	13.40	7.76	7.25
Troy, Ala.	*1,268	17.06 11.68	13.40	7.76	7.45
Roanoke, Ala.	*1,120	13.80	12.60	7.66	6.70
Gulfport, Miss.	*1,340	20.26 11.26	11.26	8.56	7.80
Meridian, Miss.	*1,141	20.26 10.00	9.80	7.76	6.85

TO SINNEMAHONING.

Atlanta, Ga.	*1,016	\$ 8.46	\$11.00	\$7.10	\$6.20
Montgomery, Ala.	*1,214	13.60	10.20	8.00	7.20

TO MOUNT UNION.

Meridian, Miss.	*1,103	\$20.26	\$ 9.20	\$8.60	\$6.65
Hattiesburg, Miss.	*987	20.26	15.16	9.06	6.10

TO OAKDALE.

Atlanta, Ga.	*773	\$ 7.20	\$ 7.20	\$5.70	\$5.00
Hattiesburg, Miss.	*1,026	13.00 11.00	13.00	6.90	6.25
Talladega, Ala.	*971	12.80 11.60	11.40	5.90	6.10
Charleston, S. C.	*992	9.20	8.18	6.10	6.10

*Via Ohio River crossings.
†Via Virginia cities.

The complainants do not ask the establishment of or claim reparation upon the rates based on the southern lines' distance scales. It is their contention, however,

that the scale rates may properly be used to measure the unreasonableness of the rates which were charged and the reasonableness of the rates subsequently established. It will be observed that in almost every instance the published through rates are higher than the rates produced by the application of the distance scale from point of origin to destination.

Joint rates on sulphuric acid from New Orleans, La. to the destinations herein involved were considered by the Commission in Sulphuric Acid From New Orleans, La., 42 I. C. C., 200 (The Traffic World, Dec. 30, 1916, p. 1361), decided Dec. 5, 1916. The rates then in effect from New Orleans were the fifth class rates governed by the Official Classification, although in the Southern Classification sulphuric acid is rated sixth class. The carrier respondent in that proceeding undertook to revise the rates from New Orleans by publishing through commodity rates based on the southern lines' distance scale to the Virginia cities or the Ohio River and the sixth class specifics or fifth class proportional rates beyond. Under this revision the rates to Emporium, Sinnemahoning and Mount Union would have been increased. These increased rates, however, were found not to have been justified. Under the proposed basis the rate to Oakdale was reduced from \$9.40 per net ton to \$7.30, which the carriers were authorized to publish. The rates then in effect from New Orleans, which are also the present rates, the proposed rates, and the distances to the four points involved in this proceeding are shown for comparative purposes in the following table. Sulphuric acid does not move by

From New Orleans to—	Miles.	Rates in effect.	Rate proposed.
Emporium	1,339	\$8.00	\$8.50
Sinnemahoning	1,323	8.00	8.30
Mount Union	1,306	8.00	9.10
Oakdale	1,132	9.40	7.30

water, and therefore a comparison can properly be made between the rates from New Orleans and those from other points of origin in the south.

The rates charged for the movement of acid from the points of origin involved in this case were materially higher than the rates found to be unreasonable for the longer hauls from New Orleans, and no effort was made to justify them. The southern lines were not represented at the hearing and the evidence offered on behalf of the northern lines related particularly to the method of apportioning the revenue north and south of the gateways.

The Commission should find from the record that the rates in issue were unreasonable, as alleged, and when details of the shipments have been prepared by the complainants and verified by the defendants, an order should be entered awarding reparation to the extent of the difference between the charges paid and the charges that would have accrued under the rates which were made effective Jan. 10, 1916, or March 2, 1916. No order for the future is necessary.

ANDERSON, Commissioner:

The foregoing is the report proposed by the examiner which was served upon the parties. No exceptions thereto were filed. Upon consideration of the record we adopt the report and findings proposed by the examiner as the report and findings of the Commission.

By the Commission.

RATES ON POTATOES

CASE NO. 9801 (51 I. C. C., 15-17)
LOVELAND & HINYAN COMPANY VS. DELAWARE & HUDSON COMPANY ET AL.

Submitted March 7, 1918. Opinion No. 5360.

Rates for the transportation of carload shipments of potatoes from certain points in Iowa to Pittsburgh, Scranton, and Wilkes-Barre, Pa., in October, 1915, found to have been unreasonable, and reparation awarded.

HALL, Commissioner:

Complainant seeks reparation on 18 carload shipments of potatoes which moved in October, 1915, from points in Iowa to Pittsburgh, Scranton, and Wilkes-Barre, Pa., alleging in its complain filed August 3, 1917, that the rates charged, ranging from 33 to 45.5 cents per 100 pounds, were unreasonable, unjustly discriminatory, and unduly prejudicial. These were combinations of the class C rates,

governed by the western classification, to the Mississippi river, and the fifth-class rates, governed by the official classification, beyond. Rates are stated in cents per 100 pounds. Reparation is asked to the basis of 26.3 on the shipments to Pittsburgh, and 36.5 on those to Scranton and Wilkes-Barre, applying from St. Paul. The latter are commodity rates, made with reference to rates from points in Wisconsin, and were established from these points April 1, 1917. Informal complaint was filed with the Commission in August, 1916.

The points of origin, Berlin and Gladbrook on the Chicago Great Western; Dike and Stout on the Chicago & North Western; and Holland, Wellsburg, and Grundy Center on the Chicago, Rock Island & Pacific, are from 10 to 249 miles south of St. Paul and in the same general locality, Berlin and Gladbrook being in Tama county and the other points in Grundy county, which adjoins. They are all adjoining stations on the respective lines. Gladbrook is also on the North Western.

These three defendants operate lines south and east from St. Paul to Chicago through this part of Iowa, but none of the points of origin is directly between St. Paul and Chicago over used routes as determined by waybill instructions. The routing of traffic from St. Paul through Berlin and Gladbrook by the Chicago Great Western would require a useless haul to those stations from between and then back to Oelwein, aggregating 103 miles and 115 miles, respectively. The St. Paul route of the Rock Island is through Manly, Waterloo, and Vinton, and through Manly, Iowa Falls, and Vinton, between the latter two of which are Wellsburg, Holland, and Grundy Center. The latter route is 25 miles longer than the other. The route of the North Western is not south through Blue Earth and Belle Plaine, between which are Dike and Stout but southeast through Eau Claire and Madison, or east through Eau Claire, Wyeville, and Milwaukee. The defendants therefore contend that an immediate clause in the tariff then effective, on which the reliance is placed by the complainant, did not apply. After this clause the rate from a point not indexed in the tariff and between two points from which rates were published, was the rate from the next more distant station. The complainant bases its contention in this respect on the fact that the tariff did not provide that the rate must be "directly" between the other points. Examination of the tariff discloses that application of the rates from St. Paul was not thereby limited to the shorter rates indicated in the waybill instructions.

From correspondence in the informal proceedings it appears that the complainant sought, shortly before these shipments moved, to have the St. Paul basis established on these points, under authority of rule 77 of our tariff manual, which provides for the establishment of rates on intermediate points not higher than from farther distant points, upon one day's notice. The defendants state that such a request could not have been granted because, first, the points were not directly intermediate over used routes, and, second, the rule 77 clause, while the tariff naming rates to central freight association territory, was not in the tariff naming rates to trunk line territory, which embraces the points of destination.

The following is a comparison of distances over the direct routes from St. Paul with those via the routes of movement from these points to Chicago:

G. W.	Miles	C. R. I. & P.	Miles	C. & N. W.	Miles
St. Paul	425	St. Paul	402	St. Paul	406
Berlin	297	Wellsburg	336	Dike	361
Gladbrook	303	Holland	329	Stout	367
		Grundy Center	325	Gladbrook	288

The rates to Chicago from Lake Crystal, Minn., on the North Western, 96 miles south of St. Paul, 153 miles north of Lake, and 146 miles north of Stout, are 2 cents higher than from St. Paul. The route from Lake Crystal to Chicago is north, east, and southeast through Mantwa, Winona, Wyeville, and Milwaukee, and not south through Dike and Stout. The distance from Lake Crystal to Chicago by way of Wyeville is 460 miles.

It appears that from January, 1899, to February, 1913, the St. Paul basis of rates was applicable from Berlin and Gladbrook, on the Chicago Great Western, to points in central freight association territory, and that this basis was canceled because for a long time there had been no change made of the rates. Whether the St. Paul basis also applied from Berlin and Gladbrook to points in trunk

line territory during the period noted does not clearly appear from the record. For complainant it was testified that, due principally to the absence of suitable through rates, Iowa potatoes were not shipped east, although potatoes were and are grown in substantial quantities in this part of Iowa and shipped, in other directions, in competition with St. Paul.

For defendants it was testified that the St. Paul basis was subsequently established from all of these points because their attention had been called to the demand for the rates, and because certain of the western lines, including the Minneapolis & St. Louis, which reaches the east through the Peoria gateway, proposed to maintain rates from their intermediate Iowa territory no higher than from St. Paul. The defendants further state that they would probably have reduced these rates sooner had they been requested. The Minneapolis & St. Louis does not serve the points here considered, but does serve Iowa points to the west of them.

We are of the opinion and find that the rates charged were unreasonable to the extent that they exceeded the subsequently established rates of 26.3 cents to Pittsburgh and 36.5 cents to Scranton and Wilkes-Barre; that complainant made the shipments as described and paid and bore the charges thereon; that it has been damaged to the extent of the difference between the charges paid and those that would have accrued at the rates herein found reasonable and that it is entitled to reparation, with interest. Complainant should prepare a statement showing the details of the shipments in accordance with rule V of the Rules of Practice, also specifying the date on which the charges were paid, which statement should be submitted to defendants for verification. Upon receipt of a statement so prepared and verified we will consider the entry of an order awarding reparation.

By the Commission, Division 3.

CLASSIFICATION HEARINGS

(Continued from page 520)

In the southwest for rule 10 and he felt that its application would prove calamitous unless, at the same time, there was a change in the entire rate fabric so as properly to protect the industries of the southwest.

C. B. Mowen of the Fort Smith Traffic Bureau, representing also the Fort Smith Wholesale Grocers' Association, the first witness for the shippers, said he was presuming that the classification ratings would be provided for by the carriers as applicable to the commodity tariffs in moving carload traffic. He filed an exhibit to show that distant shippers could, under the proposed rule, ship all the articles listed in article 3125 of Leland's Southwestern Lines' Tariff, as well as numerous others at fifth class and taking from Chicago a rate of 64,000 at 36 cents, thus depriving local jobbers of this trade. He said he was opposed to any change at this time with respect to a mixture rule.

Mr. Collier said that all over the country there were different mixing rules and he wanted to know what should be done to meet the demand for uniformity. Mr. Mowen said he was favorable to uniformity in so far as it was possible, but he was not in favor of any change in the mixing rule in the southwest.

F. A. Leffingwell, assistant manager, Houston Chamber of Commerce, said the people he represented were not so much interested in rule 10 from a transportation revenue standpoint, but they were interested from the standpoint of the Houston jobbers. On steel pulleys, carload, to Houston from Oneida, N. Y., there is now in effect a rate of 68 cents and to Oklahoma City of 1.40, or a total of 2.08. To St. Louis there is a rate of .44 and from St. Louis to Oklahoma City one of 1.62½, or a total of 2.06½, making a difference of but 1½ cents. Using the proposed rule 10, the rate of 1.35½ would apply via Houston and via St. Louis 1.23, or a difference of 11½ cents. Using the rule, Daugherty would be as far north as Houston could sell. It is expected that the rate will be 90 cents from eastern points and when that goes in Thackerville, Okla., he said, would be their limit. Using rule 10 it would be Waxahatchie, Tex., and St. Louis could ship to San Antonio at the same rate as Houston could.

It was developed, however, that the San Antonio man would have to buy in carloads from St. Louis to enable

him to get the same rate, as his L. C. L. rate would be from Houston.

Asked by Mr. Fyfe as to the dry goods mixing rule, he said he was not familiar with it. He said his exhibit was not meant as one simply applying to pulleys, but that the condition would apply on many commodities.

It was also developed by Mr. Collyer that the Oneida rate was via New York and by water.

Clint Hollady, representing the Texas Hardware Jobbers' Association and F. W. Heltman & Co., objected to rule 10 because, in so far as his people are concerned, it would do them much harm and practically no good, he said. He filed an exhibit showing rates on sheet iron, wire nails, bar iron and pipe from Pittsburgh to Louisville, Chicago, St. Louis, Cincinnati, Dallas and Houston to Texas common points, tending to show that under the proposed rule the people at Chicago, Louisville, etc., could come into Texas and take, as he termed it, the cream of the trade.

Speaking of heavy loading, he said that their last 100 cars of pipe averaged 82,601 pounds and the last 100 cars of wire nails averaged 55,451 pounds, while in mixed carloads minimum weights would be much more frequent.

W. V. Hardie, manager, Oklahoma Traffic Association, said his organization consisted of wholesalers, retailers and jobbers, not only in Oklahoma City, but also throughout the state, and that rule 10 would be injurious to the commercial interests of the entire state.

He said that in Official Territory there was a fairly uniform schedule of rates, but that in the west there was nothing like uniformity, so that while rule 10 might be all right in the east it would not be in the west.

He said that in practically every town in Oklahoma of 3,000 population or more there is already a jobber who is buying canned goods in straight carloads and distribution is made by him in such a way as to take care of the retail trade, so it would not be benefited.

Asked by the examiner as to how he would state the rule, Mr. Hardie said he would have it not apply from anywhere to anywhere.

Asked by Mr. Fyfe as to the present furniture mixture, he said that in his judgment the present furniture mixture was too liberal for the present carload rates. He pointed out that in item 1144 of Leland's I. C. C. 1137 C. L. ratings provided in Western classification were stated as not applying to mixtures of the articles named and he thought the southwest might be taken care of.

He showed that under the rule jobbers in Oklahoma City would be at a disadvantage of 17½ cents as against rate breaking points at a distance of only 25 miles from Oklahoma City.

The matter of exceptions to the different classifications having been brought up, the classification men said the matter of exceptions was a bridge a long way off and that it had not been at all considered in the making of the consolidated classification.

Mr. Fyfe said he felt that sauerkraut, whether in cans or in barrels, should be permitted in the canned goods mixture and that fruits, vegetables, preserves and condiments were also a proper mixture—more so than canned meats, ordered back by the Commission, or than canned fruits and fish as now provided. He said the Chicago grocers did not want to ship coffee, rice or soap as a part of their mixed carloads.

H. G. Struble, representing Hale-Halsell Grocery Company and the Oklahoma Wholesale Grocers' Association, said the association embraced all the wholesale grocers in Oklahoma except one, and that it protested the rule; that the rule would mean loss of revenue to the carriers which would have to be made up by increases in rates and that its advantage would only accrue to rate breaking points. He would have the rule restricted to apply to the commodities produced by one first-hand dealer.

He had no rule to propose as to how mixing should be based.

Asked by Mr. Fyfe as to whether or not starch and glucose should be mixed throughout the entire country, Mr. Struble said he was not in position to say.

At the second day's hearing, September 10, Roy L. Goebel of the Cooper Grocery Company of Waco, the first witness, stated that his company had an investment of over a million dollars in central Texas and that it was afraid of the consolidated carload handlers, such as dray lines and freight forwarders. He said that because of the higher basis of rates to Waco the proposed rule 10

would accentuate the discrimination shown in the previously introduced testimony of Houston interests. His competition now is with Chicago wholesalers and he felt that putting in the rule would not only make this stronger but that it would open up the field to others to the detriment of the Cooper Grocery Company.

F. A. Lallier, representing the Galveston Commercial Association, said he had been with the Houston and the Galveston Commercial Associations for three years and that much of this time he had been fighting attempts to broaden the number of mixtures. He said that both their outbound carload and less-than-carload rates were relatively very high as compared with the rates into the same territory from St. Louis, Kansas City and Chicago.

Rule 26 in the old Texas classification had been used mostly by the freight forwarding companies and he said that in talking with one of the principal forwarders in Galveston the latter had stated that he was opposed to it, as it would result in concentration at New York and Philadelphia instead of at Galveston.

He felt that there were now too many specific mixtures provided in the present commodity tariffs. He suggested that rule 10 might be made to read that it would not apply locally west of the Mississippi River or in connection with through rates between points within that territory; or, to put it another way, to matter subject to Western Classification. He was not interested in the overlapping situation lying north of the C. & A. concerning which the classification men wanted his views as to the proper adjustment under his proposal. He did not think it possible to make a uniform classification and he felt that non-uniformity was more desirable than the disrupting of the business. He said the bracketed items might easily be restored without violating uniformity. Mr. Collyer asked him if he knew that a uniform classification rested on uniform rules, uniform description of articles and uniform minimum weights, and he said his people had not asked for a uniform classification, even though it might have been asked for by the Texas delegation in Congress.

He was not in favor even of a consolidated classification if it meant uniform rules, of which rule 10 would be one.

At this point there was a discussion by Mr. Colquitt, Mr. Fyfe, Mr. Collyer and others as to the relative importance of the different sections of the country as to the help or harm from putting in rule 10.

The witness said he did not want to be understood as being in favor of giving St. Louis the dry goods mixture and he would rather see it canceled at Galveston than to have it extended.

W. E. Edgar, representing McLendon Hardware Co. of Waco, said he felt that the rule would work to the detriment of Texas jobbers who had built up their business through the years, were paying taxes, and were investing large sums of money in their various establishments, as well as carrying the retailers' accounts.

His keenest competition now is from St. Louis and if rule 10 were put in his competition from this and other rate breaking points would be such that his competitors would take the cream of the trade, he said.

B. A. Richardson, secretary-treasurer, Moroney Hardware Company, Dallas, said that Louisville, being the point which gave the lowest combination into north Texas, was the point that would be most benefited by the proposed rule, having an advantage of approximately 25 cents per hundred to points 250 miles west, southwest or southeast of Dallas.

He said that for the last two years all of their orders to the factories had been to load cars to visible capacity and that they would be favorable to reasonably high minimums.

Joe McConnell, of the Peden Iron and Steel Company of Houston, said he was opposed to the rule, as it would restrict the business to emergency orders. His company has a branch at San Antonio and under the old Texas classification used rule 26 advantageously, but it had raised no objection to its cancellation. He was in favor of high minimums, but he, perhaps, would not be if he only had a small warehouse or a small wholesale business.

E. P. Byars, secretary-traffic manager, Fort Worth Freight Bureau, said the Fort Worth people were already at a disadvantage. He said they had a carload rate on agricultural implements of 95 cents from St. Louis and a

rate to Weatherford of 27½, a total of 1.22½, while St. Louis could ship L. C. L. for 1.30, and going any further away from Fort Worth than Weatherford the spread between their carload rate and the St. Louis L. C. L. rate would be wiped out.

On oil well supplies from Pittsburgh billing to St. Louis and rebilling to certain Texas points the rate is 8 cents less than through and to others 10.

If the rule applied to commodity tariffs a rate on coffee of 88c with a 30,000-pound minimum, on fruit jars of 94c with a 28,000 one, on lamp chimneys of 94c with a 12,000 one, on writing paper of 87½c with a 36,000 one, and on agricultural implements of 95c with a 24,000, would be available to the people at St. Louis, and he felt that they were already under enough handicap without adding this rule, and he also felt that in a general way mixing should be restricted to the line manufactured by one industry and handled by one line of jobbers.

Mr. Mowen, on being called to the stand, said that in view of there now being certain specific mixtures provided for—namely, among other examples, one in item No. 367, page 289, oil well supplies—it would be a simple matter to provide for others and for the inclusion of rule 10 and simply to provide that it should not apply in Western Classification territory.

Asked what he would do with the articles in the iron and steel mixture, he said provision could be made for them.

Mr. Fyfe wanted to know how he would meet the varying mixture provisions in the west, and he said he would not do it by putting in rule 10, which was not wanted in the west.

Mr. Collyer explained again at length that the effort of the uniform and consolidated committees had come as the result of a public demand and on the demand of the Commission and of the Railroad Administration and that the proposed consolidated classification was four-fifths a uniform one and that the logical step after the consolidated classification went in would seem to be the making of a uniform one, but that he, of course, had no control of that matter.

O. G. Houston, representing Francis H. Leggett & Co., New York, said he had represented various wholesale grocers in Texas for twenty years. He said he sold preserves, jams, jellies, olives, teas and spices, not more than five per cent of his firm's business being carload, its shipments being made L. C. L. directly from New York, using mostly the water route via Galveston, but it did use the all-rail route.

It buys ketchup at Toledo and Elwood, Ind., and ships to New York and then ships to Texas; California fruits in California, breakfast foods in Michigan and Nebraska, salmon in Oregon and pineapple in the Hawaiian Islands and ships them the same way.

He said it was favorable to the rule, but he did not think it would hurt the jobbers, the business his company would get being of a character not usually handled by the local jobbers.

He felt that the table sauces, chili sauce, etc., should be permitted in the grocery list and he would permit any mixture from soup to nuts within the various lines of industry. He believed the retailer would profit by the rule.

The question of the interests of retailers in rule 10 having been raised, Examiner Dague said that he had heard of no witness thus far who had consulted with them, but several traffic men said they represented organizations of retailers and that as such they desired to say their retailers did not ask for the rule.

S. C. McCurdy, representing the San Antonio Portland Cement Company, the Texas Portland Cement Company, Dallas, and the Trinity Portland Cement Company, Dallas, said that by the change in the rating on returned cement bags the cost of their return, the average movement in Texas being about 150 miles and the rate averaging a hundred cents and adding the 35 per cent increase and doubling the rating, would affect both the consumer and the producer, restricting the movement, and depriving the latter of an absolutely necessary commodity. He said that even then 50 per cent of their bags are returned and that a difference of 30 cents, or a raise from 20 cents to 50 cents would reduce this movement, and the bags are necessary.

Mr. Fyfe said the carriers had been trying for years

to get away from the returned carrier rating, and that in neither of the other territories was there a returned carrier rating as low as one-half of fourth class, and that in view of the Commission having ruled that the returned package rate should bear no relationship to the outbound goods movement and the rate on these bags being exceedingly low, it had been considered proper thus to increase it. He suggested a higher charge to the cement purchaser for the bags as being a solution, and Mr. McCurdy said that would not work.

S. C. Griffin of the Sugar Land Industries, Sugar Land, Tex., in speaking of item 2, page 177, mattresses, said it had been exceedingly difficult to obtain burlap for the purpose of wrapping mattresses and the cost, just of the burlapping, amounted to 65 cents. He wanted a rating of first class, L. C. L., in Western territory on them double wrapped in paper, the same as when also wrapped in burlap.

He was in favor of a uniform classification, and the only difference in shipping conditions, he argued, was the small additional liability to damage. That certainly was not enough to warrant the 50 per cent penalty, he said.

Clint Hollody objected to the elimination of Western Classification rule 39, which provides that rates on articles made of iron shall also apply on articles made of steel. Mr. Fyfe said that had been taken from the rules and put into all of the iron and steel descriptions, and Mr. Hollody said that would not take care of the items in certain commodity tariffs.

F. A. Lallier objected to paragraph 2, rule 29, which provides for a minimum of 7,500 pounds per car when two or more are used in a shipment of L. C. L. freight which is too long to be loaded upon one car.

He did not see why a minimum of 7,500 pounds per car should be used as a minimum when only 4,000 pounds was used as the minimum on the single car, and Mr. Fyfe spoke of the increased cost of handling two loads, the greater risk, the return of the car coupling chains and the general undesirability of such traffic.

Mr. Fyfe said that, so far as he saw it, the only chance of uniformity in this rule would be to adopt the 7,500-pound minimum on these twin load L. C. L. shipments.

With respect to section 3 of rule 27, Mr. Collyer stated that in substance it was put in at the request of the Bureau of Safety of the Railroad Administration.

Various witnesses thought it should be made to read M. C. B. rules on the carriers' printed rules and not be left to the rule made on the spur of the moment to meet the idea of some superintendent or station agent.

Mr. Mowen objected to the omission from rule 34, section 6, any minimum for cars less than 36 feet 6 inches in length. It was stated that in the west the effect would be to take from the shipper the right to order a car of less than 36 feet 6 inches.

At the third and last day's hearing at Ft. Worth, Sept. 11, the first witness desired to be heard on item 17, page 99, the marking rule as applied to shipments of brick, L. C. L. Mr. Fyfe said it would be out of order to question this rule, as it was put in the classification on the direct order of the Director-General, so it was passed.

Mr. Leffingwell, again taking the stand, filed an exhibit on section 12 of Rule 29, showing the heavy increase, and he said that while they would prefer the application of the present official rule in Texas, which Mr. Collyer had stated was higher than the rule proposed, they would, of course, much prefer to have the present situation in Western territory stand. The exhibit showed an increase on twin loads ranging from 25.20 to 53.75 on a 25-mile haul to from 51.60 to 96.75 on a 100-mile one, and from 99.20 to 186.00 on a 375-mile one.

H. D. Dorsey, secretary-treasurer of the Texas Grain Dealers' Association for the past seventeen years, spoke on paragraph B of section 1 and paragraph C of section 1 of Rule 30, saying it indicated a desire on the part of the carriers to force shippers to prepare cars for shipments of grain, including the doors, and to pay for the weight of the latter. Mr. Fyfe said that under the classification today there is no provision for grain doors, and that they would be, under the classification, considered as dunnage and charged for, but that the grain door matter was taken care of in the grain tariffs.

Mr. Dorsey said that in Fort Worth the carriers, through an agency, cooper the cars and furnish the

grain doors, but it was the only place where that was done. Some roads furnish paper and the others the grain door lumber. He felt that with this rule in, the grain shippers would soon be called on to supply the doors and doubtless to cooper the cars.

As to items 4 and 6, page 232, lard and lard substitutes and compounds, R. C. Fullbright, representing the Armstrong Packing Company, the Union Meat Company, Houston Packing Company, the Interstate Cotton Oil Company, the Merchants' and Planters' Cotton Oil Company, the Texas Cottonseed Crushers' Association, and the Southwestern Industrial Traffic League, as well as numerous jobbers located all the way from Duluth to Southwest Texas, said that items 4 and 6 showed that in official territory, when packed in metal cans and in other ways, they take rule 26, and it is proposed to raise them to class 3 with raises in each of the other territories.

It was his position that with articles of every-day use for food where no special transportation condition or facility, such as refrigeration, was used, the rates should be as low as is possible, and the price now having been fixed by the Food Administration any increase would have to be assumed by the producers.

He filed an exhibit tending to show that in the case of many other food products, such as peanut butter, coffee, fish, other than shell; cereal foods, canned fruits, meats, cooked, cured, or preserved; and milk, condensed or evaporated, which range in value all the way from 2 to 91 cents per pound, the fourth class at present applies.

He said that under normal conditions of price the value of lard and lard substitutes may be expected to come down to practically their pre-war level, and as the proposed classification if it went in, would then apply, he felt the proposed increase to be unfair.

He said as to claims, they were anxious to keep down claims, and they had made some investigation. That they had found there was trouble with 50 or 60 pound drums, and that, due to their investigation, better drums were being made, an improved leakproof lid provided, and the crates were wired tightly against the drums, all of which would tend to reduce the claims to the shipments of lard and lard substitutes as well as to those brought about through the leakage of the contents onto other shipments.

He said the people he represented were relatively smaller concerns that must sell largely to jobbers in less than carload quantities, while the big packers would ship in straight carloads and in peddler cars, the ratings on which are not to be changed.

Questioned by Mr. Fyfe as to why he had chosen the particular commodities for the purpose of comparison, he said they were all food products in common use in his territory and moving in large volume. Asked as to why he had not included salt or canned peas, corn and tomatoes, he said he had chosen only a few of hundreds he could have used.

On being asked if the price of lard had not been gradually increasing through the years, and if the price of lard did not control the prices of the substitute, he said it had about come to a place where the tail wagged the dog just as the Official Classification Committee did the Consolidated Classification Committee.

He felt that the rating on vegetable cooking oil might well be fourth class, the same as lard and lard substitutes, unless it should be developed that there was an undue hazard in shipping it.

Mr. Collyer said that as to the rating in Official territory the whole fabric of rates on oils and greases was threatened by the low basis on lards and lard substitutes.

Mr. Fyfe said the situation was the same in the west, and that in so far as the substitute was concerned it did not seem reasonable to make a rating lower than on some of the principal ingredients and then, too, the damage to other shipments as well as to the shipments themselves was such as to warrant the higher rating proposed.

Mr. Voorhees, for the Southern Committee, made a statement in explanation of the any-quantity rate in that territory, showing it to be a survival of the conditions of early times.

Mr. Leffingwell of Houston, referring to item 4, page 273, objected to the increases as to western territory for the same reasons given as to the increases in lard and lard substitutes.

A. Combs, with the Hub Furniture Company, Ft. Worth, speaking of rocking chairs, N. O. I. B. N., item 4, page 183, called attention to the fact that the rating had been increased in the west although there was no symbol to show it, and he desired to protest the increase.

Mr. Pawkett, representing in this instance the Southern Plow Company, of Dallas, in the matter of agricultural implements, combined corn and cotton mills, desired to have the item now carried in the western classification in the consolidated one, and Mr. Fyfe explained that the rating had been put into the western classification primarily to take care of such mills as were used on the farm.

On item 10, page 322, dressed poultry, Mr. Driscoll desired to know if at the Chicago hearing a person who wished might talk on that part of the consolidated classification rating which had not been changed, but which, because of changes in the other territories, brought about changed relationships, and the examiner said he thought that would be proper.

Mr. Pawkett asked that the record of cases 10046 and 10109 be considered as a part of the record in so far as the proposed rating on cotton trampers was concerned, and the examiner said that if it was not too late the Commission might well hold up its decision in those cases until the proposed ratings had been considered, and Mr. Pawkett said all he wanted was a proper relative adjustment.

Referring again to grain doors, Mr. Fyfe said grain never moved under the classification and that every grain tariff provided for these doors, and that the subject of grain doors was never thought of in providing the rule that the shipper should provide bulkheads, etc.

Various shippers' representatives felt that a specific exception of grain doors should be made, but the classification men said it would be impossible to provide for grain doors in the classification. Mr. Byars said that they expected to file a formal complaint on grain rates, and that unless some provision was made in the rule providing for the furnishing of grain doors, that would also be included in that complaint. Mr. Byars said he had examined many grain tariffs and had found none of them in which there was a provision for their being furnished by the carriers, and Mr. Fyfe said there must be some such provision either in the tariffs or the rules, for all of the lines of which he had any knowledge were supplying them or making an allowance to the shippers for doing it.

REPORT OF DIRECTOR GENERAL

The Traffic World Washington Bureau.

An account of his stewardship for the first seven months of the government's operation of the railroads, ending August 1, was rendered to the President by Director-General McAdoo in a letter dated September 3 and made public by the Director-General September 9. The letter was published for distribution in the form of a printed pamphlet.

In acknowledging the receipt of the report, President Wilson said: "Allow me to acknowledge with appreciation the receipt of your report of the first seven months' administration of the railroads under federal control. I am sure that the members of the Congress and every thoughtful person interested in the great problem of our railways will read the report with interest and satisfaction." The report follows:

On the 1st of August, 1918, seven months had elapsed since the railways and other agencies of transportation were put under federal control in pursuance of your proclamation of December 26, 1917. The period is a comparatively short one in which to have made such progress in working out the problems connected with the transfer and coordination of the railway systems and waterways of the nation, but I assume that you may be interested in a statement of what has been accomplished during that time. I therefore submit the following:

On December 31, 1916, the total steam railway mileage in operation in the United States (all tracks) was 397,014 miles. This mileage was owned or controlled by 2,906 companies, employing some 1,700,814 persons. They had

outstanding \$10,875,206,565 of bonds and \$8,755,403,517 of stock (par value).

The inland waterways system includes some 57 canals, 2,067 miles in length, some of which were owned or controlled by the railroads, and many thousand miles of navigable rivers, lakes, bays, sounds, inlets, traversed by innumerable craft.

Of the 2,905 railway companies 185 operated major systems, each of which had an annual operating revenue of \$1,000,000 or more; 221 were switching and terminal companies; 1,434 were "plant facility" roads, constructed primarily for the purpose of serving some particular factory or industry, and 765 were what have come to be described as "short line" railways, dependent upon one or more of the larger systems for through connections.

This briefly described the plexus of transportation facilities which came under federal control January 1, 1918, or shortly thereafter. Some of the "short lines" and "plant facility" corporations have since been relinquished as not essential to the purposes in view, but every effort has been and will be made to deal equitably with the relinquished properties. To administer and operate this system the United States Railroad Administration, with headquarters at Washington, was promptly organized. This organization as now developed has for its chief officers: (Here follows an outline of the organization of the Railroad Administration.)

For the sake of public convenience and efficiency in operation, the railroad mileage of the country has been divided into seven Regional Districts, and a Regional Director has been put in general charge of railroad administration in each district. Under these Regional Directors come in turn District Directors in charge of subdivisions of the Regional Districts, Federal Managers in charge of the more important single divisions or groups of less important lines, General Managers operating smaller divisions and Terminal Managers having control of all terminals at the more important railway centers and ports.

The Regional Directors are, of course, subject to the authority of the Director-General at Washington, but as they are all men of experience and distinction as railway executives the policy is to give them large discretion and thereby free the members of the central staff for a more careful study of the important questions that come before them and the essential administrative work they must perform.

It is impossible to map these districts accurately. Territorially they overlap each other in every instance because the railway lines under the management of each Regional Director penetrate in part the areas included in other Regional Districts. The districting has had for its purpose the assembling under the management of one Regional Director the larger portion of the mileage serving his territory. The limits of administrative authority are, therefore, determined rather by the railway lines than by geographical boundaries, for they have been fixed more with regard to the movement of traffic and the service of the public than by the conventional state boundaries or groupings.

Thus it has been deemed wise to put the Pennsylvania lines and the Baltimore & Ohio lines east of the Ohio River in the Allegheny District, and those west of the Ohio River in the Eastern District, which contains the whole of the New York Central Division. This course has been followed in pursuance of a policy that contemplates the preferential use of the more northerly trunk lines for fast through freight and passenger traffic between the Chicago District and the East, thereby releasing the lines in the Allegheny District for the distribution of the enormous traffic that originates in the Pittsburgh District where congestion of local and through freight in the past has created some of the most costly and exasperating blockades that have been known in the history of American railroads.

A Marine Section of the Division of Transportation, with headquarters at Washington, has also been created, and a manager of this section has been appointed to supervise the operation of the steamship lines owned by the railroads, the object being to coordinate their services more completely with the railways, as well as with other shipping. The steamship lines taken over constitute a very important department of the transportation system.

After a careful study of the inland waterways and their

possibilities, made at my request by a specially appointed Inland Waterways Committee and a further investigation by Director Prouty of the Division of Public Service and Accounting, and Interstate Commerce Commissioner Meyer, there will be appointed shortly a director of Inland Waterways to be generally in charge of their development and operation, and, following the plan pursued in the case of the railroads, they will be divided into districts. Two such districts have already been created, namely (1) the New York and New Jersey Canals District, including the Erie Canal with its connecting waterways, and the Delaware & Raritan Canal, of which G. A. Tomlinson has been made Federal Manager, and (2) the Mississippi and Warrior Rivers District, of which M. J. Sanders of New Orleans has been made Federal Manager.

Inasmuch as "no man can serve two masters" and the efficient operation of the railroads for the winning of the war and the service of the public is the purpose of federal control, it was manifestly wise to release the presidents and other officers of the railroad companies with whose corporate interests they are properly concerned, from all responsibility for the operation of their properties, which will be in the hands of the Regional Directors, the District Directors, and the Federal and General Managers above referred to, and who will be directly responsible to the Director-General. All ambiguity of obligation is thus avoided. The officers of the corporations are left free to protect the interests of their owners, stockholders and creditors, and the regional and operating managers have a direct and undivided responsibility and allegiance to the United States Railroad Administration.

In pursuance of this policy the Regional Directors, the Federal Managers and the General Managers have been required to sever any relations they may have had with the railroad corporations as either officers or directors, and the corporate officers have been advised that they have no function to perform with respect to government operation.

Many of the former corporate officers have been appointed as officials of the United States Railroad Administration, whereas others have elected to remain as officers of their corporations.

It has been made clear that the fullest possible co-operation is desired between the government officers who operate the railroads and the corporate officers who represent the stockholders.

The reorganization of the operating force has been made without any impairment of efficiency and with a reduction in the number of officers required and in the aggregate of the salaries paid them and chargeable to operating expenses. An accurate computation of the saving in men and money thus effected follows. It includes all officers receiving salaries of \$5,000 a year or over:

COMPARATIVE SUMMARY OF OFFICERS AND SALARIES UNDER CORPORATE AND FEDERAL CONTROL.			
	Number of officers		Salaries
	Under corporate control	Under Federal control	
Regional Administration	46		\$ 821,900
Central Administration	90		820,400
Total		136	\$1,642,300
Individual Roads			
Eastern Region	703	585	\$6,596,835
Allegheny Region	332	262	2,994,118
Pennsylvania Region	339	217	1,384,161
Southern Region	284	214	2,574,352
Northwestern Region	324	267	3,293,025
Central Western Region	385	322	3,910,996
Southwestern Region	68	68	666,700
Total	2,325	1,925	\$21,320,187
Grand total	2,825	2,041	\$21,320,187

This shows that under private control of the railroads 2,825 officers drawing salaries of \$5,000 a year or over were employed, with aggregate salaries of \$21,320,187. Under government control 1,925 officials (a reduction of 400) are doing the same work, and the aggregate of their salaries is \$16,705,298—a saving of \$4,614,889 per annum. This total includes the officers of the various regional districts as well as those of the central administration in Washington, except the Director-General himself, who receives no salary.

Salaries Paid

Under private control, salaries as high as \$100,000 per annum were paid officers of railroad corporations. Under

government control the highest salaries paid are to the Regional Directors (of whom there are but seven), and these salaries range from \$40,000 to \$50,000 per annum. This reduced compensation has been fixed for Regional Directors notwithstanding the increased responsibilities and duties of these directors as compared with those of the presidents of the larger railroad corporations.

The reduction of \$4,614,889 per annum in the aggregate of the salaries paid to the more responsible officials has not been effected by forcing the experienced men appointed by the United States Railroad Administration to accept salaries incommensurate with their responsibilities, although in numerous instances these salaries are substantially less than those they had been earning as officers of the railroads or could earn in private employment. It is not only equitable but necessary that they should be justly remunerated, and that the rewards of brains, industry and loyalty should be sufficient to continually attract able men to the service of the railroads as their life's work. It is not a question merely of operating the railroads during the period of the war—this requires, it is true, the best talent that can be secured if the present extraordinary demands are to be met—but it is a question of the post-bellum period as well, when railroad work must continue to be sufficiently attractive to draw constantly to it men of the right quality and caliber. Unless the ranks are uninterruptedly recruited with such men, it will be impossible to maintain the efficient organizations which are essential to the successful management and operation of the railroads of the country.

The salaries paid under government control to the higher officers should be sufficient to make the juniors realize that the promotions and rewards of a railroad career are still worth working for, and that they will be commensurate with those of private enterprise and industry.

The expenses of the law departments have been reduced about \$1,500,000 annually. This has been accomplished by the elimination of a number of men, the reduction of salaries of many others, and the transfer of the general counsel of various roads from the operating pay roll to the pay rolls of the corporation. It is believed that efficiency has in no respect been lessened.

To plan the federal organization and select its personnel has, of course, required time. When the government took control on the 1st of January, 1918, the railroads were in a deplorable condition. Added to an unusually severe winter, the motive power was seriously crippled, and on the eastern lines traffic was badly blockaded by the congestion of unloaded cars at the terminals and elsewhere. The approximate number of loaded cars above normal, on the eastern lines, was 180,000 when the Director-General took charge of the railroads. To relieve this situation was the first concern, and the energies of the federal organization were exclusively and successfully directed to this end. At the date of this report there are no accumulations of loaded cars on the eastern lines above the normal. That the legislation making the necessary appropriation of \$500,000,000 for a revolving fund did not become law until March 31, 1918, was another cause of delay. Prior to its enactment all plans were necessarily tentative. Much, however, has been accomplished since that date toward coordinating the transportation facilities of the country for the winning of the war and the service of the public.

A list of what has been done would be long. Some of the more important items that it would include are the following:

(1) After prolonged negotiations with counsel and committees representing the railroad corporations we are approaching a satisfactory contract between them and the Railroad Administration. The subject involved much exacting thought and discussion and presented many difficulties, but I am glad to feel that a satisfactory solution is near at hand. The delays have been the fault neither of the railroad corporations nor of the government. They have been inherent in a matter of such intricacy and magnitude.

(2) Acting upon the recommendation of the Railroad Wage Commission above referred to, an advance in the wages of railroad employes formerly earning \$250 a month or less has been ordered. The report of the commission recommended various advances calculated upon the wages paid as of December 31, 1915. These advances ranged from 43 per cent in the case of employes drawing the

lowest monthly wage to nothing in the case of those receiving as much as \$250 a month, and the report of the commission advised that no change in working hours should be made during the continuance of the war.

Feeling that justice demanded recognition of the principle of the basic eight-hour day in railroad service, an order to this effect was issued and at the same time the recommendations of the Wage Commission as to increases in pay were generally adopted.

A minimum advance of 2½ cents per hour in the pay of common labor was ordered, and this was also a deviation from the report of the commission.

In the order authorizing the payment of these advances a Board of Railroad Wages and Working Conditions was created, to take up as presented any phases of the general problem relating to any class of employes or any part of a class of employes which may justly call for further consideration.

Upon the recommendation of this Board of Railroad Wages and Working Conditions an order for a substantial increase in the wages of the employes in the mechanical departments of the railways under federal control has been issued. These employes, including as they do, machinists, boiler makers, blacksmiths, sheet metal workers, electrical workers, carmen, molders, their apprentices and helpers, compose a group estimated to contain some 500,000 men. The advance establishes a minimum basic rate of 68 cents per hour for the classes of employes named (except carmen, second-class electrical workers, and all apprentices and helpers) who have had four or more years' experience and were on January 1, 1918, receiving less than 55 cents per hour. For the other employes included in the order a minimum rate of 58 cents per hour is established. These advances average approximately 13 cents per hour higher than the wages previously paid.

A most important and far-reaching step was taken in granting to the employes in the mechanical crafts an eight-hour working day with time and a half for overtime. These great and beneficial concessions in the matter of wages and hours of service will, I am sure, be appreciated by the employes and will be required by their loyal and uninterrupted service to the government, and by a determined effort to increase efficiency all along the line.

As the number of women employed by the railroads to perform duties formerly assigned to men is rapidly increasing, it was clearly equitable that they should be paid the same wages as men engaged in similar work.

An order has been issued with a provision that no women shall be permitted to occupy positions unsuited to their sex or allowed to work amid conditions that are unfit.

It has also been ordered that all negroes employed by the railroads should be paid the same wages that white men get for similar work. This has not been the general practice in the past, but it seems clear that equal pay for equal service without respect to sex or color is demanded as an act of simple justice.

Advance in Freight and Passenger Rates

(3) To provide for the increase in wages allowed, the higher prices that must be paid for all supplies, and the rising costs of operation generally, an average advance of 25 per cent in freight rates has been ordered and passenger rates have been raised to a minimum of 3 cents per mile where they were previously lower. In the districts where more than 3 cents a mile has been charged fares have not been changed. Commutation fares have been advanced 10 per cent. A further charge of half a cent a mile, or one-sixth of the normal fare, has been ordered for transportation in standard sleeping cars and parlor cars, and passengers traveling in tourist sleeping cars are to be charged an additional one-quarter cent per mile, or one-twelfth of the normal fare, for their transportation. This increase in fare is in addition to the charge made for the occupancy of berths in sleeping cars or seats in parlor cars.

It has also been ordered that two adult tickets for a drawing room in a sleeping car, two adult tickets for a compartment, one and one-half adult tickets for a section, and five adult tickets for exclusive occupancy of a drawing room in a parlor car shall hereafter be required, the object being to discourage the well-to-do or extravagant from using more Pullman space than they really require, thereby excluding the thrifty or less prosperous portion of

the traveling public from the use of the Pullman space unnecessarily preempted.

It is assumed that these advances in freight and passenger rates will increase the net operating revenue of the railroads by an amount that is about equal to the greater cost of operation due to increased wages and increased cost of fuel and all railroad supplies, but this assumption is more or less conjectural, as it is impossible to say whether the higher rates charged will have the effect of reducing the traffic. Thus far such an effect has not been noticeable, at least in the case of the passenger traffic, which shows a substantial increase on the lines traversing the industrial districts of the country and serving the military camps. This is due to the higher wages paid to workers who have been constantly changing their places of employment as well as to the traveling of our soldiers, who have been granted a special rate of 1 cent per mile when on furlough, and the journeys made by friends and relatives on visits to the soldiers at the various cantonments throughout the country.

(3a) On August 20, I addressed the following statement to the public:

Complaints have reached me from time to time of overcrowded trains and unsatisfactory conditions prevailing in some sections of the country in passenger-train service. I feel certain that there are grounds for some of these complaints, but I am sure the public will be interested to know that the reasons are twofold:

First, the great number of troops now being handled over the various railroads is between the business and entertainment, between the different cantonments and then to the seaboard, is making extraordinary demands upon the passenger-car and sleeping-car equipment of the country. This has caused a scarcity of the coaches and sleeping cars which it is impossible to remedy immediately.

Secondly, the increased demands upon track and terminal facilities for the transportation of the tremendous amounts of coal, food, supplies, raw materials, and other things required for industry and naval operations, as well as for the support of the civil population of the country, have the largest possible equipment of passenger-train service. The movements of troops and war materials are of course of paramount importance and must be given at all times the right of way.

It was hoped that the increase in passenger rates recently made would have the wholesome effect of reducing the unnecessary passenger traffic throughout the country. The smaller number of passengers who travel, the greater the number of locomotives and cars and the larger the amount of track and terminal facilities that will be freed for essential troop and war-material movements. Engineers, firemen, and other skilled workers will also be released for service on troop and necessary freight trains.

Among the many patriotic duties of the American public at this time is the duty to refrain from traveling unnecessarily. Every man, woman, and child who can avoid using the passenger trains at this time should do so. I earnestly hope that they will do so. Not only will they liberate essential transportation facilities which are necessary for war purposes, but they will save money, which they can devote to Liberty Bonds and thereby help themselves as well as their country, and the fewer who travel the more ample the passenger train service will be.

I may add that consistently with the paramount demands of the war every possible effort is being made by the Railroad Administration to supply the greatest possible amount of comfortable and prompt passenger-train service.

A Uniform Freight Classification

Hitherto there have been some three different freight classifications applying to interstate traffic, while many states had their own particular classifications applying to intrastate traffic. These various classifications contained some 15,000 items. The carload minimum varied, and they differed in other essential details. It often happened that a shipment moving through two or more classification territories was subjected to different rules in the course of its journey, and it was necessary for a shipper forwarding goods from an eastern point to a point west of the Mississippi River to be familiar not only with the rules and classifications applying east of the river, but those applying west of the river as well. Great confusion in rating and classification and many overcharges and claims were the result. To simplify this situation a consolidated classification has been prepared and is now being considered by the Interstate Commerce Commission and the shippers and commercial bodies who are entitled to be heard before its adoption. When it becomes effective it will be practicable to compel a closer compliance with car-loading standards, so preventing the underloading which in the past made the intensive employment of rolling stock difficult. Under competitive conditions this was impossible, because in an effort to hold or get business each competing railroad was disposed to favor the shipper by permitting him to underload cars when it was to his interest to do so.

(4) Inasmuch as there is no longer any competition for freight or passenger traffic between the various divisions of the government railroad system, I have ordered that solicitation of traffic and special exploitation of passenger routes shall be discontinued. In pursuance of this policy the soliciting forces of the various railroads have been either relieved from duty or assigned to employment in connection with the operating departments, and the separate ticket offices formerly maintained in most of the larger cities have been consolidated. In the metropolitan cities, such as New York, Chicago, etc., several consolidated offices in widely separated but equally important districts may be established for the greater convenience of the public. The saving that will be effected as a result of this policy is estimated at \$23,566,633, as per the following statement prepared by the Division of Traffic:

ESTIMATED SAVING EFFECTED BY THE CLOSING OF UNNECESSARY FREIGHT AND PASSENGER OFFICES AND CURTAILMENT OF ADVERTISING.

Closing "off-line" offices:

Eastern region—	
Freight	\$3,209,170
Passenger	496,276
	\$3,705,446
Southern region: Freight and passenger.....	
	1,937,000
Western region—	
Freight	\$2,000,000
Passenger	500,000
Joint	4,000,000
	6,500,000

Total\$12,142,446

Consolidation of "on-line" city ticket offices and saving in rent from removal of "on-line" offices:

Commercial freight offices to railroad property—	
Eastern region—	
Freight (estimated)	\$300,000
Passenger	709,187
	\$1,009,187
Southern region—	
Freight	\$ 10,000
Passenger	155,000
	165,000
Western region: Freight and passenger.....	
	3,250,000
Total	\$4,424,187

Advertising—

General and special, present expense, \$9,500,000;
savings\$ 7,000,000

Grand total\$23,566,633

(5) In the interest of economy railroad timetables have been simplified and abridged, extraneous and unnecessary matter has been eliminated, and an attempt to reduce the waste in the distribution of timetables is being made.

(6) As a result of the draft law and the higher wages paid in some forms of industry the number of trained men familiar with schedules, routes, fares, etc., and competent to act as ticket sellers has been reduced and the coincident increase in the passenger traffic, due to the enlarged business and industry of the country and to the traveling of our soldiers and their relatives as well as to the constant transfer of labor, has created no little congestion and delay at the ticket offices and in the larger railroad stations in the country. Every effort has been made to remedy these conditions and they have been much improved, but greater improvement is expected when it shall be possible to utilize the services of women as ticket sellers. To this end schools for the education of female ticket sellers have already been established in several of the larger cities. In them a number of women are already in training and as soon as they are fully qualified they will be put to work in the various ticket offices of the country. For this work they will receive the same wages that are paid to men for similar services.

(7) After careful study a number of unnecessary passenger trains have been eliminated. Between many of the larger cities of the country served by competing railroads there was formerly a surplussage of elaborately equipped passenger trains. In many cases they started and arrived at the same time. Some of them were but half filled. Thus, for instance, there were two 20-hour trains between New York and Chicago that left and arrived at the same hour. Between Chicago and St. Paul and Chicago and St. Louis and Chicago and Kansas City there were in each case from three to five trains leaving about the same time in the evening and arriving almost simultaneously the next morning. There was a similar duplication and in some cases a triplication or quadruplication of service between

many other centers. In the winter time there were three Florida flyers between New York and Jacksonville. One train run in two or three sections when necessary would have served the public traveling to Florida just as well.

Many of these unnecessary trains have been eliminated. In the territory west of Chicago and the Mississippi River passenger trains traversing an aggregate of 21,000,000 miles a year have been done away with. In the Eastern District unessential passenger trains that used to travel 26,420,000 miles per annum have also been eliminated. In other regional districts superfluous trains are being annulled. Through travel is being directed to the natural routes. The hauling of special trains or needless private cars has been discouraged and the schedules are being revised so that connections will be closer. Railroad tickets between points reached by one or more roads are honored by any of the routes, so that the traveler is free to use the trains leaving at the most convenient hour. The duplicate train service between Chicago and the Pacific coast cities has been abandoned, the fastest service to each city being assigned to the short and direct routes. Under this plan the direct route to Los Angeles is via the Atchison, Topeka & Santa Fe; to San Francisco via the Chicago & Northwestern, the Union Pacific and Southern Pacific; to Portland via the Chicago, Burlington & Quincy and Northern Pacific; to Seattle via the Chicago, Milwaukee & St. Paul. The passengers desiring to make the shortest time to any of these points would naturally take the fast train over the appropriate route. The slower trains are designed to serve the local and way traffic.

While this has been done, the purpose has been not to reduce the facilities for comfortable and convenient passenger service below the needs of the public. The effort is to give sufficient and efficient service and to eliminate waste. This is a vital consideration in the present situation when the needs of the war imperatively require that every available passenger coach, sleeping car and locomotive shall be released for the use of troop movements, and that track and terminal facilities shall be cleared of unnecessary passenger trains, so that essential food, fuel, war supplies and freight of all kinds may be moved expeditiously and economically. The war requirements must, of course, be given the right of way over everything else.

The Consolidation of Terminals

Other reforms that are being worked out in the passenger service include the common use of the same terminals by railroads formerly in competition and using separate terminals. The most conspicuous example of the latter innovation is the use of the Pennsylvania Terminal in New York for through trains via the Baltimore & Ohio between Washington and New York. Passengers going home from New York to Washington by the Baltimore & Ohio used to have to take the Twenty-third Street or Liberty Street Ferry and cross the river. This was inconvenient. The result was that the Pennsylvania got the bulk of the traffic, although the Baltimore & Ohio maintained a well-equipped and full service. Now, it really makes no difference to the traveler between Washington and New York by which road he goes. Both make practically the same time and leave and arrive from and at the same terminals.

In this case, as in many others, it has been arranged that trains shall leave at successive hours instead of at the same time, as they often did in the past. The result is that fewer trains are necessary. A ticket from Washington to New York, or vice versa, is good over either road, and as there is a train nearly every hour it is almost unnecessary to consult the timetables. Plans for a similar reform in the service between other large cities which have a multiplicity of terminals are under consideration.

The same principle is being applied as rapidly as possible in the consolidation of freight terminals. The saving of switching costs that will result and the greater rapidity with which cars can be loaded and unloaded is obvious. The neck of the transportation bottle is the freight terminal, and if the promptness with which cars can be handled there is increased, the congestion, which has in the past so greatly reduced the carrying capacity of our entire railroad system, will be greatly relieved.

In the changes made or under contemplation the prime purpose has been the convenience and service of the public. The necessary readjustments may have caused some temporary dislocation, but the ultimate results will be increased efficiency and capacity.

With the object of better serving the public, for whose accommodation the railroads of the country exist, a Bureau for Suggestions and Complaints has been organized under my personal direction at Washington. To this bureau, by notices to be posted in the stations and passenger cars throughout the country, the public will be invited to address any helpful criticisms and suggestions with regard to the service that it may have to offer. Letters commending employes who are conspicuously courteous and efficient in the performance of their duties will also be invited, and it is believed that by careful attention to the communications this bureau will receive defects in the service can be promptly ascertained and remedied, and proper recognition be given to conspicuously efficient or courteous employes.

It is expected that this Bureau for Suggestions and Complaints can be made an effective agency in bringing the railroad service up to an ideal standard. Through the co-operation of the public the officials will be able to inform themselves more thoroughly with regard to the shortcomings or disservice of their subordinates than would be possible by any other method of inspection, and the public will be sure of a patient and painstaking hearing which will be free from the influence and favoritism that might and as a matter of fact generally did make itself felt in dealing with the many abuses which existed under private control.

(8) A plan has been perfected for the adoption of a universal mileage book that will be good when presented by the bearer on any government-controlled railroad in the country. The holder of it will not have to purchase a ticket. He can board any train without delay, allow the conductor to detach the necessary mileage coupons, and get off at destination. At their cash value the coupons will also be receivable for excess-baggage charges. These books will be sold at \$30 per thousand miles plus the war tax of 8 per cent, and it is believed that their general use will greatly lessen the pressure on the ticket offices and diminish the congestion now complained of.

(9) Recognizing the fact that a straight line is the shortest distance between two points, extensive studies have been made with the purpose of developing well-graded routes for the transportation of freight that will be shorter than those previously in use. Great progress has been made in this direction, especially in the West, and many new through lines are being developed. One of them from Los Angeles to Dallas and Fort Worth is over 500 miles shorter than the routing via the Southern Pacific lines formerly much used. Another from the oil fields at Casper, Wyo., to Montana and Washington state points is 880 miles shorter than the route formerly used. Fruit from southern California to Ogden is hauled 201 miles less than by the route previously used. Still another route between Chicago and Sioux City is 110 miles shorter than the one previously used. A new route between Kansas City and Galveston has been developed which is 289 miles shorter than the 1,121 miles previously traversed. Eighty-eight miles have been saved by devising a new route between Mason City and Marshalltown, Ia., and 103 miles by a new route between Fort Dodge, Ia., and Chicago. The route from southern California to Kansas City has been shortened by 234 miles.

As one example of the economy that has thus been made possible it may be mentioned that recently during a period of about 60 days some 8,999 cars were rerouted in a certain western territory so as to effect a saving in the mileage traveled by each car of 195 miles, equal to a total of 1,754,805 car miles.

Instances could be multiplied, but those mentioned are sufficient to indicate the progress that is being made in this work. It means a substantial reduction in the cost and time of transportation between many given points and the more intensive employment of both rolling stock and equipment of the railroads.

(10) On the 1st of January, 1917, the railways of the United States owned about 2,400,000 freight cars. Delay in loading and unloading these cars and their use by both shippers and consignees as warehouses has very seriously diminished the carrying capacity of the roads. If each car makes one trip a month only and is loaded and unloaded so as to save one day a month of the time that it was formerly idle, the result would be equivalent to an addition of 80,000 cars to the aggregate equipment.

Probably there is an unnecessary delay of more than one day a month in loading and unloading cars. To diminish this delay the free time hitherto allowed for loading and unloading has been shortened and a cumulative increase in the demurrage charge hitherto made for unnecessary use has been ordered, so as to free the rolling stock for transportation more promptly than formerly. As prompt unloading of cars upon their arrival at public terminals presupposes that congestion at the terminals shall be avoided, what is known as the "store door" system of freight delivery has been introduced in Philadelphia and New York and will probably be extended to other large cities. In Philadelphia, through the co-operation between the carriers, the commercial bodies, and the truckmen, it was established on the 1st day of May and has proved itself effective in clearing the stations for inbound package freight 24 hours earlier than usual. It has recently been inaugurated in New York, where the usual notice to consignees to come and get their freight is no longer given. In lieu thereof immediate delivery of the goods is made by drays, thus doing away with free time at terminals. A reasonable charge for this service is to be paid by the consignees to the drayage companies employed.

If the plan shall vindicate the claims of its authors the congestion of inbound freight, which has hitherto prevented the prompt unloading of cars, will be a thing of the past, and it is suggested that ultimately it may be possible to collect outgoing freight by the same trucks which deliver to stores and factories incoming freight hauled from the terminals.

(11) It has long been admitted that the standardization of the engines and freight cars in use on the American railroads was highly desirable, but not until governmental control became a fact has it been possible to secure an effective agreement as to which types of cars and engines should be adopted. It is said that 2,023 different styles of freight cars and almost as many different descriptions of locomotives were included in the equipment of American railroads prior to the war. The facts are not known, but nearly every important railroad had its own specifications for cars and engines. None of these was identical, and they were generally changed in some detail when new orders were placed. There were box cars of both steel and wood, gondola cars, flat cars, hopper cars, refrigerator cars, tank cars, automobile cars, furniture cars, cattle cars, and many other sorts of cars suited to the different varieties of traffic. The lack of standardization increased the difficulties of repair when these cars were off the lines of the roads which owned them. Parts were not interchangeable and often had to be telegraphed for.

In a general way the same thing was true of the locomotives in use. Complete standardization will, of course, be impossible until the rolling stock and engines now in use shall have been entirely replaced by standardized types. Progress has, however, been made. Some 12 standard types for freight cars have thus far been agreed upon, and it has also been decided that hereafter only six types of locomotives of two weights each shall be purchased. The parts of these various types of locomotives and freight cars will be interchangeable. Their construction will be uniform and when repairs are needed they can be made with the greatest possible promptitude.

One hundred thousand freight cars of the agreed upon types have been ordered, and it is expected that the manufacturers can commence delivering them early in September. One thousand four hundred and thirty locomotives of the new type have also been ordered, in addition to about 2,100 that had been contracted for by the railroads prior to January 1, 1918. Of the total of about 3,600 locomotives, some 1,185 had been delivered up to August 1. The equipment of all the railways December 31, 1917, included about 2,400,000 freight cars and 64,750 engines. The ratio which the newly ordered cars and engines bear to the total is not as large as is to be desired, and other orders will be placed as rapidly as the manufacturers can accept them. Just at present, however, the War Department is taking a large number of the new engines and cars for use on our railroads in France, and these, with the orders placed by the Railroad Administration, will more than absorb the entire manufacturing capacity of the equipment and locomotive plants in the immediate future.

(12) On February 2, 1918, all lines under federal control were directed to prepare and send in budgets of im-

provements immediately required to increase capacity and efficiency and to promote safety in operations; and in the letter of instructions the following policy was prescribed:

In determining what additions and betterments, including equipment, and what road extensions should be treated as necessary, and what work already entered upon should be suspended, please be guided by the following general principles:

(a) From the financial standpoint it is highly important to avoid the necessity for raising any new capital which is not absolutely necessary for the protection and development of the required transportation facilities to meet the present and prospective needs of the country's business under war conditions. From the standpoint of the available supply of labor and material, it is likewise highly important that this supply shall not be absorbed except for the necessary purposes mentioned in the preceding sentence.

(b) Please also bear in mind that it may frequently happen that projects which might be regarded as highly meritorious and necessary when viewed from the separate standpoint of a particular company may not be equally meritorious or necessary under existing conditions, when the government has possession and control of the railroads generally, and therefore when the facilities heretofore subject to the exclusive control of the separate companies are now available for common use whenever such common use will promote the movement of traffic.

The budgets submitted in response to this called for expenditures chargeable to capital account—that is, exclusive of large sums chargeable to maintenance—amounting in the aggregate to \$1,328,493,609, which, upon careful revision by the Director of the Division of Capital Expenditures, was reduced to \$975,105,416. This amount has been increased from time to time by new and unforeseen requirements, and particularly by large orders for freight cars, until the improvements definitely authorized to this date amount to \$1,151,967,240. Of this amount, \$441,604,460 is for additions and betterments, \$666,824,180 for equipment, and \$43,538,600 for construction of extensions, branches and other lines.

The policy indicated above has been strictly adhered to by the Division of Capital Expenditures, and appropriations have been directed to work necessary to facilitate indispensable transportation, rather than those improvements which, while desirable and even necessary, are yet more for convenience and economy than for capacity and efficiency in the actual movement of traffic. This is indicated by the very large appropriations for equipment—almost wholly for engines and freight cars; and of the additions and betterments, much the largest item was for additional yards, sidings, etc.; next, shop buildings, engine houses and appurtenances, and, third, additional main tracks. In view of the great necessity for conserving capital, materials and labor for war purposes, it does not seem unreasonable to ask our people in various communities to continue to submit, during the present emergency, to inconveniences hitherto endured for lack of facilities that might reasonably be required in normal times.

(13) Pending an agreement upon the contracts between the carriers and the administration that have been under discussion, the Department of Finance has advanced to the railroads such sums as have been necessary for the payment of authorized dividends and the redemption of maturing obligations that could not be otherwise met or satisfactorily refinanced. Total advances up to July 31 aggregate \$203,714,050, including \$43,964,000 advanced to the New York, New Haven & Hartford Railroad to meet its maturing obligations in that amount. This loan was made at 6 per cent for one year, with the right of renewal for another year at the same rate. To the New York Central lines \$40,000,000 has been advanced and to the Pennsylvania Railroad \$30,500,000. Smaller sums have been advanced to other companies where the Division of Finance and the Advisory Committee on Finances associated with it have concluded that such advances were in the interest of the public.

Of \$43,205,050 disbursed in the month of July the larger portion, or approximately \$23,269,000, was advanced to the Federal Managers of certain railroads to pay up the back wages due to their employees from January 1 to May 31, in accordance with the decision based by the Director-General on the report submitted in June by the Railroad Wage Commission. For other operating needs \$6,328,775 was advanced to railroads on account of their standard estimated rentals, and \$13,607,275 was advanced in the shape of loans, on demand, at 6 per cent per annum interest.

(14) The material and supplies annually purchased by

the railroads have hitherto cost between \$1,500,000,000 and \$2,000,000,000 a year. When the carriers were in competition for traffic they were, also in competition for the supplies required. This competition has been for the most part eliminated and a substantial saving has been effected as a result of the supervision over all purchases exercised by the director of the division in charge of them. He is aided by an advisory committee of three composed of the General Purchasing Agents of the three leading divisions of the Federal Railroad System and acts through Regional Purchasing Committees, with headquarters in New York, Chicago and Atlanta, to whom the larger part of the buying that is done for account of the railroads is intrusted. It is planned shortly to enlarge the Advisory Committee by including a representative from each regional district.

(15) The sleeping and parlor cars operated by the Pullman Company having become an essential and indispensable part of our transportation system, it was decided, after careful consideration, to put them under the control of the United States Railroad Administration and orders have been issued accordingly. This step was taken in the public interest as well as because the sleeping cars were much in demand for military purposes. Now that the Pullman Company, in so far as the operation of its cars is concerned, has been placed under the control of the government, the operating employees will, of course, receive the same percentages of advance in their pay as were awarded to other railroad employees under the order of May 25, 1918, and while the peculiar conditions under which the sleeping-car service is operated makes it impracticable to apply the principle of the basic eight-hour day in the case of sleeping-car conductors, porters and maids, orders have been issued that such employees shall have reasonable and proper opportunity for rest and sleep while actually on duty.

(16) The interdependence between the express companies and the Federal Railroad System became apparent almost coincidentally with the establishment of government control, and a study of the relationship made by Director Prouty of the Division of Public Service convinced me that there was an unnecessary and avoidable duplication and complication in the services rendered by the express companies. A consolidation of the four more important express companies, namely, the Adams, the American, the Wells Fargo and the Southern, to be effective during federal control of the railroads, has been made. The consolidated company is described as the American Railway Express Company and will conduct the express business upon all lines of the Federal Railway System and upon such other systems of transportation as the Director-General may include during the period of federal control.

Fifty and one-quarter per cent of the gross revenue earned on the transportation of express matter by this company is to be paid to the United States Railroad Administration as compensation to it for the transportation of express matter over the lines of the federal system. The balance of the express company's earnings after payment of expenses and a cumulative dividend of 5 per cent on its capital stock (if earned) is to be divided between the express company, the Railroad Administration and a guaranty fund, in accordance with a carefully worked out plan which fully protects the interest of the government. A complete description of this plan will be found in the contract that has already been published. It is unnecessary to repeat its elaborate provisions. The present capital of the American Railway Express Company (the consolidated company) has been fixed at \$30,000,000, which sum about represents the physical value of the assets acquired.

It is believed that the consolidated express service will be much superior to that furnished in the past by the separately and independently operated companies. It is well known that this service has of late been extremely unsatisfactory and inefficient, and that there is room for radical reform and much needed improvement.

Under the reorganization of the express business that has been agreed upon designated officials will have exclusive charge of the express business in certain well-defined districts. They will be readily accessible and complaints of non-delivery or delayed transportation will be assured of prompt attention. In the past each express company tried to carry the business originating with it as far as possible over its own lines regardless of the

time employed. The co-ordination now effected will permit of the routing of the business by the quickest and least congested lines.

As the practice of issuing express franks to railroad officials and others had grown to be an abuse which burdened the express companies with a very large amount of "deadhead" and unremunerative business, an order was issued on the 1st of July, 1918, canceling all express franks issued under private control. The effect of this order will result in converting much free traffic into remunerative business for the new company.

(17) In line with the established policy of the government to insure its own risks, the Railroad Administration will become its own insurer and meet any fire losses for which it may be liable out of its own funds; a section to be known as the Insurance and Fire Protection Section has been established in the Division of Finance and Purchases.

In an effort to minimize losses an adequate and vigilant fire inspection and fire prevention service is being organized. This policy has been adopted after a careful study of the past experience of the railroad companies in the matter of insurance. While many of them in the past have carried a part of their liability uninsured, reports from all but five of the more important railroads show that during the three years ending June 30, 1917, the premiums paid insurance companies aggregated \$16,021,369, while the total losses incurred during the same period were but \$12,460,639, making an excess of premiums over losses for the three-year period of \$3,560,730. The three years under consideration included the Black Tom disaster in New York harbor, resulting in a very heavy and exceptional loss to the companies, and it is believed that a very substantial saving will be effected by the policy of non-insurance that has been adopted. It is expected that by the adoption of a rigid system of inspection and the most approved methods of fire prevention the hazards and losses can be substantially reduced. To this end the co-operation of every railroad employee is expected.

(18) With the object of co-ordinating the railroad service more completely and harmoniously with the other war agencies of the government representatives of the Division of Traffic have been appointed to co-operate with the Fuel and Food Administrations, the War and Navy Departments, the War Industries Board, the United States Shipping Board and the War Trade Board. As a result of their work the prompt and preferred movement of war supplies for the United States and its allies has been made possible, and solid freight trains are now being operated directly from Chicago and other western points to meet ships at the Atlantic seaboard. This would have been impossible under private control, and is a departure which has been of inestimable value in keeping our army and the armies of the allies supplied with food and other requirements.

(19) Other reforms and improvements that have been adopted or are under consideration are:

(a) Through way billing from the point of origin to destination has been introduced, rendering unnecessary the rebilling by connecting or intermediate roads that was formerly the practice, and eliminating its attendant expense.

(b) Accounting systems have been harmonized as far as possible and a clearing house has been established for the settlement of intercorporate balances, as a result of which much clerical labor will be saved and the unnecessary transfer of funds will be obviated.

(c) An order has been issued directing that all suits against carriers while under federal control must be brought in the county or district where the plaintiff resides or in the county or district where the cause of action arises. This will minimize the loss of the railway employees' time and the expense involved under the former practice, which permitted suits to be brought against the carriers in states and jurisdictions far remote from the places where the plaintiffs resided or the cause of action arose. Under the former practice it often happened that men operating the trains were compelled to be absent from their work for days and weeks and travel hundreds of miles in order to testify as witnesses.

(d) The practice of paying a mileage or per diem rental for the use of freight or passenger cars of one carrier by another under federal control has been discontinued and

the railroads have been ordered to bill each other for the use of rolling stock at the rate which will represent the actual cost of maintenance, operation, taxes and rentals.

(c) The apportionment of interline passenger revenue has been much simplified and will hereafter be reckoned upon a percentage basis that will represent a ratable proportion of the cost of operation rather than an arbitrary charge.

(f) A Safety Section of the Division of Transportation has been created to have supervision over the safety work on all railroads, utilizing such safety organizations as are already available, and suggesting such others as are desirable.

(20) Plans for the uniform and equitable compensation of injured employees or the dependents of employees who may be killed in the service of the railroads are being considered, and it is hoped that it may also be possible to arrange for the retirement of employees upon pension at a given age, as well as to provide for their purchase of life, health and old age insurance at reasonable rates. Time will, however, be required to perfect these plans, which must be reconciled with the widely varying pension and insurance systems now in existence on not a few of the railroads.

(21) Feeling that it was not in the public interest that the sale of intoxicants should be permitted on property under the control of the federal government, a general order has been issued prohibiting "the sale of liquors and intoxicants of every character in dining cars, restaurants and railroad stations" under federal control. This order became effective upon the date of its issuance August 12, 1918.

This comprises some of the more important reforms already applied or under immediate consideration. Their effect in increasing the efficiency of the service and enlarging the capacity of the existing facilities cannot be definitely stated or approximated as yet. Many of the changes made have been effected within the last two months and under private ownership at least 60 days have been required for the compilation of informing railroad statistics. Arrangements are being made to collate and publish them more promptly, but until this can be done it is impossible to promptly and properly correlate innovations in methods with results.

Speaking generally, however, there is good ground for believing that substantial progress has been made in accelerating the movement of traffic, employing the available equipment more intensively and running trains more nearly on time.

The number of tons of revenue freight carried 1 mile, commonly known as revenue ton-miles, is the ultimate measure of service in railroading. Applying this measure, we find that the revenue ton-miles of 94 per cent of class 1 railroads (i. e., those having an operating income in excess of \$1,000,000 per annum) was 34,250,247,814 miles in April, 1918, as against 31,464,837,365 miles in the same month in 1917. The increase is equal to 8.9 per cent. The average number of freight cars in service had increased by 5.1 per cent, being 2,387,676 in April, 1918, as compared with 2,271,359 in 1917. The number of tons hauled per train shows an increase of 6.9 per cent, being 696 tons in April, 1918, as against 651 tons in April, 1917. The percentage of increase in the carload is even greater, being 14.4 per cent, the average carload in April, 1918, being 29.4 tons as against 25.7 tons in April, 1917. The revenue ton-miles for freight locomotives shows an increase of 7.9 per cent, being 1,125,875 in April, 1918, as against 1,045,921 in April, 1917.

Other evidence that the rolling stock is now more intensively employed is to be found in the report of loaded cars arriving at Philadelphia and Pittsburgh during the first four weeks of July. This report is as follows:

COMPARATIVE STATEMENT, LOADED CARS AND TON-
NAGE CONTENTS ARRIVING AT PHILADELPHIA AND
PITTSBURGH, FOUR WEEKS ENDING JULY 27,
1918, AND CORRESPONDING FOUR WEEKS
PREVIOUS YEAR.

	Cars	Tonnage
1918	166,324	3,629,307
1917	157,158	2,752,765

These figures show an increase of 9 per cent in the tonnage and a decrease of 7 per cent in the cars used. The number of tons per car in July this year is 30.2 as against 25.7 tons in the same period last year. The increase of 18 per cent if it were general throughout the country

would be the equivalent of an addition of about 432,000 cars to the freight car equipment of the railroads.

These figures all show encouraging progress. Just at present strenuous efforts are being made to speed up the movement of coal so as to preclude the recurrence of the distressing experience of last year. In both the production and transportation of coal 1917 was a record year. Including bituminous, lignite and anthracite the production was 650,000,000 tons. Of this some 11,563,056 cars, containing about 558,000,000 tons, were transported by the railways. The balance was either consumed or converted into coke at the mines or near by. During the bad weather in January, 1918, when the railroads were practically at a standstill, there was a reduction of 79,131 cars in the number of cars of coal loaded and moved as compared with the year 1917. Notwithstanding the continued bad weather in February, 1918, the railroads got on their feet and increased over February, 1918, 31,250 carloads of coal. In March the increase was 46,613; in April, 73,408; in May, 84,998; in June, 88,840; and for the first four weeks of July, 113,198 cars. It will be seen, therefore, that for the last six months the increase in coal carried by the railways has been 437,976 cars of coal—equal to about 21,998,800 tons.

One of the great advantages of governmental control is that the transportation facilities of the country can be concentrated upon the quick performance of an urgent duty. The energies of the Railroad Administration are now being largely devoted to moving the coal mined as rapidly as the Fuel Administration can deliver it.

Of late cars have frequently been supplied to the coal mines more rapidly than they have been able to load them and it is probable that adequate transportation for the fuel requirements of the nation will be available provided the coal production during the warm weather can be maintained at a point that will fully employ the cars requisitioned. The country has been led to believe that coal production is limited entirely by transportation and that any shortage is due to the railroads. This is erroneous. The maintenance of an adequate coal supply depends in the first instance upon production, which in turn is restricted by shortages of labor and other causes aside from transportation.

Some idea of the volume of the eastbound freight traffic is to be had from a recent report of the Pennsylvania road which shows that 250,000 freight cars moved past Columbia, Pa., during the month of June. Practically all the through east and west bound freight is routed via this point and the cars passing there in June if coupled together would make a continuous train more than 2,000 miles in length. The average daily movement was 8,544 cars, or an average of about one car every 10 seconds. On June 20, 9,531 cars passed Columbia, exceeding all previously reported one-day movements on the Pennsylvania road and establishing what is believed to be the world's record for the greatest number of freight cars that ever passed a given point in 24 hours. In weight the freight in the month exceeded 6,000,000 tons, equal to the carrying capacity of 1,200 steamships of 5,000 tons each, or approximately 40 vessel loads of freight a day.

Similar reports are being received from other districts. The reports from the Eastern District indicate that the average anthracite and bituminous coal dumped at tide-water ports per calendar day in January was 2,233 cars. By May this average had risen to 3,345 cars. The average daily movement of anthracite and bituminous coal into New England in February was 794 cars per day. By May it had risen to 1,109 cars. On January 1 there were on hand at North Atlantic ports approximately 41,000 cars of export freight at piers and on the ground. By the 8th of May this had been reduced to approximately 28,000 cars, since which time a further reduction has been effected. The movement of coal via the Great Lakes shows an increase of 26 per cent over last year in cars dumped in vessels up to the end of May this year, but it is hoped that a still greater gain may be shortly secured.

For many reasons it is not perhaps in the public interest that a complete statement of the traffic that has been handled for the government should be published at present, but some idea of the service performed may be had from the statement that from May 1, 1917, to July 31, 1918, about 6,455,558 troops had been moved on orders from the War and Navy Departments. Of this number, 4,304,520, or

nearly 68 per cent, were carried between January 1 and July 1, 1918. These figures do not include soldiers, sailors and officers traveling at their own expense.

Another movement of government traffic that it is permissible to mention is the shipment of lumber for ships, aeroplanes and other government requirements, excluding railways, across the continent. Some 177,000,000 feet were shipped from the Pacific coast to Atlantic or intermediate points in this way between January 1 and July 18, 1918, and when speed was essential delivery on the eastern seaboard has been frequently made within 15 days after shipment from the Pacific coast.

I shall hope at another time to submit a more complete statement of what has been accomplished. This report is necessarily fragmentary as the reconstructive work undertaken is not entirely complete and the new machinery that has been installed requires further co-ordination.

A daily increase in facility and efficiency is nevertheless noticeable, and I am confident that the railroads will shortly be in a condition to meet any demands that may be made of them if needed motive power already ordered can be secured and if the necessary skilled labor is not withdrawn from the railroads for military and other purposes. These are very serious phases of the railroad problem.

Officials and employes have worked with such loyalty and zeal to accomplish what has already been done that it is a genuine pleasure to make acknowledgment of their splendid work. It is a constant satisfaction to be associated with them. You can rely upon their patriotic enthusiasm and alacrity in the work of winning the war, in which they as well as the soldiers at the front have enlisted with such laudable determination and patriotism.

On the 17th of June last I issued a statement in which I set forth the policy by which I have been and shall continue to be governed in my administration of the railroads. For your information a copy of it is appended.

RAILROAD CONTRACT ACCEPTED

The financial committee of seventy of the National Association of Owners of Railroad Securities decided at a meeting in New York, September 11, to accept under protest the contract offered by the Railroad Administration to the railroads for the operation of the various lines taken over under the Federal control act.

A special committee of the association having in charge the negotiations concerning the contract reported that while many important changes favorable to the roads and the security owners had been obtained, the form of contract tendered by Director-General McAdoo is "unsatisfactory and unacceptable in certain vital and fundamental particulars." It was explained, however, that the Government representatives had insisted on the retention of these provisions, and as a consequence a resolution was adopted directing the special committees to make to the Director-General a proposal for co-operation in securing an adjudication on the questions at issue.

The day after the terms of the contract which the government proposed to offer the railroads were announced the advisory committee of the railroad presidents and a number of presidents not on the committee held a meeting in New York. The question will be decided, not by the presidents, but by the banks and bankers who put them into office.

It is generally admitted that if the railroads are operated, during the period of federal control, with an eye single to the prosecution of the war and without any thought of government ownership or profit for anybody, then the form of contract submitted by the Railroad Administration may be a fair basis for the owners of the railroads. There is, however, a strong belief that the advocates of government ownership may now have enough influence to shape war administration in such way as to give that form of political economy a stronger opportunity than ever before.

Another impression is that there are sundry gentlemen in the United States who are prepared to take advantage of any necessities the owners of railroad stocks may exhibit to take over securities that may look like bargains, with a view to selling them to the government—at the right time. The idea of some is that the proposed contract affords opportunity for railroad wreckers.

The argument on that point runs something like this: Suppose the desirable properties, like the L. R. & N., that have been relinquished from federal control, find it impossible to get along. The stockholders tire of efforts to keep the property going and throw the securities on the market, or refuse to put up money to keep the property out of bankruptcy. Then, if the wise ones buy up such securities or the physical properties at a few cents on the dollar, they can combine with the advocates of government ownership and unload on the government.

The contract, as proposed, will allow ground for the most pointed disagreements as to what would be a normal improvement, extension or betterment; also as to what constitutes an improvident dividend, or what makes a road safe for operating purposes. Such questions are all to be decided by government officials, and their decisions are practically final. They may be attacked in the courts, but the fact that there is a suit in court does not bring money to the company wherewith to protect its credit by the payment of dividends and so forth.

It is submitted that unless the operations of the Railroad Administration are free from suspicion of "bolshivism" the public will be chary about investing any more money in railroads. Providing money for carrying on a litigation would be in the nature of an additional investment.

A further admission is that no one would need to fear the contract if there were assurance that traffic currents would be interfered with, during the war, only to the extent necessary to carry on the war. There is, however, a fear that the railroad feuds, rivalries, and jealousies of the days prior to government control will be carried into the management under the government and that, unconsciously, the railroad organizations that are not in the circle of organizations that control the government policy will "get the worst of it."

The action of the railroad executives' advisory committee in New York, September 6, recommending the acceptance of the contract was what might have been expected. It was a sub-committee of that body which carried on the negotiations and the members of that sub-committee kept in touch with their colleagues. Any other resolution on the part of the whole committee would be a very astonishing one. The sub-committee men recommended acceptance because they are satisfied that the contract is the best that can be obtained.

It was thought possible that the Association of Railway Securities Owners would undertake to prevent acceptance. At one time it looked like a certainty that it would do so, but as time went on the idea of a fight by that association grew smaller.

The railroad stockholders are confronted with this situation: Director-General McAdoo has been paying the usual dividends but he declines to promise a continuance. His only promise is that deductions for deferred maintenance, extensions, improvements and betterments shall not be so great as to prevent the payment of interest, taxes, sinking fund obligations, rents for controlled or leased lines, pensions, and so forth—that is to say, he promises to pay the fixed charges but that is where he stops.

While his announcement in connection with the promulgation of the form of the contract to be offered indicates that he intends to offer as compensation the maximum allowed by the federal control law, the language of the law does not oblige him to do so. The language is that the president is authorized to agree with a carrier that it shall receive as just compensation money "not exceeding a sum equivalent as nearly as may be to its average annual operating income for the three years ended June 30, 1917."

One might say that that authorizes him to offer anything less than the maximum. Courts, however, have said that when an administrative officer is authorized to offer something not in excess of a specified amount, that is the amount he must offer. In this instance the President is authorized to agree with and to guarantee to the carrier a compensation not in excess of the three year average.

The second section of the federal control act says that if no such agreement is made, or pending the execution of an agreement, the President may, nevertheless, pay to any carrier while under federal control an annual amount "not exceeding ninety per centum of the 'estimated annual amount of just compensation,' remitting such carrier, in

case where no agreement is made, to its legal rights for any balance claimed, to the remedies provided in section three hereof."

If the law means that the President must offer the average of the three years, then a refusal to sign the contract would automatically require the payment of ninety per cent of the average of the operating income, if the words "estimated annual amount of just compensation" mean the average of the operating income for the three test years. The language is considered inexact. Before the words "estimated annual amount of just compensation" are used, the statute says the average annual operating income "shall be ascertained" (not estimated) by the Interstate Commerce Commission and certified by it to the President. There is nothing in the preceding language about any "estimated annual amount of just compensation," to serve as a guide. The Commission is to ascertain, not estimate, the average of the annual railway operating income and certify the fact to the president.

There are many words, phrases, and expressions of uncertain meaning. Because of that fact it was believed that the stockholders would not dare take the risk of rejecting the proposed contract, even when they know that they are to be offered the average of the operating income for the test period, lest it be contended that ninety per cent of the "estimated annual amount of just compensation" turn out to be, in the mind of the Director-General, something other than ninety per cent of the "sum equivalent as nearly as may be of its average annual railway operating income for the three years ended June 30, 1917."

Lawyers who have had occasion to try to obtain a straight meaning of the uncertain words, phrases and clauses used in the federal control act, freely admit that there is ground for litigation in nearly every sentence in the assemblage of words which caused shippers to protest that an average of the operating income for three years preceding June 30, 1917, would be more than just compensation for the railroads during the period of the war and the reconstruction period of twenty-one months following it. Clifford Thorne, Samuel H. Cowan and others assumed that the idea of the Railroad Administration officials who were framing the statute was that the railroads should be paid such average. They fought it on that ground, while the attorneys for the railroads helped the Railroad Administration put the legislation through Congress. The attorneys felt fine at that time. During the negotiations that resulted in the form of a contract they have felt constrained to recommend to their clients as the best they could obtain, they were inclined, however, to wonder, if they had not been misled into a support of the Railroad Administration. They are wondering whether they ever had any real reason for helping put the legislation through.

The thought now is that perhaps it would have been just as well for them to have refrained from efforts to help frame the legislation at all and to have depended entirely on the courts to see that the stockholders got a fair deal. The courts without legislation could have dealt with the situation only on the theory of the government taking title to the property in fee instead of, under the federal control law, under a lease.

By accepting the contract, presumably with the offer of the average operating income, it is believed, the stockholders will stand a better chance of obtaining dividends than if they refused to make any contract at all. Ninety per cent of the operating income, to many companies, would mean ruin during the pendency of the suits to determine whether they were entitled to more. That makes for acceptance.

TEXT OF RAILROAD CONTRACT

Following is the final draft of the standard clauses for the contracts between the government and the railroads, for use in the ordinary case, subject to the government's reserved right to insist on different provisions in cases obviously requiring a different treatment, and to any changes of detail or phraseology that may prove to be necessary. There are certain questions relating to subsidiaries, terminals, industrial leases, and other matters,

which are left for further treatment in the agreements with the individual companies.

Preamble and Recitals.

This Agreement, made this day of
....., 1918, between William G. McAdoo, Director-General of Railroads, hereinafter called the Director-General, acting on behalf of the United States and the President, under the powers conferred by the proclamations of the President hereinafter referred to, and the

..... Company, a corporation duly organized under the laws of the State(s) of
....., hereinafter called the Company:

Witnesseth that—

(a) Whereas by a proclamation dated December 26, 1917, the President, acting under the powers conferred on him by the Constitution and laws of the United States, by the joint resolutions of the Senate and House of Representatives bearing date April 6 and December 7, 1917, respectively, and particularly under the powers conferred by section 1 of the act of Congress approved August 29, 1916, entitled "An act making appropriations for the support of the Army for the fiscal year ending June 30, 1917, and for other purposes," took possession and assumed control at 12 o'clock noon on December 28, 1917, of certain railroads and systems of transportation, including the railroad and transportation system of the Company and the appurtenances thereof, and directed that the possession, control, operation, and utilization of the transportation systems thus taken should be exercised by and through William G. McAdoo, appointed Director-General of Railroads; and

(b) Whereas the Congress of the United States, by an act approved March 21, 1918, hereinafter called the Federal control act, has authorized the President to enter into agreements with the companies owning the railroads and systems thus taken over for the maintenance and upkeep of the same during the period of Federal control, for the determination of the rights and obligations of the parties to the agreement arising from or out of Federal control, including the compensation to be received or guaranteed, and for other purposes, as in said act more fully set out, and authorized the President to exercise any of the powers by said act or theretofore granted him with relation to Federal control through such agencies as he might determine; and

(c) Whereas by a proclamation dated March 29, 1918, the President, acting under the Federal control act and all other powers him thereto enabling, authorized the Director-General, either personally or through such divisions, agencies, or persons as he may appoint, and in his own name or in the name of such divisions, agencies, or persons, or in the name of the President, to agree with the carriers, or any of them, or with any other person in interest, upon the amount of compensation to be paid pursuant to law, and to sign, seal, and deliver in his own name or in the name of the President or in the name of the United States such agreements as may be necessary and expedient with the several carriers or other persons in interest respecting compensation, or any other matter concerning which it may be necessary or expedient to deal, and to make any and all contracts, agreements, or obligations necessary or expedient and to issue any and all orders which may in any way be found necessary and expedient in connection with the Federal control of systems of transportation, railroads, and inland waterways as fully in all respects as the President is authorized to do, and generally to do and perform all and singular the acts and things and to exercise all and singular the powers and duties which in and by the said act, or any other act in relation to the subject hereof, the President is authorized to do and perform; and

(d) Whereas the Interstate Commerce Commission has certified to the President that the amount of the average annual railway operating income of the Company, computed in the manner provided in section 1 of the Federal control act, is dollars, subject to such changes and corrections as the Commission may hereafter determine and certify to be requisite in order that the accounts and reports of the Company used by the Commission as the basis of computing said average annual railway operating income may be brought into

conformity with the accounting rules or regulations of the Commission in force at the time of such accounting, or in order to correct computations based on such accounts or reports.

Now, therefore, the parties hereto, each in consideration of the agreements of the other herein contained, do hereby covenant and agree to and with each other as follows:

Section 1.—Privy, Alterations, Definitions, Etc.

Sec. 1. (a) This agreement shall be binding upon the United States, the Director-General and his successors, and upon the Company, its successors, and assigns.

This agreement shall not be construed as creating any right, claim, privilege, or benefit against either party hereto in favor of any state or any subdivision thereof, or of any individual or corporation other than the parties hereto.

(b) The provisions of this agreement may be altered, amended, or added to by and only by mutual consent signified by instruments in writing signed by the Director-General and by some officer of the Company thereto duly authorized by the Board of Directors of the Company.

(c) Wherever in this agreement the word "Commission" is used it shall be understood as meaning the Interstate Commerce Commission, acting by divisions or otherwise as authorized by law; but either party shall have the right to have the decision of any division of the Commission reviewed by the Commission sitting as a whole.

(d) Wherever in this agreement the words "Federal control" are used to indicate a period of time, they shall be understood as meaning the period from 12 o'clock midnight of December 31, 1917, to and including the day and hour on which said control shall cease.

(e) Wherever in this agreement the words "test period" are used, they shall be understood as meaning the period between July 1, 1914, and June 30, 1917, both inclusive.

(f) Wherever in this agreement the words "standard return" are used, they shall be understood as meaning the average annual railway operating income of the Company, computed in the manner provided in section 1 of the Federal control act, and ascertained and certified by the Commission.

(g) Wherever in this agreement the words "Director-General" are used, they shall be understood as designating William G. McAdoo, or such other person as the President may from time to time appoint to exercise the powers conferred on him by law with relation to Federal control, or such agents or agencies as the Director-General may from time to time appoint for the purpose; and wherever by this agreement any notice is to be given by the Director-General, the same may be given in his name by any subordinate thereto duly authorized.

(h) Wherever the property of the company is referred to in this agreement it shall be understood as including all the property described in paragraph (a) of section 2 hereof, whether owned or leased by the Company, and, where the context permits, all additions or betterments thereto or extensions thereof made during Federal control; and as to all such leased property the Company shall have the benefit of and be subject to all the obligations and provisions of this agreement and shall be subject to all duties imposed by law in respect of such leased property.

(i) The descriptive words at the heads of the several sections of this agreement and the table of contents are inserted for convenience merely, and are not to be used in the construction of the agreement.

Section 2.—Property Taken Over

Sec. 2. The Company's railroad and system of transportation of which the President has taken over possession, use, control, and operation shall be considered as including:

(a) The following roads and properties:
[Here insert list of roads, noting names, principal termini, etc.]

.....
together with all branches, tracks, trackage, bridge, and terminal rights, and lines of railroad owned or leased and operated by the Company as a part of its system of transportation, and all other property, with the appurtenances thereof, whether included in the foregoing list or not, the

revenues of which were used, or which, if the property had been then revenue bearing, would have been used, in computing the Company's standard return.....

The Company reserves to itself the benefit of all leases (and of all rents and revenues accruing therefrom), of parts of its right of way, station grounds, and other property, the revenues from which under the accounting rules of the Commission in force during the test period were properly creditable to "miscellaneous rent income" or "miscellaneous income." The Company grants to the Director-General all its rights to terminate leases of any part of its right of way, yards, or station grounds, and to occupy and use the premises of any such lessee when, in his judgment, the same is required for operating purposes. The Company shall have for its own benefit the right to lease for industrial sites or other purposes such portion of its right of way, yards, or station grounds, or structures thereon, as are not required by the Director-General for operating purposes, and to receive and enjoy the rentals therefrom, subject to the right of the Director-General to cancel any such lease and to occupy the premises or structures whenever, in his judgment, the same are necessary for operating purposes. All expenses connected with any such property heretofore or hereafter leased or otherwise occupied, as in this paragraph provided, including taxes thereon which during the test period were not charged to railway tax accruals, shall be paid by the Company while receiving the revenues therefrom.

[This paragraph may have to be modified, in particular cases, to fit the situation created by the existence of mixed operating and non-operating property, and perhaps in other cases.]

(b) All materials and supplies on hand at midnight December 31, 1917.....

[This item to be supported by an inventory, which, however, is not to be incorporated in the contract except by reference.]

(c) All balances in the account or accounts representing the total of "Net balance receivable from agents and conductors" as of midnight December 31, 1917;

(d)

[Here insert list of such other operating assets and of any deposits or funds as may be agreed on in each case. If no such assets, deposits, or funds are taken over, omit this paragraph and correct §§ 4 (a), 4 (e), and 9 (d) accordingly.]

Section 3.—Acceptance.

Sec. 3. (a) The Company accepts all the terms and conditions of the Federal control act and any regulation or order made by or through the President under authority of said act or of that portion of the act approved August 29, 1916, referred to in paragraph (a) of the preamble to this agreement which authorizes the President in time of war to take possession, assume control, and utilize systems of transportation; and the Company further and expressly accepts the covenants and obligations of the Director-General in this agreement set out and the rights arising thereunder in full adjustment, settlement, satisfaction, and discharge of any and all claims and rights, at law or in equity, which it now has or hereafter can have, otherwise than under this agreement, against the United States, the President, the Director-General, or any agent or agency thereof, for compensation under the Constitution and laws of the United States for the taking possession of its property, and for the use, control, and operation thereof during Federal control, and for any and all loss and damage to its business or traffic by reason of the diversion thereof or otherwise which has been or may be caused by said taking or by said possession, use, control, and operation.

No claim is made by the Company for compensation for the period between noon of December 28 and midnight of December 31, 1917; and the revenues of said period shall belong to the Company, and the expenses thereof shall be paid by the Company, allocated in both cases as provided in paragraph (b) of section 4 hereof.

(b) The Company, on its own initiative or upon the request of the Director-General, shall take all appropriate and necessary corporate action to carry out the obligations assumed by it in this agreement or lawfully imposed upon it by or pursuant to the proclamation of December 26, 1917, or by the Federal control act.

(c) The Federal control act being in section 16 thereof expressly declared to be emergency legislation enacted to meet conditions growing out of war, nothing in this agreement shall be construed as expressing or prejudicing the future policy of the Federal Government concerning the ownership, control, or regulation of the Company, or the method or basis of the capitalization thereof, and the recitals or provisions of this agreement shall not be used, as evidence or otherwise, by either party hereto in any pending or future proceeding which involves the acquisition or valuation of the Company's property or any part thereof; but nothing in this paragraph shall be taken or construed as affecting the settlement and discharge contained in paragraph (a) of this section, nor as limiting or qualifying any of the provisions of said paragraph for the purposes thereof.

Section 4.—Operation and Accounting During Federal Control.

Sec. 4 (a) All amounts received by the Director-General under paragraphs (c) and (d) of section 2 hereof and all other amounts whether received from the Company in cash or collected or realized upon by him from current operating assets belonging to the Company or arising from railway operations prior to midnight of December 31, 1917, shall be credited by him to the Company; and the Director-General shall, to the extent of the cash so received or realized, pay and charge to the Company all expenses arising out of railway operations prior to January 1, 1918, including reparation claims, and, unless objected to by the Company, may pay and charge to the Company any of such expenses, including reparation claims, in excess of the cash so received or realized. Balances of the above accounts shall be struck quarterly on the last days of March, June, September, and December of each year, and the cash balance found on such adjustments to be due either party shall be then payable and, if not paid, shall bear interest at the rate of 6 per cent per annum, unless the parties shall agree upon a different rate; except that the rate of interest on any portion of a balance found due to the Company which is derived from cash in bank to the credit of such Company on interest, shall be adjusted in each case independently of this contract as the parties may agree.

(b) Railway operating expenses, reparation and other claims, hire of equipment and joint facility rents shall be allocated with reference to the time when incurred as between the period prior and subsequent to midnight of December 31, 1917, and as between the period of Federal control and the period subsequent thereto. Railway operating revenues shall be allocated as between the period prior and subsequent to midnight of December 31, 1917, in accordance with the established accrual practices of the Company; except that where prior to midnight of December 31, 1917, the Company's part of a service on through business had been completed or carload lots on its own line had reached destination, the revenue of the Company for such service shall be allocated to it; but as to classes of traffic where in the opinion of the Director-General such allocation will involve undue delay or undue absorption of accounting labor, such revenues shall be allocated in accordance with the established accrual practices of the Company. Like methods of accruing and allocating such revenues shall be made at the end of Federal control.

(c) All expenditures made by the Director-General during Federal control for additions and betterments, exclusive of equipment, or for extensions begun prior to January 1, 1918, shall be charged to the Company, and if the completion of any such addition, betterment, or extension is approved or ordered by the Director-General, the Company shall be entitled under the provisions of paragraph (d) of section 7 hereof to interest on the cost thereof from the completion of the work; but no interest (except to the extent that the same may be allowed and included in the compensation provided for in paragraph (a) of section 7 hereof) shall be due the Company upon any such expenditures for work done prior to January 1, 1918. Payments for all equipment ordered or under con-

struction by the Company prior to January 1, 1918, but delivered on or after that date, shall also be considered as expenditures made by order or approval of the Director-General under paragraph (d) of section 7 hereof. Interest during construction payable under this paragraph, and also interest during construction on the cost of any additions, betterments, and road extensions made by the Company or at its expense to the Company's property during Federal control, shall be included in the cost of the work.

(d) Cash receipts or disbursements and other items arising out of transactions which do not enter into or form a part of those used in determining the Company's standard return shall not be received or paid by the Director-General unless such transactions are negotiated or conducted by his order for account of the Company and with its consent. When moneys are so received or paid by the Director-General in connection with such corporate transactions they shall be credited or charged to the Company. There shall be an accounting of the amounts due by one party or the other under this paragraph at the end of each quarter year of Federal control, and the amount so found due shall be then payable and if not paid shall bear interest as provided in paragraph (a) of this section.

(e) Any funds taken over as provided in paragraph (d) of section 2 hereof shall be maintained by payments and charges to appropriate operating expense accounts and used by the Director-General during federal control substantially in the same manner as prior to January 1, 1918. All sums paid by the Director-General to maintain pension funds or pension obligations or practices, and all contributions to Young Men's Christian Associations of employees, employees' savings funds, relief funds or associations, reading rooms, or health, accident, or death benefits for employees, shall be treated as a part of railway operating expenses during federal control.

(f) All salaries and expenditures incurred by the company during federal control for purposes which relate to the existence and maintenance of the corporation, or to the properties of the company not taken over by the President, or to negotiations, contracts, valuations, or any business controversy with the government or any branch thereof, and which are not specially authorized by the Director-General, shall be borne by the company, except that the expenses of valuation now being made by the Commission to the extent that they are, in the opinion of the Director-General, necessary to comply with the valuation orders and other requirements of the Commission and to the co-operation of the company in the making of such valuation, shall be paid by the Director-General as a part of railway operating expenses. If the company is dissatisfied with the ruling of the Director-General it may appeal to the Commission, whose decision shall be final.

(g) The Director-General shall furnish for additions, betterments and road extensions to the company's property approved or ordered by him any of the materials and supplies taken over under paragraph (b) of section 2 hereof, or purchased by him and held for use in connection with the company's property, in so far as, in his judgment, he can do so with due regard to his own requirements. Materials and supplies so furnished shall be charged to the company at cost.

(h) The Director-General shall at his option be substituted for the period of federal control in the place of the company in respect of the benefits and obligations of contracts relating to operation in force January 1, 1918 (including contracts made by subsidiaries for the use and benefit of the company and the right to abrogate or change and make new contracts with express companies for the period of federal control), except as to contracts between the company and subsidiary companies which shall be considered and treated as arrangements or practices; and the Director-General shall in like manner at his option be substituted for such period in respect of the benefits and obligations of arrangements and practices in force during the test period in regard to fuel, materials and supplies for the operation of the property described in paragraph (a) of section 2 hereof and of any additions, betterments and road extensions thereto, obtained from any mine, oil field, or other source of supply owned or controlled by the company, it being understood that under such arrangements or practices, if availed of by the Director-General, he shall,

to the extent necessary to offset any increase in the standard return growing out of the furnishing by the company or of its subsidiaries, during the test period, of fuel, materials and supplies under an arrangement or practice at less than the then cost or the then market value thereof for railroad purposes, be charged for such fuel, materials, and supplies a price expressed in dollars or cents per unit below or above the then cost or the then market value thereof for railroad purposes (as the practice of the company may have been) in the same amount that the prices charged the company during the test period were below or above the then cost or the then market value thereof for railroad purposes; and at the request of the Director-General or the company the prices for fuel or materials supplied between December 31, 1917, and the execution of this contract shall be adjusted on the foregoing basis: Provided, however, that a source of supply which the company had acquired to safeguard its own operations shall not be depleted or reduced for use on other transportation systems, except in cases of emergency to be determined by the Director-General, in which event the quantity so used on other transportation systems shall be accounted for to the company at the fair value thereof: And provided further, That materials and supplies secured under contracts which the company had made for its own operations shall, so far as practicable, be used on the company's property, and that, if used on any other transportation system, materials and supplies of like character shall be furnished by the Director-General for use in making such additions, betterments and road extensions as shall be chargeable to the company, and shall be charged at cost under such contracts.*

(i) The Director-General shall pay, or save the company harmless from, all expenses incident to or growing out of the possession, operation and use of the property taken over during federal control, except the expenses which under this agreement are to be borne by the company. He shall also pay or save the company harmless from all rents called in the monthly reports to the Commission equipment rents or joint-facility rents, and all judgments or decrees that may be recovered or issued against, and all fines and penalties that may be imposed upon, the company by reason of any cause of action arising out of federal control, or of anything done or omitted in the possession, operation, use, or control of the company's property during federal control, except judgments or decrees founded on obligations of the company to the Director-General or the United States.

(j) The Director-General shall save the company harmless from any and all liability, loss or expense resulting from or incident to any claim made against the company growing out of anything done or omitted during federal control in connection with, or incident to, operation or existing contracts relating to operation; and shall do and perform, so far as is requisite under federal control for the protection of the company, all and singular the things, of which he may have notice, necessary and appropriate to prevent, because of federal control or of anything done or omitted thereunder, the forfeiture or loss by the company of any of its property rights, ordinance rights, or franchises, or of its trackage, lease, terminal or other contracts involving a facility of operation; but nothing herein contained shall be construed to require the Director-General to make any capital expenditure necessary to preserve a franchise or ordinance right not heretofore availed of by the company. The Director-General shall also save the company harmless from any and all claims for breach of covenant heretofore entered into by the company or by any predecessor in title or interest in any mortgage or other instrument in respect to insurance against losses by fire.

Nothing in this or in the preceding paragraph shall be construed to be an assumption by the Director-General of, or to make him liable on, any obligation of the company to pay a debt secured by a mortgage or any rent under a lease, except rents which during the test period were called in the monthly reports to the Commission equipment rents and joint facility rents and rents which under

the accounting rules of the Commission in force during the test period were classified as operating expenses.

(k) In carrying out the provisions of paragraphs (a), (b), (c) and (d) of this section and the provisions of section 6 hereof the Director-General shall not settle any claim by or against the company against the objection in writing of the president or of any other duly authorized officer of the company. The conduct of all litigation before any court or commission arising out of such disputed claims or out of operation prior to federal control, shall be in charge of the Director-General's legal force and the expense thereof shall be paid by the Director-General; but the company may, at its own expense, employ special counsel in connection with any such litigation.

(l) Nothing in this agreement shall be construed as inconsistent with the provision in section 10 of the federal control act that no process, mesne or final, shall be levied against any property under federal control, nor as a waiver by the United States of any claim that might otherwise be made by it that the rights of any state or subdivision thereof or of any individual or corporation have been abrogated or suspended by the taking over of the company's property or by federal control.

(m) The company shall have the right at all reasonable times to inspect the books and accounts kept by the Director-General relating to the property of the company, or to the operation thereof, and the Director-General shall during federal control furnish the company with a copy of the operating reports relating to its property, and as soon as practicable after the end of each fiscal year shall furnish to the company a complete list of its equipment as of the end of such fiscal year.

Section 5.—Upkeep

Sec. 5. (a) During the period of Federal control the Director-General shall, annually, as nearly as practicable, expend and charge to railway operating expenses, either in payments for labor and materials or by payments into funds, such sums for the maintenance, repair, renewal, retirement, and depreciation of the property described in paragraph (a) of section 2 hereof as may be requisite in order that such property may be returned to the Company at the end of Federal control in substantially as good repair and in substantially as complete equipment as it was on January 1, 1918: Provided, however, That the annual expenditure and charges for such purposes during the period of Federal control on such property and the fair distribution thereof over the same, or the payment into funds of an amount equal in the aggregate (subject to the adjustments provided in paragraph (c) and to the provisions of paragraph (e) of this section) to the average annual expenditure and charges for such purposes included under the accounting rules of the Commission in railway operating expenses during the test period, less the cost of fire insurance included therein, shall be taken as a full compliance with the foregoing covenant.

(b) The Director-General may expend such sums, if any, in addition to those expended and charged under paragraph (a) of this section (subject to the adjustments provided in paragraph (c) of this section) as may be requisite for the safe operation of the property described in paragraph (a) of section 2 hereof, assuming a use similar to the use during the test period and not substantially enhancing the cost of maintenance over the normal standard of maintenance of railroads of like character and business during said period; and the amount, if any, of such excess expenditures during Federal control shall be made good by the Company as provided in paragraph (b) of section 7 hereof.

(c) In comparing the amounts expended and charged under the provisions of paragraphs (a) and (b) of this section with the amounts expended and charged during the test period, due allowance shall be made for any difference that may exist between the cost of labor and materials and between the amount of property taken over and the average for the test period, and, as to paragraph (a), for any difference in use between that of the test period and during Federal control which in the opinion of the Commission is substantial enough to be considered, so that the result shall be, as nearly as practicable, the same relative amount, character, and durability of physical reparation.

(d) At the request of either party here shall be an

*In view of the differing situations of the various carriers, a uniform standard clause covering the subject matter of paragraph (h) will not be insisted upon, the same being left open for such separate treatment as may be agreed on in each case.

accounting of the amounts due by one party or the other under paragraphs (a) and (b) of this section at the end of each year of Federal control and at the end of Federal control.

(e) If during Federal control any of the property described in paragraph (a) of section 2 hereof or any replacement thereof or addition thereto or betterment or extension thereof is destroyed or damaged otherwise than by fire or public enemies, and is not restored or replaced by the Director-General, he shall reimburse the Company the value of the property destroyed or the amount of the damage at the time of the loss; and the cost of restoration or replacement, or said value or damage, as the case may be, shall be charged to annual railway operating expenses: Provided, however, That if the Commission, on application of either party and after giving due consideration to the practice of the Company during the test period in respect to such matters and to any other pertinent facts and circumstances, determines that it is just and reasonable that said cost or value shall be apportioned or extended over a period of more than one year, this shall be done, and so much of said cost or value as may be apportioned by the Commission over the period subsequent to Federal control, shall be charged to the Company in the final accounting at the end of Federal control and shall be paid by it.

If, during Federal control, any of the property described in paragraph (a) of section 2 hereof or any replacement thereof or addition thereto or betterment or extension thereof is destroyed or damaged by fire, and is not restored or replaced by the Director-General, he shall reimburse the Company the value of the property destroyed or the amount of the damage at the time of the fire; and the cost of restoration or replacement or said value or damage, as the case may be, shall be charged to annual railway operating expenses, but the same shall not be considered a charge to such expenses for the purposes specified in paragraph (a) of this section.

In case of any such loss or damage by fire, the Director-General shall, if given written notice of the requirements of any mortgage, equipment lease, or trust on the property so destroyed or damaged, make such restoration or replacement, or pay such value or damage, in such way as to meet the requirements of such mortgage, equipment lease, or trust in the same manner as would have been proper in applying the proceeds of insurance on such property if it had been insured by the Company against loss or damage by fire in accordance with the terms of such instruments of lien; and a compliance with the written request of the Company in respect thereof shall be a full acquittance of any obligation of the Director-General in the premises.

The foregoing parts of this paragraph are subject to the proviso that in case of loss or damage any additions and betterments made in connection with or as a part of the restoration or replacement of property damaged or destroyed and chargeable under the accounting rules of the Commission in force December 31, 1917, to investment in road and equipment, shall be charged to and paid by the Company.

The Director-General shall not be liable to the Company for any loss or damage due to the acts of public enemies.

(f) If any additions, betterments, or road extensions are made to the property taken over or any equipment is added at the expense of the Company and with the approval or by order of the Director-General during Federal control, he shall expend and charge to railway operating expenses such sums either in payments for labor and materials or by payments into funds, as may be requisite for the proper maintenance, repair, renewal, retirement, and depreciation of such property until the end of Federal control.

(g) The Company shall have the right to inspect its property at all reasonable times during Federal control, and the Director-General shall provide reasonable facilities for such inspection.

(h) If any question shall arise, either during or at the end of Federal control, as to whether the covenants or provisions in this section contained are being or have been observed, the matter in dispute shall, on the application of either party, be referred to the Commission which, after hearing, shall make such findings and order as justice

and right may require, which shall be final as to the questions submitted and shall be binding on and observed by both parties hereto, except that either party may take any question of law to the courts, if it so desires.

Section 6.—Taxes.

Sec. 6 (a) All taxes assessed under Federal or any other governmental authority for the period prior to January 1, 1918, including a proportionate part of any such tax assessed after December 31, 1917, for a period which includes any part of 1917 or preceding years, and unpaid on that date, all taxes commonly called war taxes which have been or may be assessed against the Company under the act of Congress entitled "An act to provide revenue to defray war expenses and for other purposes," approved October 3, 1917, or under any act in addition thereto or in amendment thereof, and all taxes which have been or may be assessed on property under construction, and all assessments which have been or may be made for public improvements, chargeable under the accounting rules of the Commission in force December 31, 1917, to investment in road and equipment, shall be paid by the Company; but upon the amount thus chargeable to investment interest shall be paid to the Company during Federal control at the rate provided in paragraph (d) of section 7 hereof. Taxes assessed during construction on additions, betterments, and road extensions made by the Company with the approval or by order of the Director-General during Federal control, shall be considered a part of the cost of such additions, betterments, and extensions and shall, under the provisions of paragraph (d) of section 7 hereof, bear interest as a part of such cost from the date of the completion of such additions, betterments, or extensions. Assessments for public improvements which do not become a part of the property taken over shall bear interest from the date of the payment of such assessment.

(b) If any tax or assessment which under this agreement is to be paid by the Company is not paid by it when due, the same may be paid by the Director-General and deducted from the next installment of compensation due under section 7 hereof. If any taxes properly chargeable to the Director-General have been or shall be paid by the Company, it shall be duly reimbursed therefor.

(c) The Director-General shall either pay out of revenues derived from railway operation during the period of Federal control or shall save the Company harmless from all taxes, and the expense of suits in respect thereof, lawfully assessed under Federal or any other governmental authority for any part of said period on the property under such control, or on the right to operate as a carrier, or on the revenues derived from operation, and all other taxes which under the accounting rules of the Commission in force December 31, 1917, are properly chargeable to "railway tax accruals," except the taxes and assessments for which provision is made in paragraph (a) of this section.

(d) If any such tax is for a period which began before January 1, 1918, or continues beyond the period of Federal control, such portion of such tax as may be apportionable to the period of Federal control shall be paid by the Director-General, and the remainder shall be paid by the Company.

(e) Whenever a period for which a tax is assessed cannot be definitely determined, so much of such tax as is payable in any calendar year shall be treated as assessed for such year.

Section 7.—Compensation.

Sec. 7. (a) The annual compensation guaranteed to the Company under section 1 of the Federal control act shall be the sum of dollars during each year and pro rata for each fractional part of a year of Federal control, subject, however, to any increase or decrease in the standard return hereafter made by the Commission, as provided in paragraph (d) of the preamble of this agreement.

(b) The said compensation shall be paid to the Company quarterly in equal installments on the last days of March, June, September and December of each year for the quarter ending therewith, except that the first two installments shall be due as of March 31, 1918, and June 30, 1918, respectively, but shall be paid upon the execution of this agreement; but from each installment there may be deducted any amount then due by the Company under paragraphs (a) and (d) of section 4 hereof, under para-

graph (b) of section 5 hereof, and under paragraph (b) of section 6 hereof, and all amounts required to reimburse the United States for the cost of additions and betterments made to the property of the Company not justly chargeable to the United States, unless such matters are financed or otherwise taken care of by the Company to the satisfaction of the Director-General, and the Director-General may apportion any such amounts to two or more subsequent installments: Provided, however, That said power to deduct amounts due or accruing under paragraph (b) of section 5 hereof and the cost of additions and betterments not justly chargeable to the United States shall not be so exercised as to prevent the Company from paying out the sums reasonably required to support its corporate organization, to keep up sinking funds for the Company's debts required by contracts in force Dec. 31, 1917, to pay its taxes, to pay rents and other amounts (not chargeable to capital account) properly payable by the Company for leased or operated roads and properties, to pay interest which has heretofore been regularly paid by the Company, and interest on loans issued during Federal control and approved by the Director-General,* nor shall such deduction be made in respect of additions and betterments which are for war purposes and not for the normal development of the Company, nor in respect of road extensions, nor in respect of amounts due under paragraphs (a) and (d) of section 4 hereof, in cases where the current assets, including materials and supplies, of the Company taken over by the Director-General under the provisions of this agreement clearly exceed the current liabilities of the Company paid or assumed by the Director-General under said section. In the event of a difference as to the fact whether additions and betterments are for war purposes and not for the normal development of the Company, or as to whether an addition is a road extension, the question may, on application of either party, be referred to and determined by the Commission.

The power provided in this paragraph to deduct the amount due by the Company for the cost of additions and betterments not justly chargeable to the United States is further declared to be an emergency power, to be used by the Director-General only when he finds that no other reasonable means is provided by the Company to reimburse the United States, and, as contemplated by the President's proclamation and by the Federal control act, it will be the policy of the Director-General to use such power of deduction as not to interrupt unnecessarily the regular payment of dividends as made by the Company during the test period.

Overdue installments of compensation, or balances thereof, provided for in this section shall bear interest from maturity at the rate of five per cent per annum, except that if the Director-General shall, prior to the execution of this contract, have loaned the Company any money, the installments of compensation overdue at the date of the execution hereof shall bear interest from maturity at the same rate as that charged to the Company on such loans.

(c) During Federal control the Company shall not, without the prior approval of the Director-General, issue any bonds, notes, equipment trust certificates, stock, or other securities, or enter into any contracts (except contracts in respect of corporate affairs and property not taken under Federal control), or agree to pay interest on its debt at a higher rate, or for rent of leased roads and properties a larger amount, than the rates and amounts payable as of, or required by contracts in force on, December 31, 1917. The Company may, however, procure the authentication and delivery to it under any mortgage or trust deed or agreement in force December 31, 1917, of bonds or notes issuable thereunder in respect of additions, betterments, extensions, and equipment, or for refunding purposes.

(d) Upon the cost of additions and betterments (including equipment), less retirements in connection therewith, and upon the cost of road extensions, made to the property of the Company during Federal control, the Director-General shall, from the completion of the work, pay the Company a reasonable rate of interest, to be fixed by

him on each occasion. In fixing such rate or rates he may take into account not merely the value of money but all pertinent facts and circumstances, whether the money used was derived from loans or otherwise, provided that to the extent that the money is advanced by the Director-General or is obtained by the Company from loans or from the proceeds of securities the rate or rates shall be the same as that charged by the Director-General for loans to the Company or to other companies of similar credit.

(e) From its compensation so received by it or from other income, if adequate for the purpose, the Company shall make all payments of interest, rents and other sums necessary to prevent a default under any mortgage or lease of any of the property described in paragraph (a) of section 2 hereof; and if at any time during Federal control the Company, by virtue of any change in the right of possession (subject to the rights of the United States) to any of said property or otherwise, shall no longer be entitled as between itself and any other person or corporation to receive the entire compensation herein provided, such compensation shall be apportioned and paid, as between the parties entitled thereto, as justice and right may require.

Section 8.—Claims for Losses on Additions, etc.

Sec. 8. (a). Prompt notice in writing, except as provided in paragraph (d) of this section, shall be given the Company of the making or ordering of any additions, betterments, or road extensions, including terminals, motive power, cars, or other equipment to or for the property of the Company costing more than one thousand dollars, with an estimate of the cost thereof. Such notice shall be given before the beginning of the work or the acquisition of the property whenever in the judgment of the Director-General it is practicable to do so. Within a reasonable time after the completion of the work or the acquisition of the property, a written statement of the final cost thereof shall be given the Company. There shall be furnished the Company, as soon as practicable after the end of each month, a written statement of all expenditures estimated to cost one thousand dollars or less chargeable to investment in road and equipment made during the month, with a brief description of the work done or of the property acquired; and such statement shall constitute all the notice of additions and betterments costing one thousand dollars or less required by (b) and (c) of this section. The notices provided in this paragraph may be given to the president of the Company unless the Company designates some other officer to receive the same, in which event the notice shall be given to such other officer.

(b) Any claim of the Company for loss accruing to it by reason of expenditures for additions and betterments made to the property of the Company during Federal control in connection with or as a part of the work of maintaining, repairing, and renewing the Company's property and chargeable under the accounting rules of the Commission in force December 31, 1917, to investment in road and equipment, except such expenditures as are incurred in connection with the replacement of buildings and structures in new locations, may be determined by agreement between the Director-General and the Company, or, failing such agreement as to the fact or amount of such loss, the questions at issue may, upon the application of either party at any time after the filing of the statement of claim hereinafter referred to, be ascertained in the manner provided in section 3 of the Federal control act: Provided, however, That no loss shall be claimed by the Company and no money shall be due to it in respect of such additions and betterments upon the ground that the actual cost thereof at the time of construction was greater than under other market and commercial conditions; and for the purpose of determining such controversy the amount paid for any addition or betterment shall be deemed the fair and reasonable cost thereof and shall be taken as the basis for such determination; nor unless the Company, within sixty days of notice to it that the work will be done, shall give the Director-General notice of objection thereto and shall file with the Director-General a statement of its claim within ninety days after notice of the completion of the work.

(c) Any claim of the Company for loss accruing to it by reason of any additions and betterments which are not made in connection with or as a part of the work of maintaining, repairing and renewing the Company's prop-

*The Company will be expected to furnish the Director-General, prior to the execution of any contract, with a sworn statement of all the fixed charges, rents, and other items mentioned in this clause, as of December 31, 1917.

erty, or accruing to it in connection with maintenance in the replacement of buildings and structures in new locations, or by reason of road extensions, terminals, motive power, cars or other equipment made to or provided for the property of the Company during Federal control, may be determined by agreement between the Director-General and the Company, or failing such agreement as to the fact or amount of such loss, may, by proceedings instituted not later than six months after the end of Federal control, be ascertained in the manner provided in section 3 of the Federal control act: Provided, however, That no loss shall be claimed by the Company and no money shall be due to it in respect of such additions, betterments, road extensions, terminals, motive power, cars, or other equipment mentioned in this paragraph upon the ground that the actual cost thereof at the time of construction or acquisition was greater than under other market and commercial conditions; and for the purpose of determining such controversy the amount paid for any additions, betterments, road extensions, terminals, motive power, cars, or other equipment shall be deemed the fair and reasonable cost thereof and shall be taken as the basis for such determination; nor unless within sixty days after notice to the Company of such construction or acquisition written notice is given to the Director-General by the Company that it will claim a loss in respect thereof. With and as a part of such notice the Company shall state its objections to such construction or acquisition as far as reasonably practicable at the time. Nothing in this agreement shall be construed as barring the United States from contending that no loss within the meaning of the Federal control act accrued to the Company by reason of any additions, betterments, or road extensions made during Federal control by order or approval of the Director-General, if it is made to appear that the Company itself but for Federal control should in the exercise of sound judgment have made such addition, betterment or road extension.

(d) Where additions, betterments or road extensions or terminals, motive power, cars, or other equipment have been made to or provided for the property of the Company during Federal control but prior to the execution of this agreement, the Director-General shall not be required to give the notice thereof provided for in paragraph (a) of this section and notice by the Company of any claim of loss in respect thereto may be given the Director-General within ninety days after the execution hereof; and such claims shall thereafter be proceeded with in the manner provided in paragraph (b) or paragraph (c) of this section, as the case may be.

(e) The Director-General shall reimburse the Company for the amount of loss ascertained under this section with a proper adjustment of interest thereon.

(f) The Director-General shall not acquire any motive power, cars or other equipment at the expense, or on the credit, of the Company in excess of what in his judgment is necessary, in addition to its then existing equipment, to provide for the traffic requirements of its own system of transportation; but this provision shall not prevent the Director-General, after the acquisition of such equipment, from using the same, or any part thereof, on the line of any other transportation system operated by him.

Section 9.—Final Accounting.

Sec 9. (a) At the end of Federal control all the property described in paragraph (a) of section 2 hereof shall be returned to the Company, together with all repairs, renewals, additions, betterments, replacements, and road extensions thereto which have been made during Federal control, except as any part thereof may have been destroyed or retired and not replaced, in which case the provisions of section 5 hereof shall govern and except that the Director-General shall not be obliged to restore or replace property destroyed or damaged by the acts of public enemies.

(b) At the end of Federal control the Director-General shall return to the Company all uncollected accounts received by him from the Company and also materials and supplies equal in quantity, quality and relative usefulness to that of the materials and supplies which he received and to the extent that the Director-General does not return such materials and supplies he shall account for the same at prices prevailing at the end of Federal control.

To the extent that the Company receives materials and supplies in excess of those delivered by it to the Director-General it shall account for the same at the prices prevailing at the end of Federal control, and the balance shall be adjusted in cash.

(c) The total amount of the account "Net balance receivable from agents and conductors" at the end of Federal control may be turned over by the Director-General to the Company. He may also turn over all assets which have accrued out of operation; and the Company shall, to the extent of the cash received or realized from such assets, pay and charge to the Director-General all expenses arising out of railway operations during Federal control, including reparation and other claims, and may, unless objection is made by the Director-General, pay and charge to him any such expenses, including reparation and other claims in excess of the cash so received or realized. On the first day of the third month following the termination of Federal control an accounting between the parties shall be had, and so on the first of each third month thereafter. Any balance found due either party shall be payable as of the date on which the account is stated and shall bear interest until paid.

(d) At the end of Federal control there shall be paid to the Company any balance then remaining unpaid of the cash and special deposits received from the Company at the beginning of Federal control, together with any unpaid interest which may have accrued upon the same. There shall also be paid to the Company all special funds which were taken over by the Director-General as enumerated in section 2 hereof, and any funds created under the provisions of this agreement, except to the extent that such funds may have been properly used under this agreement.

(e) Wherever under any provision of this section there is to be an adjustment of interest, it shall be at the rate of five per cent per annum unless the parties shall in any case agree on a different rate.

(f) After Federal control no claim by or against the Director-General shall be settled by the Company against the written objection of the Director-General or the Attorney-General of the United States. The conduct of all litigation before any court or commission arising out of such disputed claims or out of operations during Federal control shall be in charge of the Company's legal force and the expense thereof shall be paid by the Company; but the Director-General or the Attorney-General may, at the expense of the United States, employ special counsel in connection with any such litigation.

(The following three pages show the manner in which the government would like to have the contracts executed.)

THE WAGE INCREASE

The Traffic World Washington Bureau.

The official announcement of another increase in wages to railroad employes, numbering about a million, or one-half of the whole railroad staff, was made September 5. The official press agent announcement says that "because of the situation resulting from General Order No. 27, it is impossible to estimate adequately at this time how much an increase in the operating expenses of the railroads these changes will total."

Unofficial estimates are that the increase will add \$200,000,000 to the expense of operating the railroads. These increases were announced in supplements Nos. 7 and 8 to General Order No. 27. The last mentioned is the first wage increase order. The supplement numbers, therefore, indicate eight additions to the pay rolls since the first.

It is felt in many quarters that this last increase in wages means another blanket increase in rates instead of any possible decrease. It is known that a twenty-five per cent increase in rates should bring in more than a billion dollars if it could be assumed there would be no diminution in volume of business and that another increase would not be necessary, even if the advances in wages amounted to one billion. It is, however, hard to think that the volume will remain unchanged, hence the thoughts about another blanket increase in rates which necessarily would be running into effect just about the time the higher taxes proposed in the war revenue bill introduced September 3 became effective and just ahead of the drive for the fourth

Liberty Loan and the consolidated drive for the Red Cross and other war activity organizations.

While there are two supplements to General Order No. 27, an addition to supplement No. 4 was given out at the same time. The addendum to supplement No. 4 pertains to coach cleaners. It gives them a minimum of twenty-eight cents an hour and a maximum of 40. They are all to be paid on the hourly basis, with eight hours as the basic day. The minimum for that lowest class of labor, therefore, becomes \$2.24 per day, with a maximum of \$3.20. The press announcement with regard to the two supplements is as follows:

Supplements No. 7 and No. 8 to General Order No. 27 affect nearly one million employes of railroads under federal control, and deal with questions of pay and hours of work.

Supplement No. 7 affects all clerks, station employes, stationary enginemen, boiler washers, power transfer and turntable operators, and common laborers in shops, round-houses, stations, storehouses and warehouses. It contains general rules for promotion and adjustments of grievances.

Supplement No. 8 affects all maintenance of way department employes working on tracks, bridges and buildings, and includes painters, mason and concrete workers, water supply employes, plumbers, etc.

The two supplements stabilize wages and remove inequalities occurring in General Order No. 27. The two supplements were issued by the Director-General after recommendations had been made by the Board of Railroad Wages and Working Conditions, based on an exhaustive investigation made by the board.

In the supplements certain basic wage minimums are established.

Generally speaking, the wage increases contained in the supplements, amount, as compared with the wages paid on January 1, 1918, to \$25.00 per month for employes paid on a monthly basis, and 12 cents per hour for employes paid on an hourly basis. These increases include any increase granted to these employes put into effect under General Order No. 27. General Order No. 27 is cancelled in so far as it applies to these employes.

The new rates are effective as of September 1, 1918. Back pay from January 1, 1918, not already paid out will, of course, be based on the rate established in General Order No. 27.

Under these supplements the eight-hour day is established throughout for these employes, with overtime up to ten hours on a pro rata basis with time and one-half thereafter.

Because of the situation resulting from General Order No. 27 it is impossible to estimate adequately at this time how much an increase in the operating expenses of the railroads these changes will total.

ROUTING AND PACKING

The Traffic World Washington Bureau.

The Railroad Administration is giving close attention to routing of cars and the packing of L. C. L. shipments, the first to prevent useless hauling and the second to prevent claims for loss or damage. Director-General McAdoo, September 11, announced that the move to eliminate circuitous routing had already yielded results worth considering and that shippers are co-operating with the railroad men to prevent the unnecessary use of cars and rails. In a formal statement the Director-General said:

Several months ago arrangements were made to check bill at the more important junction points, change routing and send cars via direct routes, calling attention of the initial lines and shippers to round-about routing.

A report of very great interest shows that during a recent month three Wisconsin junctions re-routed 1,221 cars, with a saving of 92,750 car-miles. The real transportation economy in this, however, is the fact that all these cars were originally routed through Chicago, and were diverted to other junctions, thereby avoiding handling through Chicago terminals, as well as making a saving in car-miles.

To prevent the creation of loss and damage claims, particular attention has been given to the packing. The inspection of packages has become more rigid and the man who sends in a box that will not stand the strain of transportation is apt to find the package returned to him for his attention.

Reports from one middle west district indicate that during the period of four months just ending, a total of 27,541

small shipments were turned down by the receiving clerks; 14,570 of these shipments were repaired or recovered and were accepted by the railroads for shipment; 12,971 of the shipments, however, were rejected entirely by the railroads. This, of course, means, that consignees received their goods in much better condition, and also means a big saving to the railroads in avoiding numerous claims for loss and damage which would have accrued had the shipments been accepted as originally presented.

This rerouting of cars is made without impairing the integrity of the rate. Nor does it add to the difficulties of the shipper who desires to reconsign or divert his shipment or is forced to have recourse to reconsignment or diversion because of the non-delivery of freight at destination in time to serve the purpose for which the goods were ordered. The permission of the Commission, granted early in the year, gives the Railroad Administration the right to reroute traffic on condition that the rate over the route specified by the shipper shall be respected. The railroads had that right without permission from the Commission if there were any physical reason for such diversion. The shipper's routing is usually inserted on account of a desire to give some money to an intermediate carrier or to make possible a particular delivery. Routing over non-controlled roads is supposed to be protected, although the owners of short lines say their legal rights are disregarded by the managers of the government-controlled trunk lines in many instances. Some shippers have also claimed that the government-controlled lines have not made the deliveries specified. If that is the fact, both short line and shipper are supposed to have a legal right to recovery of the loss so sustained, although the assertion of a legal right, at this time, may not bring any immediate financial results.

As to diversion and reconsignment on cars that have had their routing changed, the carriers in the route specified are supposed to know the routes to which the cars have been sent and to be able to send the proper orders for reconsignment or diversion. In other words, the incidental burdens resulting from the desire to save mileage are supposed to be borne by the roads constituting the route designated by the shipper.

GENERAL ORDER No. 43

The Traffic World Washington Bureau.

'Abolition of garnishment' and attachment proceedings against money held by government-controlled roads, decreed in General Order No. 43, places railroad employes in the same class, with respect to their debts, as government employes. The clerk who owes money may be sued, but his salary cannot be attached or garnished. That, however, does not mean that he will not pay his debt. The chief clerks in the government service warn the employee who does not pay; then, if he does not make arrangement for paying, or give some good reason for not paying, he is dismissed. The order is as follows:

Whereas, proceedings in garnishment, attachment, or like process by which it is sought to subject or attach money or property under federal control or derived from the operation of carriers under federal control under the act of Congress of March 21, 1918, are inconsistent with said act, and with the economical and efficient administration of federal control thereunder; and

Whereas, such proceedings are frequently commenced, particularly for the garnishment or attachment of amounts payable, or claimed to be payable, as wages or salaries of employes, which practice is prejudicial to the interests of the Railroad Administration in the operation of the lines and systems of transportation under federal control and is not necessary for the protection of the rights or the just interests of employes or others; and

Whereas, if any rules or regulations become necessary to require employes to provide for their just debts, the same will be issued hereafter:

It is therefore ordered that no moneys or other property under federal control or derived from the operation of carriers while under federal control shall be subject to garnishment, attachment, or like process in the hands of such carriers, or any of them, or in the hands of any employee or officer of the United States Railroad Administration.

The Open Forum

A Department for the Discussion by Patrons and Friends of THE TRAFFIC WORLD of Transportation Questions of Interest to Traffic Men Who Keep in Touch With the Times—Contributions are Welcomed

A. C. TUMY COMMENDED

Editor The Traffic World:

On page 396 of your August 24 issue appears an article entitled "New Routing Tariff."

Although I read this article with attention, I failed to observe therein any enthusiastic expressions of approval of Mr. Tummy's routing instructions.

In my opinion Mr. Tummy's action in this matter merits the highest commendation and is worthy of emulation by other railroad officials. His routing tariff expresses the attitude of the Director-General. By far the greatest good so far accomplished by the Railroad Administration is the reduction in the economic waste of circuitous transportation—waste that the public pays for. It is probably conservative to estimate that an average of 40 per cent of unnecessary car mileage has been the rule. If each of a thousand cars moves an average of 300 miles where the same results could have been attained by an average movement of 200 miles each, there are 100,000 unnecessary car miles that somebody must pay for.

The unwise provision in the act to regulate commerce, according to the initial line full length haul, has always effectually barred any action by the Interstate Commerce Commission tending to remedy the evil. Rates were based on the long routes, which, of course, imposed an undue tax on the public.

I recall a traffic official witness in a rate case protesting pathetically that a reduction in certain lumber rates would reduce his earnings to less than four mills per ton per mile. And his figures were correct; but they were based on circuitous routes that gave his line full length hauls. The same rates computed on reasonably direct routes which would have given the initial line less than full length hauls yielded six and seven mills per ton mile.

The greatest evil in the whole field of transportation is circuitous transportation, and Mr. Tummy's action is certainly worthy of unqualified praise.

O. P. Gothlin.

Indianapolis, Ind., Aug. 27, 1918.

FREIGHT CLAIM TROUBLES

Editor The Traffic World:

In your issue of The Traffic World, dated September 7, there is an article under the head of "Government Operation From the Standpoint of a Freight Claimant," that we wish could be read by every consignee in this country who has railroad expense bills to pay. It sets out so clearly the difficulties that surround consignees' protection against impositions and the injustice attending overcharges and corrections in freight bills that we believe if it could be read generally by the patrons of the railroads, it would create a universal protest that could be made felt by the Railroad Administration.

We have in this city an association, organized by the railroads entering this city, called the Railroad Clearing House Association, and all freight bills are collectible by that concern. Questionable charges, however, are not entertained by the institution, they taking the position that they have no funds with which to protect overcharges. Also in cases of plain tariff excesses they simply, when such are called to their attention, say that we must furnish tariff authority for our position. Since we and, doubtless, all consignees whose business does not justify the employment of a traffic man, cannot keep a line on tariffs and amendments, you can see easily the difficulty attending our having to furnish them this information. It is reasonable, we think, to suppose that the above association is amply provided with and informed on current tariff rates. Evidently this plan on their part

is simply a new method adopted to confound and embarrass railroad patrons with added difficulties. Naturally the war tax added to expense bills, which item consignees are expected to absorb, makes it imperative upon the part of the consignee, for his own protection, to see that nothing more than the freight due the carrier is collected.

Badger Lumber Company,

Per A. F. Congleton.

Kansas City, Mo., Sept. 10, 1918.

SOUTHWESTERN LIVE STOCK RATES

Editor The Traffic World:

Personal controversies are of no value to the American shipper, and it is personally of little concern to the corporation commissioners of Oklahoma whether or not we are advertised as blinded weaklings ready to accept any kind of compromise in order to be permitted to have the use of one eye. Your Washington correspondent, in the issue of August 31, page 445, "Southwestern Live Stock Rates," tangles up the record so badly that it should be corrected.

The facts in brief are: Following repeated and vigorous protest to Washington against the outrageous rate discrimination then threatened—now in force—against Oklahoma, appointment was made to meet the Western Traffic Committee at Chicago June 11. We again wired Washington, "We want results—do not want to go to Chicago for an academic discussion of the rate question." Under date of June 8 received wire from Washington saying, "Traffic Director advises that it is assumed that the committee in Chicago will decide questions of discrimination arising."

On reaching Chicago we were re-referred to the Southwestern Traffic Committee at St. Louis, as just the boys to handle our case. During the conference at St. Louis on June 12 wire was received from Director Chambers at Washington saying: "We will publish the new Shreveport rate plus 25 per cent for Oklahoma." We bitterly protested against foreclosing the matter in this way, saying to the committee: "It is evident that the wires from here to Washington work both ways." After listening to the proposals by the committee in the way of "concessions" in the rates on scrap iron, junk, vinegar, etc., we stated to the committee that we might be really as helpless as the Russians at Brest-Litvsk, but that we would not, like Lenin and Trotzky, sign the treaty. They could not have misunderstood our statement that we would much prefer no recommendation from them to that which they were proposing and did make, as the strategic retreat made by the committee and Director Chambers would only serve to "muss up" the situation and enable the Railroad Administration to say: "We have made concessions to Oklahoma," whereas no adequate relief was being given.

Your article says: "According to reports brought to Washington, the Oklahoma people agreed to the compromise." In order that no such report might be "brought to Washington" a written statement was furnished to Mr. West, chairman, in the presence of the entire committee, saying that Oklahoma would cheerfully and gladly pay a rate equal to the average of intra and inter state rates in surrounding territory, but that we positively refused to accept the proposals of the committee and the wire of Director Chambers as an adjustment of the Oklahoma rate situation.

Following this the Oklahoma Corporation Commission called a public hearing for July 31, which the carriers and Director-General McAdoo were cited to attend. That Mr. McAdoo saw fit to ignore us is true; that more than one million dollars has already been extorted from our Oklahoma shippers through excessive and discriminatory freight rates is also true; being true, it reflects no par-

ticular credit on Mr. McAdoo that he continues to ignore the just demands of two million loyal Americans who ask only justice—only that they be permitted to use the national transportation system upon equal terms as is granted the citizens of adjoining states in similar territory upon the same lines of railroad.

Those who live in Oklahoma can realize the injustice of the outrageous discriminations now in effect against us without the use of even "one eye"—we can feel it.

I realize that there are some who think it funny that the Director-General should ignore Oklahoma, but if the transportation system of our nation is to be conducted as a side line by an official who is so busy that he needs deny two million Americans even the right to be heard, it is too serious a matter to be funny. Those who smile now may find the laugh coming out of the other corner of their mouths later—if we stand on a parity with an Austrian province to-day, where may you stand to-morrow?

Campbell Russell,

Member Corporation Commission of Oklahoma.
Oklahoma City, Okla., Sept. 4, 1918.

Certainly we have no disposition to laugh at the predicament in which Oklahoma has found herself nor at any other similar situation brought about by arbitrary exercise of power under government operation of the railroads, where such exercise of power is not of a kind to be considered necessary in the winning of the war. We should think our readers would understand that, no matter if, by chance, language not actually pleasing to some concerned may inadvertently have been employed. But we seem to be "damned if we do and damned if we don't."—Editor-The Traffic World.

BAGGAGE DEFINED

Editor The Traffic World:

Attention has been drawn to article under Current Topics in Washington, page 264, Traffic World, August 10, "Beating Railroad Congestion"—that part referring to shipping building material as excess baggage.

If the suggestion is acceptable, we believe it is inadvisable to call attention to all shippers throughout the country, in such a general way, to such violations without also closing your article with the advice that it is a violation of tariffs, and thereby of the law, and such practices should be discontinued.

This especially in view of the efforts that are being made by the Administration in trying to reduce the amount of baggage carried in cars, and the efforts of the baggage committee in arranging for uniform baggage rules and the elimination of such practices.

Just recently the dry goods wholesalers have been asked to reduce the amount of baggage carried, and others will receive similar requests, and we know the Administration needs all of the baggage cars that can be obtained for the handling of our troops.

We think it is opportune to call attention to the fact that baggage is defined: First, personal baggage consists of wearing apparel, toilet articles and similar effects in actual use, and necessary and appropriate for the wear, use, comfort and convenience of the passenger for the purpose of the journey, and not intended for other persons nor for sale; second, sample baggage consists of baggage for the commercial as distinguished from the personal use of the passenger and is restricted to catalogs, models and samples of goods, wares or merchandise, in trunks or other suitable containers, tendered by the passenger for checking as baggage to be transported on a passenger train, for use by him in making sales or other disposition of the goods, wares or merchandise represented thereby.

J. W. Cobey,

Chairman, Baggage Committee, National Industrial Traffic League.

Dayton, O., Aug. 27, 1918.

PRIVATE EQUIPMENT

Editor The Traffic World:

In your issue of August 31, under the heading, "Private Cars a Burden," you discuss the recent decision of the Interstate Commerce Commission in the private car case (50 I. C. C., 652) and say:

"The private car is a burden upon the man who provides it in the sense that the carrier compels him to make an investment upon which he can make no direct return."

That begs the question as to whose duty it is to provide

the so-called equipment. It is also contrary to the evidence as to his getting a return upon the investment.

In the trial of the case there was little dissent from the proposition that the meat car of the packers and the oil car of the refiners are more packages than cars. Indeed, the oil refiners were almost without exception very distinct and emphatic in the contention that the oil tank car is as much a plant facility as the stationary tank upon their premises, and they were equally emphatic in making the claim that the carrier should not be required and should not be permitted to provide such a plant facility. They said that for the carriers to undertake to furnish the various kinds of tank car required for the various kinds of oil would call for more cars than are really necessary to do the business of the country and that the business would not be so well done in the end.

If, therefore, a tank is to such a considerable extent a plant facility and only to a minor degree a car, how can it be said that the carrier "compels the refiner to make an investment upon which he can make no direct return?" Does he not make a return on the investment when he gets a profit on the operation of his whole plant? What right has he to an independent return upon the investment in this movable plant facility any more than he has for a return upon that in his stationary tanks? He admitted that he could not expect a separate return upon the money in his stationary tanks.

The tank car is primarily an enormous barrel, in which the refiner now delivers his shipment in place of the large number of wooden barrels in which he formerly delivered it—with this difference against the carrier, that when the shipper delivered in wooden barrels the carrier had some show to get a return load in its car, whereas it never gets a return load in the present-day tank car. It is secondarily a car and the owner receives mileage for that use of it. But he should not receive pay for its service as a barrel.

What I have said about tank cars applies also to the meat car of the packers, which is specially constructed to hold the load suspended from the roof, and which is a perambulating meat chest.

T. J. Norton,

General Attorney, A. T. & S. F. Ry. System.
Chicago, Ill., Sept. 5, 1918.

OPERATING FIGURES ANALYZED

Editor The Traffic World:

Your issue of August 31, page 416, "Half Year's Operating Figures," says:

The first six months of government operation of the railroads produced a balance sheet that would be exceedingly painful to the country if adequate explanations could not be offered. A summary of the results in that half year covering all but one of the large roads, with a mileage of 232,949, was given out by the Commission on August 24. That summary shows a fall in the net revenue from operation from \$543,918,792 to \$265,741,473 and in the operating income from \$458,203,531 to \$173,194,407.

An increase in wages of \$133,043,201 and the terrific weather during the first three months of the period make a satisfactory explanation for the bad showing. The increase in wages was written into the books during June. That operation, called by the statisticians "taking into the accounts," makes a lamentable presentation of the railroads for that month.

A thorough analysis of the figures quoted in this article is far from "painful" but very encouraging indeed. Quoting further from the same article:

For the six months ended with June the revenue for the country as a whole went up from \$1,897,930,501 to \$2,081,448,000; expenses from \$1,354,011,709 to \$1,815,706,527, causing a drop in the net from \$543,918,792 to \$265,741,473 and from \$458,203,531 to \$173,194,407, and an increase in the operating ratio from 71.34 per cent to 87.23 per cent.

The increase in passenger fare to 3 cents per mile, with the half cent additional for Pullman and parlor cars, had been in effect only twenty-one days at the end of June, while the 25 per cent increase in freight rates had been effective but six days. Taking the usual division of 25 per cent for passenger receipts and 75 per cent for freight, and assuming that the increase in passenger rates was also only 25 per cent, the additional passenger fares collected during these twenty-one days would be \$14,454,500, while the increase in freight rates during the six days same was effective, would amount to \$13,009,050.

Had there been no increase in passenger or freight rates until the close of June, the total revenue would have

amounted to \$2,053,884,450. Had the 25 per cent increased freight rates been in effect for the entire six months, an additional freight revenue of \$377,162,450 would have been collected, while additional passenger fares would have been \$115,636,000, with the present rates in effect for the six months' period instead of twenty-one days only, or a total increased revenue of \$492,798,450. This would have added nothing to operating expenses (whether a freight bill be \$4 or \$5 does not change the expense of collecting same). So that this increased revenue would have increased the net operating income to \$665,992,857, or \$207,799,326 more than the net operating income for the same six months of 1917, an increase of more than 45 per cent net, and the operating ratio would have been reduced from 71.34 per cent to 70.53 per cent, and this, in spite of the \$300,000,000 wage increase and the "terrific weather" and demoralized traffic conditions which are generally credited to the first quarter of 1918.

Except for the increase in freight rates and passenger fares during the closing days of this six months' period, the operating income for this period would have been only \$145,630,857, leaving a deficit of \$312,572,674, as compared to same period in 1917. A 25 per cent increase in passenger fares during this six months' period would have been \$128,367,778, leaving \$184,204,896 to be made up by increased freight rates.

A 12 per cent increase in freight rates throughout the United States would have produced \$184,849,599, or more than enough to make good this deficiency.

If it be true, as is believed by many, that the increased passenger fare throughout the United States will average 20 1/2 per cent, then \$171,157,037 would have been secured from passenger fares alone for the six months' period, leaving only \$141,415,637 additional to be secured from freight traffic.

Ten per cent addition to the freight rate, instead of the 25 per cent now in effect, would have produced \$154,041,322, or twelve million more than enough to make the net operating income for the first six months of 1918 equal to the first six months of 1917, which is universally recognized as an exceptionally prosperous period for our railroads.

This shows very conclusively (without making any allowance for the "terrific weather" during the first three months of this period) that there will be no necessity for a further increase in freight rates any time in the near future, and certainly shows that we do not need an additional 25 per cent.

The state of Oklahoma is now paying an increase of more than 50 per cent above the rates in effect prior to March 25 of the present year, when an extra 28 per cent was "slipped under" us by the railroads. McAdoo's 25 per cent coming on top of that. All efforts to secure an adjustment of this rate have been futile, not because the carriers' representatives, who constitute the majority of the committees acting under the Director-General, do not concede the discrimination, but because it is their avowed purpose to remove this discrimination by increasing the rates in other southwestern states to that which is now effective in Oklahoma. If this increase should be applied to the southwest, then most assuredly it should be applied generally throughout the United States, as your article shows that the operating ratio for the month of June of the current year (by reason of the six months' wage increase being "dumped" into the June account) for the eastern district was 113.61 per cent; for the southern district 113.32 per cent, while for the western district it was 106.12 per cent.

If I may digress slightly from the original purpose of this article in showing that there is no necessity for further increase of present rates, I will refer to page 458 of your August 31 edition, where, in commenting upon the insistent demand of the Oklahoma Corporation Commission that we have a personal interview with the Director-General, you say:

It would seem, however, that they might eventually have to see other Chambers or Boards for the Director-General, not having the technical knowledge of the situation, would have to depend on them in the final analysis.

We recognize that fact in full. All that we ask of the Director-General is that he instruct his assistants to adjust the rate situation in Oklahoma so that we are on a parity with the rates now existing in surrounding states, instead of permitting them to continue their manifest determina-

tion to keep Oklahoma as a "snubbing post" on top of the hill, to which they hope to fasten their "block and tackle" to be used in pulling up the rates in adjoining territory. Operations so far show conclusively that there is no necessity for advancing rates, but indicate that present rates will net Uncle Sam a half billion annually.

Campbell Russell,

Member Corporation Commission of Oklahoma.
Oklahoma City, Okla., Sept. 5, 1918.

COTTON BASING RATES

Editor The Traffic World:

On page 295 of your August 10 issue you print an announcement regarding a proposed change in basing rates on shipments of baled cotton. The change, if made, will indicate a radical departure from a practice which seemed to have no place in up-to-date railroad economy, yet which continued. The announcement referred to might have needed more space had some interesting history in connection with rates on cotton been recollected by your correspondent.

It is within my own remembrance that a company was formed some years ago to manufacture and sell a patented "round-bale press," which, it was claimed for it, would compress cotton (as other fibers) into cylindrical shape at a much less cost for installation and operation than hydraulic compresses, etc. Some progress was made in establishing these outfits at country ginning points, to the extent, ultimately, that approximately 500,000 bales of cotton were annually put out in the cylindrical (round) form.

It appeared later, however, that the company (for reasons which were certainly apart from and having no connection with the practical economics of strictly "railroad" operation) could never obtain for its press an adequate recognition from railroad managements—at least, not in the substantial form indicated by "carload rates" as distinguished by "any-quantity rates." In consequence the country ginner of the south could not be induced to discard their old-fashioned, inefficient, baling outfits and substitute therefor the compressors of the "Round-bale Press Company." The cotton rates appeared to be immovably established on an "any-quantity" basis, in spite of that being an inefficient and old-fashioned practice from any standpoint of railroad efficiency and bare-facedly opposed to the best modern railroad methods.

It is common knowledge, of course, that all country-baled cotton for "export" is further compressed into bales which are, say, one-third to one-half their original size in cubic feet—this previous to being loaded into the vessel. This compressing is customarily done at the point of departure from these shores, after the cotton has been brought in by railroad from the interior. Consequently we are at no difficulty in realizing that the English, French, German, etc., cotton-spinners have used nothing other than "compressed cotton" and that, regardless of the undoubted fact that American spinners may have preferred and used the uncompressed (country-baled) cotton only, the railroad people could not consistently have opposed the principle of "economic compression" for cotton on the theory that such would be injurious to the product. Undoubtedly the effect of "compression" is to cause some expense in preparing cotton for spinning which would not be present if the cotton could be spun on the plantation; but this is a spinner's worry and not railroad concern, as long as the cotton is not injured commercially.

In the "round-bale press" affair the outstanding indi-

cations were that the people who controlled the press were never able to get anywhere with the people who controlled the railroads. This may be the answer!

The Interstate Commerce Commission (about 1912) was petitioned to establish carload rates on cotton, the plaintiff being (as I now remember) the "Round-bale Press" interests, claiming that the economic advantage of heavy carloading should be given recognition in lower rates than those established for any quantity.

The Commission, after profoundly examining all the law and precedent established as to the use and right to use toothpicks after eating ice cream, declared and found that, although one certain "Sparrow," so-called, may have, or, in fact, actually did claim or, so to speak, confess to the killing of the late C. Robin, yet, nevertheless, they, the Commission, were convinced by the testimony offered and recorded that the late C. Robin had come to his death through an overindulgence in worms, which had been in effect a too heavy loading for his capacity and had caused pericarditis. The "round-bale press" people therefore were thrown out of court and, I understand, shortly thereafter "went to the cleaners."

Now comes your announcement that this decision is to be disregarded by the Railroad Administration! Truly, times are changed if anyone is quick enough to catch up with and change the Commission before it can change its own decision.

John W. Keogh.

Chicago, Ill., Aug. 12, 1918.

NEW PREFERENCE LIST

The Traffic World Washington Bureau.

The Priorities Commission of the War Industries Board, Sept. 9, promulgated Preference List No. 2, dated Sept. 3, which is to supersede No. 1, and amendments and supplements thereto, dated April 6, 1916. The plants and industries of the country are divided into four classes. The first class, containing war work plants, ship yards, food, and feed establishments, homes, coal mines, oil plants, blast furnaces and steel mills, is to have preference to the full extent of their requirements of fuel and electric energy, labor and transportation, over all other establishments. The other classes, however, are not to be treated in that way. Not all the establishments in class No. 2, for instance, are to be supplied before any of those in No. 3. Those supplying fuel, labor and transportation are supposed to exercise judgment in caring for the establishments in the three lower classes.

The creation of these preferred classes does not mean an embargo against the unclassified establishments. They, however, are to be taken care of in a preferential way—that is to say, they are not to be closed if that can be prevented by stinting establishments in other classes or not classified at all.

Government controlled railroads are placed in Class No. 1. Those not under federal control are placed in No. 2. The American Short Line Railroad Association has been fighting against the proposition that its roads are any less essential than the roads taken over by the government.

In a short time the War Industries Board will issue a supplement to Preference List No. 2, showing the names of plants to which preference is to be given. By that time the board hopes there will be a better understanding of the preference list than there seems now to be.

The list is merely an order directed to those, first, who supply fuel or electrical energy; second, labor; third, transportation, no matter by what means. It tells the coal man, the labor agent, and the common carrier that the industries and plants in the list must receive preference, in the things they provide, ahead of others.

Naturally not every industry and plant in the country performing essential war work will be named. There are plants that supply essential things the existence of which is hardly known to the board. But some plant or industry named in the preference list knows of the importance of the plant that is unknown to the board, and

it is expected to bring to the attention of the board the fact that that plant is essential to keeping some known essential plant in operation.

The preference list says nothing about saw mills or lumber mills. From that fact owners and operators of such plants have inferred that they had been classed as non-essential. That is a wrong inference. The mills that furnish timber or lumber for shipyards or for any other war purpose will be cared for by their consignees. In the same way a quarry that furnishes fluxing limestone for a blast furnace, while not named in the preference list, will have to receive preference from those who furnish fuel, labor, and transportation.

The test is utility in war work. A plant that is engaged principally in war work will be cared for in the matter of fuel, labor, and transportation, either directly, by being placed on the preference list, or indirectly, by the representations of a plant needing its materials.

The fundamental idea in the establishment of the four classes is that the orders and influences of the government and governmental agencies will be exerted in behalf of fuel, labor, and transportation and that in that way the essential war work will be carried forward.

By consulting the preference list, the draft exemption boards throughout the country, as "governmental agencies," will have to take judicial notice that they must not take labor from coal mines, railroads, by-product coke plants, oil and gas wells or refineries, so long as it is possible to obtain men from other industries. The country has not reached the point that men must be taken for military service regardless of the work in which they are engaged.

The principal thing to be remembered is that the preference list is directed to the producers and suppliers of fuel and electrical energy, to those who are attempting to control the labor supply, and to the railroads. They are to give preference to the four classes established in the list. But the fact that plants or industries are listed does not mean that all others are embargoed. It means simply that those not on the list must wait until the others are supplied before hoping to obtain anything for themselves.

Some of the unlisted industries have already been placed on fuel rations. Some industries may have not more than fifty per cent of their normal supply of fuel, even if all the preferred industries in a given neighborhood have been supplied with their requirements. That embargo against industries of that kind is intended to conserve fuel so that a neighborhood with unusually good facilities for distribution will not absorb coal for non-essential uses, because the distributors have been able, with comparative ease, to supply the essential industries and would be prepared to supply the bulk of the requirements of the non-essential in their neighborhoods.

MINIMUM CHARGE ON SINGLE SHIPMENTS

Circular No. 30 of the Western Freight Traffic Committee, to chairmen of district committees and freight traffic officers of carriers under federal control, is as follows:

"General Order No. 28 provides that 'the minimum charge on less than carload shipments shall be as provided in the classification governing, but in no case shall the charge on a single shipment be less than 50 cents.'

"In some instances minimum charges have heretofore been provided for in tariffs different from those prescribed in the classifications, and it seems that in compiling the special supplements to comply with General Order No. 28, effective June 25, some carriers assuming that it was not intended to reduce any specific minimum charges carried in tariff publications enlarged upon the provisions of General Order No. 28 and so arranged these special supplements that the minimum charge would be as per classification 'or tariff' or made other provisions to the same general effect.

"The purpose was to bring about uniformity at least in the three classification territories and it is desired that any minimum charges for single shipments of less carload freight carried in tariffs differing from those prescribed in the classification, subject, however, to a minimum charge of 50 cents, shall be cancelled.

"This can be done under Freight Rate Authority No. 154 of July 16, 1918."

Traffic Lesson No. XLV

The Act to Regulate Commerce (Concluded)—Forty-fifth in the Course of Fifty-two Lessons
Written for the Traffic World by Grover G. Huebner, Ph.D., Assistant Professor
of Transportation and Commerce, University of Pennsylvania,
and Published Bi-weekly—(Copyrighted)

The original act to regulate commerce described in the preceding lesson is still in effect, but its provisions have been made more stringent by subsequent amendments.

With a view to overcoming the defects of the provisions prohibiting rebates and personal discriminations, Congress, on Feb. 19, 1903, enacted the so-called Elkins law. To protect further shippers and consignees this law made the railroad companies as well as their agents liable in case of rebating in any form. It also provided that any charge other than the published charge constitutes an illegal rebate and that proof of such departure from published rates is sufficient to convict. To protect the railroads and place such where, in some instances of personal discrimination, it may properly belong, the Elkins act provides that the receiver as well as the giver of a rebate is guilty. The rebating penalty of imprisonment, however, which has been imposed by an earlier amendment of 1889, was abandoned. A fine of from \$1,000 to \$20,000 was the penalty for rebating until 1906, when the Hepburn act again imposed a penalty of imprisonment as well as fine. The Elkins act also provided machinery for the enforcement of published charges through the federal courts.

On Feb. 11, 1903, Congress, with a view to eliminating delays in disposing of equity suits in which the United States is a complainant, brought in the federal circuit courts under the interstate commerce act, the Sherman anti-trust act, or other laws of a similar purpose, provided that such suits should receive precedence over others and be assigned for hearing at the earliest practicable date when the Attorney General serves notice that a particular case is of "general public importance." Appeals from the circuit courts, moreover, were to be made direct to the Supreme Court within 60 days after the former entered their decrees.

The Hepburn Act of 1906.

The principal amendments to the interstate commerce act were not, however, made until 1906, when the Hepburn law was enacted.

(1) This law increased the scope of the interstate commerce act. The term "common carrier" was made to include express and sleeping car companies; the term "railroad" to embrace all switching, spurs, track, terminal facilities, freight depots, yards and grounds used in property transportation and delivery; and the term "transportation" to include all railroad cars or vehicles irrespective of ownership or control, all services in connection with the receipt, delivery, transfer, elevation, ventilation, refrigeration, storage, and handling of transported property.

(2) The act also made it the duty of every carrier subject to the act to provide such transportation on reasonable request and to establish through routes and just and reasonable charges therefor.

(3) It required railroads, on application, and, if reasonable and practicable and the volume of traffic warrants, to construct and maintain switch connections with lateral lines and with private sidetracks.

(4) It prohibited carriers subject to the act from changing rates without a notice of 30 days to the Interstate Commerce Commission and the public, unless the Commission, for good cause, authorized a shorter period of notice. It explicitly forbade carriers to engage in transportation unless their tariffs are filed and published as the law requires.

(5) The penalty of imprisonment as well as fine for personal discrimination was restored.

(6) In the so-called Carmack amendment it required the carriers receiving freight to issue bills of lading and made them liable to the holders for loss or damage to property caused by them or any connecting concern. It also prohibited the making of special agreements for limited or released liability, but this was so interpreted by the court

as to make possible the continuance of limitations or releases as to the amount of loss or damage collectible. Later, in 1915, this clause was amended by the Cummins amendment by requiring payment of the full amount of loss or damage in case of liability; but in 1916, by the so-called "amendment to the Cummins amendment," Congress again authorized the payment of limited or released amounts except in the case of ordinary live stock.

(7) It prohibited the issue of passes to any except certain groups of persons exempted by law.

(8) In the "commodities clause" the Hepburn amendment prohibited railroads from transporting in interstate commerce "any article or commodity, other than timber and the manufactures thereof, manufactured, mined, or produced by it, or under its authority, or which it may own in whole or in part, or in which it may have any interest, direct or indirect, except such articles or commodities as may be necessary and intended for its use in the conduct of its business as a common carrier." This clause was aimed at relationships such as exist in the anthracite coal industry. Its constitutionality has been upheld by the Supreme Court, but it was so interpreted that, although the form and degree of relationship have been changed, the anthracite industry and the carriers have not been completely dissociated.

(9) The Commission's power to prescribe uniform accounting systems was made effective by providing the necessary authorization to audit and inspect the carriers' accounts.

(10) The most significant changes embodied in this act were those conferring mandatory power on the Interstate Commerce Commission. The Commission was empowered, on complaint and after holding full hearings, to substitute reasonable maximum charges in place of charges which it finds to be unreasonable or unjustly discriminatory or preferential. This power includes freight rates, fares, and other charges, joint as well as local, and also regulations and practices, and it extends to the establishment of rate divisions, through routes, and payments or allowances for transportation services, equipment or other "instrumentality" provided or rendered by the owners of transported property.

"Orders of the Commission, except orders for the payment of money, should take effect within such reasonable time, not less than thirty days, and shall continue in force for such period of time, not exceeding two years, as shall be prescribed in the order of the Commission, unless the same shall be suspended or modified or set aside by the Commission or be suspended or set aside by a court of competent jurisdiction." A penalty of \$5,000 was provided against failure to comply with a rate order, each day in case of continued violation being a separate offense; and the Commission or any interested party was authorized to apply to the circuit court of the district in which the violation occurs or in which the main operating office of the carrier is located for an injunction or other process compelling enforcement of the Commission's order.

(11) Appeals from the Commission for judicial review of its orders could be made before the circuit courts of the United States subject to the provisions of the expediting act of 1903 with the added provisions, however, that no injunction should be granted against the enforcement of an order except after a notice of five days to the Commission and after hearings are held; that appeals shall be taken within 30 days and shall have precedence over all except cases of like character and criminal cases; also that in case of appeals from a circuit court to the Supreme Court a review case shall receive precedence over all except criminal cases; that in orders not involving the payment of money the Commission need not include in its decisions reports of all its findings of fact; and that the

Commission can at any time, after an order has been made, grant applications for rehearing.

The Hepburn act does not stipulate the ground on which the Commission's orders may be reviewed by the courts, but the courts have on their own account confined themselves to a determination of whether the Commission has exceeded its statutory powers or violated the federal constitution. On questions of fact within the jurisdiction of the Commission the court does not "substitute" its judgment for that of the Commission (Los Angeles switching case, 234 U. S. 294, June 8, 1914; Illinois Central case, 215 U. S. 452, Jan. 10, 1910).

(12) The membership of the Interstate Commerce Commission was increased to seven, the terms of office to seven years, and the annual salary of each member to \$10,000.

The Mann-Elkins Amendment of 1910.

The act to regulate commerce was further amended in important respects in the amendment of June 18, 1910:

(1) The scope of the act was extended to include telegraph, telephone, and cable companies doing an interstate business.

(2) The Commission's rate powers were greatly extended, authorizing it to suspend proposed rate advances pending inquiry; to prescribe maximum rates upon its own motion as well as upon complaint; to revise freight classifications; and to reject tariffs that fail to give lawful notice of their effective dates.

(3) The Commission's powers to establish through routes, which had primarily been based on the failure of the carriers to establish a through route, were extended so as to empower it to establish additional through routes and joint rates and classifications, subject to certain exceptions, even though the carriers had already acted.

(4) The long-and-short-haul clause was revamped by striking out the phrase, "under substantially similar circumstances and conditions," and instead granting to the Commission the power to waive its application.

(5) A clause which may prove of importance to water transportation prohibits the future increase of railroad rates which are reduced to meet water competition, unless the Commission is convinced that such proposed increase is justified by conditions other than the elimination of water competition.

(6) Shippers received the power to route their freight subject to the conditions which were specified in Lesson No. 40.

(7) Carriers were required, on written request, to quote rates to shippers.

(8) The President was authorized to appoint a stock and bond commission to investigate railroad capitalization and render a report. This board was later appointed and made its report in November, 1911.

(9) A "Commerce Court" was created further to reduce delay in court review and to provide a court, the judges of which would become expert in railroad matters. It had jurisdiction over review cases; over the enforcement of the Commission's orders, excepting those involving the payment of money; over rebating cases; and over mandamus proceedings arising under sections 20 or 23 of the interstate commerce act. All cases brought before the Commerce Court or the Supreme Court were to be brought by or against the United States and to be in charge of the Attorney-General of the United States.

(10) The act contained many miscellaneous provisions, the most important of which are those authorizing carriers from disclosing the business secrets of shippers and consignees; defining methods of unlawful rebates; increasing the Commission's power over railroad reports; further defining the persons who may accept free passes; and requiring each carrier to designate an agent in Washington on whom notice may be served and process made. The importance of a blanket clause contained in the Mann-Elkins act empowering the Commission to issue orders regarding any "conditions and practices whatsoever" of carriers within the scope of the act has not as yet been fully determined.

The Panama Canal Act of 1912.

An act of Aug. 24, 1912, primarily concerning the tolls and operating organization of the Panama Canal contains several provisions that amend the interstate commerce act:

(1) Railroads are prohibited from operating vessels

through the Panama Canal over routes which are or might be in competition with the railroads owning, leasing, controlling or operating such vessels, the Interstate Commerce Commission being authorized to determine the fact of competition.

(2) Railroads owning or in any way controlling or operating carriers by water that are or might be in competition with the proprietary railroads are required to dispose of their ownership or control, unless they can convince the Interstate Commerce Commission that such membership or control does not reduce competition and that it is not contrary to the public interest.

(3) The Interstate Commerce Commission was empowered to order the establishment of physical connection between railroads and the docks of carriers by water, provided such connection is practicable and the volume of business warrants the expenditure.

(4) The Commission's power over traffic handled partly by rail and partly by water was defined and increased by providing that it shall have power to establish through routes and maximum joint rates and determine all the terms and conditions under which such lines shall be operated in handling the traffic embraced; to establish maximum proportional rates by rail to and from ports; and, if any rail carrier subject to the interstate commerce act enters into arrangements for the handling of through traffic destined to a foreign country, via a given port, to require such railroad to enter into similar arrangements with any or all other steamship lines operating from that port to the same foreign country.

Miscellaneous Amendments in 1913 to 1917.

In 1913 action was taken to abolish the Commerce Court which was created by the Mann-Elkins amendment, thus throwing the judicial review of the Commission's orders back to the regular federal courts.

In the same year by an act of March 1, 1913, the Interstate Commerce Commission was directed to "investigate, ascertain and report the value of every piece of property owned or used by all common carriers subject to the interstate commerce act."

On March 4, 1915, the Cummins amendment prohibiting limited or released liability was enacted, and on Aug. 9, 1916, as was previously mentioned, this act was changed by the so-called amendment to the Cummins amendment.

The continued terminal congestion and freight car shortage during the war caused the enactment on May 29, 1917, of the so-called "car service amendment." The Commission was authorized, when it believes immediate action to be necessary, to suspend existing car-service rules, with or without notice, hearing, or the filing of a report, and instead to issue whatsoever directions it deems to be in the public interest; and it is also instructed, after hearings, to establish reasonable car service rules and practices.

In the "priority amendment" of Aug. 10, 1917, Congress amended section 1 of the interstate commerce act by authorizing the President during the continuance of the war to grant priority to selected kinds of traffic either through the Interstate Commerce Commission or other designated persons. Under this amendment the President appointed a priority director. The same act also penalized all interference by intimidation, threats or physical force, with the movement of commerce and the make-up, movement or dispatch of trains, locomotives and cars.

The so-called "Commission organization amendment" of Aug. 9, 1917, increased the Commission's membership to nine and authorized the Commission, subject to certain restrictions, to divide its membership into "divisions" which, with respect to the functions assigned to them, "shall have all the jurisdiction and powers now or then conferred by law upon the Commission and be subject to the same duties and obligations." This act also changed the method of bringing about rate increases, by providing that until Jan. 1, 1920, "no increased rate, fare, charge, or classification shall be filed except after approval thereof has been secured from the Commission."

Related Federal Statutes.

Attention is called to a number of federal statutes that are important in the regulation of carriers, although they are separate laws rather than amendments to the interstate commerce act:

(1) The Sherman anti-trust act of July 2, 1890, as ap-

lied to railroads, has, since 1897-98, prevented formal rate agreements and has also caused the dissolution of several railroad consolidations.

(2) The Clayton act of Oct. 15, 1914, further defines legal combinations in restraint of trade, penalizes the embezzlement of funds, and regulates dealings in securities, supplies or other articles and contracts for construction or maintenance with concerns in which the carrier's officers, president, manager, purchasing agent or agent in the particular transaction are interested. The Interstate Commerce Commission is charged with the enforcement of the provisions applicable to common carriers.

(3) The Erdman act of 1898 as amended in the Newlands act, of 1913, provides machinery for the conciliation and voluntary arbitration of railroad labor disputes.

(4) There are a number of important public safety statutes applicable to railroads, the principal acts being the "safety appliance acts," the first of which was enacted in 1893; the hours of service act of March 4, 1907, as amended in 1916; the locomotive ash-pan law of May 30, 1908; the transportation of explosives act of March 4, 1909; the boiler inspection law of Feb. 17, 1911, as amended in 1915; and the accidents reports act of May 1, 1910.

(5) The bills of lading act of Aug. 29, 1916, was referred to in Lesson No. 18.

(6) Miscellaneous statutes are the eight-hour day act, approved Sept. 3 and 5, 1916; the war revenues act of Oct. 3, 1917, containing provisions for special taxes on freight rates, express rates, passenger and Pullman tickets, and charges on pipe lines, telegraph and telephone companies; and the army appropriation act of Aug. 29, 1916, which provides in section 1 that—

The President, in time of war, is empowered, through the Secretary of War, to take possession and assume control of any system or systems of transportation, or any part thereof, and to organize the same, to the exclusion as far as may be necessary of all other traffic thereon, for the transfer or transportation of troops, war material and equipment, or for such other purposes connected with the emergency as may be needed or desirable.

The last mentioned act enabled the President on Dec. 28, 1917, to "take over" the railroads and appoint a Director General.

The text of the interstate commerce act and of related statutes is contained in convenient form in a pamphlet revised to Jan. 1, 1917, which may be purchased from the Traffic Service Bureau.

The powers of the Interstate Commerce Commission and the provisions of the federal railroad control act of March 21, 1918, will be discussed in Lesson No. 46.

K. & N. W. A COMMON CARRIER

The Traffic World Washington Bureau.

The Commission's report on the status of the Kinder & Northwestern is a purely formal one, setting forth that it appears the railroad is a common carrier and ordering that the arrangements between it and its trunk line connections shall be governed by the principles in the second supplemental report in the Tap Line Case, 31 I. C. C. 490. The whole report and order is as follows:

It appearing that by order dated July 5, 1916, the Commission entered upon an investigation to determine the lawfulness of joint rate arrangements, and the rules, regulations and practices applicable thereto made by the St. Louis, Iron Mountain & Southern Railway and the New Orleans, Texas & Mexico Railway Company with the Kinder & Northwestern Railroad Company;

It further appearing that a full hearing and investigation of the matters and things involved has been had and that the Kinder & Northwestern Railroad Company is a common carrier tap line under the test applied by the Supreme Court in the Tap Line Cases, 234 U. S. 1;

It is ordered that the arrangements between the Kinder & Northwestern Railroad Company and its connecting trunk lines for joint rates and divisions thereof shall be governed by the principles announced in the second supplemental report in the Tap Line Case, 31 I. C. C. 490, and that the divisions which the Kinder & Northwestern Railroad Company may receive on interstate shipments of lumber and forest products shall not exceed the maximum amounts fixed by the order entered in connection with that report on July 29, 1914.

Legal Department

In this department a legal expert answers simple questions relating to the law of interstate transportation of freight. Readers desiring special service by immediate answer may obtain privately written answers to their inquiries by the payment of a small fee.

Address Legal Department, The Traffic Service Bureau, Colorado Building, Washington, D. C.

Consignee's Liability, as Agent, for Undercharges.

New York.—Question: We presume you have read the recent decision by the Massachusetts Supreme Court in which it was ruled that a consignee, not the owner of a shipment but receiving it on commission, of which the carrier had knowledge, is not liable for any charges due on the shipment except the amount the carrier tells him is correct at the time of delivery. Our understanding of the law was that both consignor and consignee were liable for the lawfully published charges, and we are wondering if, in your opinion, the ruling of the Massachusetts court is good law.

Answer: The case above referred to is that of *N. Y. C. & H. R. R. Co. vs. York & Whitney Co.*, involving an attempt made by the carrier to collect from defendant a balance claimed to be due for freight on various carloads shipped in interstate commerce from western points to Boston. At the time of delivery to defendants the carrier failed to collect the full amount of charges based on the correct tariff rates, instead, through error, presenting a freight bill for an insufficient amount, which consignees paid, after notifying the railroad that the shipment consisted of commission goods to be sold in Boston for account of the shipper. Subsequently the error was discovered by the carrier and an attempt was made to collect the undercharge from the defendant.

The court held "that the inexorable provisions of the federal law as to rates are applicable only to those who expressly or by implication are or become parties to the contract of transportation," and that the consignee in question was not a necessary party to the contract, and had not the opportunity to ascertain the true rate, and therefore had the right to rely upon the rate stated by the carrier when delivering the shipment in question.

We construe the court's ruling to be that the consignee was liable for the amount of charges stated by the carrier at the time of delivery on the ground that the consignee had accepted the shipment, but that he was not liable for the balance remaining, due in accordance with the carrier's published tariff, because he had no knowledge of the correct charges at the time of delivery, and the carrier knew at that time that the consignee was merely the agent of the consignor. We cannot accept such ruling as good law. In our opinion, the consignee was liable for either all the freight charges or none; but that on the facts stated by the court, the consignee was not liable for any charges whatsoever.

Both the United States Supreme Court and the Interstate Commerce Commission have held that the amount fixed by the published schedule of rates and charges is conclusive as to all interstate commerce and that a consignee can receive the goods shipped only upon payment or tender of the amount thus designated. Such rate is absolute and its effect is not modified by the statement of any other rate in the bill of lading. In the case of *Texas Pacific Railway Co. vs. Mugg & Dryden*, 202 U. S. 242, the court said: "The clear effect of the decision (*R. R. Co. vs. Hefley*, 158 U. S. 98) was to declare that one who has obtained from a common carrier transportation of goods from one state to another at a rate specified in the bill of lading, less than the published schedule rates filed with and approved by the Interstate Commerce Commission, and in force at the time, whether or not he knew that the rate obtained was less than the schedule rate, is not entitled to recover the goods upon the tender of payment of the amount of charges named in the bill of lading, or of any sum less than the schedule charges." Again, the Interstate Commerce Commission, in rule 314, Conference Rulings Bulletin No. 7, says, "the law requires the carrier to collect and the party legally responsible to pay the lawfully established rates without deviation therefrom." It therefore follows that the party legally responsible must pay the lawfully established rate, and

in the shipment in question, the consignee not being responsible for any of the charges, the ruling of the Massachusetts court regarding the undercharges was not correct for the reasons above cited.

The common law always has been, and no statutory law has changed the same, to the effect that if the consignee is not the owner of the goods, and if he be the mere agent of the shipper, and this fact is known to the carrier, or is shown by the bill of lading, no contract will be implied on the part of the consignee to pay the freight; the consignee, if owner of the goods, will remain solely liable. Accordingly, if goods are consigned to another, as agent of the shipper, the former does not become liable for the freight, although he may receive them, because he acts merely as the agent of the latter, and the only promise which can be inferred from their receipt under such direction is a prima facie promise, as agent, only to pay the freight on account of the principal, and not to be personally responsible for it. Hutchinson on Carriers, Third Edition, Volume 2, section 809, and cases cited.

Telegraph Companies' Liability for Unrepeated Messages.

Ohio.—Question: An error in transmission of a telegram by the employes of a telegraph company resulted in an actual loss to the sender of \$127.68, for which he made claim. The telegraph company refused to entertain the claim on the following grounds: (1) That it is subject to the provisions of the interstate commerce act as to its interstate business and is obliged to consider the claim solely for the purpose of determining whether or not it is legally liable for the damages claimed; (2) that it is not legally liable and this was an unrepeated message and that the sender is bound by the terms of the contract printed on the telegraph company's blanks, viz., that the measure of damages in an unrepeated message is limited to the amount received for sending the message; (3) that Congress had manifested a definite intention to place under the jurisdiction of the Interstate Commerce Commission the rates and practices of interstate telegraph companies as well as the rules, regulations, conditions and restrictions affecting their interstate rates; that the rate voluntarily used by the sender in this case was an unrepeated rate, to which was lawfully attached as a fundamental feature the restricted liability insisted upon by the defendant; that Congress has expressly authorized such rates with the restricted liability attached and such rates, therefore, are not contrary to public policy and are binding upon all until lawfully changed.

Referring to the above (1), Conference ruling 317 states, "The Commission has no jurisdiction over claims for damages due to alleged errors in the transmission of telegraphic messages." (See unrepeated message case, 44 I. C. C., 670.) (2) It has always been our opinion that it is against public policy for corporations to attempt to limit their common law liability for negligence by any form of contract. Will you kindly advise what are your views on the matter?

Answer: Assuming that the telegram in question was interstate in character, the act to regulate commerce requires telegraph companies to publish their rates and regulations subject to control by the Interstate Commerce Commission, by which Congress occupy the whole field of regulating interstate telegraph business, and therefore the power of the states to legislate with reference thereto has been suspended. This act provides that all charges for services shall be just and reasonable, and that messages may be classified and different rates charged for the different classes. In the Unrepeated Message case, 44 I. C. C. 670, the Commission held (1) that it has jurisdiction over the rates and practices of interstate telegraph companies, as well as the rules, regulations, conditions and restrictions affecting their interstate rates; (2) that the rate voluntarily used by the senders of the message in question was an unrepeated rate to which was lawfully attached, as a fundamental feature of it, the restricted liability contended for by the telegraph company; (3) that Congress had expressly authorized such rates with a restricted liability attached; (4) that such rates were not therefore contrary to public policy, and (5) that neither the interstate rates of the telegraph company nor the rules, practices, conditions and restrictions affecting those rates had been shown to be unreasonable or unlawful. The Commission further said that "the fundamental difference between the unrepeated

rate and the other two classes of rates is that under the former the sender assumes the risk of error or delay, while under the latter the carrier assumes the risk." While Congress, therefore, has given the Interstate Commerce Commission power to determine the rules, regulations, conditions and restrictions under which a telegraph company might receive and deliver messages, yet the Commission has no power, under the act, to award damages for any breach or failure of the telegraph company, and such actions must be brought in a court having proper jurisdiction.

Measure of Damages at Time and Place of Shipment.

Texas.—Question: Paragraph 2, section 3, of the uniform bill of lading, provides for limiting carrier's liability to the value of the property at time and place of shipment, which seems to be at variance with the Cummins amendment. Is the bill of lading provision valid?

Answer: It is our opinion that such a stipulation contained in the bill of lading is valid under the Cummins amendment. We have fully reviewed this question in our answer to "Washington," published on page 398 of the Aug. 24, 1918, issue of The Traffic World.

Governmental Exemption War Taxes.

New York.—Question: The writer desires to be informed with regard to rules and regulations for collection of taxes on transportation of freight. It is his understanding that, under section 502 of the act, services rendered to the United States, to any state or territory or to the District of Columbia, or to political subdivisions thereof, such as counties, cities, towns and other municipalities, are exempt from war tax.

For some months past we have been making shipments of road sprinkling compound to two or three counties in the state of New Jersey on which we have been assessed war tax. The writer is under the impression that the freight agent was in error in assessing tax, but he would like to have your opinion. Please also advise whether or not a refund of tax can be made after the tax has been collected.

Answer: Article 14 of the regulations promulgated by the Commissioner of Internal Revenue reads, "section 502 of the act exempts from taxation taxes received for services rendered to the United States, and state or territory, or to the District of Columbia. The words 'state' and 'territory' include political subdivisions thereof, such as counties, cities, towns, and other municipalities. The exemption, however, is to be secured only upon the production of such evidence of right to exemption as is called for by these regulations."

Article 15 reads, "the right to exemption under section 502 from the tax on amounts paid for the transportation of property shall be evidenced in one of the following ways: (a) Payment of such amounts directly to the carrier by the government to which the services were rendered; (b) a standard form of exemption certificate for use of the federal government, substantially in form following." Then follows the form.

Article 10 in part provides that "nothing in these regulations, however, authorizes an adjustment of a tax by a carrier in any instance where, after collection of a charge and tax, it is claimed that the charge is entitled to exemption from the tax by reason of exportation, governmental use, or otherwise."

Consequently, and unless the form of exemption certificate referred to above accompanied your shipments, you are now barred from claiming exemption.

NAMES WOMAN CHIEF CLERK.

Miss M. E. McClure has been appointed chief clerk of the Division of Public Service and Accounting of the Railroad Administration, of which C. A. Prouty is director and Luther M. Walter is his assistant. Miss McClure is the first of the women employes of the Railroad Administration, so far as known, who has been made chief clerk. She came to Washington from Chicago, where she had obtained an easy familiarity with the terminology used in rate regulation work, so that she was able to take up the tasks imposed upon her by Messrs. Prouty and Walter without wondering what they were talking about.

Efficiency in Traffic

New Devices, Suggestions, and Methods for Increasing Efficiency in Freight Handling and Other Branches of Traffic Work

BULKHEADING OF LUMBER

(By A. G. T. Moore, Secretary of the Transportation Committee, National Lumber Manufacturers' Association.)

The necessity for efficiently transporting dressed lumber loaded on open cars portends a vigorous controversy between the entire lumber industry and the carriers, in that proposed amendments to Master Car Builders' loading rules require such cars to be bulkheaded in lieu of customary staking. The existing dunnage allowance of 500 pounds per car is not adequate to cover the actual expense involved in staking. Bulkheading would entail a cost far in excess thereof.

Regardless of the commodity loaded on open cars, because of the incomplete construction thereof, a certain

tails, illustrating experience of this car before delivery to consignee. Below is transit report thereon:

Reporting Station.	Miles Traveled.	Arrival Date.	Train.	Condition.
Memphis	351	5-19	Ex 948	Bulkhead and load in good condition.
Mounds	526	5-24	Ex 1749	Bulkhead on A end broken loose at top and bottom and lodged against end of adjacent car; it being in a very dangerous condition, was necessarily removed.
Centerville	630	5-26		Both bulkheads missing and lumber shifted to end sill on

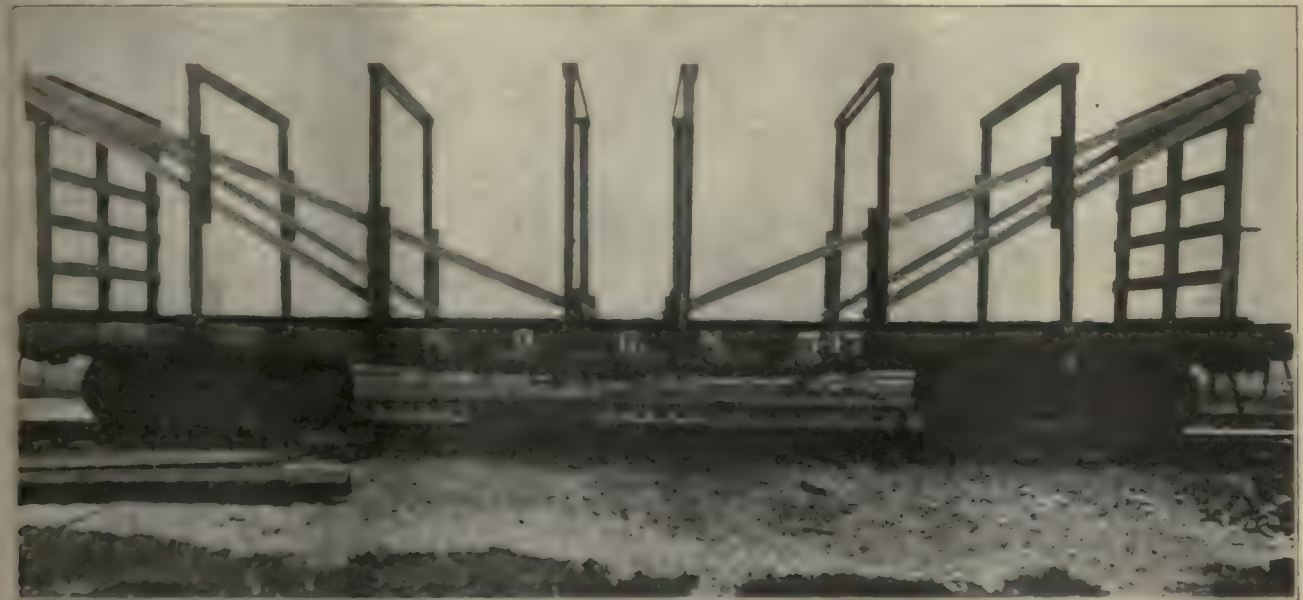


ILLUSTRATION "A"

amount of bracing or staking is essential, and this in order that the carriers may earn revenue through the utilization of such relatively cheap and incomplete equipment. Bracing or staking, therefore, constitutes a service to the carriers and should be paid for thereby; likewise is a fair degree of caution in the handling of such cars en route a bounden duty on the part thereof, particularly since in times of car shortage, the carriers, for their own convenience, furnish open cars for dressed lumber loading instead of closed cars ordered, and to which the lumbermen are entitled.

It should be noted that the bulkheading proposal did not originate with the Railroad Administration. Several carriers have in the past attempted to embargo dressed lumber loaded on open cars unless bulkheaded. These embargoes have been successfully defeated, owing to the obvious illegality thereof. Contentions became so acute, however, that the lumbermen consented to, in co-operation with the carriers, place bulkheaded test cars en route.

Photograph "A" shows N. O. G. N. car 547 bulkheaded as per specifications drawn up by the M. C. B. loading rules committee. Photograph "B" shows half-section de-

Mattoon 710 5-28 Ex 1512

Chicago (a) Wildwood 565 6-1

(b) International Harvester Co. McCormick Wks. 880 6-17

A end and against the brake shaft on B end. Load adjusted and forwarded.

Both bulkheads completely missing, load badly shifted. Load rearranged and car forwarded. Photographs taken.

Both bulkheads gone, side braces still in place on both ends of car. On A end the 2x4 floor cleat was broken and the 2x6 cleat loose, while on B end both floor cleats were turned over but intact. Picture attached.

Same condition as at Wildwood.

The conclusion we have drawn from the tests conducted

is that no system of bulkheading will protect a load against careless handling of cars in transit. This conclusion is based not only on the above car, but on the entire five test cars. Rough handling en route will knock the ends out of box cars, hence bulkheading, in and of itself, is not the remedy, although if deemed palliative by the carriers and desired thereby, no particular objection would be raised if absorption of costs were provided for in tariffs. Yard and train crews by greater efficiency in car handling can greatly minimize, and, in fact, completely eliminate, the car delays occasioned by shifted loads of dressed lumber loaded on open cars.

EFFICIENT LOADING

"As a result of efficient loading during the month of July," said R. J. Clancy, assistant to the general manager of the Southern Pacific Company, "a reduction was made (exclusive of narrow gauge) in the number of cars which would otherwise have been required to accommodate freight loaded at the various stations on the Southern Pa-

economy effected by increased carload at this station is doubly significant.

"While from the standpoint of simple economy every effort should be made to load cars to capacity at all times there are now additional and compelling reasons for active and effective effort in this respect. The busiest season of the year is now approaching, industries are operating at high capacity, crops are beginning to move, merchants are stocking up for the fall and winter trade, war essentials require prompt service and conditions generally counsel the most efficient use of every transportation unit. There should be no avoidable waste of mechanical or man power.

"Efficient use of every transportation unit, both physical and manual, should receive the active attention of all superintendents. It is just as essential that cars be loaded to capacity to the greatest possible extent as that they be loaded and unloaded promptly, just as promptly billed and moved to destination for unloading. Delays at stations or terminals or for billing should be reduced to the minimum. Agents and shippers have co-operated and have made com-

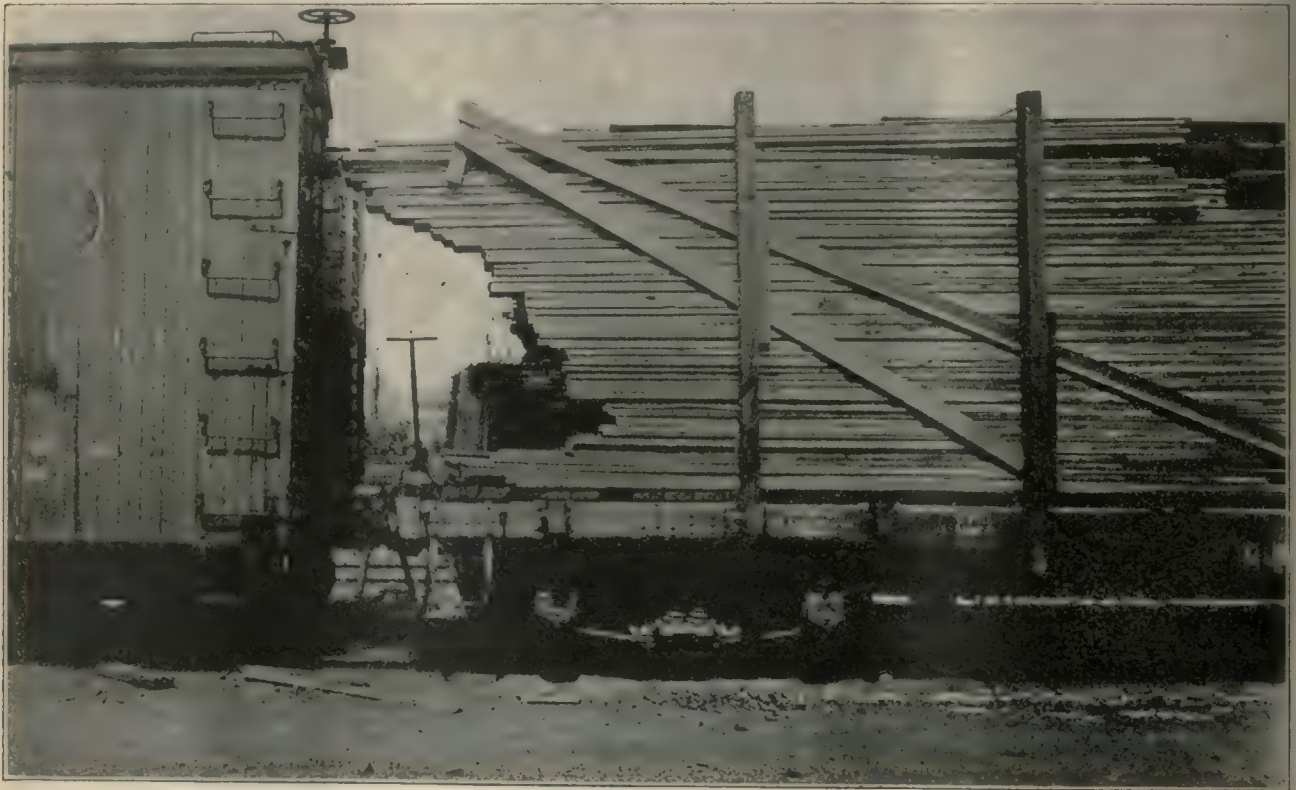


ILLUSTRATION "B"

cific, increasing the total car saving since January 1, 1918, to 50,055 cars.

"During July the total tons loaded amounted to 1,609,477 compared with 1,876,714 for July last year, a decrease of 267,237 tons. Average tons per car for all cars loaded was 24.3 compared with 23.9 for corresponding month last year, an increase of 1.7 per cent.

"The general average carload for July, 1918, over July, 1917, was increased by better loading on the Salt Lake, Portland, Coast and Los Angeles divisions. Average carload on the Western, Sacramento, Shasta, San Joaquin, Stockton, and Tucson divisions was below that of last year. The greatest increase in average carload was made on the Salt Lake division, being over 17 per cent, and the coast division next with an increase of over 12 per cent.

"Perhaps the greatest percentage of increase in average carload of L. C. L. merchandise made by any station on the system was made by San Francisco, the average L. C. L. (less car load), carload being increased from 10 tons in July, 1917, to 15.9 tons in July, 1918, an increase of 50 per cent. As San Francisco normally loads about one-fifth of the total L. C. L. merchandise of the entire system, the

mendable progress in this respect, but the maximum of efficiency has by no means been reached and all concerned, including shippers, are reminded of the economic importance of increased and concerted effort to that end."

EFFICIENCY COMMITTEES NAMED

The Traffic World Washington Bureau.

Director-General McAdoo has announced that the following statement had been issued through the Car Service Section of the Railroad Administration:

To Railroads:

1. With a view to securing:
 - (a) Increased car efficiency.
 - (b) Improved service.
 - (c) Decreased transportation expenses.

In handling "less carload" freight, committees representing the several regional districts have been formed with the following as chairmen: J. R. Kearney, Allegheny Region; George Morton, Central Western Region; C. H. Ketcham, Eastern Region; T. M. Proctor, Northwestern

region; J. A. Talbott, Pocahontas Region; W. L. Stanley, Southern Region; F. M. Lucore, Southwestern Region.

3. These committees will, without delay, have a survey made covering L. C. L. freight forwarded for a period of at least ten days from all stations and transfer points in their respective territories, and will institute "shipping centers" and through car loading via one or more designated points based on the following considerations:

- (a) Volume of traffic.
- (b) Direct routing.
- (c) Car conservation.

4. The committee for each region will determine the routing on cars destined to points within the same region.

5. The chairmen and such members of the regional committees as may be designated by the chairmen will, with the Car Service Section, act as a general committee to determine the routing and adjust necessary matters affecting inter-region cars.

6. Care must be exercised to prevent any undue advantage being given to one city or section as against nearby competing city or section.

6. The support of shippers, jobbers and various commercial organizations in each locality should be obtained for the detailed plans as adopted.

7. As arrangements are perfected for each shipping center or distributing point, chairmen will furnish to the regional director and to the Car Service Section a detailed report showing:

- (a) Number of additional through cars established.
- (b) Estimated increase in tonnage per car.
- (c) Estimated daily or weekly saving in equipment.

8. The chairmen will advise the Car Service Section of opportunities for improved loading through the back hauling of freight, particularly from far distant points, as, for example, freight from Boston, New York or Philadelphia destined to local points within a radius of one hundred miles east of San Francisco, which might be loaded to advantage in through cars to San Francisco, involving but one intermediate handling, as against several such handlings if loaded in cars carded to points east of San Francisco.

Loss and Damage Decisions

Cases Recently Decided by State and Federal Courts

(Digests taken from Reporters and Digests of National Reporter System, published by West Publishing Co., St. Paul, Minn. Copyright, 1918, by West Publishing Co.)

LOSS OF OR INJURY TO GOODS.

Burden of Proof:

(Sup. Ct. of S. C.) The rule of the Interstate Commerce Commission that carriers shall be relieved for failure to keep cars under refrigeration before the first receiving station is reached, if shippers delay the cars at loading stations more than 24 hours, casts the burden to prove

that damage from insufficient refrigeration was caused by negligence of carrier after reaching the receiving station.—Brown vs. Southern Ry. Co., 96 S. E. Rep. 298.

Insufficient Refrigeration:

(Sup. St. of S. C.) In action by shipper against carrier for damage occasioned by insufficient refrigeration, evidence held not to support a finding that carrier was negligent.—Brown vs. Southern Ry. Co., 96 S. E. Rep. 298.

Shipping Decisions

Cases Recently Decided by State and Federal Courts

(Digests taken from Reporters and Digests of National Reporter System, Published by West Publishing Co., St. Paul, Minn. Copyright, 1918, by West Publishing Co.)

Damage to Goods:

(Ct. of Civ. App. of Tex.) Under Harter act, providing that if the owner has properly equipped, supplied, and manned a seaworthy vessel he shall not be liable for losses from certain causes, where cotton shipped in proper condition arrived in damaged condition, it devolved on the vessel owner to prove that the loss was occasioned by a cause enumerated in the statute.—Mallory S. S. Co. vs. Harriss-Irby Cotton Co. et al., 204 S. W. Rep. 789.

Where goods are delivered to a vessel in good condition and are damaged when delivered at destination, the carrier is liable in the absence of evidence showing such damage was not the result of its negligence, and the shipper is not required to show how the damage was caused.—Ibid. Harter Act:

(Ct. of Civ. App. of Tex.) The Harter act exempting vessel owners from liability for damage to goods in specified causes, where vessel is seaworthy, should be strictly construed and not extended to include exemptions not clearly within its scope.—Mallory S. S. Co. vs. Harriss-Irby Cotton Co. et al., 204 S. W. Rep. 789.

The Harter act, exempting vessel owners from liability for damage to goods from specific causes, does not exempt a vessel owner from liability for loss due to his negligence, such as the negligent covering of a hatch.—Ibid.

Evidence:

(Ct. of Civ. App. of Tex.) Evidence of the methods of

separation of damaged from undamaged portions of a shipment of cotton and ascertainment of amounts thereof by weighing and estimating held not too uncertain and indefinite to sustain a finding of the number of pounds damaged.—Mallory S. S. Co. vs. Harriss-Irby Cotton Co. et al., 204 S. W. Rep. 789.

REICING OF FRESH MEAT

C. H. Markham, regional director, in Circular No. 100, says:

"Occasional complaints reach us that shipments of fresh meat arrive at destination showing lack of proper reicing at the various icing stations in transit. Therefore, the attention of all concerned at icing stations should be called to the importance of strictly complying with instructions appearing on billing covering meat and perishable shipments. Employees should be careful to use the full percentage of salt called for, and see that the ice is properly tamped or poled to break any crust. Tanks should be filled according to instructions. It is true that existing instructions fully cover this matter, but those responsible for reicing should have their attention again called to its importance, as it depends largely upon the proper icing and salting of cars to preserve the commodities to destination."

JOHN M. JONES DEAD

The Traffic World Washington Bureau.

John Marshall Jones, chief of the Tariff Division of the Commission, died Saturday night, September 7. He returned September 5, Thursday, from Atlantic City, where he had been on account of illness, and that night was stricken with hemorrhage of the stomach. He was hurried to a hospital, where he died.

Mr. Jones was regarded as one of the most remarkable tariff and traffic men in the country. He had an uncanny knowledge of rates and rate adjustments, being able from memory to recall things that most men had to find by laborious search through the files.

While he had that unusual memory, he did not depend on it, nor would he allow tariff agents who came to him for rates concerning a situation they wanted to talk about to rely on it. He compelled them to make maps and diagrams, so there could be an understanding by referring to lines and figures instead of trying to carry the figures and a picture of the physical situation in his mind. No man in the tariff division made a pretense of being anywhere near his equal in understanding of the tangles that existed or might exist if a proposition under discussion were put through.

Mr. Jones was born at Gordonsville, Va., Nov. 13, 1864, but was reared and educated in Richmond. His first thought was to become an artist and lithographer, but he became a clerk in one of the southeastern rate committees when about nineteen years old and never carried out his first ambition. After leaving the association of southeastern roads he entered the traffic department of the Southern Railway and was intimately associated with Lincoln Green.

In 1910, when the Interstate Commerce Commission received the power of suspension, the tariff division became of prime importance and the Commission felt that it needed a man with extensive and intimate acquaintance with tariffs and rate adjustments. The choice fell on Mr. Jones, who became chief of the bureau, and up to the time of his death he was the man who had to be consulted before any change was undertaken in the routine of handling tariffs. He checked the tariffs that were filed in supposed compliance with the Commission's orders and also the tariffs offered by the carriers on their own initiative—not personally in all instances, but in a general way. When the fifteenth section was changed so as to make a permit from the Commission a condition precedent to the filing of tariffs, the work of getting the new routine started fell on him and those immediately associated with him.

During the eight years he had charge of the tariff division he probably met every man that ever had anything to do with the preparation of a tariff and every shipper who objected to what was being proposed.

The funeral, September 10, was conducted by the Masonic bodies of which Mr. Jones was a member and burial was in Glenwood cemetery. The tariff division was closed at noon of that day to enable the employees of the Commission to attend the services.

CROSLAND ACTING CHIEF

George M. Crosland, chairman of the Fifteenth Section Board, intimately associated with the late J. M. Jones, has been made acting chief of the tariff bureau of the Commission to fill the vacancy caused by the death of Mr. Jones.

COTTONSEED MEAL RATES

The Traffic World Washington Bureau.

Director-General McAdoo has ordered cottonseed meal rates applied on velvet beans, meal, and cake, from Memphis to points in Arkansas, Oklahoma and Western Louisiana so as to increase the stock of animal food in those states.

In explanation of the order, the Railroad Administration said:

"At the present time there are no commodity rates applying on velvet beans, meal, cake, etc., from Memphis, Tenn., to points in Arkansas, Louisiana and Oklahoma. In order to encourage the movement of these commodities there has been authorized the establishment from Memphis to all points in Arkansas, Oklahoma and points in

Louisiana (west of the Mississippi River) the same rates as now apply on cottonseed meal, subject to minimum carload weight of 40,000 pounds.

"On account of the increased necessity for stock feed and the scarcity of cottonseed meal, a demand has been created at points in the Southwest for velvet beans, velvet bean meal, velvet bean cake, copra meal and soya bean meal.

"These commodities are used as live stock feed the same as cottonseed meal. Live stock feeders in the states of Oklahoma, Arkansas and Louisiana, west of the Mississippi River, who have heretofore used cottonseed meal for feeding purposes, owing to the shortage of cottonseed meal must now seek some other feed. Shippers at Memphis, Tenn., advise that they are able to take care of the situation by supplying velvet beans, velvet bean meal, velvet bean cake, copra meal and soya bean meal, which commodities make good substitutes for cottonseed meal for feeding purposes."

THURTELL SUCCEEDS CARMALT.

James W. Carmalt, the Commission's chief examiner, has resigned to take a place with the Bureau of Statistics and Planning, the institution that collects data about war activities so as to be prepared to answer Congress if it inquires about anything. Henry Thurtell has been made acting chief examiner.

COLLYER MISQUOTED.

In the Traffic World of Sept. 7, page 487, R. N. Collyer is quoted as saying that a certain plan suggested by Examiner Disque would be practicable. That is what the telegraph operator made him say. What he should have been quoted as saying was that it was not practicable.

"INDUSTRIAL RAILROADS" EXPLAINED

The Traffic World Washington Bureau.

An interpretation has been given to Frank B. Montgomery, traffic manager for the International Harvester Corporation, of paragraph 3 of P. S. & A. circular No. 25, which was an explanation of General Order No. 25 requiring freight bills to be paid when rendered or, if proper bond was given, within forty-eight hours of such presentation.

The paragraph in question says: "Cars will be considered to be delivered when placed on interchange tracks with industrial railroads." The interpretation of that paragraph is that the words "industrial railroads" are to be taken as meaning "plant facility" and not common carrier industrial railroads. That is to say, the car has been delivered when it is placed on the interchange track from which it can be taken to the usual unloading place by the engine owned or directly controlled by the consignee.

According to the allegations of shippers, some road-haul carriers have construed that paragraph as meaning that a road has delivered a car when it has set it on the rails of the common carrier that may be owned by the same interest that also owns the industry. Under such an interpretation delivery by the road-haul carrier to one of the common carrier railroads owned by the United States Steel Corporation or one of its subsidiaries would be delivery to the industry, but delivery of car consigned to an industry other than the one which is controlled by the same interest that controls the common carrier industrial railroad would not be such delivery as would make the freight bill due and payable.

Under this interpretation the freight bill is not due and payable until the common carrier industrial railroad sets it on the interchange track where the engine of the industry can take it and haul it to the point of unloading. If the industrial common carrier holds cars beyond a definite limit it must pay for the use of the cars so held, but such payments are less, of course, than demurrage charges that would be imposed on a shipper.

The Commission has permitted amendment in Case 10153, the Board of Trade of Portsmouth, O., vs. Atlantic City R. R. Co. et al, so as to make William G. McAdoo, Director-General of Railroads, an additional party defendant.

Personal Notes

J. Noble Snider, acting coal-traffic manager, N. Y. C. Railroad, having entered the United States military service, his duties have been reassumed by Girvan N. Snider, coal traffic manager, with office at New York City.

T. J. Shelton, traffic manager of the Arkansas & Louisiana Midland Railway Company, having resigned to accept service elsewhere, the office of traffic manager is abolished. All traffic matters previously handled by the traffic manager will be handled by W. L. Yancey, general freight and passenger agent.

E. C. Blanchard, for a long time in the employ of R. Walton Moore and later in Luther M. Walter's office, has been made a second lieutenant of infantry.

J. P. Henry is appointed auditor of the Garyville Northern Railroad Company, vice J. M. Fush, resigned to accept services with another company.

C. E. Bahl has been elected secretary and treasurer and W. B. Johnson has been appointed auditor of the Wheeling & Lake Erie Railway Company and the Lorain & West Virginia Railway Company, with offices at Cleveland, O.

H. C. May, general superintendent of the Chicago, Indianapolis & Louisville Railroad, announces the appointment of W. H. Fogg, superintendent of transportation, Lafayette, Ind.; Perry McCart, general solicitor, Chicago; H. T. Evans, general auditor, Chicago; Byron Cassell, acting federal treasurer, Chicago; A. C. Tumy, general freight agent, Chicago.

R. H. Aishton, regional director, announces the appointment of W. H. Strachan, superintendent of the Northern Pacific Railroad, as terminal manager, Duluth-Superior Terminals, headquarters, Duluth, Minn.

W. F. Wright is appointed acting federal treasurer of the Louisiana & Arkansas Railroad, vice F. S. Carroll, resigned.

Regional Directors Markham and Smith announce that John J. Mantell is appointed terminal manager in general charge of all railroad terminals on the Jersey shore between Greenville and Edgewater, both inclusive, and including all terminal yards adjacent thereto.

H. A. Worcester, district director, has appointed Hugh McVough executive assistant, Ohio-Indiana district; P. L. McManus is appointed transportation assistant.

Regional Director Markham has appointed L. D. Shearer supervisor of telegraph, Allegheny region; his duties will be to supervise, co-ordinate and unify railroad telephone and telegraph facilities.

J. B. Payne, traffic manager of the Texas & Pacific Railroad, St. Louis Southwestern Railroad (in Texas), International & Great Northern Railroad (excluding line from Spring to Fort Worth and Madisonville branch), Missouri, Kansas & Texas Railroad (in Texas), Trinity branch Beaumont & Great Northern Railroad, Galveston, Houston & Henderson Railroad, Houston & Brazos Valley Railroad and Trans-Mississippi Terminal Railroad, announces the following appointments: General freight agents—C. Schonfelder, Jr., Dallas, Tex., Texas & Pacific Railroad and Trans-Mississippi Terminal Railroad; Horace Booth, Houston, Tex., International & Great Northern Railroad (excluding line from Spring to Fort Worth and Madisonville branch), Missouri, Kansas & Texas Railroad (in Texas) Trinity branch, Beaumont & Great Northern Railroad, Galveston, Houston & Henderson Railroad and Houston & Brazos Valley Railroad; J. F. Lebane, Tyler, Tex., St. Louis Southwestern Railroad (in Texas). Assistant general freight agent—L. M. Housett, Houston, Tex., International & Great Northern Railroad (excluding line from Spring to Fort Worth and Madisonville branch), Missouri, Kansas & Texas Railroad (in Texas) Trinity branch, Beaumont & Great Northern Railroad, Galveston, Houston & Henderson Railroad, Houston & Brazos Valley Railroad. Division freight and passenger agents—V. Schaffenburg, New Orleans, La., all lines; J. K. Walker, Shreveport, La., all lines; G. L. Moore, Fort Worth, Tex., all lines; W. C. McCormick, El Paso, Tex., all lines; L. S. Goforth, San Antonio, Tex., all lines; J. W. Daley, Galveston, Tex., all lines; W. L. Geer, Waco, Tex., all lines.

J. F. Holden, traffic manager of the Kansas City Southern Railroad, Texarkana & Fort Smith Railroad, Midland

Valley Railroad, Houston East & West Texas Railroad, Vicksburg, Shreveport & Pacific Railroad, Kansas City, Mexico & Orient Lines, Joplin Union Depot, announces the following appointments: R. R. Mitchell, general freight agent, all lines, Kansas City, Mo.; H. A. Weaver and J. R. Mills, assistant general freight agents, all lines, Kansas City, Mo.; Eugene Mock, M. J. Dooley and E. H. Shaufer, division freight and passenger agents, Midland Valley Railroad, Houston East & West Texas Railroads, Kansas City, Mexico & Orient Lines, at Muskogee, Okla., Houston, Tex., Wichita, Kan., respectively; L. V. Beatty, division freight agent, Kansas City Southern Railroad, Kansas City, Mo.; J. O. Hamilton, same, Kansas City, Southern Railroad South of De Queen, Ark., and Texarkana & Fort Smith Railroad, Texarkana, Tex.; A. H. VanLoan, same, Shreveport, La., and Vicksburg, Shreveport & Pacific Railroad, Shreveport, La.; J. W. Spoor, live stock agent, Kansas City Southern Railroad, Kansas City, Mo.; W. J. Tremaine, traveling freight and passenger agent, Vicksburg, Shreveport & Pacific Railroad, Monroe, La.; J. R. Holcomb, traveling freight and passenger agent, Kansas City, Mexico & Orient Lines, San Angelo, Tex.

Edgar Moulton, it is explained, is made assistant general manager of the New Orleans Joint Traffic Bureau for the purpose of assisting Carl Giesow, who still holds the title, during such time as the latter shall be engaged as a member of the New Orleans Western District Freight Traffic Committee. L. M. Nicholson, who was general manager of the bureau, is now connected with the War Department at Washington, D. C.

Sidney Frohman, former treasurer, has been elected president of the Hinde & Dauch Paper Company, Sandusky O., to succeed J. J. Dauch, who met his death in an automobile accident last month. Announcement was made at the directors' meeting that the new plant on the Jackson street dock would be in full operation within three weeks. The plant will be given over entirely to the manufacture of corrugated fiber shipping boxes.

EXPORT LICENSES

The Traffic World Washington Bureau.

The War Trade Board announces the adoption of the following regulations with respect to the issuance of export licenses, effective September 20:

(A) Hereafter licenses may be granted by the War Trade Board only upon application of the consignor and only to:

(1) Corporations organized under the laws of the United States, or of any State, Territory, or possession of the United States or of the District of Columbia, or

(2) Residents of any State, Territory, or possession of the United States or of the District of Columbia, or

(3) Foreign partnerships with a member who is a resident of any State, Territory, or possession of the United States or of the District of Columbia, or

(4) Foreign corporations actually maintaining in any State, Territory, or possession of the United States or in the District of Columbia an established branch or agency for the regular transaction of its business, or

(5) Any foreign government acting through any member of its embassy or legation accredited to the United States, or

(6) The Traffic Executive of Great Britain, France, Italy, and the Consul for Belgium, or

(7) Any official, firm, or corporation appointed by any department or agency of the United States Government to act in its behalf.

(B) Applications for export licenses, and supplemental information sheets and any other supplementary documents or letters relating thereto will only be considered by the War Trade Board when filed by such corporations, firms, or individuals and only when signed in ink by:

(a) An official duly authorized to act on behalf of a corporation if application for an export license is made by a corporation.

(b) A member of a firm if application for an export license is made by a firm.

(c) An individual himself if application for an export license is made by an individual.

(d) A regular employe of a corporation, firm, or individual making an application for export license if such employe has been duly authorized in writing to so sign

on behalf of such corporation, firm, or individual and if such authorization has been filed with the War Trade Board.

(e) An attorney in fact of a corporation, firm, or individual making application for an export license if such attorney has been properly authorized so to act by virtue of a power of attorney duly executed and filed with the War Trade Board.

(f) A person duly authorized to act in their behalf if application for an export license is made by a foreign government, the Traffic Executive, the Consul of Belgium, or an agency of the United States Government.

CEMENT RATE INCREASE

The Traffic World Washington Bureau.

The action of the carriers for whom C. C. McCain, as agent, has asked fifteenth section permission to increase cement rates to and from non-controlled roads, so as to avoid fourth section violations condemned by the Commission in its report on No. 9544, Allentown Portland Cement Company et al. vs. Baltimore & Ohio et al., 49 I. C. C. 403, sent a shudder through those who thought the acme of high rates was reached when tariffs were filed as a result of General Order No. 28.

The advances proposed in this case, effective Oct. 1, are the greatest ever proposed in supposed compliance with a decision of the Commission. Not one reduction is proposed. Every change is a revision upward, the highest advance from any Central Freight Association point being \$1.05 a ton, and 80 cents being added to the rates from the Lehigh district to Harlem river.

The removal of the fourth section violations is proposed in the simplest manner. The points in New England where there is consumption of cement are to be asked to pay rates as high as the highest published to an interior point where, if a carload of cement were sold, the town would probably disappear through surprise.

The fourth section violations that are to be removed in so simple a way were found on routes to New Haven, Bridgeport, Boston and Portland. Rates on cement to those points were lower, on account of water competition, than to intermediate points. The New Haven undertook to justify the water depressed rates but the Commission said, in its report, that nothing had been adduced to show that cement could now move to the coast towns by water any cheaper than by rail. Carriers other than the New Haven said they could not justify departures and would cancel the rates.

The New Haven was only a participating carrier, the Commission said, and if the originating carriers would not undertake to justify, then the New Haven could not compel the continuance of the violations. From the fact that the originating carriers are now asking permission to remove the violations by raising the lower rates, it is inferred they have changed their minds since they testified at the hearings a year ago.

WILL REPARATION BE MADE?

The Traffic World Washington Bureau.

The question as to whether the Railroad Administration is going to make reparation on account of unreasonable rates prescribed in General Order No. 28 is under serious debate among the men in the administration's organization who will have to deal with the question when it is raised by shippers in a more formal way.

There are two classes of cases in which an ordinary man, not acquainted with the peculiarities of reparation under the act to regulate commerce, would expect a return of money without question. The first are rates made in violation of the general order. The commonest form of that kind of cases is where increases have been made in each of two or more parts of a combination. Such rates are clearly in violation of the order.

The others are cases in which the administration admitted that the rate or rates were unreasonably high, as, for instance, the \$15 per car minimum, or the exceedingly high charges for short hauls, due to the fact that what had theretofore been called switching movements, had to be treated as road hauls and the commodity, generally stone, had to stand a specific minimum increase.

The inclination among the officials, of course, is to say there will be no reparation. The railroad men never willingly made reparation except in the most extreme cases on the theory that when they acted they could not know that what they were doing would prove unreasonable. The Commission also has been usually unwilling to order reparation. The courts, however, in the Louisville Cement Company case, laid down the rule that there must be reparation between a reasonable and an unreasonable rate, because the former is unlawful. In that case the L. & N. admitted that the higher rate was unreasonable. In the class of cases mentioned the administration, in effect, has confessed the rates to be unreasonable. The query therefore is as to what the courts will do in the event shippers take the matter to the courts and whether it would not be better to make a rule that would keep such cases out of court.

IOWA CLASSIFICATION NO MORE

The Traffic World Washington Bureau.

By means of an interpretation of General Order No. 28, the limited extent to which the Iowa classification and minimum rates have been in use in that state will go into disuse from this time forward. Hereafter the minimum charge on any shipment will be the minimum charge of the Western Classification of fifty cents.

The question arose over the fact that one railroad in Iowa interpreted General Order No. 28 to mean that the classification of states should remain in use. In carrying out that understanding it applied fourth class Iowa scale on certain shipments instead of fourth class, Western Classification. It has been notified that the Western Classification minimum weight and charge will apply on shipments within the state. Railroads generally interpreted the order in that way, but the Iowa carrier did otherwise, hence the ruling from the Railroad Administration. Director Prouty's office contended for the application of the Iowa rule, but the men in Director Chambers' office overruled and won in the contention.

CASTOR BEAN HULLS

The Traffic World Washington Bureau.

A freight rate authority issued in Washington September 10 authorizes rates on castor bean hulls in southern territory the same as on fertilizer materials. These hulls are a by-product of the oil industry established to furnish lubricant for airplanes.

MEALS ON DINING CARS

The Traffic World Washington Bureau.

The custom of serving a la carte meals on dining cars will be abandoned October 1, so far as luncheon and dinner are concerned and the table d'hôte plan will be substituted. Breakfast will consist of a simple a la carte menu at moderate prices and luncheon and dinner will be table d'hôte meals of not to exceed four courses. The charge for luncheon or dinner will be \$1, with the exception that on a few limited trains the charge for dinner will be \$1.25.

While in a general way the plan contemplates standardization of meals, there will be such variation as local market conditions make desirable, says Director-General McAdoo's announcement. The meals, while simple, will be both ample and good. The small charge, as Mr. McAdoo calls it; will bring them within the reach of the most moderate purse, he thinks. It is made possible by what he thinks the many evident economies that can be accomplished, such as the increased capacity of dining cars, the complete utilization of supplies and the saving in skilled cooks and waiters, who are difficult to engage at present. Patrons will be saved the delays incident to the selection from varied menus and the inconvenience produced by congested conditions of travel. The new plan is also expected to result in the conservation of food.

Arrangements have been completed for making the new plan effective on the same day on all railroads under government control. At the same time steps are being taken looking to the co-ordination of dining car organizations and commissaries and the joint utilization of equipment which it is thought will lead to far more satisfactory

results, both for the railroads and the public, than was possible under the old conditions.

COAL INCREASES CHALLENGED

The Traffic World Washington Bureau.

Thirty coal companies in and around Chicago have filed complaint, No. 10245, against all roads serving mines in Illinois and Indiana to Wisconsin, alleging that double increases on coal beyond Chicago make such rates unlawful. They specifically challenge the double increase under the fifteen per cent decision and a similar advance under General Order No. 28. They demand through rates from which one increase has been eliminated and reparation on every ton, the average reparation being about 40 cents.

COAL CAR LOADING

The Traffic World Washington Bureau.

The increase in cars of coal loaded for the period from January 1, 1918, to August 31, 1918, as compared with the same period for 1917, has passed the half-million mark.

A report was made to Director-General McAdoo September 7 by the Car Service Section on the quantity of coal of all kinds loaded by roads for week ended August 24, as compared with the same period of 1917. A summary of the report follows:

	1918	1917
Total cars bituminous	218,750	185,133
Total cars anthracite	40,825	41,212
Total cars lignite	3,367	3,249
Grand total cars all coal	262,942	229,594

A summary of reports for the week ended August 31, based on actual reports from most roads, but with the results of some roads estimated, follows:

	1918	1917
Total cars bituminous	218,344	187,003
Total cars anthracite	41,281	42,417
Total cars lignite	3,708	3,187
Grand total cars all coal	263,333	232,607
Increase of 1918 up to and including week ended August 31 over same period of 1917		316,951 cars

FREIGHT CLAIM FORMS

The Traffic World Washington Bureau.

There is no intention on the part of the Railroad Administration to issue new or additional freight claim forms. An answer to that effect has been made to a number of inquiries, particularly that of Swift & Co., of Chicago.

The idea that additional or amended forms were to be issued was created by paragraph 2, of General Order No. 41, the regulations governing the disposition of inter-road freight claims for loss and damage. Under the caption, "Papers necessary to support claims," the order says: "Claims for loss of or damage to freight shall be made on the standard forms approved by the Interstate Commerce Commission."

The Interstate Commerce Commission never formally approved any forms for loss or damage claims. On Dec. 5, 1913, Commissioner Harlan, in a letter addressed to George W. Perry, president of the Freight Claim Association, said: "I take this means of informing you, and through you the Freight Claim Association, that, in conference on Tuesday, December 2, the Commission approved the standard forms for use by shippers in presenting claims against carriers, and recommended their general adoption and use by all carriers and shippers. The Commission does not undertake to prescribe these forms or order their adoption, as the situation makes no demand for a positive direction. It is the view of the Commission, however, that the general use of the forms would do much to enable the carriers properly and promptly to investigate and settle claims, thereby resulting in better service to the public."

In language the form to which reference was made had been approved by the Interstate Commerce Commission. The approval, however, was a mere expression that it would be in the interest of good service if the shippers would use that form, and not approval in the sense in which that word is used when one speaks of the regula-

tions concerning the marking and packing of high explosives. The forms have not the force of law.

Attached to the Harlan letter is a standard form for presentation of loss and damage claims. Under the words "Standard form for the presentation of loss and damage claims" are the words, "Approved by the Interstate Commerce Commission, National Industrial Traffic League, National Association of Railway Commissioners and the Freight Claim Association." That form is printed on rose-colored paper, while the form for the presentation of an overcharge claim is printed on yellow paper.

It is the desire of the Railroad Administration that shippers use the forms approved by the organizations mentioned, and that was the object of paragraph 2 of General Order No. 41.

FUEL PRODUCTION AND CARRIAGE

In addressing to northwestern railroads supplement No. 2 to circular No. 17, Regional Director Aishton says:

"The importance of giving all possible assistance toward increasing the output and improving the movement of coal cannot be overstated. Every employee concerned must be kept alive to this situation. Particular attention is directed to circular No. 17 of August 13, and to the necessity for avoiding—

1. Delay in the movement of coal cars, both loaded and empty.
2. Accumulation of loads and empties awaiting movement.
3. Habitual misuse of coal carrying cars, particularly the self-clearing type, by loading with commodities other than coal, coke and blast furnace and steel mill materials.
4. Delay in release of cars in company fuel service.
5. Use of steel coal carrying equipment in handling cinders, ashes, and other refuse (not including necessary movement of slag).

"No possible excuse will avail for failure of the railroads to perform their duty to the utmost in the transportation of this most essential commodity. Our responsibility will not be fulfilled until there are more cars available every day for coal loading than the miners can load. Each road should have such local supervision as may be necessary to effectually prevent any condition or practice that reduces the full efficiency that should be obtained from coal car equipment. Such daily reports as may be necessary, depending on local conditions, should be secured.

"In this connection, please furnish me daily by wire a report, symbol NWRD No. 13, showing:

Item A—Total number of foreign open top coal cars loaded with sand, stone and gravel.

Item B—Total number of system open top cars loaded with sand, stone and gravel.

Item C—Total number of foreign open top cars loaded with commodities other than coal, sand, stone and gravel.

Item D—Total number of system open top coal cars loaded with commodities other than coal, sand, stone and gravel.

RATES ON TEXAS CATTLE

The Traffic World Washington Bureau.

A rate explosion threatened on September 9 and the early part of the following day on account of the extra precaution taken by the clerical force in Director Chambers's office. It was not satisfied with a blueprint of rates on cattle from the drouth stricken pastures of Texas to green pastures of the southeastern rate territory prepared by C. B. Heinemann and S. H. Cowan, so it prepared one of its own. It put its own blueprint into the rate authority issued by Director Chambers, and Director Prouty approved it, never thinking about the possibility of anybody substituting a blueprint for that prepared by Cowan and Heinemann.

The freight rate authority was sent to Chicago before anyone discovered the substitution. Then the representatives of the cattle men, who had spent days in Washington carefully figuring out a scale, wired Washington asking about it.

Investigation disclosed the fact that every rate on cattle needing further feeding to prepare them for market, on practically every distance greater than 500 miles, was one or two cents higher than seventy-five per cent of the rate on fat cattle.

The agreement between the shippers and the Railroad Administration was that the Shreveport scale on cattle, which ran out at about 500 miles, should be extended

so as to cover shipments to all parts of the southeast; that when that was done the twenty-five per cent increase decreed by General Order No. 28 should be added; and that then rates on stock or feeder cattle should be made seventy-five per cent of the rates on fat cattle.

The clerks in Director Chambers's office, however, made up a scale in which, after extending it to cover the greater distances, they added twenty-five per cent to each of the stock cattle rates, observing the maximum increase of seven cents per 100 pounds. The result was that many of the stock cattle rates were made more than seventy-five per cent of the fat cattle rates.

Director Prouty's office was astounded that this should have been done, but it was found that Director Chambers's office had written a note which was to have been attached to the new blueprint asking if that was not the proper way to carry out the agreement rather than the way Heinemann and Cowan had done it. The note, however, did not travel with the new blueprint.

After discussion between the Chambers and Prouty forces, it was agreed that the only way in which the matter could be settled would be to detach the substitute blueprint and attach the one that was prepared by Cowan and Heinemann, as that represents the rates as agreed on. The failure of the note from Chambers's office to Prouty's office to reach its destination left the traffic men without a foundation on which to argue.

CHANGE IN TIME ZONES

The Traffic World Washington Bureau.

When, on Thanksgiving Day, the clocks are readjusted in accordance with the boundaries of the time zones, the Commission is expected to prescribe as one of the incidental results of the enactment of the daylight saving law, the railroad clocks in some parts of Ohio, West Virginia and Florida will be in defiance of the statute laws of those states. But clocks in Ohio are now in defiance of the laws of that state. The law says central time shall be the legal time for use throughout Ohio. The Erie carries eastern time as far west as Dayton and Stuebenville, at least a few years ago, tried to compromise by having three sets of hands on the town clocks, one indicating mean sun time, another set central time and the third eastern.

Generally speaking, the western boundaries of the existing zones are carried westward, in the tentative report prepared by Commissioner Aitchison and Examiner Money, who took the testimony to find out what should be done to make the time zones more symmetrical. That was not done just because the Erie, for instance, carries eastern time as far west as Dayton or because on some jointly operated lines two standards of time are used, but because it is human nature not to "get busy" with most of the things to be done until after noon.

"The habits of life of our people bring a greater part of the activities of the normal character after noon than before midday; and we can secure the greatest amount of daylight for the active hours, and to a certain extent avoid the diurnal peak of heat in the summer by adopting a policy of generally making the time breaking points somewhat west of the median meridian." That is what the tentative report says about this moving the time-breaking points to the west so that for a large part of the country the clocks will be ahead of the sun instead of lagging behind. The thought is suggested that perhaps if the time zones could be arranged so as to have the clocks show noon as about 9 o'clock in the morning much more would be done than is now the fact.

The report further says the record clearly shows that there is need for a closer connection between the sun and the clock than has obtained in many parts of the country: that there is a relationship between habits and employments and the hours of the day as expressed by time pieces which cannot be impaired without great inconvenience, and that public health and prosperity will be best subserved when normal time standards are observed in every community where they can be made applicable.

"The statement finds support in the record that in some sections the continued use by carriers of inappropriate time standards is even inimical to the national defense," says the report. Hours for going to work in factories do-

ing war work are made too late in relation to the sun to assure the best results.

The Commission found that the communities regulate their clocks by the timepieces of the railroads, hence the importance it attached to the desirability of having the railroad clocks more often ahead of the local mean time than behind it. Therefore when Detroit, Toledo, Columbus and other points in C. F. A. territory turn their clocks an hour ahead of the customary time, they will be going to work ahead of the sun, so to speak, instead of, as since 1883, back of it. Many communities in Ohio refused to regulate their ordinary affairs by railroad time, as it is still called, because it was slower than the local or mean time. Hereafter railroad time, for a large part of the state, will be ahead of the sun.

Railroad men, as a rule, objected to having the time-breaking points at places other than division points, such as Pittsburgh and Buffalo. The New York Central did not recognize Buffalo as a time-breaking point, but used central time up to that city. That was the influence of the old Lake Shore management. Since the consolidation no change has been made. Now eastern time is extended as far west as Detroit, so the New York Central clocks will have to go forward, because it will have no excuse for declining to use the same time on its whole system.

The tentative report disregards the wishes of the railroad men. It thinks the time-breaking points can be placed at the less important centers of population, with less confusion than at the big cities, where, on account of the break, one part of the city would be using one and another another kind of time. Many of the carriers contended that a railroad system should have only one kind of time, thereby setting at naught the local mean time and the standard time on part of the systems that cross the boundaries.

WESTERN COMMITTEE CIRCULAR

In Circular No. 16 (cancels Circular No. 1), the Western Freight Traffic Committee says:

"Pursuant to the authority of the United States Railroad Administration, issued by Edward Chambers, Director, Division of Traffic, and Charles A. Prouty, Director, Division Public Service and Accounting, the Western Freight Traffic Committee issues the following circular for the information and guidance of the general public and the freight traffic officials of the western railroads under federal control.

"All changes in freight rates, charges, regulations and practices published in the lawfully filed schedules of the carriers under federal control must be passed upon by one of the freight traffic committees, on which the shipping public is represented, before an application is made for freight rate authority as required by Circular 1A of the Division of Traffic.

"All recommendations of district committees shall be forwarded to the Western Freight Traffic Committee, whether they be for or against the application.

"Shippers will present their rate problems to the freight traffic officers of the carriers serving them, or to the district committee located in their vicinity. If the committee first receiving a shipper's request is not the proper one to dispose of it, such request will be forwarded to the proper committee with a statement of its own views, the shippers to be advised of the action taken.

"The work of the district committees shall not be confined to questions arising within any district or territory, but shall also extend to the consideration of any and all matters presented to them by shippers, by freight traffic officers of carriers (whether or not under federal control), or which such committees may initiate.

"Where a district committee is presented with, or inaugurates, a subject of general interest, or a subject which manifestly affects more than one district, they shall promptly submit such question together with their recommendation to the Western Freight Traffic Committee. The latter will docket same and will in proper cases send copy of such docket to all interested district committees.

"It is specially desired that the freight traffic officers of all carriers under federal control co-operate with the freight traffic committees to the fullest extent, and that they discuss freely with the shippers all requests for changes in rates, and the like, investigate such requests and forward

ness to the proper district committees with their views and the result of their investigations. They should also advise the district committees of changes in rates or practices which they believe will be helpful to the carriers as a whole and in the public interest."

INDUSTRY TRACKS

Regional Director Smith, in a circular to eastern Federal managers and general managers, says:

In connection with my letter of July 25, relative to construction of General Order No. 15, regarding industry tracks, the question has been raised as to whether it will be permissible for railroads and industries to agree as to a percentage division of maintenance cost in lieu of computing monthly the number of cars switched over industrial tracks or portions thereof, the purpose being to save accounting expense.

Where the conditions are such that it can be shown that a percentage division will operate to produce substantially the result indicated in my letter of July 25, of division of the expense in proportion to the amount of use of the track for the industry and the passage of cars for other purposes such percentage division may be adopted by agreement, provided the agreement clearly shows that the percentage merely represents the basis of division provided for in my letter of July 25, and is to be modified from time to time if and when it appears conditions have changed so as to make the agreed percentage no longer produce the result originally intended. Such method should also be adopted in such cases for periodically checking the accuracy of the agreed percentage as a means of arriving at the division provided for in my letter of July 25, and when it appears that it is no longer accurate for that purpose it should be discarded for the future and readjusted for the past so far as necessary to cure any unreasonable discrimination, and so far as practicable.

The general plan of the instructions is to provide for division of the expense of maintenance of tracks used for industry tracks but not solely for the purpose of a single industry, and at the same time to avoid discriminations in connection with the maintenance of such tracks. Of course the instructions will have to be applied with reference to the operating conditions existing in the several cases.

The question has been raised as to whether in cases where the traffic involved does not justify the expense of track construction up to the clearance point, the track may not be put in at sole expense of the industry. It is felt that under existing conditions if there is not sufficient justification for a side track to warrant the railroad in putting the expense up to the clearance point, the track should not be built at all.

PUBLICATION OF TARIFFS

A. C. Johnson, chairman of the Western Freight Traffic Committee, in Circular No. 23, to chairmen of district committees and freight traffic officers, says:

Information reaching us that tariff publishing agencies and individual lines are making requests upon the Director, Division of Traffic, to assist them in securing authority from the Interstate Commerce Commission to extend special permission waiving its tariff rules and permit the reissue of tariffs to show the rates in effect prior to June 25, 1918, and in connection therewith publish a second blanket supplement to add the increases under General Order No. 28.

In most cases the reasons given for these requests are that the tariffs now exceed supplemental limit, that the type for the reissue has been set up prior to the receipt of General Order No. 28, and that it will be much quicker to reissue the tariffs to carry the old rates with a blanket supplement to add the increases than to now recompose so as to show the present rates. Also that because these tariffs are now beyond the supplemental limit (often because of the Commission's rule waiving supplemental limit on suspended rates) no additional changes in rates can be published in such tariffs and that the delay in reissuing them will block publication.

The making or changing of rates by use of the so-called blanket supplement is justifiable only in emergency, and the Commission and the public were told when this

emergency method was used in making rates effective under General Order No. 28 that the rates would be reissued in the regular way as soon as it could be done. To now reissue the tariffs to carry the old rates would continue indefinitely the use of the blanket supplements; further, it is doubtful if any saving is accomplished in the long run, because the tariffs necessarily have to be again reissued soon in order to publish these specific rates, while if reissued now to show the correct rates they may stand indefinitely.

"These requests on the Director, Division of Traffic, or the Commission are unjustifiable and should not be made, but you are requested to direct your efforts to the immediate reissue of these tariffs to contain the new rates just as rapidly as possible. When this is done your efforts should be directed to obtaining such economy as is practicable from simplification and consolidation of tariffs.

"Attention is also directed to the practice of some publishing agents and carriers in permitting tariffs to reach their supplemental limit and so remain before reissuing them, thus often blocking the publication of necessary changes in rates. This is a bad practice and the economy in printing thereby obtained is often more than offset by the waste of time of thousands of users of tariffs and the occasional blocking of needed publication.

"Please be governed by these instructions in future."

POWER OVER WIRE RATES

The Traffic World Washington Bureau.

According to the declarations of William H. Lamar, solicitor for the Post Office Department, Postmaster-General Burleson claims plenary authority over rates, rules, and regulations by telephone and telegraph companies, and, while he has no present intention of initiating rates, he claims the right of, and will exercise his judgment as to, rates that may be proposed by wire companies or ordered by state or other local rate-regulating bodies. The Postmaster-General has never made any public announcement to the effect that he has greater authority over the rates which the public shall pay for the privilege of holding communication by wire than he has as to the rates it shall pay for communication by letter, but Mr. Lamar told Charles E. Elmquist and other representatives of state commissions that that is the substance of Mr. Burleson's claim. Mr. Elmquist embodied the information, together with a discussion of the matter, in a bulletin sent to state commissioners under date of September 7. In that bulletin, in speaking of himself and his colleagues of the War service committee of the association that Mr. Elmquist represents in Washington, Mr. Elmquist said:

"We are informed by Mr. William H. Lamar, Solicitor for the Postoffice Department, that telephone companies should present their applications for increases in the usual way, and that commissions should proceed to hear, try and determine the cases and serve orders upon the companies. Such service will be notice to the Postmaster-General, who claims the right to set aside or modify the order. He asserts that he has the rate-making power over all toll and exchange rates and charges, state as well as interstate, and that state commissions have no right to interfere with a rate which has been prescribed by him; and that such rates need not be submitted to local authorities for their approval. The Government is in control of the telephone systems, it will collect the money for services through the Postoffice Department, pay all of the operating expenses, and is alone responsible for the service rendered. With respect to the question of jurisdiction over rates it is apparent that the Postmaster-General and the Railroad Administration are in complete accord.

"By the terms of the resolution the President is authorized, during the continuance of the present war, whenever he shall deem it necessary for the national security or defense, to take possession and assume control of any wire system or systems, such operation and control not to extend beyond the date of the proclamation by him of the exchange of ratifications of the treaty of peace. Compensation shall be made for the use of the properties, and the resolution closes with the following proviso: 'That nothing in this act shall be construed to amend, repeal, impair or affect existing laws or powers of the

several states in relation to taxation or the usual police regulations of the several states, except wherein such laws, powers or regulations may affect the transmission of government communications or the issue of stocks and bonds by such system or systems.

"The proclamation of the President is based upon the act of Congress. It is an exercise of the war power which is directly conferred upon the President by the Constitution, and the act of Congress has added nothing to that power. Congress has not directly repealed any state law, and repeals by implication are not favored by the courts; but, upon the contrary, Congress has said that existing laws or powers of the several states, in relation to taxation and the lawful police regulations, shall not be impaired except wherein they may affect the transmission of Government communications or the issue of stocks and bonds. Whether the national security and defense either justifies or permits the Postmaster-General to impose installation charges, standardized rates, to increase or modify intrastate toll or exchange rates or set aside existing state laws which provide for the filing and approval of rates, rules and regulations by state commissions, is at least a debatable question. An interesting review of the general question has been made by Hon. William L. Ransom, counsel to the Public Service Commission for the First District, New York City, in an opinion rendered January 21, 1918, and in a second opinion rendered June 1, 1918.

"The Postmaster-General and his telephone committee are pronounced advocates of government ownership of the telephone and telegraph systems. As the law now stands, these properties must go back to private ownership when peace is declared. It is for the people and Congress to decide whether government control shall be merged into government ownership. As regulating officials, we must act in accordance with the existing law regardless of our individual opinions. When the wire systems return to private ownership, if they do, they must submit themselves to local regulation and to the laws, rules and practices which have been established. It is essentially in the public interest that the state commissions be preserved in all of their vigor and efficiency, so that the companies, if and when they return to private ownership, may be intelligently regulated. It would seem most unfortunate if the exigencies of the war were used by officials of the national government to destroy or weaken the wise regulatory practices in the states which have grown up through the experience of the past 35 years.

"State commissions have tendered their offer of co-operation in good faith. They should and will do their full duty in helping to prosecute the war to a successful conclusion, but at the same time they should see that adequate service and rates are furnished to the people by public service corporations.

"The successful assumption of ultra-governmental power by the Postmaster-General may result in depriving the people of every vestige of local control in this matter. The problem is of so much importance that state commissioners and their counsel should give immediate attention to the fundamental as well as local questions that are involved in the present system of operation."

RATES ON COARSE GRAIN

The rates on coarse grain as increased under General Order No. 28 are the subject of a complaint filed by the National Council of Farmers' Co-Operative Associations versus W. G. McAdoo, Director-General of Railroads, in which there is alleged discrimination in the increases as applied to grain rates versus wheat, and alleged discrimination in the increases on coarse grain as applied to each separately established factor used in combination to make through rates, rather than by the application of such increases but once—that is, to the aggregate rates made on combination of such separately established factors.

It is the prayer of this complaint to have the Commission establish and put in force for the transportation of corn, oats, rye and barley in carload lots, "between points in the states of Illinois, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota and South Dakota and points in the said states to various other states" rates not exceeding those in effect prior to June 25, 1918, by more than 25 per cent; and where no joint through rates are

in effect "to apply the maximum increase ordered by aforesaid General Order 28 and supplement only once to the through movement of transportation of corn, oats, rye and barley and not to each component thereof."

That all interested in the transportation of grain may have an opportunity to be heard on this question, a hearing will be afforded September 25 at 10:30 a. m. in Room 2122, Transportation Building, Chicago, by the Western Freight Traffic Committee.

RAILWAY OPERATING INCOME

The Traffic World Washington Bureau.

The Commission has sent the following to all operating carriers by steam railway:

In the order of this Commission, entered April 1, 1918, wherein operating carriers by steam railway were directed to submit under oath on or before April 25, 1918, a statement of their average annual railway operating income, as defined in the federal control act of March 21, 1918, the following appears:

"It is not intended that this return shall include a statement of special matters on which carrier may expect to base a claim for exceptional treatment as to the amount of compensation. If, in the opinion of the respondent, the information above called for does not truly reflect its average annual railway operating income, a separate statement, in addition to that required by this circular, should be forwarded showing what respondent considers its true average annual railway operating income, with full explanations."

Some of the respondent carriers seem to have assumed that such claims will be passed upon by this Commission. Since the Commission is authorized to deal with such claims only in the manner provided in section 3 of the federal control act they should be presented to the Director-General for his consideration.

INSURANCE AND FIRE PROTECTION

In Circular No. 54, Director-General McAdoo said:

"The Insurance and Fire Protection Section has been established in the Division of Finance and Purchases and in supervising this section John Skelton Williams, the director of the division, will be assisted by Theodore H. Price, actuary to the Railroad Administration.

"Charles N. Rambo, formerly superintendent and secretary of the Mutual Fire, Marine and Inland Insurance Company, Philadelphia, has been appointed manager of the Insurance and Fire Protection Section, with headquarters in the Premier Building, No. 718 18th street, N. W., Washington, D. C.

"In the work devolving upon it the Insurance and Fire Protection Section will have the co-operation of an advisory committee, of which Mr. Theodore H. Price is chairman. The other members of the committee are Mr. R. M. Bissell (president of the Hartford Fire Insurance Company, Hartford, Conn., and also chairman of the National Conservation Committee and the National Board of Fire Underwriters); Mr. Charles E. Mather of Philadelphia, Mr. D. R. McLennan of Chicago, and Mr. A. M. Schoen, a civil and electrical fire protection engineer and expert, at present chief engineer of the Southeastern Underwriters' Association of Atlanta, Ga., and also a member of various national and other consulting boards throughout the United States.

"The Insurance and Fire Protection Section will have its own force of general inspectors and loss investigators, reporting directly to it at Washington, and through the Division of Operation will communicate to the regional directors and the officers and employees of the operating force under them with regard to the work of fire prevention and inspection on all railways under control of the United States Railroad Administration, with the object of utilizing existing organizations as they may be available, reorganizing them when it may be necessary, and establishing adequate fire protection and inspection organizations for those properties upon which no such organization is now maintained.

"Prompt compliance with the recommendations of the Insurance and Fire Protection Section received through

the channels designated will be required from all officials of the railroads.

"The heavy fire losses throughout the country and the recent destruction by fire in and on the railroad properties emphasize the need of increased vigilance in applying the latest and most effective methods of fire prevention, and it is especially essential that the officials and employes shall with renewed energy cooperate in the reduction of the hazard and the unnecessary fire waste.

"It is believed that if every employe can be made to feel an alert consciousness of responsibility for this loss, that it can be substantially reduced, thus effecting an important saving in the cost of operation and avoiding the interference with and delay of traffic that fires cause. To this end the earnest co-operation of every employe of the United States Railroad Administration is desired and requested."

OKLAHOMA RATE TROUBLES

The Traffic World Washington Bureau.

The Oklahoma commission has not yet obtained the satisfaction of an interview with Director-General McAdoo about the out of line rates with which it has been dealing for four months. He went to New England on a two weeks' trip without giving the Oklahomans a definite answer to their request for a hearing. Herewith is given the latest correspondence between Charles E. Elmquist, to whom the Oklahomans turned when the Oklahoma delegation in Congress could not arrange an interview, and W. D. Humphrey, chairman of the Oklahoma commission:

Washington, D. C., Aug. 30, 1918.

Hon. W. D. Humphrey, Chairman, Corp'n. Comm., Oklahoma City, Okla.

Have endeavored to secure audience with McAdoo. His secretary is waiting a report from Chambers on the situation and tells me they expect to clear up the rate matters there in the near future. They prefer not to pass upon the question of a conference until question looked into more fully. Wire later. C. E. Elmquist.

Oklahoma City, August 31, 1918.

Hon. Chas. E. Elmquist, 724 15th street, N. W., Washington, D. C.

Your wire of August 30 is received.

It seems that you are unable to see Mr. McAdoo now or any other time.

Our people are solicitous, anxiously though properly so, for relief against unjust rates, and for four months we have endeavored, earnestly, to get the attention of the railway directorate to inequities imposed upon Oklahoma. But in this the combined efforts of our delegation at Washington, of our shippers and of the corporation commission have been unavailing.

Aeneas having undergone trials and tribulations sufficient to inspire an epic is represented as afterwards exclaiming: "Et enim meminisse iuvabit."

That we shall ever find anything pleasing to remember arising out of our present difficulties is improbable, but, though we may never get relief from the directorate, yet we can cherish the hope that we may find it pleasant to remember why.

Our advice to you and our last request to our delegation in Congress was to secure an audience with Mr. McAdoo—only that and nothing more. Even this much, as was observed by the physician who recommended to his patient the use of hen manure for bad breath, "would help some."

If this cannot be obtained, we should at least know why.

When Mr. Hitchcock ruled over Oklahoma and Indian territories, though known as the "Czar," the average citizen of the territories could see him, but now it seems impossible for our combined delegation in Congress to secure for the Corporation Commission of Oklahoma an interview with Mr. McAdoo, although "the people rule."

Meanwhile Oklahoma is paying monthly for railway service five hundred thousand dollars in excess of the uniform twenty-five per cent raise levied upon the general public.

"Get knowledge, but with all thy getting, get understanding." If we are to know that a department of the state of Oklahoma cannot get the poor privilege of an in-

terview with the head of a similar department of the national government, let us have some understanding for the denial of our "right of petition."

Advise and oblige.

W. D. Humphrey, Chairman.

Sept. 3, 1918.

Hon. Charles E. Elmquist, Washington, D. C.

The Commission has your telegram of August 31 and your letter of same date, likewise your letter of August 29. We greatly appreciate your efforts and we are satisfied that the time will come when we can get our troubles up to Mr. McAdoo.

Some time ago the Commission went to Chicago, thence to St. Louis. Before leaving Oklahoma we wired Senator Owen that it was useless to make the trip without assurance that the people we would see had authority to hear our matter upon its merits. We accomplished nothing at Chicago, and while at St. Louis we ascertained that the committee there had no authority and was really supposed to do nothing. Or, in other words, we found out while there this committee, or some of them, received a telegram from Mr. Chambers saying that the Shreveport scale would be extended to Oklahoma. If this was going to be done regardless of representations made or facts involved, Senator Owen could have been so advised, but he assured us upon definite inquiry that he had been advised that we might expect some real consideration at Chicago and St. Louis.

The Shreveport scale when it was put in may have been a proper scale for the conditions involved in that particular hearing and it might have been proper under conditions then existing to have extended the same to Oklahoma and other states, but, regardless of that proposition, it is unfair to Oklahoma as a basis upon which to predicate the 25 per cent raise for the reason that it is a modern scale and very much higher than scales existing in Arkansas, Missouri and Kansas and interstate between those states and Oklahoma. In these states and interstate traffic between them and Oklahoma the 25 per cent raise is put on scales made years ago, which consequently are much lower than the Shreveport scale, the latter being predicated to a considerable extent upon raise of wages and high cost of material in latter days. You can thus see our point.

Now, if Director Chambers or his office did advise Senator Owen that we would get consideration at Chicago and St. Louis and then did advise the committee at St. Louis to do a definite thing without regard to our contention, it is very plain to see that Director Chambers has dealt neither candidly nor considerately with us. It is this sort of double dealing that we want to put squarely up to Mr. McAdoo so that we can find out once and for all whether or not we can expect our matter to be heard upon its merits, and if we can get before an impartial forum and obtain a courteous hearing we can prove the inequities of which we complain; if we cannot, then having exercised our right to be heard, we will be satisfied. We will not now or any time acquiesce in a bureaucratic order made without regard to the facts involved and the justice of the general situation.

Your letter mentions the fact that you have talked to Mr. Claggett, secretary to General McAdoo, and for that reason we are mailing Mr. Claggett a copy of this letter.

In Oklahoma we are doing all we can for the promotion of the national cause and we have great faith in the final triumph of what is right and we know that we will be able to interest Mr. McAdoo. We could interest Mr. Chambers if he were disposed to give the matter any consideration and possibly we might have interested the railroad committee at Chicago and St. Louis, but conditions complained of above frustrated such hopes. The authorities at Washington will save time by hearing us, because we are going to keep up our demands until we get a competent hearing.

W. D. Humphrey, Chairman.

September 3, 1918.

Hon. W. W. Hastings, Member of Congress:

You will find herewith copy of a letter we are this day sending to Charles E. Elmquist.

We appreciate how difficult it is for you to handle this matter informally with the Railway Director without knowing the details. When you meet with these people they tell you they have done certain things and propose

to do other things, which necessarily you accept at the face value, but these assurances do not amount to anything for the reason that the Oklahoma Corporation Commission has never been able to get its contention squarely before anyone having authority, as this class of people apparently are individually and collectively too busy to pay attention to us. These regional committees, made up of railway employees, are not inclined to hear the public side of the matter, as their sympathies are all otherwise enlisted.

The committee at Chicago, and maybe at St. Louis, did condescend to hear some few matters that needed attention and perhaps have made recommendations on these points to Director Chambers, and when he talks to you about what they are doing he possibly has in mind the rectification of such discrepancies as may have been recommended by some regional committee. These matters furnish a talking point—good only for camouflaging purposes, but if acted upon would give no real or extensive relief.

By reading copy of our letter to Mr. Elmquist, which is herewith enclosed, you will see something of the real situation.

The reports of the carriers demonstrate that Oklahoma is paying monthly in excessive rates \$500,000 more than the shippers of the state ought to pay if they were on a parity with those doing business under Kansas, Missouri or Arkansas rates, or under rates interstate between these states or any of them and the state of Oklahoma. The point that is overlooked is that we got our raise when the carriers met over night and put in a rate under cover of the Youmans' decision. Now when Mr. McAdoo puts on his 25 per cent horizontal raise we get a double raise, and, whereas other states and communities are presumably getting along with 125 per cent of the original normal rate we are subjected to approximately 160 per cent of the normal rate existing just prior to the Youmans' decision, and regardless of this decision, the fact is that the Oklahoma intrastate freight rate annulled was higher than the intrastate rates in Kansas and Missouri and was more favorable to the carriers than the interstate rate applicable upon traffic moving interstate between Oklahoma and Kansas, Missouri and Arkansas.

If we can get an impartial hearing we can prove every contention we have made, and while being a component part of this Union and doing all we know down here to promote the general welfare and sustain the national cause, we do not want to be wholly excommunicated by some autocratic indisposition to hear and consider our just complaints.

W. D. Humphrey, Chairman.

RATES ON PETROLEUM.

The Commission, in fifteenth section permission No. 821, has authorized an increase in pipe line rates on petroleum by the Tidewater Pipe Line Company, to cover the increased cost in labor and materials. The higher rates apply for collections in Illinois, Indiana, Pennsylvania and New York. The permission, however, is limited so that the rates for collection in Pennsylvania and New York may not exceed 32 cents per barrel. As to rates higher than 32 cents per barrel for collections in Pennsylvania and New York, the company's application, No. 6404, has been denied.

JOINT USE OF TERMINALS

Director-General McAdoo announced September 9 that effective September 15 the New York and Jersey City terminals of the Pennsylvania Railroad would be used by the Lehigh Valley Railroad. The present use of the Communipaw terminal of the Central Railroad of New Jersey by Lehigh Valley passenger trains will be discontinued the same date.

It is proposed to send Lehigh Valley trains Nos. 5 and 6, 7 and 8, 9 and 10, 29 and 30, and 11 and 28 into the Pennsylvania station at New York, while the remainder of the Lehigh Valley passenger service, consisting of trains Nos. 1, 27, 33, 40, 22 and 34, will use the Jersey City terminal of the Pennsylvania.

Passengers from downtown New York for trains leaving the Pennsylvania uptown station will use the Hudson and Manhattan Railroad, trains connecting at Manhattan Transfer. Hudson and Manhattan trains and Pennsylvania Ferry service also will be used by passengers for the Lehigh Valley trains leaving from the Pennsylvania's Jersey City station. No excursion business of the Lehigh Valley will

be handled out of the Pennsylvania stations at New York or Jersey City, and the Lehigh Valley will handle its troop trains at Communipaw.

INLAND WATERWAYS DIVISION.

In circular No. 53 Director-General McAdoo announced the creation of the Division of Inland Waterways, with G. A. Tomlinson as director, with office in Washington. H. S. Noble has been appointed federal manager of the New York and New Jersey canals to succeed Mr. Tomlinson. The federal manager of the New York and New Jersey canals, the federal manager of the Mississippi-Warrior waterways, and the managers of any other federal systems of inland water transportation hereafter created by the Director-General will report to the director of the Division of Inland Waterways. The director of the Division of Inland Waterways will take over the records and unfinished work of the committee on inland waterways, which is discontinued, its principal functions having been discharged by the investigations and reports which it has already made.

DIVISIONS OF JOINT RATES.

In Circular No. 31, A. C. Johnson, chairman of the Western Freight Traffic Committee, makes the following announcement to chairmen of district committees and freight traffic officers of carriers under federal control, western territory:

"Many inquiries are being received as to divisions of joint rates with short lines or lines not under federal control.

"It is contemplated that all divisions between railroads under federal control and those which have been relinquished will be taken up and considered in detail as soon as possible in an effort to determine whether or not they are on a fair basis or should be revised; in the meantime the question of allowing appropriate advances to such carriers will be determined on the basis of what seems fair and proper in accordance with past practices.

"Any arrangements now made will stand until same can be reviewed at some later date, as above referred to."

REDUCED RATES.

In circular No. 32 the Western Freight Traffic Committee advises freight traffic officers that, excepting as specified, all arrangements for reduced rates or free freight service on material or supplies for charitable institutions or for state, county or municipal governments should be withdrawn. If any such rates have been published and filed with the Interstate Commerce Commission or state commissions application to the director of traffic must be made through the proper district freight traffic committee for permission to withdraw. Applications for rates on such traffic should be considered on their merits, it is stated, and reasonable rates made thereon as on like traffic for other shippers, without special concessions, on account of service being for state, county or municipal corporations or charitable institutions. No change will be made for the year 1918 in rates or rules for the handling of exhibits to or from state or county fairs, etc.

BUY LIBERTY BONDS

The Director-General desires that each federal treasurer shall be instructed to attach to all pay checks sent out between the present time and the close of the Liberty Loan campaign a poster carrying the following language:

THE UNITED STATES OF AMERICA

Needs as Much of This Money as You Can Possibly Spare. How Much Will You Lend to Your Country?

BUY LIBERTY BONDS

Or War Savings Stamps, to the Extent of Your Ability—Even if It Involves Real Self-Denial; and Help Win the War.

INEXPERIENCED EMPLOYES.

C. H. Markham, regional director, in a circular to lines in the Allegheny region, says:
"The increased cost of labor, material and supplies and decreased efficiency due to inexperience of large numbers of employees have created such a condition that comparative cost figures are of but little value. It is, therefore, of the utmost importance that responsible officers should know that, all things being considered, the large amounts disbursed for operation and maintenance are being wisely spent. The way in which this can best be accomplished is by supervision, and you are urged to see that supervising officials are not only thoroughly trained in the work over which they have jurisdiction, but are also qualified to quickly teach inexperienced men how to most efficiently perform their duties."

W. J. FLYNN ON THE TRAIL.

William J. Flynn, formerly chief of the secret service of the treasury, has returned to government service, as chief of the secret service of the Railroad Administration, being attached to the section of claims and property protection. Instead of chasing counterfeiters, as he did while in the treasury, he will give his attention to persons who break into railroad cars and those who present fraudulent claims which, if paid, would amount to a rebate from the published rate. He takes his new job on September 18, his appointment having been announced by John Barton Payne, chief counsel for the Administration. The claims

and property protection section is part of the law branch of the Administration.

EXPRESS CAR MILEAGE RATES.

In circular CS-30, Manager Kendall of the car service section has notified all railroads that, in accordance with the terms of the contract between the Director-General and the American Railway Express Company, the usual mileage rates should be allowed on all cars belonging to the express company and used, in handling the business under the contract, over the railroad lines operated under federal control. The mileage rates on which such allowance should be based are as follows: Under 60 feet, 1½c per mile; 60 feet and under 70 feet, 2c per mile; 70 feet and over, 2½c per mile.

FOR SALE.

150 pieces 7 in. x 9 in. No. 2 White Oak Switch ties 10 ft. to 16 ft. long. Bargain if taken at once. L. E. Pearson, Edwardsburg, Mich.

TRAFFIC ORGANIZATIONS

THE NATIONAL INDUSTRIAL TRAFFIC LEAGUE.—Object: The object of this league is to interchange ideas concerning traffic matters, to co-operate with the Interstate Commerce Commission, state railroad commissions and transportation companies in promoting and securing better understanding by the public and the state and national governments of the needs of the traffic world, to secure proper legislation where deemed necessary, and the modification of present laws where considered harmful to the free interchange of commerce; with the view to advance fair dealing and to promote, conserve and protect the commercial and transportation interests.

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Manager Traffic Department, Cincinnati Chamber of Commerce and Merchants' Exchange.
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Manager Transportation Department, Boston Chamber of Commerce.
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- E. F. Lacey Assistant Secretary
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J. P. CONNOLLY, Superintendent, Wagner's Point, Baltimore, Md.

THOMAS KEARNY, General Solicitor, 90 West Street, New York.

EXTENDS FROM WAGNER'S POINT TO CURTIS BAY

The Chesapeake & Curtis Bay Railroad Co., having its terminal at deep water, Baltimore, Md., is in a position to receive all foreign freight destined to interior points and to take care of outgoing freight for foreign countries.

This terminal has a line of 1½ miles of track for the handling of shipments to and from the industries located on its line. The territory covered by this terminal offers superior sites for the erection of factories of every description. Firms, individuals and corporations contemplating the location of business enterprises are invited to correspond with Samuel J. Nathan, 90 West Street, New York City. Maps and full information concerning available property will be promptly furnished.

Manager is now operating 7 miles, additional under construction. Legitimate business of all industries located on the waterfront of Baltimore for seaboard ports. Through service to all points East, West, North and South. Industries located on our line have the advantage of fast Baltimore rate.

RIVER BARGE SERVICE

The Traffic World Washington Bureau.

Arrangements have been made by the Railroad Administration for the inauguration of a barge service on the lower Mississippi, between St. Louis and New Orleans, the last week in September. Thirty steel barges, equipped with deck houses and therefore fitted for both package and bulk freight, and seven towboats have been assembled. The idea is to establish a weekly service between the two cities in time to relieve the fall strain on the railroads. The boats and barges will have 6,000,000 ton-mile per week capacity.

The work of establishing a barge service on the Black Warrior with a view to bringing coal to New Orleans has also proceeded to the point where self-propelled steel barges with a capacity of carrying 300,000 tons of coal to New Orleans or Mobile per annum are ready for business. The Railroad Administration has leased the Lake Borgne canal and is assembling a fleet. A fleet is being repaired. The Black Warrior and Lake Borgne projects are old ones that have not been the most successful ones in the world, against the competition of the railroads.

As to what kind of intermediate service the two barge lines will furnish will depend upon the kind of terminals that can be obtained at the different landings. The lines now operating on the river are in private hands and they may not welcome government competition, hence the necessity for negotiating for the use of terminals.

MISUSE OF REFRIGERATOR CARS

Regional Director Smith issues the following to eastern lines:

"Attention is called to the following quotation from report of the Refrigerator Car Committee of the Division of Operation:

We wish at this time to call your attention to the misuse of refrigerator equipment, with particular reference to fruit and vegetable refrigerator cars, by permitting them to be loaded with ice in body of the car, also commodities which are permitted by present tariffs have ice packed in the shipment, such as lettuce and spinach. To maintain an efficient refrigerator car it is imperative that the insulation be kept dry and it is a physical impossibility to construct or mechanically waterproof insulation that will withstand shipments as above referred to without moisture coming in contact with floor insulation.

Another very objectionable practice on the part of some shippers or consignees is to leave in cars when unloaded at warehouses and team tracks large quantities of delayed fruits and vegetables, and at times some of them clean out their warehouses of these articles and put them into the empty cars and allow them to return to the Pacific coast. When the cars are badly contaminated it requires days, and in some cases weeks, to clean the car adequately for food products. This practice, we believe, could be easily stopped if warehousemen and yard clerks were instructed to see that all refrigerator cars are completely unloaded. We also recommend that oils in any form, or hides, or any other offensive articles, be restricted from these cars, as it requires considerable scrubbing and fumigating to remove the stains and odor and the water required will necessarily get to the insulation.

Another practice on the part of some shippers that should be discontinued is the use of nails and spikes through the sides and floor of the car for bracing, as these necessarily puncture insulation and form a channel for moisture to penetrate the insulation.

"The difficulty in carrying out these recommendations is appreciated, but everything possible should be done in that direction. Especially should the handling of green hides, oil and other contaminating commodities in refrigerator cars be prohibited; also the driving of nails or spikes in the floor or lining of cars should be prevented, and the bracing in cars being placed without nails insisted upon."

COMMISSION ORDERS

Upon request of the Alabama & Vicksburg Railway Company, the Commission has ordered that under its order of Oct. 12, 1915, entitled "In the Matter of Modification of the Provisions of Section Six of the Act with Regard to Posting Freight or Passenger Tariffs at Stations," the Alabama & Vicksburg Railway Company be, and it is hereby, authorized to establish and maintain a complete public file of the tariffs, as provided in said order, at Vicksburg, Miss., instead of Jackson, Miss. It is further ordered, that the terms and provisions of the said order of Oct. 12, 1915, are not hereby modified in any way or to any extent other than as herein specifically stated.

The Commission has permitted amendment in case 10118,

L. & N. Coal Operators' Association vs. L. & N. R. R. Co. et al., so as to make William G. McAdoo, Director-General of Railroads, an additional party defendant.

The Commission has permitted amendment in case 10081, George E. Rice Potato Co., Inc., vs. B. & O. R. R. Co. et al., so as to make William G. McAdoo, Director-General of Railroads, an additional party defendant.

The Commission has permitted amendment in case 9667, Ohio Valley Co. Operators' Association vs. L. & N. R. R. Co. et al., so as to make William G. McAdoo, Director-General of Railroad, an additional party defendant.

The Commission has modified its order of June 4, in case 8710, Northwestern Terre Cotta Co. et al. vs. A. & St. L. R. R. Co. et al., so as to become effective October 16 instead of September 16.

The Commission has permitted amendment in case 10184, National Ship Building Co. of Texas vs. K. C. S. Ry. Co. et al., so as to make William G. McAdoo, Director-General of Railroads, an additional party defendant.

The Commission has permitted amendment in case 10184, National Ship Building Co. of Texas vs. K. C. S. Ry. Co. et al., making William G. McAdoo, Director-General of Railroads, an additional party defendant.

The Commission has permitted amendment in case 10089, Duckworth Co. vs. Illinois Central R. R. Co. et al., making the Nor. Pac. Ry. Co. an additional party defendant.

Digest of New Complaints

No. 10240. George C. Holt and B. B. Odell, receivers, Aetna Explosives Co., New York, vs. L. & N. et al.

Against a rate of \$2 per ton on nitrate of soda from Pensacola to North/Birmingham as unjust and unreasonable to the extent it exceeds the rate to Corinth, Miss. Ask for reparation.

No. 10241. Beaumont, Tex., Chamber of Commerce vs. United States Railroad Administration, Beaumont, Sour Lake & Western et al.

Against rates on blackstrap molasses from points in Louisiana to Beaumont as unjust and unreasonable. Asks for carload rates and reparation.

DOCKET OF THE COMMISSION

Note.—Items in the Docket marked with an asterisk (*) are new, having been added since the last issue of *The Traffic World*. Cancellations and postponements announced too late to show the change in this Docket will be noted elsewhere.

September 19—Atlanta, Ga.—Examiner Disque:
10204—Consolidated Classification case.

September 20—Portland, Ore.—Commissioner Aitchison:
10229—Public Service Commission of the State of Washington et al. vs. W. G. McAdoo, Director General of Railroads, U. S. R. Administration et al.

September 23—Portland, Ore.—Commissioner Aitchison:
1. & S. Docket 1161—Reconsignment Case 3.
10173—Reconsignment and diversion rules.
15th Sec. App. 5307 filed by E. Morris.
15th Sec. App. 5318 filed by E. Morris.
15th Sec. App. 5319 filed by E. Morris.
15th Sec. App. 5566 filed by E. Morris.

October 2—Argument at Washington, D. C.:
10030—Milton Brick Co. et al. vs. Pa. R. R. Co. et al.
1. & S. 1024—Southwestern potato rates.
9574—Chamber of Commerce of Greeley et al. vs. C. & S. Ry. Co. et al.

October 3—Argument at Washington, D. C.:
9395—Pacific Lumber Co. et al. vs. Northwestern Pacific R. R. Co. et al.
9536—Willamette Valley Lumber Assn. et al. vs. Sou. Pac. Co. et al.

October 4—Argument at Washington, D. C.:
9882—American Window Glass Co. vs. W. Md. R. R. Co. et al.
9990—St. Ellen Coal Co. et al. vs. St. L. & B. E. Ry. Co. et al.

October 5—Argument at Washington, D. C.:
1. & S. 490—Lumber transit privileges at Buffalo, N. Y.
7506—Buffalo Lumber Exchange and Buffalo Chamber of Commerce vs. Ala. Cent. Ry. Co. et al.
9488—Aurora, Elgin & Chicago R. R. Co. vs. Ind. Harbor R. R. Co. et al.
9006—Cabin Creek Cons. Coal Co. et al. vs. C. H. & D. Ry. Co. et al.

October 9—Argument at Washington, D. C.:
1. & S. Docket 1118—Live stock loading and unloading charges.
9977—Chicago Live Stock Exchange vs. A. T. & S. F. Ry. Co. et al.

1. & S. Docket 1156—Shipments in refrigerator, insulated or heated cars.

October 10—Argument at Washington, D. C.:
8834—Kettle River Co. vs. Mo. Pac. Ry. Co. et al.
9146—McGowen-Foshee Lumber Co. vs. F. A. & G. R. R. Co. et al.
9797—Robert Ables et al. vs. Alex. & Western Ry. Co. et al.
9907—Commercial Club of Omaha vs. B. & O. R. R. Co. et al.

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THE USE OF MOTOR TRUCKS

There is perhaps no more noticeable phenomenon connected with the transportation phase of the war than the development of the motor truck as a transportation agency in competition with the railroads. From time to time we show in our columns instances of this fact, not merely as a matter of news in recording the history of transportation evolution, but that we may be able to help, so far as we may, in getting to business men the message that there is a means that has perhaps escaped their attention and which is worthy of their study, whereby they may be able to surmount some of the transportation obstacles that have confronted them, especially in these turbulent times, by substituting, to some extent, the motor truck for the rail carrier. In this week's magazine, for instance, there happens to be an article on the plan of the Bureau of Markets to co-operate with operators of rural motor truck routes; one giving an example of intercity truck transportation between Syracuse and Fulton, N. Y.; and one showing the use of motor trucks in hauling live stock from the country to the packing house. There was no special effort made to assemble these articles. They came to us in the ordinary course of preparing the issue, which emphasizes the fact we have been pointing out—that the use of the motor truck is fast developing.

This growth and development is aided, not only by the fact that the railroads have been so congested as to make it impossible for them to haul all the freight offered, but by the resulting fact that because of this very inability to take care of all the business that might move by rail, the op-

position that the railroads might otherwise evince towards a competitive business is made impossible. Even if the railroads themselves, for the sake of the future, if not for the present, were inclined to oppose the development of motor truck transportation, they would be prevented from so doing by the fact of government control and operation. Indeed, as we see it, it is the function and the duty of the Railroad Administration not only to refrain and to see that railroad men under its control refrain from throwing obstacles in the way of this agency, but actually to encourage it as a means of relieving railroad congestion and assisting in the business of transporting freight. For the business of the Railroad Administration, we believe, is not only to administer the railroads to the best of its ability and get all out of them that can be got in the way of hauling freight and necessary passengers, but to provide every possible additional means of carrying the freight that the railroads are unable to carry. The motor truck is one of these means. The waterways are another. To promote and develop their use as far as may be consistent with or necessary to the country's legitimate commerce—including the essential movement of troops, munitions, and supplies for war purposes—is in a very important sense the business of the Railroad Administration.

We are not saying these things with the idea that they may be new to the Administration. We believe it understands them and certainly it is working, to some extent, along the lines we have indicated. And yet in the rush with which things have had to be done and in the bustle that has prevailed in the doing of them, there perhaps has not been the scientific effort to do some of them as efficiently as may be possible. While, of course, various persons have been thinking along the line of the development of the motor truck as an adjunct to rail transportation and a partial substitute for it, and while the truck manufacturers themselves have urged the sale of their product by this argument, so far as we know there has been no earnest, scientific, reliable study of the situation made by any recognized authority to the end that persons who are thinking or may be led to think of the motor truck as an agency that might be used to advantage in their particular business or in doing business to the advantage of a community in which they are interested, may have before them facts and figures showing what kinds of business may use trucks to advantage; for what distances they may be efficiently and economically used; and the cost, as compared with rail transportation, for certain kinds of traffic over definite distances. Perhaps someone is at work on such a thing. Some-

thing of the sort may even have been prepared, though, if so, we have not seen it. If nothing of the sort has been done there is room for someone to do a great service. If it has been done those behind it and interested in it should give it greater circulation. The possibilities of the motor truck should be forced on the attention of the shipping public and the government should aid in the campaign.

RAILROADS AND THE DRAFT

Railroad employees—such of them as are in certain specified departments and desire to evade military service—are in a peculiarly favorable position, for they have not only the argument for deferred classification that can be made by any man in any so-called essential employment, but they are positively instructed by no less a person than W. G. McAdoo, Director-General of Railroads, that it is their duty to apply for such deferred classification, and Mr. McAdoo has also instructed officials of railroads under federal control to do everything necessary to see that they get it. It is true that Mr. McAdoo is not authorized to decide what is essential and what is not, or who shall be taken for military service, and who shall not, but he is an exceedingly important part of the present administration, not only as Director-General of the Railroads, but as Secretary of the Treasury, and his opinions and desires are likely to carry a long way, especially when he announces them so forcefully.

Mr. McAdoo, without doubt, represents the situation correctly when he says there is no surplus supply of labor from which new railroad employees may be drawn to replace men taken into military service and that transportation is an indispensable war service. And yet it may be that he makes the application of what he says too broad. The new draft includes men up to the age of forty-six. It is certainly probable that among the older of these newly registered men there are many who, otherwise eligible, would hardly be chosen for military service, because of physical shortcomings, but who yet might admirably fill railroad jobs now held by younger and more vigorous men whom Mr. McAdoo would have exempted from service. Whether there is to be such an industrial reorganization as would permit such an assigning of men remains to be seen. Without it there would seem to be little advantage in registering men up to the age of forty-six, but with it the release of many younger men now undoubtedly engaged in essential occupations would be possible. The same principle applies here as in the army itself, where thousands of desk positions, to fill which no military qualifications are necessary, are held by young men who

might well be in the trenches. Their work is essential, of course, and someone must do it, but the older men can do it just as well and in many cases better. There is at least enough in this idea, it seems to us, to make it inadvisable to exempt men wholesale without regard to age or any other consideration of fitness solely because they work for the railroads, at least until some more definite policy has been adopted—or, rather, until it has been decided not to adopt any more definite policy—in the matter of organization of industries to meet war needs.

The position of the Director-General in this matter will affect the individual railroad employee favorably or unfavorably according to his desires. If he wishes to evade military service, even though he be physically fit and without dependents, he need not worry. He is instructed by those who employ him—his employer being a representative of the government itself—to apply for exemption. If he does not do it those above him will do it for him. If the Director-General has his way such a man could not possibly be drawn into the army. But what of the man who wants to fight—who feels that it is duty to do so? Neither can he by any possibility get into the army if this plan prevails. Is it right thus to curb him?

It is a big question and we are not attempting to decide it. It is too big to be decided from the mere railroad point of view. If that point of view is correct, then it applies not to the railroad business alone, but to some other businesses as well. If men in any line of work are to be protected from the draft or restrained from exercising their desire to fight, as the case may be, because of the nature of their employment, then there ought to be a careful and scientific classification of essential employments and to them all, as well as to the railroads, ought to be applied a definite principle, so that under certain conditions the men engaged in them cannot go into the army whether they desire to do so or not, and under other conditions they may do so. It ought not to be left to the man himself. In that respect we agree entirely with the Director-General. The only question is as to whether it is wise to apply such a principle to the railroads and not to other essential lines of essential business. Probably he would reply to that that he "should worry" about other businesses—his job is to run the railroads and he is trying to do it the best he knows how. But even though it be admitted that he is under no obligation to campaign for the application of some general rule, there is such an obligation on somebody. If it is not realized we are likely to have an unequal working of the exemption provision.

Current Topics in Washington



Disappearance of Competition as a Stimulus.—One of the things against which Director-General McAdoo will have to guard this winter, it is believed, will be "that tired feeling" among the trainmen and minor operating officials. Disappearance of competition will make it unnecessary for such traffic officials as are still on the pay roll to watch tonnage figures to see whether the "despised competitor" is obtaining more than his share of traffic. Any indication in the old days that the competitor was obtaining

more traffic than his condition warranted was sure to start something among the higher officials. The inquiries they initiated kept every man on his toes. Embargoes were not placed while the transportation officials could breathe. Now there is only one set of traffic officials to oversee the whole unified system of transportation. If there is any comparison among rival lines the fact is not known. It is considered just possible that under conditions now existing some operating officials will clap on embargoes, which, in competitive days, would not have been tolerated by the higher officials. It is possible that the Railroad Administration will devise some check on the operating employees and officials. Chairman Hurley, of the Shipping Board, and Charles M. Schwab, of the Emergency Fleet Corporation, have persuaded the riveters to enter into competition with each other to see which shipyard can do the most. Possibly Director-General McAdoo and Director Gray can think of some scheme for getting the trainmen into competition to determine which particular road can haul the most revenue freight per horsepower of engine. The fact that more tonnage is being hauled than was hauled a year ago does not prove that the railroads are being operated at the maximum of efficiency now that they are being used as a unit. Many men who know something about the old-time waste of car-miles forced on the railroads by the anti-trust and anti-pooling laws have an idea that the number of revenue ton-miles under unified operation should be greater than it is. Of course, there is no way to prove that.

"Unified Operation" Taken Literally.—Shippers are inclined to take the talk about a unified transportation system to mean exactly what the words import—namely, that there is only one system throughout the country, and that every place on the railroad is entitled to the benefit of its location, the location being measured by the number of miles it is from some other point. Sioux City was one of the first to bring forward that point and insist on grain rates and regulations that would enable it to utilize its elevators. Now comes the Lake Charles (La.) Chamber of Commerce, through A. Pace, its traffic manager, to suggest that the maintenance of mileage scales, with arbitraries added for two and three line hauls, are archaic, because there is only one railroad and the properties of the different companies are all parts of one system, so there can be no such thing as a two or three line haul. That organization has suggested to the Chamber of Commerce of the United States that it take up the subject with a view to having that relic of competitive control wiped out. Lake Charles also suggests that it is ridiculous for two-line rates in Louisiana to be made a combination of locals, ten per cent off, while in Texas a lower scale prevails for like distances. Lake Charles is interested in rice milling. It is in competition with mills at New Orleans and mills in Texas. One of the peculiarities it points out is that for a two-line haul of 45 miles in Louisiana to Lake Charles mills, the rate is 13.5 cents, while in Texas, for a like distance, it is only 7.5 cents. Lake Charles wants to know what is the answer to the continuance of such a state of rates.

The Compensation Contract.—Acceptance of the contract for compensation by the Chicago & Northwestern is expected to be followed by other prosperous roads. The

rent tendered to them is big enough to enable them to pay their dividends and accumulate a big surplus—if the Director-General does not spend too much of it for "deferred maintenance," extensions and improvements such as the corporate officers of the roads might not have spent if they had been left in control of their properties. It is a certainty that Mr. McAdoo cannot make large extensions—in miles—as long as the war demand for steel keeps up. He can spend a lot of money, of course, because labor and materials are high. The demand for steel will continue until there is a cessation of hostilities, even after the allied forces have deprived the Germans of their command of the iron ore and coal mines in northern France and southwestern Germany. The retreating German armies, naturally, are expected to destroy the mines and the railroads needed to operate them so that it will be months before pressure on American mines and mills can be relieved by the mines and mills the Germans are now using. After the cessation of hostilities, for the twenty-one months during which the government will have control of the railroads, the question as to how much money should be spent on the extension of railroads, it is believed, will cause more debate than during the continuance of the fighting. Then, also, will come the question of maintenance work deferred from the time it should have been done, but was not because of the martial demands for steel, until the opportunity to do it presented itself.

Work for the Commission.—There will be no lack of work for the Commission when it resumes its formal conferences next month. Every individual, firm, corporation or association that had a complaint pending before the Commission when the railroads were taken over appears to have filed a petition asking permission to make the Director-General an additional party defendant, as required by the rules of the Commission of those who wish to continue their complaints notwithstanding the change in operating powers. Every day permission to make Mr. McAdoo a defendant is granted to half dozen or more complainants. The number of new complaints is not great. In September, on a rough guess, it has not averaged more than one and a half or two new ones per day. Informally many matters of alleged unreasonableness have been brought to the Commission. It is hard to say how many of them will eventuate in formal complaints because, thus far, the Railroad Administration has given no indication as to what its policy will be in the matter of reparation on rates ordered in by General Order No. 28 and ordered out by supplements thereto. Before the government became the operating concern, a railroad that put up rates one day and brought them down a few days later usually informed shippers that, if the Commission would allow it, it would make reparation to those who paid the high rates. The Commission would not always allow reparation, as many shippers have found, even when those to whom they paid the high rates confessed judgment, so to speak, and asked permission to return the money. One thing certain is that shippers are not backward in setting forth that they think the rates prescribed by the Director-General are unreasonable. They may not be able to convince the Commission or the Railroad Administration that they are, but they think the chances are good enough to warrant the effort.

John M. Jones.—It is human nature, after a man is dead, to say things about him that would have been pleasing to him while on earth. One of the observations about the late John M. Jones is that nearly every time the Commission disregarded a memorandum written by him about a rate adjustment it precipitated itself into trouble. He created so many of the adjustments that he had a knowledge about them that could not be obtained by any other man, except as the result of most exhaustive study. The commissioners, in other days, did not always have time to make such studies. Some of them occasionally thought Jones was unduly regardful of things as they were and decided to disregard what he recommended. They are the ones who are said to have put themselves and their colleagues in situations from which withdrawal was more or less painful. Yet those who know such unwritten bits of history about Jones say he was the last man to make any I-told-you-so references.

A. E. H.

CLASSIFICATION HEARINGS

(By a Staff Correspondent)

Atlanta, Ga.—Shippers entering appearances at the consolidated classification hearing at New Orleans, September 13, included the following: L. M. Nicolson, general manager, Carl Giessow, assistant general manager, and Edgar Moulton, assistant general manager, New Orleans Joint Traffic Bureau; A. Pace, representing the Rice Millers' Association, Lake Charles, La.; W. D. Webster, the Thomas Grate Bar Company, Birmingham, Ala.; R. J. Kinsella, the Graham Paper Company, St. Louis, Mo.; W. W. Ingalls, Jr., traffic manager, Penick & Ford, Ltd., New Orleans; W. H. Powell, traffic manager, Mente & Co., New Orleans; Barton Benedict, the Dunbar Molasses and Syrup Company, New Orleans; W. A. Schumacher, Fruit Dispatch Company, New York and others; W. M. Barrow, W. B. Lewis and E. H. Bostick, the Continental Gin Company, Birmingham, Ala.; F. M. Sheppard, president, Frank Roberson, assistant secretary, M. C. Moore, rate expert, and T. C. Russell, rate clerk, the Mississippi Railroad Commission; and W. L. Chandler, traffic manager, the Dodge Manufacturing Company, Mishawaka, Ind.

W. M. Barrow, representing the Continental Gin Company, desired to know as to the changes in ratings in western territory, and Mr. Fyfe told him they were made by the western member of the committee.

In response to an inquiry from Mr. Pace it was repeated that no question was involved in this case with respect to unifying the ratings, and no testimony in that respect, where no change had been made, would be heard.

R. J. Kinsella, of the Graham Paper Company of St. Louis, the first witness, was opposed to rule ten as affording an opportunity for the forwarding agents at the expense of the legitimate manufacturer and wholesaler. He was afraid also that under rule ten wrapping paper would be used as ballast and sold at or below cost, and that woodenware would be used to make up mixed carloads with paper.

It was developed by Mr. Collyer that his company has one mixture from St. Louis to Missouri points under the statute; another to trans-Missouri territory; another to Denver; still another to Salt Lake City, and another to Pacific coast points. Mr. Kinsella said if the commodity tariffs were to be, under the circumstances, eliminated, he would want a rule permitting mixtures of kindred articles. He was the only objector to the proposed rule.

W. D. Webster, secretary-treasurer of the Thomas Grate Bar Company, Birmingham, who is interested in item one, page 79, just in so far as southern territory is concerned, objected to having heavy grate bars put on the same basis as the small grate bars used in stoves and furnaces. He wanted to get away from the rating applied to these small grate bars, and he asked that the present Southern rating be retained, the distinction being grate bars used in steam boilers and those not so used. He would be willing to have the wording changed from "weighing each 75 pounds or over loose L. C. L." to perhaps 90 or even 100 pounds.

He said the present rating was given by the Interstate Commerce Commission, and he cited numerous instances in which the proposed ratings on iron articles were different in Southern territory from what they were in others, thus indicating lack of uniformity.

Mr. Steadwell stated that the proposed rating was in harmony with the Southern committee's other ratings on iron and steel articles that are similar, and that the whole matter would be gone into at length at the Atlanta hearing.

W. H. Powell, traffic manager, Mente & Co., New Orleans, said he was opposed to the increased ratings in Southern territory of from fifth to second L. C. L. and from fifth to fourth C. L. on burlap bags, cotton lined, as well as on burlap bags, not lined; that in 1916 the rates were advanced from 37 cents to 57½ cents, to which the revenue tax must, of course, now be added, and under the proposed change the rates would be 70 cents C. L. and 81 cents L. C. L. plus the tax, the figures all being to Atlanta, using that point as a basis. He said the proposed advance would mean the closing down of the manufacturing plant. Its shipments last year amounted to about 4,500 cars. It has been shipping to Louisville at 16 cents. Adding the 25 per cent increase would make 20 cents, and adding the import rate, which had been

blanketed, and then this proposed increase, would cause it to lose all its Louisville business.

He said that the concern could now get all of the burlap it could sell, and he knew of no time when the sugar people could not have obtained all the burlap they wanted if they had been willing to pay the price.

He also objected to the proposed increase on page 74, item 14, the question at issue being the rating on old bags as distinguished from new, and he called attention to the fact that an increased L. C. L. rating was proposed on old burlap bags, while the old rating was provided for old cotton bags. In so far as he was concerned it would be satisfied to have the L. C. L. rating on old cotton bags raised to third class.

Mr. Steadwell said the committee did not feel it consistent to maintain the same rating on the bags as on the material from which they were made, and Mr. Powell said that under normal conditions it only cost \$1.51 per thousand to make the bags, perhaps 30 per cent being printed, which would add about \$2.50 per thousand to the cost by the latter operation.

W. A. Schumacher, general traffic manager of the Fruit Dispatch Company, and representing the Atlantic Fruit Company and the National League of Commission Merchants, objected to the elimination of the less carload rating in Official Territory on bananas, loose, and he would like to have the classification provide for the shipment of lots of 25 bunches or more—say running from 1,500 to 2,000 pounds—without requiring them to be packed.

He objected to the increase in the carload minimum of from eighteen to twenty thousand in Official Territory, as many of the cars, he said, are too short to load more than eighteen thousand pounds, the ideal condition being one which permits all bunches to be stood on end, piling bunches on top being attended with more damage and quicker ripening. He said that many of the short cars were given them in the east for use in loading bananas, the Equipment Register showing that the Pennsylvania had 1,010, the B. & O. 133, the P. & R. 472, the N. Y. C. 3,540, and the L. S. & M. S. 374 cars shorter than 33 feet.

He objected also to the proposed change in the carload, description which reads in packages or in bulk, as the term in packages or in bulk is not, he thought, a proper description, bananas not being a bulk freight, and restrictive legislation applies in New York to bulk carload handling.

Objection also was raised to the advances proposed in Southern territory as tending to lessen the supply of an important food product into the production of which no American labor went, the extent of this business being indicated by the fact that 27,591 cars were imported through the three Southern ports of New Orleans, Mobile and Galveston in one year.

He filed an exhibit which indicated that under the proposed ratings the L. C. L. rates would be higher than the express rates.

For the year ending September 30, 1917, 20,803 cars were handled through the Atlantic ports and no change was asked in the South due to the fact that none of the short cars was given them there, and that, therefore, they can in the South load the minimum without danger.

He thought a minimum carload rate all over the country would be satisfactory if cars of a uniform size were furnished and they were of the larger type, but he objected to a uniform minimum for cars not uniform.

Mr. Collyer said there would be no objection to the change in the wording of the item eliminating the word "bulk" and making it read "bunches."

Mr. Steadwell, for the Southern Committee, said that the second-class rating in the South was too low, due to the highly perishable character of the commodity, being much more liable to damage than lemons, oranges, etc., with which bananas are now rated, and more nearly akin to berries, tomatoes, grapes, etc., with which it is proposed to rate bananas.

He objected to the proposed increase in the rating on coconuts, both carload and less carload, the rating having been raised from sixth to fourth class in carloads, and from fourth to second L. C. L., saying that the 25 per cent advance was enough without this one being added.

He also objected to the elimination of the rule provid-

(Continued on page 581)



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Decisions of Interstate Commerce Commission

CEDAR POSTS AND POLES

In a report on No. 8572, *W. T. Bruer & Son vs. N., C. & St. L.*, et al., opinion No. 5364, 51 I. C. C., 25-7, the Commission condemned as unreasonable rates on cedar posts and poles from Silver Springs, Tenn., to Wilsonville, Palisade and Hendley, Neb., because in excess of 42.05 cents to Wilsonville, 45 cents to Palisade, and 42 cents to Hendley. The rates were condemned and reparation awarded because they were in excess of the aggregate of the intermediates and were unprotected by any fourth section order.

RATE ON OAK HEADING

An order of dismissal has been entered in No. 9815, *Little Rock Freight Bureau vs. Missouri Pacific et al.*, opinion No. 5363, 51 I. C. C., 23-4, the Commission holding that rates on oak heading from Indianapolis, Ind., to Batesville, Ark., had not been shown to be unreasonable or otherwise unlawful. The contention that rates were unreasonable rested on the fact that a rate of 22.5 cents from Batesville to Indianapolis was in effect while a rate of 28.5 cents was charged in the opposite direction. Such a showing is not sufficient to warrant condemnation.

RATES ON LUMBER

The Commission has dismissed No. 9392, *Potlatch Lumber Co. vs. Chicago, Milwaukee & St. Paul*, opinion No. 5366, 51 I. C. C., 31-3, holding that rates on lumber from Elk River, Ida., to destinations in Illinois, had not been shown to be unreasonable, unjustly discriminatory, or unduly prejudicial. It was shown, however, that a shipment from Elk River to Bonfield, Ill., had been overcharged and reparation was awarded. In fourth section order No. 7338, application No. 1875, by Hoamer, the Commission denied authority to maintain rates on pine lumber from Elk River, Ida., to Seneca, Ill., lower than to Bonfield, and from and to intermediate points. The complainant sought primarily a rate of 52 cents to all points in Illinois, but the Commission adhered to its finding in *Western Pine Manufacturers' Association*, 46 I. C. C., 650, in which Spokane tried to have the lumber rates to Illinois reduced.

FERRY CAR SERVICE

The Commission has dismissed No. 9425, *United Shoe Machinery Co. vs. Boston & Maine R. R. Co.*, et al., Opinion No. 5465, 51 I. C. C. 28-30, holding that charges for ferry car service from Beverly, Mass., on interstate shipments of shoe machinery and parts, back-hauled after transfer through the originating station, had not been shown to have been unreasonable or otherwise in violation of the Act. Prior to 1913 it was the company's practice to send ferry cars loaded at its factory direct to the Beverly station. Between September 20, 1913, and February 12, 1915,

in accordance with instructions of the railroad agent at Beverly, these cars were sent to Salem, where their contents were sorted and forwarded to destination. Most of the cars sent to Salem contained shipments destined to points which necessitated their transportation back through Beverly. No ferry car charge was demanded on these cars prior to February, 1915. At that time the railroad rendered bills for undercharges, the payment of which has been declined pending the decision in this case. After February, 1915, the Shoe Machinery Company paid the ferry car charges on cars requiring a back-haul through Beverly. On behalf of the Shoe Machinery Company it was contended that the cars were sent to Salem at the request of the railroad agent; that the tariff provisions were uncertain and ambiguous in that they failed to designate the transfer stations. The Commission said that the complainant should have known that the carding to Salem of cars containing shipments destined ultimately to points north or east of Beverly made necessary a back-haul and that charges would have to be assessed. Shippers and carriers are charged with knowledge of the provisions of tariffs. Therefore, the machinery company, having carded the cars to Salem, will have to pay the charges.

DISTRIBUTION OF LOGGING CARS

CASE NO. 9569 (51 I. C. C., 78-89)
DIAMOND LUMBER COMPANY VS. CHICAGO, MILWAUKEE & ST. PAUL RAILWAY COMPANY.

Submitted June 14, 1918. Opinion No. 5369.

1. The complainant's allegations of unreasonableness and undue preference in the distribution of defendant's logging cars on its Superior division during times of car shortage held not to be sustained.
2. The situation as to coal cars differentiated and conclusion reached that the distribution of these logging cars by fixed rules would be impracticable, and that the discretion of the chief train dispatcher or other employee of the defendant must finally govern upon the facts of this case.
3. The record affords no lawful basis for requiring defendant to equip flat cars engaged in the logging traffic on its Superior division with bunks and chains, or with patented stakes for securing the load.
4. Complaint dismissed.

Division 3, Commissioners Harlan, Hall and Anderson.

The following is substantially the report proposed by the examiner:

The complaint here is of an alleged shortage of cars for the transportation of logs from the complainant's timber tract at Camp Tolfree, Mich., to its sawmill at Green Bay, Wis., and the prayer is for an order requiring it to be furnished with its alleged minimum requirements of from 12 to 15 cars a day.

Camp Tolfree is situated on the Superior division of the defendant, in northwestern Michigan, 13.2 miles southwest of Ontonagon, Mich., which is on the south shore of Lake Superior. The defendant operates by lease over the line of the Ontonagon Railroad, a logging road, for the 6.8 miles from Ontonagon to Green Bay, thence over its

own rails, constructed under contract with the complainant, to Camp Tolfree. The complainant operates a logging road from Camp Tolfree to the immediate scene of its logging operations in the woods, a distance of about 14½ miles. It owns two engines and cars are furnished by the defendant. The distance from Camp Tolfree to Green Bay is 225 miles, over the continuous line of the defendant, upon which the complainant is wholly dependent for this transportation.

As incidental to the main complaint of alleged car shortage for its own shipments, the complainant alleges that the supply of logging cars for all shippers on the defendant's Superior division is inadequate; that this division is being discriminated against in its car supply; that cars are inadequately distributed in times of car shortage; and that the situation is aggravated in times of shortage by delays and tying up of equipment in transit incident to operating deficiencies of the defendant. The average time elapsing from the completion of loading at Camp Tolfree to the placing of the car at the complainant's Green Bay mill for unloading is said by the complainant to have been 4.54 days in 1913, 4.15 days in 1914, 4.29 days in 1915, and 4.54 days in 1916, an average of 4.38 days for the four years.

It is also alleged that as a result of this failure to receive needed cars the complainant has at different times been required to shut down its mill at Green Bay, at a loss of profits and at the expense of upkeep of fires and maintenance of help, which are nevertheless required. The complainant states that its mill was shut down, mainly for lack of cars, for 20 days in 1911, 30 in 1912, 35 in 1913, 25 in 1914, 25 in 1915, 39 in 1916, and 25 during the first four months of 1917.

An undue preference of the Spies-Thompson Lumber Company in the furnishing of cars during the first 12 days of February, 1917, is alleged. The Spies-Thompson Company is a competitor of the complainant, and ships its logs from a point on the Superior division about 3 miles from Camp Tolfree to its mill at Menominee, Mich., on the line of the defendant. Complainant testified that its daily sawing capacity is from 75,000 to 110,000 feet. The Spies-Thompson Company has a daily capacity of from 75,000 to 78,000, apparently lumber measure, and on soft wood it will go as high as 90,000 feet.

The complainant has experienced its alleged shortage of equipment intermittently over most of the nine-year period of its shipment from Camp Tolfree, but the situation has become more acute during the years 1916 and 1917, especially during the latter. The trouble comes principally during the winter months, when logging operations are most active and transportation conditions hardest in this region of cold weather and heavy snows.

The position of the complainant is that it operates its mill and lumber camps the year round, at a fairly even demand for cars, and that the defendant should be required to procure sufficient additional equipment to satisfy at all times the reasonable demands from complainant and the 40 or more other shippers of logs on this division, and more equitably to distribute the cars in times of shortage.

There are 18 or 20 shippers on this division who, like the complainant, saw their own logs, and whose demands for log equipment are fairly constant the year round. The others are mainly jobbers who ship to manufacturers of lumber, including the complainant, and whose demands for cars are intermittent and for short periods, principally during the winter months, when the general demand for cars is heaviest.

The complainant suggests that it is unfair to accord these jobbers during their short period of shipment, usually during the most trying season, an equality in car assignment with the shippers who saw their own logs, whose requirements are constant and whose continuous expense of investment and upkeep is heavy, and that the annual requirements of both classes of shippers should be taken into account.

There is a further contention that the complainant has been discriminated against in the furnishing of cars to jobbers for shipment of logs to its mill.

The defendant denies that it lacks sufficient cars to meet the average demands of shippers on this division, and states that its lack of adequate equipment during certain winter periods is offset by its surplus of cars

during the summer months, which must stand idle or be removed temporarily to other parts of its system.

The defendant denies that we have jurisdiction over the complaint in so far as it relates to the physical operation of trains and the sufficiency of car supply.

The defendant further charges a lack of co-operation on the part of the complainant in the shipping by the latter during the winter months when the car situation is most serious, of hemlock logs, which are peeled for their bark, and which, the defendant contends, are not needed for peeling until the spring.

At the present time there is no established rule for the distribution of these cars, which is left to the judgment of the chief train dispatcher of the division at Channing, Mich., between Camp Tolfree and Green Bay, based upon reports of agents and conductors as to shippers' requirements.

The cars used in this service are the ordinary flat cars equipped with "bunks and chains," or with stakes and wire, for holding on the load. The bunk and chain arrangement consists of steel rails or wooden timbers placed permanently crosswise of the floor of the car and projecting about a foot over each side, to the ends of which are attached chains for lapping over and binding on the first tier or two of longitudinally placed logs, so that other tiers can similarly be placed on top without spreading of the first tiers and shifting of the load.

The defendant has only a limited number of cars equipped with bunks and chains, and the number becomes smaller every year as the cars become unfit for service. None of its cars has been so equipped since 1911, when the federal safety appliance act required the use of hand brakes on all cars. Most of its cars in this service are only 33 or 34 feet in length, which will not permit of the necessary space between the end of the load and the brake wheel when the cars are loaded with two end-to-end placements of the usual 16-foot logs.

The equipping of cars with bunks and chains practically confines them to the logging traffic. The appliances can be removed, but at a cost in labor and inconvenience warranted only by a lengthy withdrawal of the cars from the logging service. The defendant intimates, but does not definitely state, that the cost of equipping the ordinary flat car with bunks and chains would be about \$35. The complainant testifies that the cost of staking and wiring a car would be about \$4.50, and that the process would have to be repeated with each shipment.

The complainant has always refused, and now refuses, to accept cars not equipped with bunks and chains, citing in justification a clause of the contract under which the defendant's extension from Green Bay to Camp Tolfree was built, which provides that the defendant will furnish "all necessary cars equipped with suitable fastenings, as are generally used for logging purposes."

All other shippers of logs on this division will accept a reasonable proportion of cars not so equipped, and buy their own stakes and wire. The Spies-Thompson Company, the alleged recipient of preferential treatment during the first 12 days of February, 1917, has recently expended about a thousand dollars for chains, to take the place of wire, which it ships back to Camp Tolfree from Menominee after every shipment, at the prevailing rate of freight. In addition it pays 5 or 6 cents apiece for stakes.

Referring to the alleged preference of the Spies-Thompson Company during the first 12 days of February, 1917, an exhibit taken from the records of the defendant and introduced in evidence by complainant shows that 70 cars were assigned to that company and 45 to the complainant during that period, instead of the 60 and 37, respectively, alleged in the petition. The figures given by the defendant for the entire months of February, March and April, 1917, were as follows:

	Spies-Thompson Co.	Complainant.
February	191	156
March	217	166
April	183	226
Total	591	548

These figures approximately correspond to the 585 for the Spies-Thompson Company and the 549 for the complainant for that period, as testified to by their respective representatives at the hearing. This testimony further shows that in January, 1917, 251 cars were assigned to the Spies-Thompson Company and 211 cars to the com-

inant, and that in May the Spies-Thompson Company received 177 cars, the number received by the complainant during that month not being stated.

The record indicates that the preponderance in the number of cars furnished fluctuates between these two shippers from day to day, thereby making impracticable a useful comparison for a limited period of time. For example, there would seem to be no more reason for selecting for comparative purposes the first 12 days of February than there would be for selecting the month of April, when the advantage was with the complainant; and the comparison is of dissimilar things, even over a more extended period, in view of the refusal of the complainant and the willingness of the Spies-Thompson Company to accept cars not equipped with bunks and chains. It appears from the testimony of its president that the Spies-Thompson Company felt during the winter of 1916-17 that it was being discriminated against in favor of other shippers, the same as the complainant felt that it was being discriminated against in favor of the Spies-Thompson Company, and the record as a whole indicates that a complaint of car shortage was quite general during that period.

The charge of discrimination in the furnishing of cars to jobbers for shipment to the complainant is based in part upon a letter written to the complainant by a jobber at Plato, Mich., in April, 1917, stating that the jobber had been advised by the defendant "that we are not to load any more logs for the Diamond Lumber Company, as they could not haul them, stating that you were blocked with loads." From other correspondence of record it seems early to appear that this action was taken under a misapprehension on the part of the defendant as to the state of congestion at that time at the complainant's receiving yard at Green Bay.

Upon the whole we conclude that the charge of undue prejudice to the complainant, either in favor of the Spies-Thompson Company or in the furnishing of cars to jobbers for shipment to the complainant, has not been sustained. We shall therefore approach the question of the adequacy of the defendant's supply of cars on its Superior division, and the basis of their distribution, as one affecting alike all shippers, with no undue preference established as to any one of them.

Estimates given by the defendant, based upon car checks on different dates, of the number of cars on this division, both specially equipped and plain, are as follows:

	A.	B.	C.	D.
Oct. 27, 1914.....	409	..	170	409
Jan. 19, 1914.....	465	..	170	575
Mar. 24, 1915.....	423	..	218	717
Mar. 29, 1915.....	397	..	311	678
Apr. 19, 1915.....	200	..	50	350
Sept. 11, 1915.....	390	34	49	475
Dec. 21, 1915.....	410	26	55	495
Feb. 7, 1916.....	565	14	243	822
May 31, 1916.....	376	28	11	413
July 5, 1916.....	442	..	48	495
Aug. 17, 1917.....	465	..	*133	598
Nov. 19, 1917.....	368	29	151	548
April-May, 1917.....	..	..	..	1508

A. Equipped with bunks and chains.

B. Equipped with racks.

C. Plain flat.

D. Total.

*16 of these were foreign cars.

Including all cars east of Moberly, S. D.

These figures cannot mean a great deal in the definite determination of the number of cars needed for this traffic, when all the conditions and contentions presented by this record are considered. They do show that the defendant has a substantial number of cars in this service, and that it has not failed generally in its duty as a common carrier to transport in accordance with its tariffs. How many cars would be adequate to meet the reasonable demands of shippers, during periods of both light and heavy demands, is difficult of determination.

The complainant estimates, taking into account the previously mentioned 4.38 days' average time in transit, and allowing 2 days' free time each for loading and unloading, that to meet alone its request for 15 cars a day the defendant should have in this service 191 cars. A similar estimate for the Spies-Thompson Company would bring the total for these two shippers only up to a very substantial proportion of the present total supply of cars on this division as shown by the above table.

The chief train dispatcher, who distributes the cars,

testified that at the time of the hearing, June 1, 1917, the daily demands of all shippers on this division aggregated about 100 cars. Based on this statement, in connection with the testimony of the division superintendent that he found by a recent check that only about 10 per cent of the total car supply of the division was being released daily for loading, the complainant suggests that at least a thousand cars should be placed in the service of this traffic.

These estimates of the complainant are apparently based upon an even demand for cars each day the year round, without regard to the periods of light shipment during which the defendant asserts that there is already a surplus of cars.

The number of available cars for this traffic is said by the defendant to be materially affected by the operating conditions peculiar to the Superior division. It is stated that at best the operation of logging trains on this division is attended with difficulty. Three crews are successively employed between Camp Tolfree and Green Bay, and the normal slow speed of the logging train is further reduced or entirely interrupted during the frequent periods of heavy snows.

The tendency to car shortage due to the detention of equipment en route is at times accentuated by the delay to equipment at the point of origin or destination. This sometimes results from the failure of the complainant's logging train to make direct connection with the defendant's outgoing train at Camp Tolfree, which does not run on strict schedule time between Ontonagon and Camp Tolfree, and sometimes from a congestion of loaded cars at the complainant's mill at Green Bay. Frequently, for example, on Monday, due to the defendant clearing its tracks on Sunday, when the complainant's mill is idle, the complainant will receive at its mill more cars than it can conveniently unload without delay. Later in the week this condition will frequently change to a shortage of loaded cars at the complainant's mill.

The question further arises whether any present shortage of cars is only temporary and due to abnormal conditions. The Spies-Thompson Company appears to have had no cause for complaint during any but the past two of its four years of operation on this division, and no other complaint of prior shortage than that of the complainant is brought to our attention upon this record. The president of the Spies-Thompson Company testifying in June, 1917, said:

I do not think these questions have come up—of course, there has been more or less of a shortage of cars in the winter, because everybody is shipping, the jobbers and everybody else, but the mills have always run, and I do not know of any of them being shut down. But I have not felt the shortage of logging cars until the last year and a half or two years.

This witness further testified that this condition of car shortage occurred principally during the winter, and, with respect to the sufficiency of the car supply, said: "I do not think they have enough hardly for a continuous operation."

It appears from the testimony of the defendant that operating conditions on the Superior division during the winter of 1916-17 were abnormal, both in unusual weather conditions, which affected the progress and efficiency of its locomotives, and in the shortage of fuel coal, and that the shortage of cars extended to all classes of equipment.

The record seems to indicate that if the winters of 1915-16, 1916-1917 are to be accepted as a controlling guide for the future the defendant's supply of cars for this traffic should be increased. But we do not feel warranted upon the facts of this record to make a definite finding and order in that respect, even if we have that power, which, in view of United States vs. Pennsylvania R. R. Co., 242 U. S., 208, and R. R. Commissioners of Florida vs. Southern Express Co., 44 L. C. C., 645, seems at least doubtful. The record fails to sustain the allegation of discrimination against the Superior division in the matter of car supply.

The question of how properly to distribute the defendant's present supply of cars on this division was the subject of considerable discussion at the hearing.

As to a basis for distribution that would be an improvement over the present method, no one appeared to have evolved any definite plan. The difficulties encountered were pointed out, and the situation was differentiated from that affecting the distribution of coal cars, to defi-

nately located mines of known capacity and steady daily shipments in that amount.

It would appear that a plan similar to that for mine distribution might possibly be worked out here if all the shippers were also manufacturers of lumber of steady and ascertainable output, whose daily demands for cars were continuous and fairly uniform throughout the year. But the situation in that respect is complicated by the presence of the jobbers, who ship intermittently for short periods and may appear as shippers at any time, especially during the more propitious logging period of the winter months, when everyone is asking for cars.

All parties seemed to agree that no plan could be devised that would not finally leave, as now, considerable discretion to the chief train dispatcher or other employee of the defendant in the distribution of equipment.

In response to our request made at the hearing for definite suggestions in the briefs as to the proper basis of car distribution, the attorney for the complainant in his brief "personally" suggests a tentative set of rules "upon which to form a basis for an intelligent and equitable method of car allotment," in substance as follows:

Each manufacturer on the Superior division shall be assigned such proportion of the available car supply as his requirements, determined by the average 10-hour day cut on actually run time during January, February, July, and August of the preceding year, bears to the total requirements of all shippers, including jobbers; this rating to be doubled upon 90 days' notice to the carrier of the manufacturer's intention to run his mill night and day; and to be based upon the average cut per 10-hour day for the first week, of any new plant that may be installed, until the expiration of six months, when the rating will be based upon the average 10-hour day cut for the first and sixth months, until sufficient time elapses to operate under the rule as first above set out; the rating of all shippers to be conditioned upon their having furnished the superintendent of the Superior division "with accurate information as to all the facts pertaining to his business necessary to the application and enforcement of the foregoing rules."

The cars furnished to a jobber for shipment to a manufacturer shall be deducted from the quota of such manufacturer.

The jobber shall receive, in case of controversy between himself and his consignee manufacturer over cars for shipments to such manufacturer, cars "in such proportion as the quantity sold by the jobber to the manufacturer bears to the total requirements of such manufacturer figured on an annual basis.

"Jobbers shipping to points off the division or to others than manufacturers shall be assigned cars in the proportion that their total operations, per annum, bear to the annual requirements of manufacturers on said division who ship throughout the year.

"If any mill or part of a mill is shut down for any reason other than for lack of logs with which to operate, the requirements of such mill shall be deducted from the total requirements. If the shut down is total, or if the shut down is only partial, then the determined requirements shall be proportionally deducted.

"When any mill is shut down for any reason other than lack of logs, its requirements shall be considered as being suspended during such shut down.

"When a manufacturer has timber holdings on the lines of other carriers which such manufacturer is engaged in logging, then the requirements of such manufacturer for cars on this division shall be reduced in proportion to the relation which his logging operations on the lines of such other carriers bears to his total logging operations.

"When a manufacturer buys logs on the line of some other carrier, because of car shortage, the shipment of such purchases shall not be construed to reduce his requirements for the purposes of car distribution hereunder."

We deem it unnecessary to enter upon a detailed analysis of these proposed rules. Even assuming them to be reasonable as a whole, they involve in their application a preliminary determination by the defendant of questions of fact regarding shippers' operations which militates against that definiteness and certainty in tariff rules and in their application required by the act, and makes doubtful their practical application.

Reasonable regard ought of course to be given to the needs of the complainant and other manufacturers on this division who ship continuously throughout the year, but this does not mean that the jobbers can lawfully be denied their reasonable proportion of available cars when ready to ship, whether continuously or at intervals.

The issue here is similar to that in Railroad Commissioners of Iowa vs. C., R. I. & P. Ry. Co., 29 I. C. C., 396, where one class of Iowa shippers desired cars distributed in times of car shortage according to grain in elevators ready to move, and another class according to past requirements, and we observed that "the whole situation is one which it does not seem to us can be dealt with by any fixed, arbitrary, and inelastic regulation," and "that the final decision of the station agent must be the determinative word in the solution of these problems in

the numerous emergency cases that will inevitably arise in actual practice." The track buyer of grain, the recently started elevator, and the individual new shipper were there referred to as presenting the same problem in any rigid rule based upon past performances as the jobbers present here. In Farmer's Elevator Co. vs. C. M. & St. P. Ry., 47 I. C. C., 482, we referred to our report in Railroad Commissioners of Iowa vs. C., R. I. & P. Ry. Co., supra, and said:

* * * In that case we permitted the carriers to leave the method of distributing cars largely to the discretion of the local agents. The record in the instant case shows that the discretion when exercised by the local agents leads to unjust discrimination and it appears unwise to leave this matter to their discretion.

We are convinced under the circumstances disclosed of record here that it would be impossible to formulate a set of fixed rules which would be workable and it is necessary therefore that someone should exercise a discretion in the allotment of these cars.

We further conclude that we should not, in dealing with this question of distribution, differentiate between plain flat cars and cars equipped with bunks and chains or patented stakes. The record affords no lawful basis for requiring the defendant to equip its cars with bunks and chains or patented stakes. In Southwestern Missouri Millers' Club vs. St. L. & S. F. R. R. Co., 26 I. C. C., 245 we observed:

Generally when it is necessary to secure upon the car freight which the shipper loads, it is the duty of the shipper to provide the necessary material and do the work.

And in National Wholesale Lumber Assn. vs. A. C. L. Ry. Co., 14 I. C. C., 154, we said:

Staking the load is in reality part of the operation of loading, and in the case of lumber it appears that as a practical matter at least one side of the car must be staked before the load can be placed. * * * The lumber business has been conducted for many years with reference to the custom of loading and staking carload shipments by shippers and is now firmly established on that basis.

The fact that the bunk and chain arrangement is a rather permanent fixture does not affect the principles announced in those cases.

From the record as a whole we gain the impression that, as contended by the defendant, a considerable part of the complainant's difficulty arises from its refusal to accept any but specially equipped cars, in accordance with the terms of its previously mentioned contract with the defendant. We cannot enforce the provisions of this contract in any event, nor can the courts if to do so will result in discriminations in favor of the complainant prohibited by the act. Upon the whole the complainant appears to have received in the past a fair share of the total number of available cars on this division, considering its refusal to accept any but specially equipped cars.

HALL, Commissioner:

In this proceeding we are asked, among other things, to direct the publication of rules of car distribution which would better the present practices of defendant. In distribution of cars to logging camps served by its Superior division defendant encounters difficulties, seasonal and other, not only because of the sporadic demands of intermittent shippers, jobbers, and the like, who can ship only in the season of abundant snow, but also because the mills vary in sawing capacity according to the kind of product, receive their supply of logs from various sources, including logging camps on other divisions or lines, with resultant fluctuation in the demand for cars, and hence the ability to load and ship is not gauged by the daily needs of the mill or its ability to handle the logs after arrival. Rules applicable at the mills might not be adequate at the logging camps, and vice versa. Complainant seeks a percentage distribution among the logging camps served by the Superior division based upon the sawing capacity of the mills. If we were to consider the establishment of rules such as apply to the distribution of cars among coal mines or grain elevators, we should look at the loading points rather than the mills in laying a basis for allotment.

Defendant's practice, as explained by its witness, is that the chief train dispatcher, who is charged with distribution, subject to directions from the superintendent

of the division in times of car shortage, allots each day the available supply of cars according to the demands made, due regard being had for such cars as a shipper may have remaining from previous allotments, and such general knowledge of the shipper's needs as he may possess.

During periods of car shortage there may have been at times inequalities in the distribution of cars on the Superior division, but it is fairly deducible from the record that defendant has endeavored justly and equitably to distribute the available supply and to adjust such inequalities when brought to its attention. Since the filing of the complaint we have been invested with statutory authority to make such just and reasonable directions with respect to car service as will best promote this service in the interest of the public and the commerce of the people, and the operation of defendant has been taken over as a war measure by the federal government. Thus any inequality in current car service which may develop can find speedy cure. The present record does not afford the basis for prescribing fixed rules for distribution of logging cars on defendant's Superior division, and under all the circumstances disclosed we are of opinion that such rules would fail in practical application.

The exceptions filed by complainant to the report proposed by the examiner have been carefully reviewed and considered. For the most part they go to the weight of evidence and to the conclusions. The findings proposed are fully supported by the evidence, and they are approved and adopted as a part of this report.

An order will be entered dismissing the complaint.

DAMAGES FOR BROKEN EGGS

The Traffic World Washington Bureau.

In a tentative report by Attorney-Examiner Thurtell in Docket 10012, National Poultry, Butter & Egg Association et al. vs. the New York Central et al., there are four suggested findings of fact: First, that a tariff rule applied to shipments of eggs on the lines of these defendants reading that "claims for broken eggs will not be considered or paid by carriers when the number of broken eggs in any case or crate is not in excess of five per cent of the contents of such case or crate" be held unreasonable and unlawful except when applied to shipments of current receipts or current receipts rehandled; second, "A tariff rule reading, 'Where the quantity of broken eggs in any case or crate exceeds five per cent of the contents thereof, claims will be considered or adjusted by carriers only on such number of broken eggs in each case or crate which is in excess of five per cent of the total number of eggs in each such case or crate' held to be unreasonable and unlawful except when applied to shipments of current receipts or current receipts rehandled;" third, a tariff rule or tariff rules that have the effect of disclaiming all responsibility for damages to shipments of eggs in those instances in which the case or crate shows no external evidence of damage be held unreasonable and unlawful in that it disclaims responsibility for damage which may have been due to negligence on the part of the carrier; fourth, "A tariff rule that denies to consignees the right of inspection of cases of eggs that show no external evidence of damage, while other cases in the same shipment show external evidence of damage, and exacts from such consignees 'good order' or 'apparent good order' receipts, held to be unreasonable and unlawful in that it forces from the shipper an apparent admission with regard to the shipment which may not be in accord with the facts of its condition and may subsequently be used to prevent collection of unlawful claims."

The complaint embraces petitions from the National Poultry, Butter & Egg Association and from the Western Dairy Traffic Shippers' Association, comprising a combined membership of about one thousand dealers. The so-called five per cent rule is based on the assumption that out of every case of thirty dozen eggs the shipper is likely to pack eighteen broken or damaged eggs; while this is denied in part, it was generally admitted that a five per cent rule would not be a hardship as applied to current or rehandled current shipments, but that it would be unreasonable to continue it to storage-packed eggs or to shipments of current eggs which have been

thoroughly rehandled and repacked in new cases with new standard fillers. At the hearing the carriers consented to a modification of the rules to the extent of striking out the words, "in lots of 300 cases or more."

The concealed damage rule was the one which called for the most consideration at the time of the hearing, and is the one which is claimed to work the greater hardship to the shipper, in that shocks may have been received, not sufficient to show external damage to the cases, but which frequently do result in serious content damages. No such rule is in effect in Western territory. The tentative report suggests that the present inspection rules are too drastic in their effect and cause shippers to sign good order or apparent good order receipts for shipments which are not in good or even apparent good order. It is suggested that inspection should be made within twenty-four hours of the time of the receipts of the eggs, and that the carriers have a right to stencil cases delivered and examined for purposes of identification.

CLASSIFICATION HEARINGS

(Continued from page 576)

ing for caretakers in Southern territory. He said in the Official and the Western territory the tariffs all provided for the free carriage of banana caretakers, and that in the South only the tariffs from the ports now so provided.

From August, 1917, to July, 1918, inclusive, their messenger service cost them \$242,000, and they thought that enough expense without there being the chance of having to pay railroad fare for these caretakers, who are highly skilled in the work and absolutely necessary.

W. L. Chandler, of the Dodge Manufacturing Company, Mishawaka, Ind., said that for the past four or five years they had been working on the write-ups of power transmission machinery, and they were now fairly well satisfied. They are satisfied with the increase in Official territory on base plates, journal boxes, etc., weighing each less than 25 pounds, and the increase on pulleys or sheaves, iron or steel, and on wood and iron or steel pulleys combined. They feel, however, that skeleton pulleys and pulley laggings, as well as shaft collars and couplings, should remain second, and that the minimum on block or skeleton pulleys and on pulley laggings should remain at 24,000 pounds and the ratings fifth class.

As to Southern territory he said a number of the proposed increases might be only temporary and would not apply under his proposed outline of rates, some of which are lower, and some higher, than proposed.

He said he was coming to the Commission in this case because it seemed necessary, but he had usually been able to iron out differences with the classification committees, even though it had taken as long as five years to convince certain of them as to the reasonableness of his contention.

He was ready to approve the increase of from fourth to first in the South on pulleys or sheaves, iron or steel, weighing each less than 25 pounds, as well as the increase on wood or iron and steel pulleys combined and on wooden pulleys. He wanted fifth class on the first of these in carloads, second on skeleton pulleys weighing less than 15 pounds, L. C. L., and third class C. L. He also desired fourth class C. L. on shaft collars and couplings, and reserved the right to protest certain other advances if he and the committee could not get together on his entire proposal.

He had prepared charts showing the relationship of revenue to value as to the various commodities on which changes were proposed, and he had worked out a series of ratings based thereon indicating the necessity for some increases as well as some decreases, and he would be unwilling to approve the increases unless he obtained the reductions.

Asked as to why he had fixed upon value as a basis, he said value was the method of figuring on the job.

Mr. Fyfe asked him if he thought the ratings on these commodities should be as low as or lower than on power hammers and agricultural implements, and he said he was not prepared to say that the present ratings on hammers, etc., were proper.

Mr. Collier said that in so far as the valuation basis was concerned he was confident the carriers would be

unwilling to adopt value alone as a basis of making these machinery ratings.

Second Day's Hearing.

Mr. Chandler, resuming the stand September 14, was questioned by Mr. Steadwell concerning the relative value per cubic foot basis used by him in his proposed rate scale, and he wanted to know why, inasmuch as claims were negligible, value should be made the basis of rating. Mr. Chandler replied that the value of the article determined the value of its transportation.

Mr. Collyer said it had been the desire to get away from the shipment of the smaller articles loose and that the carriers hoped never to be under the necessity of collecting on the first class ratings, the larger bundles being much preferred from a transportation standpoint, and that as to the 24,000-pound minimum they would be willing to continue it; if Mr. Chandler could get together with the other committees as to the proper rating on the heavier minimum the matter might be taken care of. He stated that to go below third class would break up the fundamental system of rating, which was fourth class for castings in the rough and third or higher for the finished product.

Mr. Steadwell said the committee had based its changes on item 9, page 262, pulleys or sheaves, and shafting, iron or steel, and on items 4, 5 and 6, on page 263, shafts or shafting, iron or steel, using them as the key to the whole power transmission machinery scheme.

Mr. Collyer, in discussing the valuation basis for figuring rates, said it was only one of the factors and that as to furniture, weight per cubic foot without respect to whether it is made for the kitchen, living room, or dining room; whether it is made of domestic or imported wood, or whether it is high grade or common, would govern the ratings.

Mr. Steadwell said that shafts or shafting not key-leaved or key-seated, would be put into the book at fifth class, L. C. L., and special iron at sixth class where there are no special iron rates, in carloads, as had been requested by Mr. Powell.

E. H. Bostick, vice-president Gulleys Gin Company, Amite, La., attacked the elimination of rule 24 as to cotton ginning machinery and said he would be willing to have the minimum raised from 20 to 24 thousand pounds with the rule.

He wanted the words "or loose" added to the description of cotton cleaners and the words, "in bundles or loose" added to belt distributors, elbows, lint condensers and gin feeders as well as on gin, gin feeder or lint condenser parts, N. O. I. B. N.

He asked that cotton gin saw cylinders, which, in the consolidated book may only be shipped boxed, might also be shipped in crates. He was told that this would be taken care of.

He also objected to the various increased ratings in the West and he felt that every item in the West should be rated as low as in the South. He not only wanted the trailer car rule in the South retained in that territory, but he wanted it extended to all territories.

Rule 34 would not answer because it might mean a wait of 6 days and as the entire business is done in but 4 months, a wait of 6 days would be intolerable.

Mr. Colquitt said this matter had been before the Commission three or four times and that rule 34 was written to meet the situation. Mr. Barrow said the rule might mean a 6 days' wait, which might prove a calamity. All sales are made directly from the manufacturer to the ginners and there is no chance, therefore, to make the order conform to the size of the car. Each outfit is complete and more cannot be added to the order and nothing can be left out. Certain outfits cannot possibly be loaded into one car, making necessary a second car.

On 88 consecutive shipments made by his company 50 required trailers and in another exhibit with respect to 26 shipments 19 required trailers.

He wanted cotton gin elevators added to the descriptions and at a third class rate, and he based his rating on the fact that more than 92 per cent of the material is of the heavy type and about 7 per cent light.

He said 24,000 pounds would be a reasonable minimum for a 36-foot car, and he thought the gins and the presses might be separately rated.

W. M. Barrow, representing cotton ginning machinery

people, objected to having to put in their testimony in advance of the testimony on the part of the carriers to justify the proposals, but the examiner said that was the procedure adopted in this case.

W. B. Lewis, traffic manager of the Continental Gin Company, Birmingham, appearing in this case for all the manufacturers of cotton ginning machinery in the country, asked for a rating on complete cotton elevators and elevator parts.

As to descriptions, he said item 12, cotton cleaners, should be combined with item 21, cotton receivers or separators, as his company makes a combined cleaner and separator on which it desires a third class rating in the West.

The testimony of Mr. Lewis was similar to that of Mr. Bostick except that he was willing to permit the description under gin or gin feeder parts to remain without adding the word "loose" requested by Mr. Bostick. His chief objection was as to the increased ratings in the west.

He said if rule 10 was not adopted provision should be made for including elevator parts, gin presses and parts, as well as gin press trampers or tramper parts, and he had several new descriptions he asked be added to the proposed classification.

He submitted correspondence he had had with the Southern Classification Committee and copies of its recommendations and adoption notices that were the result of six years' negotiation, and he felt that the descriptions and ratings resulting from all these years' study and applying in that part of the country, where practically all the machinery was made and where the most of it was used, should apply in Western territory.

Mr. Lewis maintained that cotton ginning machinery might well be listed under the heading of agricultural implements, and he filed a series of exhibits containing extracts from numerous Southern classifications in some of the earlier of which it was so listed.

Another exhibit showed the advances which would be brought about through the changes in ratings, and these ranged as high as 70 per cent, while numerous other exhibits indicated rates to points in the Southwest to be higher than in Southern territory, the same situation existing with reference to the Shreveport scale.

Mr. Fyfe asked for a statement as to the weight and value per cubic foot on the various items in the cotton ginning machinery list, and he promised to supply it within thirty days.

In reply to an inquiry from Mr. Fyfe as to whether or not he felt that the finished product should take the same rate as the raw materials, Mr. Lewis said that because of the small number of classes there might be a good many cases in which that would be all right.

Mr. Fyfe took the stand at this point and stated that the cotton ginning machinery was rated too low at second, but that it had been raised to first as oil mill machinery, laundry machinery and mining machinery are rated first class. On cereal milling machinery the rating is first on 1½ first class; on bottlers' machinery, first class.

Comparing this line with the agricultural implements and the light, bulky ones, these are rated at first or 1½ first and it is only the heavy knocked down agricultural implements that have the third class ratings.

Examiner Disque wanted to know why there was such a difference between the Western and the Southern committees in these ratings and Mr. Fyfe said the low rating in the South was primarily put in to help out the farmer.

So long as the hay presses are rated third class, he said, he would have the cotton presses also rated third, regardless of what the Southern Committee did.

He said he was in favor of a uniform classification and that in the making of the consolidated classification the question of revenue had not been considered, the whole idea being to prepare a reasonable classification for the handling of the freight business of the country.

As to the follow lot rule, Mr. Fyfe based his position opposing it on the decision of the Commission in reference to the matter.

Mr. Lewis, resuming the stand, said his company would always have trailer shipments regardless of the rules, and Mr. Collyer said the Official Committee was much interested in this follow lot rule and would strongly object to its being carried in Official territory.

Session September 16.

Mr. Lewis, resuming the stand September 16, again took up the question of the proposed elimination of the

follow car rule and filed exhibits showing that the issue of the Western Classification, effective May 1, 1910, contained the rule and that No. 51, effective Feb. 1, 1912, did not, but that Leland exceptions gave the rule. Exhibits were also filed showing that as early as 1891 provision was made for the rule in the south, it being eliminated in 1896. On Nov. 1, 1902, however, provision was made for the application of the rule by reducing the minimum carload to which the rule would apply to 20,000 pounds or more and 20,000 was the minimum for cotton ginning machinery.

In 1912 a change was again made which eliminated the application of the rule, but on a protest being filed the matter was reconsidered and April 20, 1914, provision was again made for the rule and it is in Southern Classification now in effect.

In another exhibit he showed that the important trunk lines in the south combined owned only 553 fifty-foot cars and only 608 forty-five feet long, and the L. & N. alone owns 1,555 cars thirty-three feet and five inches long and 2,947 thirty-six feet long, while the Illinois Central owns 3,848 cars forty feet long and 12,691 that are thirty-six, so that, while he always orders cars of the size needed, these are very frequently not available, thus making trailer cars necessary.

Mr. Lewis said he had recently wired Regional Director Winchell asking what the policy of the Railroad Administration would be with reference to the length of box cars built by it, and Mr. Winchell had replied that none more than forty feet six inches was contemplated.

As to the southwest, he stated that the Texas & Pacific had no box cars over thirty-six feet long; the St. Louis Southwestern and the M. K. & T. of Texas none over forty, the M. K. & T. only 355 fifty-foot cars and only 120 forty-five-foot ones, the Southern Pacific only 398 fifty-foot cars, the C. R. I. & P. only 875, the Santa Fe but 1,577, and the Frisco only 133 and 55 forty-five-foot ones, while each of these lines had many cars as small as thirty-three feet. From the figures he felt that the application of rule 34 would be impracticable and he believed the relative cubical capacity of the cars should be used as the basis for determining the minimums. Mr. Collyer, however, called his attention to the fact that adding a foot and a half to the height would add materially to the cubic capacity without being of any benefit to the average shipper, while the adding of a foot and a half would not add very materially to the cubical capacity, but that this small addition to the length might be of material advantage to certain shippers.

Mr. Lewis was in favor of uniform descriptions and, so far as was possible, he was in favor of uniform rules, but he felt that exceptions should be made to meet specific conditions.

Mr. Collyer wanted to know if he did not think, in so far as making a uniform classification was concerned, that sacrifices should be made on the part of the shippers as well as on the part of the carriers, and he replied that as to cotton ginning machinery the carriers in Southern territory were making no sacrifice.

Attention was also called by Mr. Lewis to the fact that even when a car of a certain length was ordered, varying cubic capacities made it frequently impossible for them to load as they had figured they might, thus making the trailer car rule necessary.

Mr. Colquitt asked Mr. Lewis if his protests might not be summarized as follows: "Your company and others for whom you appear contend cotton ginning machinery to be of a peculiar nature, reasonable and not always running the same in bulk or individual types of machines; that the general line is not subject either in the west or in the south to the L. C. L. rate on the excess over a full carload; that you are not interested in Official Classification territory; that you desire to continue to receive the benefit of the carload rate on the overflow or two cars for one; that you claim that cars of the same length but of different height and width vary in cubical capacity and that if you order, say, a 40-foot car, you don't know just what capacity car you might get; that you object to having your commodity made subject to the sliding scale in rule 34 and that, owing to the peculiar conditions as outlined in the testimony, you want the present privileges continued."

Mr. Lewis said that was correct.

Mr. Rosier, resuming the stand, said that the manufacturing of cotton ginning machinery had been declared an

absolute necessity, the government having rated it as B 2. He said rule 34 would not answer because of the varying car heights and because of varying units in different installations, each installation, however, being complete, to which nothing could be added and from which nothing could be taken.

He had recently figured the value per pound of ginning machinery for the War Industries Board and found it to be under the present abnormal conditions 10.8 cents per pound, the normal value being about 7.

Mr. Collyer said the conditions in Western territory were substantially the same as those in Official territory, except that the various freight associations in the west were not so much in accord with one another, which brought about varying exceptions.

He cited the Noble case, in which the Commission said the Official rule which provided that the minimum for the car supplied should apply when the car was larger than the one ordered was not reasonable and he said the present rule 26 in Official territory, which is practically the same as rule 34 in the consolidated book, had been prepared to conform to the Commission's orders.

Referring to a previous inquiry as to the application of the rule to furniture, Mr. Collyer said he had no thought that shipments of furniture were comparable with shipments of ginning machinery except that those shipments consisted of merchandise that consisted frequently of more than a carload and yet that the furniture people were able to get along nicely under their rule 26.

He thought rule 34 was in consonance with the thought of the Commission in its various decisions, and that as it provides for the protection of the minimum of the car ordered by the shipper there was no occasion for exceptions.

He said the varying minimums provided in the rule were not based on maximum possible loadings, but on reasonable ones, and that while the minimum for a 40-foot car was only an increase of 12 per cent, the actual capacity of the 40-foot car might be as much as 50 per cent greater.

Asked as to how they determined what constituted a light and bulky article, he said that they considered articles which would not load to a minimum of 30,000 pounds or more, except under extraordinary conditions, as light and bulky.

He said that rule 24 was not an exception to rule 34, each rule being applicable to different commodities and under different circumstances.

Asked by Mr. Colquitt as to whether or not the rule was provided to prevent what the carriers called abuse of equipment, Mr. Collyer said that was exactly the reason.

Mr. Steadwell said he felt that rule 34 would meet the requirements of these cotton ginning machinery people; that they had been given the unusual rule for a number of years to help them and the cotton industry and that because they feel they will not be harmed and for the sake of uniformity they had agreed to the change in the consolidated book.

W. H. Powell, representing in this particular case the McGinnis Cotton Mills, in the matter of shipments of sugar in single bags, said that his company had sold to one company, 1,000,000 bags, to another 200,000, to another 200,000, to another 70,000 and 500,000 to refiners in Utah, these all being what is known as 2.85 bags. They sell to the Corn Products Refining Company 2,000,000 annually of what is known as 2.50 bags, and 2,500,000 to Hockfelt Company, Honolulu, all of which were used as sugar-shipping containers without complaint.

Mr. Steadwell said the fifth class rating had been put in as an emergency measure due to a shortage, so stated, of bagging material, and that he was not willing to concede that the single cotton bag was a suitable shipping container for sugar.

It was developed that the matter had been considered at Denver and that there was a prospect that the western carriers and western refiners would get together, and Mr. Powell wanted to know if, in the event the people in the west came together, the southern lines would agree to such understanding. Mr. Steadwell said they would not.

Mr. Powell said the double bagging would add to the cost of the sugar and Mr. Steadwell said he would prefer to see no sugar shipped in single cotton bags.

H. Ignatius, in charge of the rate and tariff department of Procter & Gamble and representing in this case

also the American Cotton Oil Company, Edible Oil Company, Southern Cotton Oil Company and N. K. Fairbanks Company, protested the proposed increased ratings on lard compounds or substitutes in solid form, N. O. I. B. N., as well as those on stearic acid and stearine, and he said rule 26 had been in effect in Official territory since 1901 and third class in Western territory for twenty years.

He said the product is of a perishable nature and must be disposed of with promptness, thus calling for a large less-carload movement, and this was accentuated by the rules of the Food Administration limiting the jobber's purchase to a 60-day supply.

He filed an exhibit showing the advances that would accrue prior to, beginning with, and including the 15 per cent advance and this exhibit showed that from Cincinnati to C. F. A. territory it would be 25 cents per 100, or 100 per cent, and the advance over the present rates would average 9 cents, or 25 per cent. From New York City to C. F. A. points the increase, figured as the first of the above, would be 29 cents, or 78½ per cent, and the increase over the present rates would be 13 cents, or 25 per cent. From Chicago to Trunk Line territory, figured the same way, the increases would be 30 cents per hundred, or 90 per cent, and 13 cents, or 25 per cent, respectively, while from New York to Trunk Line points they would be 19 cents, or 80 per cent, and 9 cents, or 24 per cent, respectively. From Chicago to representative destinations in the west the increases prior to the 25 per cent advance would be 35 cents, or 70 per cent.

As to the rates on stearine and stearic acid, he said the latter was used to make candles, metal and shoe polish, cosmetics, facial creams and confections, and the only place in which there was competition with the mineral oils was in the manufacture of candles, and that there was really no competition there, for the two were combined in the manufacture of candles. He was not familiar, however, with the competition between lard oil and mineral oils as lubricants, nor with the use of lard or lard substitutes as a spread for bread.

Closing Day at New Orleans.

William C. Ermon, assistant traffic manager, Southern Cotton Oil Company, New Orleans, on September 17, protested the proposed change in carload minimum, now 6,250 gallons at 7½ pounds, or 46,875 pounds, or the shell capacity of the tanks with 46,000 pounds as a minimum, on cottonseed oil. He feared that after the change is made in the classification a change to conform thereto will be made in the commodity tariffs. The contention is that the dome does not afford the proper amount of expansion, cottonseed oil expanding one per cent for every increase of 30 degrees in temperature and an increase of 60 degrees frequently occurring in transit. Because of this his company had issued orders that cars were not to be loaded any fuller than two inches below the bottom of the dome, preferring to pay freight on tonnage not shipped than to stand the loss of oil through expansion.

He said the vegetable oil people would be willing to work on a minimum of 60,000 pounds or 2 per cent less than the shell capacity where that is less and that all vegetable oils should carry the same minimum.

He stated, as to corn oil, that it might be loaded in Iowa when the thermometer was below zero and that it might be 60 or 70 above when it reached New Orleans, and that oil would be all over the car, due to expansion.

He would have destination weights obtain, the most of the oil wells being at small stations where there are no scales or where they are not inspected and kept in as good order as are those at the refineries.

For the months of October, 1917, and April, 1918, the average charge on cottonseed oil was 49.2 cents per hundred and under the proposed rates the average charge would be 72.8.

He said he had seen as much as 1,000 pounds of corn oil lost, due to expansion. He said that because the carriers were seemingly anxious to handle the smaller minimums they were now buying 60,000-pound capacity cars instead of the larger ones.

Mr. Steadwell said that in proposing the change the committee had simply attempted to bring the minimum on cottonseed oil on a parity with other vegetable oils and that it believed the increase would mean greater efficiency in the use of equipment.

Mr. Ermon desired to confirm the protest of Mr. Ignatius

with respect to the proposed increased ratings on lard and lard substitutes less carload and he emphasized the disadvantage of those engaged solely in the manufacture of lard compounds as compared to the packers who would handle very largely in peddler cars.

R. A. P. Walker, traffic manager, American Cotton Oil Company, New York, appearing for the Southern Fertilizers' Association and the Interstate Cottonseed Crushers' Association, as well as for the individual members of both, protested the proposed elimination of cottonseed meal and cottonseed cake from the fertilizer list in Southern territory and the giving of the Class D any quantity rating on them.

The proposal was apparently being made with the thought that cottonseed meal is a feed and not a fertilizer, but he said the demand for meal as a fertilizer is greater now than ever before and it is never used by itself as a feed, being used, however, in a proportion of about one part in ten with bran or some other some such commodity as a feed for cattle.

Mr. Walker filed numerous exhibits indicating that numerous state and federal departments recognized cottonseed meal as a fertilizer. According to government figures, for the year ending July 31, 1917, 2,197,168 tons of cottonseed were crushed in Alabama, Georgia, Florida and other southeastern states, producing 988,000 tons of meal, of which it is estimated 600,000 tons were used as a fertilizer, and practically all of this was used in this southeastern territory. As showing the consumption of meal among the manufacturers of fertilizers one of them used last year 66,000 tons, another 30,000 tons, another 20,000, another 30,000, another 15,000 and still another 13,000 tons.

Freight rates enter largely into the cost of the fertilizer to the former and an increase in rates will not only mean an increase in the cost to those who use it, he said, and therefore to the cost of crop production, but it will tend to lessen the use of fertilizer and therefore the production of crops in the South.

The rates proposed would be 34.7 per cent higher than the rates on other fertilizer material with which it is in competition.

Per car mile earnings under the proposed rates from Atlanta to New York, 818.9 miles, on cottonseed meal at present rates are 17.83 cents; on automobiles, 19.23; household goods, 17.43; furniture, 10.3; while the proposed rates would make the per car mile earnings on cottonseed meal 26.9 cents; cottonseed meal carrying a minimum of 40,000 pounds, automobiles 10,000, and household goods and furniture 12,000.

Comparing the rates on cottonseed meal and cake from Atlanta to Boston, New York, Philadelphia, Baltimore and Newport News with the grain rates from Chicago and East St. Louis to the same points, he found that the rates on the cottonseed products were invariably higher than on the grain and this would be very much accentuated under the proposed D rates. He said that if cottonseed meal was a feed, it was, under the fertilizer basis, being discriminated against as compared to the present grain rates in C. F. A. territory.

He said that the price of cottonseed meal never bore any relation to the price of feed, but that it always had and always must bear some relation to the price of other fertilizers.

He felt that inasmuch as 75 per cent of the tankage was used other than for fertilizer and as much of the nitrate of soda was used for explosives and as they were continued at the fertilizer rate it was unfair to raise the cottonseed meal rates on the basis of the use to which a small percentage of it might be put.

Protest was also made against the proposed requirement that cottonseed meal must be shipped in bags in carload shipments.

Mr. Walker said that if the proposed class D rates were permitted in the southeast, the cottonseed meal people would certainly ask for the privileges afforded the grain people, such as milling and mixing in transit, etc.

W. B. Hollingsworth, secretary-treasurer of the Dry Mixers' Association of Georgia, Fayetteville, Ga., said his organization had a membership of between 75 and 100 who would average mixing from two to five thousand tons of fertilizer per year and their membership used cottonseed meal for from 70 to 80 per cent of the plant food value of their product. He said he was also a farmer and he was

sure the proposed increase would prove disastrous to the people of the South and he knew of no other source of ammonia to which the fertilizer manufacturers or the farmers might turn for that fertilizing material.

L. D. Burns, secretary of the Ashcroft-Wilkinson Company, Atlanta, which is engaged in the purchase and sale of fertilizer materials, said it was his judgment that from 5 to 30 per cent of the cottonseed meal was used for fertilizer purposes.

H. L. Bates, general superintendent of manufacture, International Agricultural Corporation, said that out of all the meal that concern bought last year practically every pound of it went into the manufacture of fertilizer and that because of a shortage of tankage, of fish, of cyanamid, and of nitrate of soda, there would be a million and a half tons of the meal used this next year solely in the manufacture of commercial fertilizers.

S. Linthicum, traffic manager, Empire Cotton Oil Company, and representing also the Cottonseed Crushers' Association, was opposed to having cottonseed hulls taken out of the fertilizer list and giving them the class D rate, and said that as a matter of fact the rating should be on a lower basis even than the fertilizer basis.

He was afraid the proposed change would automatically cancel the exception sheets, and Mr. Steadwell stated that it was quite certain that the Railroad Administration would not cancel out the various exception sheets without taking care of shippers, who were working under them, in some other way. Mr. Colquit called the attention of the carriers to the Commission's decision in I. and S. 522, in which it said that there should be no interim not taken rate of.

H. W. B. Glover, traffic manager, Virginia-Carolina Chemical Company and the Southern Cotton Oil Company, appeared to protest the proposed breaking up of the fertilizer list in the South, the new classification scattering the various fertilizers throughout the book. He filed a comprehensive exhibit of what the present classifications show, what the proposed one shows and what he thought the latter should show.

Mr. Burchmore said that his exhibit, while it included some items concerning which no change was proposed, was a clear illustration of how the committee had departed from the uniformity rather than come nearer to it.

E. A. Dashed, traffic manager, F. S. Royster Guano Company, protested the proposed increase on bags and bagging. It uses approximately 4,000,000 lbs. a year and the proposed increase would add materially to the cost of the fertilizer. He also objected to the proposed advances in the rates on cottonseed meal, as his company last year used 30,000 tons and it expects to use this year 50,000 tons, 95 per cent of this supply going directly into the manufacture of fertilizers.

F. W. Byer, manager, Nitrate Agencies Company, New Orleans, objected to the proposed advance in the less carload rates on nitrate of soda. He said the government had recognized it as a fertilizer material and he saw no reason why the Railroad Administration and the Interstate Commerce Commission should rule differently. It analyzes 18 1/2 per cent of ammonia and is therefore the cheapest source of that chemical for use in making fertilizers, three-fourths of the nitrate of soda being used for fertilizer manufacture.

Not all the witnesses who wished to be heard could obtain the time and some of these said they would go to Atlanta.

Hearings at Atlanta

Atlanta, Ga.—Great interest in the proposed consolidated classification was manifested in Atlanta, where the hearing opened September 19. The large federal court room was filled with witnesses. Mr. Steadwell, for the Southern committee, made an extended statement in support of the general realignment of Southern rates and said that in its work the committee had made 5,859 changes, including 2,754 increases and 898 reductions in ratings, 599 increases and 73 reductions in carload minimums, added 1,665 items, proposed to apply rule thirty-four to 1,049 additional items, and eliminated one carload minimum. The justification of the specific changes, he said, would be made later as they are taken up on shippers' complaints. The question of whether or not the substitution of the consolidated for the Southern Classification would automatically cancel exceptions to the latter being brought up, Examiner Disque said

the matter had been referred to Washington and would be cleared up shortly. A number of those present said their evidence had been predicated on the idea that cancelling the classification would cancel the exceptions. They asked permission to reserve their cases until the question was cleared up. Five witnesses were heard, three of whom simply testified that increases were proposed which would adversely effect their interests, leaving, as their counsel, Edgar Watkins, explained, the justification up to the carriers. After the day's adjournment a wire from Washington was received saying the exceptions are not now in issue.

EXPRESS RATE INCREASE

The Traffic World Washington Bureau.

Director-General McAdoo, September 19, indirectly announced his intention to order an advance in express rates by asking the Commission which would be the best way to raise twelve millions more for an advance in the wages of express company employees. In a letter to the Commission he said the ten or twelve millions raised by the ten per cent advance, effective July 1, had been absorbed in higher wages. He said he was convinced that another twelve million must be raised for the same purpose.

Accompanying Mr. McAdoo's letter was a memorandum from the express company suggesting that zone one rates be increased three ways—first, by increasing the minimum rate of 55 cents to 71; second, by increasing each rate above the minimum proportionately; and, third, that 10 cents per 100 pounds be added to commodity rates. Such an increase would add 16 or 17 cents as the maximum on first class, 12 cents on second, and 10 cents on commodities, with proportionate increases on shipments of less than 100 pounds. The express company says the increased revenue should be available at once.

No question is raised in the correspondence as to reasonableness or the Commission's assent. It proceeds on the assumption that the money must be raised and that the Commission is merely to give advice as to what would be the best way to raise it.

The Commission will hear testimony and arguments on the communication October 8 in Washington.

The increase in express rates, to which reference was made at the Buffalo meeting of the National Industrial Traffic League was expected to be ordered by Director-General McAdoo on the ground that the American Railway Express Company is his agent for carrying on express business and he has power to make its rates high enough to enable it to live and pay for the service rendered to it by the Railroad Administration.

An application for an increase in rates high enough to bring in \$24,000,000 a year, and so spread as to have \$17,000,000 of the sum raised in zone one covering the eastern states was under consideration by the Director-General. The National Association of Railway and Public Utilities Commissioners' special war service committee, at a sitting in Washington on September 18 to consider matters of interest to the state commissions, was able to satisfy itself that such an application had been made and that the Director-General had about made up his mind that he has the power to make an increase for the benefit of the express company, which was created by the consolidation of the principal companies in the east, at his request.

The separate companies were under the jurisdiction of the Interstate Commerce Commission. That body, in July, allowed an increase of ten per cent, supposed to yield about \$25,000,000 a year. Until the state commissioners heard of the application to the Director-General, it was taken for granted that it would be made to the Commission, inasmuch as the President, by proclamation, has never taken over the companies and the only thing that has been done has been the creation of a new company, with which the Director-General made a contract. It is possible the Director-General may file a fifteenth section application in behalf of the company, but the thought was that he would simply issue an order in behalf of it, the same as he did for the companies that were taken over under the President's proclamation. The state commissioners, in a letter to Mr. McAdoo, dated September 18, expressed themselves on the proposed move as follows:

"We understand that the Railroad Administration is now considering the application which was recently made by

the American Railway Express Company for an increase in rates of approximately \$24,000,000 per annum to be spread in such a manner that \$17,000,000 of the increased revenue will come from zone one, and \$6,440,000 from all other zones.

"In connection with this matter we desire to direct your attention to the following facts:

"On the first day of July, 1918, all of the express companies in the country were by your consent merged into a single corporation, thus making possible, according to the representation of the companies and government officials, large economies in operation.

"Upon the first day of July, 1918, the American Railway Express Company undertook the handling of practically all of the express business of the country. We understand that express business is now moving in greater volume than in any other September in the past, and that it will in all probability continue to increase.

"Upon the first day of July, 1918, the 10 per cent increase allowed by the Interstate Commerce Commission became effective, thus increasing the express revenues about \$25,000,000 per annum. While this was a general rate increase, the evidence showed that express companies then operating in certain sections of the country, particularly the Pacific northwest, were in fact receiving an adequate return. The American Railway Express Company has now been operating two and one-half months, and this period is so limited that it would seem most difficult to determine either the full benefit which will come from the present rates or from the many economies which may reasonably be expected from exclusive ownership and operation.

"Since the first day of July, all but five of the states of the Union have made the interstate scale of express rates effective upon intrastate business, and we have good reason to believe that the other states will soon adopt the block system of stating rates, thus conforming in a general way to the government plan. These increases were granted upon the request of Hon. C. A. Prouty, Director of Public Service and Accounting, and in most cases without a hearing.

"Reiterating the position heretofore taken in other communications and earnestly expressing our desire to co-operate with the Railroad Administration in the efficient operation of the railroads in every way that may be consistent with our obligations to the nation and to the people of the several states, we most earnestly urge upon you that this \$25,000,000 in express rates be not initiated by the Director-General summarily. As a matter of fact, if it is believed that the express company can demonstrate the need of additional revenue, we recommend that you advise it to file its application with the Interstate Commerce Commission and the state commissions according to the established practice of the country.

"The unusual and extraordinary power exercised by you in issuing Rate Order No. 28 was predicated upon an emergency involving the federal treasury, a situation which does not obtain here. It seems at least doubtful that an emergency now exists in the express business which calls for the exercise by the Director-General of the extraordinary power of initiating rates without a hearing, thus depriving the public of the right to be heard before lawfully constituted tribunals upon the reasonableness of the proposed rate increase. If this right is preserved, we feel that you can be assured that the state and federal commissions will promptly hear and determine the question, and afford such relief as the situation requires, particularly if the application of the express company is accompanied by a memorandum from the Director-General.

"In addition to the above, we are of the opinion that a serious question exists as to whether the Director-General has the power conferred by law to initiate intrastate and interstate rates, without the right of suspension and hearing by the state and federal commissions."

The letter was signed by Charles E. Elmquist as acting president and secretary of commission; Joseph B. Eastman, chairman; Travis H. Whitney, Christopher B. Garnett, Paul P. Haynes.

COMMISSION ORDER.

The Commission has modified its fourth section order 7331, of June 5, Potatoes From Minnesota and North Dakota Points, so as to become effective November 16 instead of October 1.

THE LUMBER EMBARGO

The Traffic World Washington Bureau.

No hope can be held out now to those who have been trying for years to devise a method whereby shippers generally may be advised as to the embargo situation throughout the country. That statement is made at this time because the severe embargo season is at its beginning, as illustrated by the fact that at midnight September 16, the Car Service Section of the Railroad Administration placed an embargo against all shipments of "forest products (except shooks, staves, hoops, headings and manufactured containers) from all points in the United States and Canada to destinations in Maine, New Hampshire, Vermont, Rhode Island, Massachusetts, Connecticut, New York, New Jersey, Pennsylvania, Delaware, Maryland, West Virginia, Ohio, Indiana, Illinois, Michigan, Wisconsin and the District of Columbia, except to officers of the United States government by title, but not by name, including officers of the following departments: The Public Printer; the Post Office Department; the Bureau of Engraving and Printing; the Marine Corps; the War Department (army); the Navy Department, navy yards and naval stations; shipments for the American Red Cross; the Imperial Munitions Board of Canada; the United States Housing Corporation and the Panama Canal; direct to car and locomotive manufacturers, and railroad material consigned to an officer of a railroad when destined to a point on such railroad."

Notice of the embargo was sent to the zone embargo chairmen, together with a note that the movement of commercial shipments of forest products to embargoed destinations will be controlled through the issuance of "permits by the Car Service Section, or by the freight traffic committee having jurisdiction, when operating conditions warrant and upon presentation by consignees of evidence which justifies transportation service. No permits will be issued except from the point at which the shipment actually originates and to its final destination. No reconsignment of shipments moving under such permits will be allowed."

Hundreds, if not thousands, of embargoes will be issued as soon as weather conditions and the requirements for military movements make it impossible, in the view of operating employees and officers of railroads, to handle commercial shipments.

Hundreds of letters, telegrams, and long-distance telephone inquiries have already been received by the Car Service Section asking for interpretations on such questions as whether pulp wood and cord wood are considered forest products. The answer made by E. H. DeGroot, assistant manager of the Car Service Section, who has been answering inquiries, is that both pulp wood and cord wood are forest products. He has also told inquirers that if any railroad within the prescribed area considers it necessary to move forest products within the territory, such railroad should ask for authority.

The object is to keep forest products out of the way of more essential freight. It is not considered necessary to point out that shells and things of direct military value must be moved ahead of lumber and other forest products.

It is the view of Mr. DeGroot that no general information can be put out that will meet the requirements of the situation; that embargoes must necessarily be placed, often by telegraph and canceled in the same way; that any general statement may be rendered valueless before it can reach the man who desires to ship or the man who desires to receive.

In view of that fact, the one bit of specific advice to both shippers and consignees is to inquire of the local freight agent. He is the point of contact between the railroad and the public. No other agent of the railroad can know what is the latest word on the subject of embargoes. The general freight agent cannot know, because the embargo notices are sent first to the zone chairmen, not by the traffic, but by the operating officials. The zone chairmen notify the railroads in their districts and the notices go to the offices of the freight agents.

The point is made that by inquiry of the local freight agent, the shipper can save himself drayage. If the agent says there is an embargo, his word stands unless and until the shipper asks a regional committee or the Car Service Section in Washington for a permit to get the stuff through. If an agent accepts a shipment to an embargoed point, or takes an embargoed commodity, the

railroad must find a way to get it to destination. If he says a point or a commodity is embargoed, the shipper saves himself the useless work of sending his shipment to the station. Either by wire or by letter to a regional committee or to the Car Service Section, asking for a permit, the question as to whether there is or is not an embargo, is settled, as is also the question as to whether the stuff should be taken, notwithstanding the embargo.

The objection to making an effort to have the information disseminated through any agency other than the man in charge of the freight station is the fact that the agent is the man who has the power to turn back the dray that contains what he thinks is an embargoed shipment. In other words, it is not necessary or desirable to raise the question as to whether there is or is not an embargo by sending the freight to the station. The better way, Mr. DeGroot thinks, is first to inquire of the man whose duty it is to receive freight not embargoed.

If he says it cannot be accepted, then the shipper or consignee knows that he must either convince the local man that he is in error or obtain a permit. The application for such an overruling of the local agent or for a permit, if he is not in error, must go through the hands of the same men.

Inasmuch as the embargo on forest products is intended to keep them out of what roughly corresponds to Official Classification territory, the North Atlantic Ports Freight Traffic Committee, quartered in New York (not the rate committee), with local branches at New York, Philadelphia and Baltimore, will be the big factor, especially in view of the fact that applications for permits to disregard the embargo must be made by consignees within the embargoed territory, not by consignors desiring to ship.

That means that, in the matter of lifting embargoes, the man who is doing the buying, not the one who is doing the selling, must take the initiative.

The headquarters of the committee are at 141 Broadway, New York, and Robert L. Russell is chairman. The headquarters of the Philadelphia branch are at 431 Broad Street station, and R. R. Blydenburgh is the chairman. Edward S. King is chairman of the Baltimore branch, and his office is Room 106 Baltimore & Ohio Central building.

These committees have all put out circulars addressed to "consignees and others interested in the receipt of carload domestic freight" at Baltimore (or Philadelphia). The New York committee controls both export and domestic freight for all ports, coastwise being counted with export freight. The Philadelphia and Baltimore committees handle only domestic freight intended for delivery within the areas around the two ports. These circulars show that applications for permits to disregard the embargo must be made by consignees. They also contain the simple form of application, addressed to the committee. The application, addressed to the committee is, "Railroad shipping permit is hereby requested covering movement of the following freight consigned to blank. Shipper, John Smith. Point of shipment, Blanktown. Commodity, pine lumber, junk, or whatever it may be. Quantity, terminal road and freight station delivery desired."

The circulars issued by the committees also show the stations over which they exercise control. Freight for stations other than those tributary to the three ports mentioned must be shipped, if at all, on permits issued by the Car Service Section or the local committees in other places. The office of section is in Washington, in a building near the office of the Director-General. Mail for it, simply addressed Railroad Administration, Washington, D. C., will be delivered. Telegrams addressed Railroad Administration, Washington, will also reach it.

In explanation of the embargo on forest products, Director-General McAdoo September 17 said: "This order was not issued on account of any particular congestion or accumulation, but in order to bring the movement of lumber into the industrial territory under such control as will prevent undue accumulation or overshipments, also delay to cars and other elements of transportation waste. The experience of the freight traffic committees operating in New York, Philadelphia and Baltimore for some months past demonstrates not only the desirability, but the practicability of regulating the flow of traffic by the permit system, based on conditions at destination, with particular reference to the need of the consignee and his ability to handle freight promptly on arrival.

"It is not the intent to stop the movement of forest products, but merely to control it. It is provided that permits will be issued by authorized bodies on presentation by the consignee of evidence which justifies transportation service. This evidence will necessarily differ in different cases, the test being, in each instance, whether the need at destination and conditions there and en route are such as to warrant the particular movement at the particular time in its relation to other demands for transportation service.

Requests for permits covering shipments destined to points within the jurisdiction of the freight traffic committees at New York, Philadelphia, Baltimore and Washington should be addressed accordingly. Permits for all other shipments should be requested from the Car Service Section direct. To facilitate prompt disposition full information should be given in each case with respect to the necessity for the shipments at the particular time, involved, the amount of material in stock, the number of cars in transit, etc. The following items should also be covered; number of cars, name of shipper, address of shipper, to be shipped from, name of railroad, commodity, consignee, destination and delivering line. The railroad agent at destination should be asked to endorse the request with such comment as may be proper with respect to the ability of the consignee to release the car promptly on arrival.

"On account of short notice which was given it has been necessary to consider as in transit such cars as were in process of loading at the time the order was received by railroad officers at various points. It has also been held that shipments of fuel wood, logs, pulp wood or similar products which originate and terminate on the line of a single railroad may be authorized by the transportation officer of such railroad. Where such movements cover more than one railroad, that is, interline shipments, requests must be made to the designated freight traffic committee or to the Car Service Section. It is pointed out that the order not only prohibits movement from points outside of the embargoed territory to points within, but applies as well to movements wholly within the territory included.

"The exceptions covering government freight apply only when the freight is billed strictly as specified in the order and claims for exemption by reason of government contracts or other work will not receive consideration unless they bear the endorsement of the government department interested."

GRAIN EMBARGO

Hale Holden, Regional Director, in Circular No. 161 to central western railroads, says:

"The following embargo against the shipment of grain to primary markets was issued by the Car Service Section under date of September 16:

Effective September 18, because of rapid approach to limit of grain storage capacity primary markets due to advanced movement of wheat and anticipated heavy movement of wheat and other grains, becomes necessary to place embargo against all shipments of all grain consigned or reconsigned to Duluth, Minneapolis, St. Paul, Superior, Milwaukee, Chicago, St. Louis, East St. Louis, Peoria, Kansas City, Mo., Kansas City, Kan., St. Joseph, Omaha, South Omaha, and Council Bluffs, and to regulate future shipments of grain to these markets on permit basis. Such permits will be issued in co-operation with the Food Administration. Application may be made by shipper of agent at point of origin, such requests transmitted to designated Grain Control Committee each market, which will approve such requests as can be given storage, notifying the agent at point of origin that shipments may be made accordingly.

"Under this embargo the following instructions will be observed in the issuance and handling of permits for the movement of grain to the primary markets covered in this embargo:

- "1. Application for permit may be made either by shipper at point of origin or by consignee at destination. It must be in writing and on prescribed form.
- "2. When application is made by shipper it must be transmitted by railroad agent at point of origin to the Grain Control Committee at destination; consignee's application should be made direct to Grain Control Committee.
- "3. Application for permit for shipment from one primary market to another will be made to the Grain Control Committee at the originating primary market for transmittal to the Grain Control Committee at destination

market; permit when issued will be returned through the same channel.

"4. Grain Control Committee will consider applications in the order in which they are received, and will issue permits as conditions warrant.

"5. When applications are approved, permits will be issued in triplicate and numbered serially, with prefixes as follows: CH—Chicago, CB—Council Bluffs, DH—Duluth, KC—Kansas City, MK—Milwaukee, MS—Minneapolis, OM—Omaha, PA—Peoria, SJ—St. Joseph, SL—St. Louis, SP—St. Paul.

"6. Permits shall not be transferable; they can be used only by parties authorized therein, and for kind of grain specified.

"7. All permits, except as indicated in paragraph three, will be transmitted by the Grain Control Committee directly to railroad agent at point of shipment, who will note thereon date of receipt and immediately notify shipper that permit has been granted and that shipment covered thereby must be made within five (5) working days from date of such notification.

"The committee will also send copy of permit to transportation officer of the road on which shipment originates, except where handled in accord with paragraph three. The third copy of the permit will be retained for committee's files.

"The committee will also notify consignees of action taken with reference to applications filed by them.

"8. Number of permit must be shown on way-bill as authority for the shipment. This number will be recognized by all carriers as authority for forwarding of shipment against grain embargoes.

"9. Shipments moving on permits may not be re-consigned from one market to another market where permit system is in control, unless new permit is obtained in prescribed manner.

"10. Agent at point of origin will advise Grain Control Committee at destination on prescribed form as shipments are made.

"Grain Control Committees have been established at all primary markets, and you will be advised of the personnel of these committees later.

"Copies of sample forms referred to are attached. Grain Control Committees should arrange for necessary supply of permit blanks, G. C. C. Form No. 2; and railroads must print and distribute supply G. C. C. Form No. 1 (Application for Permit), and G. C. C. Form No. 2-a (Agent's Advice of Shipment)."

Other regional directors concerned issued similar notices.

According to a statement by the Director-General, dated September 13, grain is coming to market considerably faster this year than last. That may be due to the fact that the crop is larger. His figures covering cars loaded with grain for the weeks between August 24 and September 7 show that in the corresponding period in 1917 the loading amounted to 206,698 cars. In 1918 it was 298,581 cars. The loading increased in all districts. In the central western the increase was from 65,676 to 102,681 cars. In the southwestern it increased from 27,507 to 51,445. In the northwestern it rose from 55,004 to 68,859. In the eastern it went up from 47,154 to 61,165. The loading in the Allegheny and Pocahontas amounted to less than 6,000 cars. Last year, in the same period, they loaded about 4,800.

Receipts of grain at the primary markets up to September 17 were also greater than in the corresponding period in 1917. Those elevators on September 7 had received 188,099,000 bushels of corn, an increase of 65,465,000 bushels; oats, 204,640,000, an increase of 50,687,000, and wheat, 153,736,000, an increase of 35,318,000, or 566,876,000 in all, or an increase of 151,470,000.

Director-General McAdoo September 16 authorized the following statement:

"The conditions existing in the grain trade this season have brought about an unusual situation, due principally to two factors—namely, an abundant wheat crop and a stabilized price which removes any incentive to hold wheat back on the farms for price fluctuations.

"As a result of this situation, the grain has been shipped as fast as harvested and, as a matter of fact, nearly 100,000 more cars of grain have been handled by the railroads to date this season than in the same period last year. Naturally this tremendous flow of grain has overtaxed the storage facilities. At the present time not only are the seaboard elevators filled to capacity awaiting export,

but the elevators at the primary markets are practically unable to furnish any more storage, and should the grain be allowed to continue to flow without control, the only possible result would be the use of cars for storage, resulting not only in congestion of tracks and terminals, but in putting the cars out of business for the other transportation needs of the country.

"To meet this situation, the Railroad Administration, in conjunction with the Food Administration, has arranged to control grain movements throughout the country and to transport all grain under what is known as the 'permit' system in charge of committees in the different grain zones, which means that shippers will be furnished with cars, and permitted to ship, to the capacity of all the markets to take care of and promptly unload the grain. This not only will prevent congestion of the tracks and tying up of equipment, but will result in a regular movement of the grain traffic and the best distribution of equipment, with the effect of the greatest efficiency, which, of course, results directly to the greatest benefit to the grain producers and the least disturbance of their business arrangements.

"It is interesting to know that already 75 per cent of the winter wheat has moved from the farms, while the spring wheat and oats are just beginning to move, and of the total wheat crop it is estimated that about 45 per cent has already reached the markets, which is far in excess of the usual amount at this time of the year."

Following is the list of the grain control committees: Chicago, Ill.—J. H. Brinkerhoff, chairman; Fred Zimmerman, railroad traffic assistant; J. H. Cherry, Food Administration, trans. division.

Milwaukee, Wis.—C. O. Bradshaw, chairman; John A. Millington, railroad traffic assistant; Charles Thompson, Food Administration, trans. division.

Minneapolis, Minn.—H. A. Kennedy, chairman; T. E. Sands, railroad traffic assistant; W. A. Prinsen, Food Administration, trans. division.

Duluth, Minn., and Superior, Wis.—W. H. Strachan, chairman; G. A. Sherwood, railroad traffic assistant; G. M. Bowman, Food Administration, trans. division.

CLAIMS FOR LOSS AND DAMAGE

The Traffic World Washington Bureau.

A code of "regulations governing the disposition of interline freight claims for loss and damage" has been promulgated by Director-General McAdoo for the guidance of claim agents. It was promulgated in General Order No. 41, and is as follows:

The following regulations will govern carriers under federal control in investigating, paying and accounting for freight claims for loss and damage arising during federal control. They will not affect the distribution of settlements involving any road not under federal control, nor the distribution of claims clearly applicable to the period prior to federal control.

1. Presentation of Claims: Effective September 1, 1918, claims for loss of or damage to freight shall, except as modified in this paragraph, be presented to and settled by the destination or initial carrier. Claims filed with an intermediate carrier, through error, shall be immediately transmitted to the destination carrier and claimant so advised. An intermediate carrier clearly at fault may invite and adjust claims direct. Claims for fire or marine losses shall be referred for adjustment to the carrier responsible, and claimant so advised.

2. Papers Necessary to Support Claims: Claims for loss of or damage to freight shall be made on the standard forms approved by the Interstate Commerce Commission. In the case of loss or damage, they shall be supported by original bill of lading, if not previously surrendered to carrier, original paid freight receipt, if issued, original or certified copy of invoice of value and all obtainable facts in proof of such loss or damage and the value thereof. If any necessary document is lost or destroyed, claimant shall file a bond of indemnity to cover.

3. Method of Adjustment: The foregoing provisions having been complied with, loss and damage claims shall be adjusted with the claimant in accordance with the established legal liability, bill of lading, tariff provisions and federal regulations, by the carrier to which presented for the account of and without reference to the other carriers

interested in the haul, before the completion of other investigations necessary for the purpose of locating responsibility or apportioning the amount paid.

Car Seal Records: Investigation for development of seal records in connection with the apportionment of claims between carriers shall be discontinued.

Loss or Damage Definitely Located: Claims for loss or damage definitely located, the legal liability for which has been established and payment made, shall be charged to the carrier or carriers responsible therefor.

Loss or Damage Unlocated: Claims for loss or damage, the legal liability for which has been established and payment made, shall be apportioned to interested carriers on mileage basis, with minimum of ten miles for any carrier.

Claims Involving Litigation: Law expenses, including court costs, incurred in connection with the defense of an action where recovery is had, shall be apportioned among the carriers involved on the same basis as the claim. In the event there is no recovery, the law expenses shall be apportioned between the carriers interested on a mileage basis, minimum ten miles for any carrier, and subject to Paragraph 8, Minimum Debits.

Minimum Debits: Except as provided in Paragraph hereof, the entire amount of any individual loss and damage claim shall be absorbed by the settling carrier, less the amount chargeable against all other carriers under federal control in interest exceeds five dollars (\$5.00). Proportions less than one dollar (\$1.00) against any one carrier shall, however, be absorbed by the settling carrier.

Settlement Between Carriers: On or before the tenth day of each month, paying carrier shall render a statement of amount due from each debtor carrier showing thereon a claim number, points between which shipment moved or debtor line, waybill reference and date, commodity, nature of claim and amount. The total amount of such statement shall be accepted by debtor carrier as final, except if it be found that an amount was included in statement in error, or a manifest clerical error, adjustment shall be made therefor in the subsequent statement, as prescribed in General Order No. 30. Manifest errors in claim payments should be brought to the attention of the debiting carrier.

Monthly Statements: Separate monthly statements shall be rendered for liabilities, which were incurred prior to January 1, 1918, and for liabilities, which were incurred subsequent to December 31, 1917. In no case shall a single statement include both prior and subsequent liabilities. Such statements rendered against debit carriers should be forwarded through the proper accounting officer of the carrier by whom they are prepared.

Method of Payment: Loss and damage freight claims shall be audited and paid on regularly audited vouchers in same manner as other operating expenses are vouchered. Such vouchers shall be approved for audit by the freight claim agent, and for payment by or under the direction of the officer designated to approve vouchers for payment. Provided, however, loss and damage freight claims may be paid by drafts drawn upon the federal or any federal treasurer having jurisdiction within the same limitations which are now in effect and authorized by the officer in charge of such authorization.

Custody of Claim Papers: Claim papers shall remain in possession of paying carrier, except that where individual claims are charged in full to another carrier, the papers may be sent to such carrier upon request. When documents supporting either paid or unpaid claims leave possession of carrier, they shall be plainly stamped with carrier's name and claim number.

Notations of Exceptions on Waybills: Loss or damage discovered at any point in transit shall be specifically noted on face of waybill, dated and signed in name of agent, conductor or other authorized employee, giving name of carrier responsible, or point where discovered if responsibility is located.

Noting Exceptions on Paid Freight Receipts: Agents delivering freight to consignee, when shortage or damage is known to exist, shall make specific notation of extent and nature of the loss or damage on face of original paid freight bill and sign and date such notation in ink. When freight bears external evidence of pilferage or damage at time of delivery, a joint inspection with consignee or his

representative shall, when practicable, be made at the delivery station and receipt taken in accordance therewith. Claim for value of freight checking short at destination shall not be paid until inquiry has been made of delivering agent and consignee to ascertain if shortage has since arrived or reached consignee through any source.

Delivery of Astray Freight: Astray freight (freight marked with name and address of consignee, but separated from regular revenue waybill) shall be immediately forwarded to marked destination on standard form of waybill, without charges (copy by mail to destination agent) and such waybill shall bear the notation "Astray Freight—Deliver only on presentation of original bill of lading or original paid freight receipt or other proof of ownership." Destination agent receiving astray freight shall immediately notify consignee to whom marked, and if regular revenue waybill is not received, delivery shall be made on presentation of proof of ownership prescribed and collection of tariff charges from point where shipment originated. Special efforts should be made to establish the ownership of perishable freight, in order to insure prompt delivery.

Freight Claim Association Rules: Rules prescribed by the Freight Claim Association, except such as conflict with the regulations herein provided, shall govern all carriers under federal control until otherwise ordered.

DEFERRED CLASSIFICATION

Additional instructions issued by Director-General McAdoo September 17 indicate that, notwithstanding some criticisms passed upon him for instructing regional directors to claim deferred classification for railroad employees, he intends to adhere to his claim that railroad employees are engaged in work that is just as necessary as going to the trenches. In his additional instructions in circular No. 57 he said:

"All applications made by officers of railroads under federal control for deferred classification for railroad officers and employees and all affidavits made by railroad officers in support of claims for such deferred classification are made by them as officers of the United States Railroad Administration and by my authority and in pursuance of a general policy which in my judgment must be adopted in order to meet the war responsibilities which rest upon the railroads under federal control.

"The government of the United States has taken possession and control of the railroads as a war measure, and their efficient and unhampered operation is indispensable to the successful conduct of the war.

"The essential character of the railroad industry as a war enterprise is not open to dispute. Indeed, in contrast with nearly all war industries, the railroad industry is one of the very few which has actually become a government enterprise because of its essential character for war purposes.

"In such circumstances the men who are necessarily employed in rail transportation in this country are as truly employed in an indispensable war service as are our soldiers and sailors.

"Since the railroads are indispensable and the branches of the service to which the employees belong are indispensable, I understand the remaining questions for consideration by the district board are whether a particular employee can be dispensed with (1) on the ground that the railroad has more of such employees than it needs, or (2) upon the ground that it can readily replace such employees with others.

"Please state to the district board, with my full authority, that after eight and a half months of a thorough and continuing study of this subject, being constantly in touch with employers of railroad labor, the representatives of the railroad employees, and the representatives of the labor situation generally for the whole country, there is no surplus whatever of employees for running the railroads, and there is no surplus supply of labor from which new employees can be drawn to replace those who may be taken for military service. Any competent railroad employee taken from an indispensable branch of the railroad service will be subtracted from a force which is already too small and which cannot be adequately replenished. The taking of any such employee by any district board would be a step tending to injure the war operations of some railroads. The taking of such steps by numerous district

boards would in the aggregate constitute a cumulative and far-reaching injury to the United States Railroad Administration and would destroy the purpose for which the government took possession of such control of the railroads.

"The scarcity of skilled railroad employees is in part due to the fact that up to the present time the railroads of the country, in addition to meeting their full share of the demands of men for general military service, have been subjected to the peculiar disability that they alone, out of all the industries of the country, have had to furnish large numbers of men for special military service. Hundreds of miles of military railroads in France are being operated for the military forces of the United States who have been drawn from the ranks of the skilled officers and employees of railroads in this country. In this way the drain upon skilled railroad labor has already been proportionately greater than the drain upon skilled labor of other industries, and this in part accounts for the exceptional shortage of skilled railroad labor which confronts the United States Railroad Administration.

"It must also be clear that employees in these classes cannot be supplied by the employment and training of new employees. Practically without exception these employments are not suited to women, but able-bodied and vigorous men are needed for the discharge of the duties. These men are not available in adequate numbers and will become less and less available as the war progresses. Besides, untrained men cannot perform the functions, and if skilled railroad employees are taken for military service the substitution of untrained employees, even if available, would prove destructive to efficient railroad operation.

"It is desired that the understanding and sympathetic co-operation of the district boards shall be sought in all instances. We are all striving for the same end, and that is, to win the war. To the extent that railroad men can be spared from railroad service for military service we ought to spare them. But to the extent that they are needed for railroad service the district boards should not attempt to take them for military service.

"The United States Railroad Administration intends to ask for deferred classification only when the men on whose behalf the request is made are needed in the public interest for the continued performance of their duties and when experienced substitutes cannot be found. And the district boards, upon whom rests the responsibility for preserving the necessary labor supply for essential occupations, should be urged to grant, in the interest of the national needs and with a nation-wide view of the controlling factors, the applications for deferred classification which are supported by the United States Railroad Administration.

"Instructions have been issued through the regional directors to all officials of railroads under federal control to see that proper applications are made for deferred classification for all necessary railroad employees and to support such applications vigorously, and at the same time to avoid making applications wherever reasonably practicable.

"It is the patriotic duty of the men who are considered necessary for the operation of the railroads to claim deferred classification and to furnish the district boards with the necessary information in their answers to questionnaires to show the basis for such classification. Every man who is helping in these necessary occupations to operate the railroads in this country is rendering not only a service indispensable to the war but a service that is as praiseworthy and creditable as any war service could be."

Regional Director Aishton, in instructions to officials of western lines, thus discusses the matter of military service and deferred classification of employees:

"The railroad under government control is an essential industrial agency. Its necessary employees should be given deferred classification. It is desired that the federal managers give this matter their active personal attention to make sure that deferred classification is properly claimed for employees that are necessary and also that no such claim is made where it can reasonably be avoided, since the making of unnecessary claims is both unfair to the government in its work of creating the necessary military and naval forces and injurious to the railroad administration in its effort to secure deferred classification for employees who are really necessary.

"Generally speaking, all skilled employees engaged directly or indirectly in the movement of trains should be regarded as necessary employees and deferred classification should be sought for them accordingly. The following employees are regarded as being in this class: General officers, master mechanics, roundhouse and shop foremen, machinists, blacksmiths, boilermakers, tin and copper smiths, pipefitters, electricians, freight car and passenger car pairmen and inspectors, respective helpers and apprentices of all the foregoing. Chemists, locomotive inspectors, gang leaders, superintendents and assistant superintendents, trainmasters and assistant trainmasters, train patchers and directors, yardmasters and assistants, foremen of engines and assistants, traveling engineers, firemen instructors, locomotive engineers and motormen, locomotive firemen and helpers, conductors, brakemen and flagmen, train baggagemen and express messengers, yard foremen and helpers, hostlers, enginehouse men, telegraphers and telephoners, block operators, telegraph clerks, engineers of maintenance of way, division engineers, roadmasters, field engineers, supervisors, construction foremen, foremen on track work (generally known as section foremen), bridge, building and water service foremen, bridge building, ship and wharf carpenters, signal maintainers, telegraph and telephone maintainers.

"As to employees not in the foregoing list, you should exercise the greatest care and discretion to aid in obtaining deferred classification for those clearly necessary while refraining from taking this step in other cases. Where a given position can be reasonably filled by promotion or by the employment of an outside male or female, no effort to secure deferred classification should be made. The mere question of inconvenience or increased expense is not sufficient for regarding an employee as necessary. But where, on account of the character of the work, the complete lack of availability of another to do the work the existing incumbent is really necessary, you should take all practicable steps to secure deferred classification.

"In every case where deferred classification is sought you should make it clear to the incumbent that it is his duty to the Railroad Administration to claim deferred classification, so that the incumbent will feel no hesitation about making this claim. If the incumbent does not make the claim, you, or the appropriate superior of the incumbent in question, should himself make the claim on behalf of the United States Railroad Administration. Steps should be taken to secure the most effective presentation of the matter to the local board and then to the district board, and the law department of the particular railroad should be called on to assist where such assistance appears to promise good results.

"As soon as regulations are issued will send additional and more specific advice as to detailed procedure to be adopted. Meanwhile it is important that you and your officers familiarize yourselves with the general principles by which you will be governed."

SPECIAL RULE OF PRACTICE

The Traffic World Washington Bureau

The Commission, September 17, put out the following special rule of practice, No. 8, as an additional rule, to cover the situation created by the fact that the railroads are in possession of the Director-General. It is as follows:

"Original complaints filed in new proceedings under this act to regulate commerce, as amended, should name as defendants in addition to the Director-General of Railroads, the carriers not under federal control, and should specify the carriers, or the principal carriers, under federal control, over whose lines the rates, fares, charges, classifications, regulations or practices apply. Though not required to do so, the complainant may, instead of such specification, name as additional defendants the carriers not under federal control over whose lines the rates, fares, charges, classifications, regulations or practices apply. The complainant must furnish as many complete copies of the complaint as there may be parties defendant to be served, including receivers and operating trustees of carriers not under federal control, as many additional copies for the Director-General as there are carriers not under federal control specified in the complaint and not named as defendants, and 7 additional copies for the use of the Commission. Service of the complaint will be made on the Commission."

Efficiency in Traffic

New Devices, Suggestions, and Methods for Increasing Efficiency
in Freight Handling and Other Branches of Traffic Work

INTERCITY TRUCK TRANSPORTATION

Intercity truck transportation has become, almost overnight, a most important business. Many lines have been organized from one man with one truck to million-dollar corporations with large fleets, serving the important industrial centers perhaps more economically, efficiently, and reliably than has ever been done by steam or electric service. Merely hauling a load when needed is not the purpose of the haulage companies. They have endeavored to establish schedules which eventually would increase their business. "Return loads" has been another endeavor

advantage of receipt of advice and information developed through the bureau investigations.

Large metal signs for display on trucks will be furnished to operators meeting the requirements. These signs will read, "The Owner of This Truck Is Co-operating with the Bureau of Markets, United States Department of Agriculture." The operator also will be privileged to use this sentence on his stationery and in advertising.

Through its co-operation with motor-truck operators the Bureau of Markets hopes to make it easy to place in proper hands such advice and information as it may secure; to act as a medium for distribution of information among operators; to stabilize the rural motor busi-



and in most cases their efforts have been successful. Between Fulton and Syracuse, N. Y., Frank Cardinal has been operating a Federal freight service for some time. Cardinal has regular contracts for hauling shells for munition factories. Empty shells are hauled from Fulton to Syracuse and loaded ones back. Then a second trip is made each day from Fulton with merchandise and freight. A similar return load from Syracuse is always obtained. Mr. Cardinal operates a 3½-ton Federal with steel wheels, which is here shown with a load of furniture taken to Fulton on the return trip from Syracuse.

MOTOR-TRUCK ROUTES

The Traffic World Washington Bureau.

The Bureau of Markets of the United States Department of Agriculture has announced its readiness to enter into co-operative agreement with operators of rural motor-truck routes who desire to work more closely with the government in developing, stabilizing, and standardizing this business. Operators who agree to work according to most approved practices, and to conform to the general requirements of the Bureau of Markets, are to receive the

business by requiring adherence to certain business practices, and to give to reliable operators the business advantage of working co-operatively with the Bureau of Markets.

Truck operators who desire to co-operate with the bureau must agree to maintain dependable service and schedules; charge just rates based on cost plus a reasonable profit; keep satisfactory records of operating costs and furnish certain of them to the bureau; use uniform bills of lading approved by the bureau, and provide adequate insurance for shipments.

No attempt to exercise arbitrary authority or to insist on practices detrimental to proper and profitable conduct of motor-truck routes will be made, says the announcement of the bureau.

HIGHWAYS TRANSPORT WORK

The Highways Transport Committee of the Council of National Defense authorizes the following:

"That the work of the War Industries Board looking to the conservation of all materials entering into manufac-

tures; the efforts of the Fuel Administration tending to the saving of space in railroad transportation that coal in needed quantities may be transported the coming fall and winter; the efforts of the Railroad Administration looking to the curtailment of unnecessary use of rail transport in every way possible are being supplemented in a most material way through the medium of the activities of the Highways Transport Committee, Council of National Defense, is the view being strongly expressed by those leaders in Washington in most direct touch with big war problems.

"Among others, Maj.-Gen. George W. Goethals, assistant Chief of Staff, United States Army, sees in the work of the Highways Transport Committee a potential force capable of aiding in a vital way the work of the great war bodies of Washington. Recent utterances of the United States Fuel Administration and the War Industries Board drive home the need for conservation of rail trans-

committee is of great value in that it tends to result in speeding up the delivery of munitions and other army supplies which might otherwise be delayed through terminal congestion during this war time.

CAR CONSERVATION

C. H. Tiffany, traffic manager of the New England Paper and Pulp Traffic Association, in a letter to New England paper manufacturers, under date of September 13, says:

"By request of the United States Railroad Administration Car Service Section, a meeting was held at this office to-day, attended by mill men, jobbers and railroad officers in the interest of intensive use of freight equipment by maximum loading.

"The meeting was addressed by Mr. W. J. Manley of the Railroad Administration, who stated that about 75 per cent of the traffic moving to-day is direct United States Government business, only about 25 per cent of the trans-

Hauling Hogs by Truck



Guy D. Kendrick sends the accompanying picture showing one of the five-ton trucks made by the company of which he is traffic manager, furnished with a body for the hauling of hogs and cattle from the country to the packing house. The front end or front half of this body is double-decked for the transportation of hogs, while the

back half is devoted to the hauling of cattle. This particular car has been used for hogs alone. There are forty-six hogs in this load and they were hauled a distance of twenty-three miles from the country, making a delivery, from the time the truck left the plant until the return with the load, in two hours and forty minutes.

portation, especially in the states east of the Mississippi. So urgent is this need no interference with it will be brooked by those in authority.

"General Goethals, in a letter touching its activities, refers especially to the 'great value' of the work of the Highways Transport Committee 'in speeding up the delivery of munitions and other army supplies.' In promoting the rural motor express idea, the return loads bureau, its plan of co-operation with the Federal Railroad Administration and the relief of terminal congestion, this body is daily producing concrete and satisfactory results along the line of those of its activities referred to by General Goethals.

The letter of the latter, addressed to R. C. Hargreaves, secretary, commenting upon the extension of the committee's work throughout the country, says in part:

It is with pleasure that I have noted the splendid work which is being done by the Highways Transport Committee in helping to increase the nation's transportation facilities by the development of the highways and the effective and efficient use of the motor truck.

So far as this department is concerned, the work of your

portation facilities of the railroads being at the disposal of commercial traffic. The proportion of Government business is increasing and the urgency of conserving every cubic foot and ton of car efficiency is imperative.

"Of all box cars in service, approximately 2,300,000 cars, the very large majority are of 80,000 pounds' marked capacity, or higher. Master Car Builders' rules permit loading of 10 per cent in excess of marked capacity. Thus the average carrying capacity of box cars is way over 75,000 pounds. The ordinary loading of paper is very far short of any such average. The purpose of the meeting to-day was to impress upon manufacturers and jobbers of paper the need of capacity loading as a matter of war necessity.

"The unit load of grain and flour has been practically doubled, also of sugar. As compared with last year's loading, 75,000 cars have been saved this year in transporting fertilizer. Tobacco in hogsheads will be double-tiered, as never before, thus halving the cars required. Wisconsin and Michigan paper mills have reached a very high average of loading by reason of a vigorous intensive loading campaign. With a number of conspicuous exceptions, how-

ever, the loading performance of the New England paper mills is unsatisfactory to the Railroad Administration.

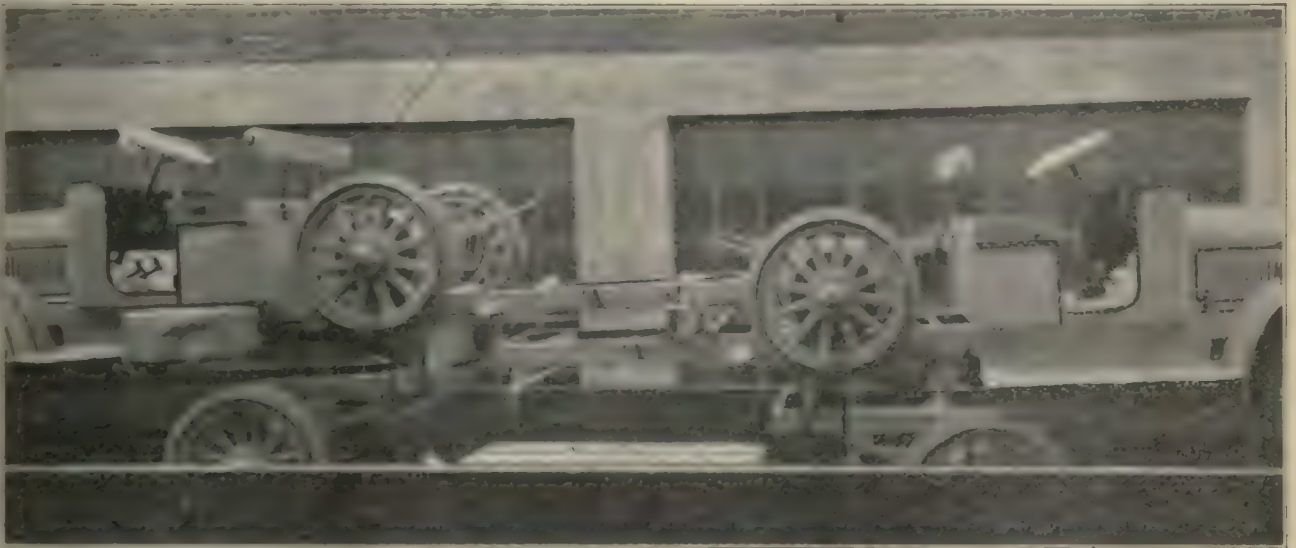
"Except on export shipments, where loading below car capacity may revoke the export license, the government does not as yet command, but very urgently requests of the New England paper mills, prompt and effective effort to increase very materially our car loading. There are shortages of trainmen, locomotive power and freight cars, with the greatest traffic ever offered, and war essentials, of course, have the first claim on transportation. Obviously 10 cars of 40 tons marked capacity, loaded with 22 tons each of paper, wastes exactly five cars. Five 40-ton cars loaded to full capacity, 88,000 pounds each, would haul the tonnage and save some 250 feet of track space at the overcrowded terminal at New York, Chicago, or wherever it goes.

"The view of the Railroad Administration is that the

Washington as of the first importance in winning the war quickly. Mr. Manley conveys to our mills here in New England the direct appeal that we load our cars in every possible case to full visible or tonnage carrying capacity, and that we demand the same of the shippers of raw materials to our mills, as a measure of decisive assistance we can render to those who are sacrificing their lives for us overseas.

"The Railroad Administration will shortly issue instructions requesting paper and pulp manufacturers and shippers weekly reports of carloading showing in detail date, car number and initial, consignee and destination, loaded weight, marked capacity and reason in each instance why maximum loading could not be attained. For our traffic association members I will have the required forms printed and a supply sent you. If non-member mills wish these forms you can order them from the printers who will do our work."

Double-Decking Trucks



J. A. Miller, traffic manager of the Garford Motor Truck Company, sends the accompanying picture illustrating loading of trucks. The car used was a drop end gondola, forty-six feet in length. It was loaded with four trucks with a total weight of 20,000 pounds. The concern also loads two of the larger trucks with two of the smaller and gets 26,000 pounds to 27,000 pounds in this type car. It thinks this type decking is superior to the old type of building double-deck, as the cost of labor and material is small, the only material required being a few pieces

of timber and four long "U" bolts for each truck decked. The weight of blocking or dunnage was 300 pounds on this car, while the weight of lumber in the old-style double-deck would be 1,500 pounds to 2,000 pounds. Mr. Miller says this style of decking is much safer than the old method and the saving in cost of material and the freight charges amount to considerable, especially on shipments to points on the Pacific coast. His company has been using this type of decking for some time and has never had a case where trucks were damaged due to breaking loose.

matter of heavy loading is of such importance that it may well determine the amount of transportation given to us, without which we shut down. The matters of inconvenience or the considerable added cost, and perhaps some damage, in tiering heavy roll paper to the top of the car, are up to the mills and your customers. That there are some orders for minimum carloads, which cannot by any reasonable possibility be increased to maximum carload orders, is recognized, and no absolute prohibition of less than capacity loading (except as now effective on export business) is contemplated. It is believed, however, that very much of the light loading of paper is due to past custom in selling and buying, to the questions of credit and storage costs at destination, extra cost of tiering heavy packages and probably still more to a lack of full appreciation of the vital need of conserving every bit of transportation facilities and energies during the period of the war demands of the government.

"The question of transportation in this country standing up under the immense demands of to-day is regarded at

USE OF HIGHWAYS FOR COAL

The Traffic World Washington Bureau.

The Council of National Defense authorizes the following statement:

"The U. S. Fuel Administration, through Cyrus Carnsey, Jr., assistant fuel administrator, in endorsing the most extensive and efficient use possible of the highways, to the end that the transportation resources of the country be increased, has transmitted to the Highways Transport Committee, Council of National Defense, to which body is delegated all matters dealing with any phase of highways transport, a letter emphasizing the applicability of the committee's program to the problems involved in the expeditions and larger tonnage movement of coal from wagon mines.

"Mr. Garnsey's letter, addressed to Mr. R. C. Hargreaves, secretary of the Highways Transport Committee, expressing the Fuel Administration's approval of the steps being undertaken by the highways transport body looking to the

most effective utilization of highways transportation, continues:

We are also convinced that transportation resources can be greatly increased and larger tonnage movement of coal from wagon mines direct to consumers effected by applying all possible vehicles, horses and the necessary labor in line with national policies promulgated by you, and operating over suitable highways constantly maintained in efficient condition.

For this reason we ask that you convey to our field organization our very real interest in this part of their work and assure them we desire to support their organization to the limit in their efforts to effect greater tonnage movement of coal over the highways from wagon mines to consumer.

We suggest also that whenever conditions of roads, local legislation, lack of suitable equipment, and so forth, tend to impede the most effective and efficient movements, you will promptly bring these matters to our attention.

To expedite the handling of these questions the Fuel Administration has committed them to its Mine Track Committee, composed of Frank G. Jones, chairman, Robert L. Ireland, and S. A. Taylor.

"The Highways Transport Committee Chairman of the eleven Regional Areas into which the United States has been divided are attending an important three days' conference at Washington and will confer with the Fuel Administrator and determine upon a plan for making increased coal tonnage available through the most effective and efficient utilization of highways."

COAL MEN DISPUTE McADOO

The Traffic World Washington Bureau.

The National Coal Association takes issue with the statement made in the report of Director-General of Railroads McAdoo to the President, in which it was declared that "coal production is restricted by shortages of labor and other causes aside from transportation." The association insists that car shortage is still a serious factor in preventing the maintenance of a maximum output of coal.

In support of this claim the coal operators cite many instances where production in recent weeks has been materially curtailed by the lack of cars, notwithstanding the general improvement that has taken place in the transportation field. And the reports of the Geological Survey are quoted to bear out the contention of the association.

The National Coal Association insists that Director-General McAdoo has been "misinformed." While it is true, the operators say, that in certain sections of the country the supply of empty cars furnished the bituminous mines has shown a marked improvement, the industry as a whole has not enjoyed an increased car supply, as the government's own figures show.

"These figures, made public by the United States Geological Survey," the association says, "show that during the latest week covered by returns from producing fields, that of August 24, car shortage cut production no less than 1,530,000 tons of bituminous coal. In four fields alone—southern Ohio, Somerset County, Pennsylvania, Fairmont, W. Va., and the high volatile fields of southern West Virginia—the bituminous coal mines lost 750,000 tons during the week because the railroads failed to furnish cars to load this tonnage. Director-General McAdoo certainly did not have these fields in mind when he reported that 'cars have frequently been supplied to the mines more rapidly than they have been able to load them.'"

One coal producing company in West Virginia, the association further says, whose output of by-product coal is made into coke, lost 100,000 tons during the month of August because the cars were not furnished to load and haul this tonnage. Another company in the gas coal fields of western Pennsylvania ran part time and lost 170,000 tons production because of inadequate car supply.

"Shortage of railroad cars at the bituminous mines," the statement says, "has curtailed production 82,000,000 tons since January 1 last, and stands as the dominating factor of all causes of curtailment. Much of this huge production lost to the country because the railroads did not furnish the coal mines sufficient cars occurred during the months of January, February and March, when the railroads were recovering from the worst congestion in their history and from the effects of unprecedented storms. But not all.

"Car shortage cut bituminous coal production 1,934,000 tons during the week ending August 17; 1,559,000 tons during the week ending August 10, and 1,145,000 tons during the week ending August 3. These figures do not sup-

port a claim that the coal mines were receiving more cars than they can load, even recently.

"The production of bituminous coal from January 1 to August 24, inclusive, totaled 384,000,000 tons. The mines that produced this coal were capable of producing 522,000,000 tons under full time output. The total production lost from all causes was therefore 138,000,000 tons—far more than enough to afford a guarantee against a fuel shortage. Here are the reasons why this 138,000,000 tons were lost:

"Because of car shortage, 82,000,000 tons; because of labor shortage and strikes, 22,750,000 tons; because of mechanical disabilities and unavoidable shutdowns at the mines, 19,750,000 tons; because of no market (chiefly in southwestern states), 4,000,000 tons; all other causes, 9,000,000 tons."

LOADING OF COAL

Hale Holden, regional director, has written to W. C. Kendall, manager, Car Service Section, U. S. Railroad Administration, to the effect that he read with interest the latter's letter of August 31 in reference to shortage of coal loading equipment and arranged, on its receipt, for a conference of the assistant regional directors in the three western regions which was held September 9 in his office, with the result that an understanding was reached for co-operation and co-ordination by the three regions.

"It was the unanimous opinion that car service rules should be revised eliminating all exceptions which have been made from time to time in the loading of open top cars with stone, cement, sand, or gravel except where such material is required for government work or essential industries. As the general movement of equipment will undoubtedly be retarded in the coming fall and winter months, which are now close at hand, it is my earnest recommendation that the prohibition recommended is necessary. If the Car Service Section cannot see its way clear to make such instructions general, we will issue them to lines in this region and Mr. Aishton will do likewise in the northwestern region. It is hoped Mr. Bush will do the same in the southwestern region.

"It is also recommended that you arrange to concentrate the work of your inspectors in this territory on the checking of coal cars as to movement and handling, both loaded and empty. I feel that the handling of coal cars cannot be policed too diligently and that the force of inspectors the Car Service Section has in the territory cannot be used to better advantage than as outlined for the next three months.

"Owing to the urgency of other matters it is not considered advisable at this time to have the federal and general managers into headquarters for a special conference as suggested in your letter. I am, however, mailing every one of them, under personal cover, a copy of your instructions and a copy of this letter, which I hope will call the situation to their minds in such a way that the interest of everyone concerned will be awakened."

Mr. Kendall's letter to Mr. Holden, sent also to Regional Directors Smith, Winchell, Markham, Maher, Aishton and Bush, was as follows:

"Our latest information with respect to bituminous coal loading during the week ended August 24 is that the final figures will show a slight increase over the previous week. We are far, however, from having attained a satisfactory situation in this respect.

"Simultaneously, we are receiving reports indicating

1. Considerable delay in the movement of coal cars, both loaded and empty;
2. More or less accumulation of loads and empties awaiting movement;
3. Habitual misuse of coal carrying cars, particularly the self-clearing type, by loading with commodities other than coal, coke and blast furnace and steel mill materials;
4. Delay in release of cars in company fuel service;
5. Use of steel coal carrying equipment in handling cinders, ashes and other refuse (not including necessary movement of slag).

"It is appreciated that the seriousness of the situation and the possible opportunities for improvement need not be impressed upon you personally, but it is deemed advisable to request that you bring forcibly in a personal way to the attention of the federal managers and the

general managers of all roads under your jurisdiction the vital fact that the winning of the war depends in a very direct way upon 100 per cent operation of coal mines, which is essential to satisfactorily maintain the steel industry. This latter is not possible unless the railroads—all railroads—assist in fulfilling practically all transportation requirements of coal mining and coke operations as well as blast furnaces, steel mills and foundries. This measure of transportation can not be furnished if the faults of operation and handling indicated above are not quickly and definitely overcome.

"May I not ask, therefore, that you immediately, by such means as seems to you best—would not a special conference at your headquarters be preferable? Get into the minds of the federal managers and general managers these facts which are so vitally important. We believe it should be clearly understood that this comes direct from Washington, and the success or failure of the United States Railroad Administration, and, in fact, of the war itself, depends upon and, to a very great extent, will be gauged by the performance of the railroads in meeting this emergency.

"It would seem important to suggest that each line should properly assign such force as may be necessary to effectually police against the troubles heretofore outlined. Such force to report direct to the federal manager or general manager. Furthermore, we believe that these officials should have before them daily current reports of coal cars loaded and empty interchanged with connections, and moved over line, and such other information as may pertain to this subject.

"Your hearty co-operation with respect to the foregoing is solicited, and the Car Service Section wishes to be called upon to do anything within its power to assist in this work."

TRANSPORTATION OF COAL

(From the remarks of T. J. McLaughlin, traffic manager of the Chicago Great Western Railway, before the Traffic Club of the Cincinnati Chamber of Commerce, September 16.)

Coal is principally a matter of transportation. Coal cars mean more coal. Coal cars represent 52 per cent of all the freight cars moving over the rails. Twenty-five per cent of the total mileage is coal cars. The mileage of cars being reduced to the zone system which is now in vogue, the entire cotton crop of 1917 is equal to 1½ days' coal tonnage offered to the carrier. The wheat crop of 1917 is equal to 7 days' coal tonnage offered to the carrier. The coal tonnage of the year in point of tonnage is about 2½ times all the material removed from the Panama Canal. Obviously transportation of coal from the mouth of the mines to the ultimate consumer is the big problem of the hour, and every loyal citizen must help in solving the problem through sacrifice.

After we have licked the Germans and our boys are back home and we begin to sum up the cost of transportation, coal will be the first to receive the axe. The question then will be—how will it be brought about?

A gentleman who is well posted in electrical matters argues that within ten years a complete revolution will have taken place in the production of electrical current for heat, light and power. Incident to this revolution will be the disappearance of all small electric light plants and the production of electrical energy by great plants located close to the coal mines, the current to be distributed by great trunk lines.

He argues that the cost of coal transportation is one of the causes of the high cost of electricity, this being overcome by the cutting out of the transportation of coal and the cheaper transportation of electric energy by the trunk line system.

Steam as a motive power has had its day and the electrifying of all kinds of industries requiring power is rapidly going on, and in less than ten years not an industry in this city will be operated by steam. The railroad will be the last to adopt generally the electric power, great corporations moving slowly. The Pennsylvania Railroad Company is just now adding large and more powerful steam-driven locomotives, but in ten years these steam monsters will be in the scrap heap and the electric engines will take their place with greater speed and power.

An experiment was made some time ago on an eastern

coal road. A huge locomotive was tested out on a grade with fifteen cars of coal. The locomotive was able to handle these fifteen cars at a speed of fifteen miles per hour as a maximum. An electrically propelled engine was tested out on the same line. It handled thirty loaded cars at a speed of thirty miles an hour.

Another saving in the electrically driven engines was noted. When making the steep grade, the locomotive was steamed up to the popping off point and then the grade was hit. When the grade was topped and the down grade movement began, the surplus steam was wasted in the air, and steam is only coal translated into power.

With the electrically driven engine the top of the grade was reached and then, on the down grade on the other side of the divide, by the switching in of a part of the mechanism, electrical power was actually generated and the current fed back onto the wires from which just before it had drawn electrical energy, so that the extra power required to climb the grade was paid back by this reciprocal action.

PUBLICITY FOR RATE CHANGES

The following letter, dated September 13, 1918, sent by the Western Freight Traffic Committee to F. P. Eyman, chairman, Chicago District Freight Traffic Committee; C. E. Perkins, chairman, St. Louis District Freight Traffic Committee; C. S. Fay, chairman, New Orleans District Freight Traffic Committee; H. M. Pearce, chairman, St. Paul District Freight Traffic Committee; D. R. Lincoln, chairman, Kansas City District Freight Traffic Committee; J. L. West, chairman, Dallas District Freight Traffic Committee; Fred Wild, Jr., chairman, Denver District Freight Traffic Committee; F. W. Robinson, chairman, Portland District Freight Traffic Committee; and W. G. Barnwell, chairman, San Francisco District Freight Traffic Committee, is self-explanatory:

"This will serve to supersede letter written to you September 12, Docket 340, which quoted resolution, reading as follows:

Resolved, That advance notice be given to shippers, by publication in some convenient manner, of all subjects which are to be considered by the district freight traffic committees; further, that copy of dockets be furnished by the district committees to freight traffic officers of lines with rails within their respective districts and to shippers' organizations requesting notice, with the understanding that such freight traffic officers will exhaust every effort to place the information in the hands of all interested shippers; notice to be given that such subjects will be considered by the district committees not earlier than twelve (12) days after docketing, except that emergency matters will be so designated with announcement that they will have prompt consideration.

"Further explaining the procedure under the foregoing, beg to advise that we have consummated arrangements with the Traffic World for the publication of advance notices of all subjects which are to be considered by the District Freight Traffic Committees. You will please follow the invariable rule of forwarding copy of such notices upon the date they are docketed addressed to the 'Traffic Service Bureau, 418 South Market Street, Chicago, Ill.,' being careful to insert the date of docket. Where, under the plan under which we are now working, matters are referred from this committee to district committees for consideration, we will prepare here in this office the notice and furnish it direct to the Traffic World, which will, of course, make it unnecessary as covering such cases for you to also supply them. Where your respective committees consider that the matters are so urgent as to justify their consideration as previous to the expiration of the twelve day limit, announcement to that effect in supplying the notices to the Traffic World should be effected by showing under the date of the notice the word 'Emergency.' The notice to be furnished to the Traffic World should be made just as brief as is compatible with a comprehensive statement; the endeavor to be to compress it so that it may average not over three lines in type.

"It is also appropriate that you will interest yourselves in arranging for the publication of these advance notices in suitable papers or periodicals which are published within your respective districts. It should be distinctly understood that the service will be rendered gratis; the idea being that the information is of public interest. That our information may be complete, would suggest that you

advise from time to time to the extent that you make such arrangements for publication.

"You are also requested to kindly convey the foregoing resolution to freight traffic officers of lines with rails within your respective districts; also to shippers' organizations. The latter should be advised that you will undertake to furnish them with copy of dockets where they indicate a desire to have the information. In line with the terms of the resolution, freight traffic officers should be furnished with copies of dockets and should be urged to exhaust every effort to place the matter in the hands of interested shippers.

"The central thought which has influenced this committee to act in the premises is to promote the greatest possible publicity and as a result afford all at interest an opportunity to present their views enabling the committees to act with complete information and thereby be enabled to reach the most intelligent conclusions. The committee feels sure that the movement will be welcomed by all members of your committees and by freight traffic officers, as well as by the shipping public, and we feel sure that your members will without urging on our part cheerfully and cordially co-operate. If you have any suggestions to offer along the foregoing general lines which you think will still further the cause, they will be welcomed and will have our careful consideration."

The letter is signed by A. C. Johnson, chairman of the committee, but the initials at the bottom would indicate that it was prepared by S. H. Johnson, another member of the committee. Notation at the bottom shows that copies were sent to Edward Chambers, C. A. Prouty, B. Campbell, R. Clifton, E. F. Lacey and Western Freight Traffic Committee members.

These advance notices from the district committees will be printed in the weekly Traffic Bulletin and in the Daily Traffic World and Bulletin, where the freight rate authorities issued by the Western Freight Traffic Committee are already being printed, and where all other information as to rate changes, proposed or actual, such as fifteenth section applications and new tariffs filed, is published.

COMPLAINTS OF SHIPPERS

W. S. Groom, shippers' representative on the Cincinnati District Freight Traffic Committee, writes as follows:

"Mr. R. Walton Moore, assistant general counsel of the United States Railroad Administration, Washington, D. C., has addressed the following communication to the various General and District Freight Traffic Committees:

Complaints against the Director-General with reference to the advanced rates are now being served on me. For instance, I have recently sent you a complaint filed by the Public Service Commission of Washington et al., and a complaint filed by the Chamber of Commerce of Cedar Rapids, Iowa, which, as I understand it, involves a question of rate relationship. It is clear that parties are filing complaints without having made any effort to effect settlements by conference with the committees as appointed for that purpose. I am, therefore, writing to urge that whenever there appears to be a possibility of disposing of a complaint by negotiation, you should endeavor to bring about that result. I know you will agree with me that formal proceedings, which involve labor, expense and frequently bad feeling, should be avoided when it can be done.

"It is the desire of this committee to arrange settlement of complaints whenever it can be reasonably done, in order to reduce the number of complaints filed with the Interstate Commerce Commission and officers of the United States Railroad Administration at Washington.

"It is further the desire of this committee to render to the public the largest possible measure of service and satisfaction. As representative of the public on this committee, I wish to assure all shippers that meritorious complaints will receive full consideration and prompt action.

"Complaints should be filed with the chairman of the committee. They need not follow any set form, except that they should be clearly and legibly typewritten on one side of the paper only, and three carbon copies should accompany the original document."

WATER-LINE OPERATIONS

The Traffic World Washington Bureau.

The Commission September 19 called on the water-line carriers that have been taken over to make a report to it, on or before November 1, showing the financial results

from their water-line operations for each of the fiscal years ending June 30, 1915, 1916 and 1917. These reports are desired to enable it to report what the operating income for each of the three years was, for the work that was not done in connection with a railroad. The compensation, according to the federal control law, is to be a sum not exceeding the average of the net railway operating income for the three years ending with June 30, 1917.

Reports as to the results of operations not under the control of the Commission have not been required, so that before the Commission can certify to the President what the operating income of a boat line company was it must be advised by the company. The notice to the companies is as follows:

"The President, by proclamation of December 26, 1917, have taken possession and assumed control of 'each and every system of transportation and the appurtenances thereof located wholly or in part within the boundaries of the continental United States and consisting of railroads and owned or controlled systems of coastwise and inland transportation;' and this Commission, by the provisions of Section 1 of 'an act to provide for the operation of transportation systems while under Federal control, for just compensation of their owners, and for other purposes,' approved March 21, 1918, being required to ascertain and certify to the President the average annual railway operating income for the three-year period ended June 30, 1917, as in the said act defined, for each of such systems of transportation making returns to it.

"It is ordered that each carrier by water owned or controlled by railroad companies located wholly or partly within the boundaries of the continental United States, shall prepare and file with this Commission, not later than November 1, 1918, a statement showing separately for each of the three years ended June 30, 1915, 1916 and 1917, respectively:

Item	Account
No.	Number.
1.	WI 1.—Water Line Operations—Revenues.....
2.	WI 14.—Water Line Operations—Expenses.....
3.	Net Revenue (deficit in red) from Water Line Operations.....
4.	WI 16.—Water Line Tax Accruals.....
5.	Water Line Operating Income, exclusive of auxiliary operations.....

"In addition thereto each carrier will compute, and show upon the face of the statement, using the figures returned which are to be exclusive of revenues and expenses arising from auxiliary operations, its average annual water line operating income for the three-year period ended June 30, 1917.

"The account 'Water Line Tax Accruals,' for the year ended June 30, 1917, should include one-half the war taxes, assessed under the act approved October 3, 1917, against the income from operations for the calendar year 1917.

"It is not intended that the returns here ordered to be made shall include a statement of special matters on which carriers may expect to base a claim for exceptional treatment as to the amount of compensation. Such claims should be presented to the Director-General of Railroads.

"The respondent shall also submit a statement showing all substantial changes in the quantity of, and investment in, its property and facilities used in earning its water-line operating income, as reported, for each of the three years ended June 30, 1915, 1916 and 1917.

"Returns should be on paper approximately 8½x11 inches, and should be mailed to the Bureau of Statistics, Interstate Commerce Commission, Washington, D. C., verified by oath in the following form:

OATH.

State of } ss.
County of }
I, the undersigned, (title of officer in charge of accounts), of the (full name of reporting company) Company, on my oath, do say that the annexed return has been prepared under my direction; that I have carefully examined the same, and declare the same to be a complete and correct statement of the specified items, and that the various items here reported were, to the best of my knowledge, information, and belief, determined in accordance with the accounting rules promulgated by the Interstate Commerce Commission for carriers by water.

P. O. Address.....

Subscribed and sworn to
before me this
day of, 191..

Legal Department

In this department a legal expert answers simple questions relating to the law of interstate transportation of freight. Readers desiring special service by immediate answer may obtain privately written answers to their inquiries by the payment of a small fee.

Address Legal Department, The Traffic Service Bureau, Colorado Building, Washington, D. C.

Actions for Freight Charges.

Nebraska.—Question: Your opinion on the question of time limitation within which carriers may bring suit against shippers or consignees for payment of freight charges would be of great interest to the writer and I believe to readers of *The Traffic World*. Frequently shippers or consignees are called upon by the railroad company to pay undercharges or perhaps uncollected freight charges on an entire shipment several years after the shipment has moved and the transaction has been wiped off the accounts of the party upon which demand for payment is made, but the textbooks and decisions of the courts, as far as the writer has followed them, touch very meagerly on the time within which carrier is allowed to bring suit for freight charges.

I would like to be enlightened specifically on the following points:

1. Is there a federal statute of limitations that covers bringing of suits for payment of charges on interstate shipments?

2. In the absence of a federal statute, do the laws of the state where the contract of shipment is made or of the state where the action is brought govern?

3. If the state laws govern, would the time limitation governing (a) written contracts, (b) running accounts, (c) actions not otherwise specified in the state laws, apply?

4. Would the same time limitation apply on a suit brought against the consignor as suit against the consignee?

In this connection I note decision of the federal court, *Y. & M. V. vs. Zemurray*, 238 Fed. 789, states that under the Louisiana law action for undercharge is barred in three years. The court evidently considered an undercharge to be an open account, because the three-year statute of limitations in Louisiana applies on open accounts and ten years applies on contracts. But in *I. C. vs. Segari & Co.*, 206 Fed., 998, the court holds that an action for undercharge is not based on an account of any description and in *Northern Alabama R. R. Co. vs. Wilson Mercantile Co.*, 63 So. 34, it is also held that an action for freight charges is not an open or running account, but in Iowa the leading case on the subject (I have not the title before me) holds that an action for freight charges is based on an open account. I think there are also some cases holding that suit may be brought on the written contract of shipment embodied in the bill of lading, but I have found no authorities for such view.

Answer: 1. An action for freight charges or undercharges on an interstate shipment may be brought in either a state or a federal court; there is no federal statute providing the time when such action must be brought. Congress having failed to legislate on this point, if an action is brought in a state court, the limitation period provided by the statute of that state will govern. If an action is brought in a federal court, that court will ordinarily follow the state statute of limitations, and give it the same force and construction which are given by the local courts.

2. The state statute of limitations which affects only the remedy will bar the action. *Y. & M. V. R. Co. vs. Willis*, 71 Sou. Rep. (Miss.) 563. Therefore, the law of the state where the action is brought governs.

3. At common law the usual form of action for freight charges is assumpsit. *Michie on Carriers*, Vol. 2, section 1598. The common law in some states has been changed by statute, and whatever form of action is so expressly required must be followed by both the state and federal courts having jurisdiction therein.

4. As both consignor and consignee are equally liable for freight charges on shipments delivered at destination, and as the carrier may recover from one or the other, the same time limitations will apply on a suit against either.

Collection of Undercharges.

Missouri.—Question: If consistent, we would like you to advise us whether or not two years is the time limit for collection of alleged errors by the railroad companies on expense bills? Also what rights the consignee has in a case where alleged undercharge exists that is presented after original shipper is out of business or has been adjudged bankrupt?

Answer: The obligation, under penalties of the law, is imposed on carriers to collect its established charges from or by such lawful methods as may be suitable and necessary for the purpose. As stated above, in our answer to "Nebraska," an action for undercharges may be brought in the court of the state where the remedy is sought, and will be governed by the time limitations that govern the particular form of action required by that state to be brought. When the consignee accepts delivery under the uniform bill of lading, the law implies a promise on his part to pay the charges. The consignor is equally liable as the party who made the contract of affreightment. If one or the other becomes bankrupt, the carrier may recover from the remaining one. *Coal & Coke Ry. Co. vs. Buckhammon River Coal & Coke Co.*, 87 S. E. 376.

Liability of Carrier as Warehouseman.

Michigan.—Question: On April 7, 1917, we received a shipment of 71 bags potatoes that was shipped to us in a common box car. The agent of the railroad company called us over the phone and asked us to remove the same, but we told him that we were too busy and that he should take care of them by unloading them into their perishable room. The seventh was on a Saturday and we did not have time to haul them until Monday. When we hauled these potatoes we found that they had been frozen and at once notified the agent, who told us to take them and do the best we could with them. The railroad company has declined to accept our claim, stating that, as long as we were notified of its arrival, it would not have been frozen had we accepted the goods the same day.

Answer: A common carrier's liability as such cannot be prolonged by the consignee beyond such time as is usually required for the removal of goods at that place, even though the consignee's inability to remove them results from causes that the consignee did not produce and could not avoid. If, therefore, the damage resulted after you notified the carrier to unload and store the potatoes, and the place of storage was reasonably safe, and the carrier exercised common and ordinary prudence in caring for the goods, it would not be liable.

Liability for Freight and Demurrage Charges.

Georgia.—Question: I have read with interest opinions under following captions: "Owner of Shipment Liable for Freight Charges," page 334, *Traffic World*, Aug. 11, 1917; "Consignor's Liability for Freight," page 275, *Traffic World*, Aug. 4, 1917; "Carrier's Right to Compensation," page 640, *Traffic World*, March 15, 1913.

In this connection we recently made a sale of goods, final disposition of which closely paralleled opinion cited above, carried in *Traffic World* March 15, 1913. In our case the shipment was made sight draft attached to order notify lading. Lading was taken up and draft paid by purchaser, who subsequently refused to pay freight and accrued demurrage charges.

In an instance of this kind is consignor liable for accrued freight and demurrage charges, as it would appear title to ownership passed from consignor to consignee when lading was taken up by consignee?

Answer: Carrier may look either to the consignor, with whom the contract of shipment is made, or to the consignee, after acceptance by it of an order consignment, for the freight. But the consignor would not be liable for any freight that accrued after the shipment was delivered to the consignee at the point designated in the bill of lading. Both the consignor and consignee would also be liable for demurrage accruing pending the time when the consignee accepts the shipment, but the consignor would not be liable for such charges accruing after the consignee had accepted the shipment and delivery made by the carrier.

Rental of Tank Car Misdemeanor.

New York.—Question: Referring to *Traffic World*, issued September 7, page 498, under heading "Rental, of

Tank Car Misdelayed." I note your answer refers to Car Service Rule 14 of American Railway Association, which you will note was canceled on Jan. 1, 1918, by order No. 19 of the Car Service Section, and would apparently not apply therefore to the case referred to.

Answer: Circular C. S. 19 of the U. S. Railroad Administration refers only to the matter of equalizing the mileage of loaded and empty tank cars, and not to the matter of rental on such cars when misdelivered. However, in a further review of rule 14 (c) of the Code of

Car Service Rules of the American Ry. Assn., we must admit that this has reference to the question of excess empty mileage and not to the question of rental, and therefore does not fully answer the question by "Ohio." We can find no court authorities on this point, but understand that the point is now being contested in one of the courts. It is our personal opinion that as a matter of equity the owner or lessee of a tank car should have some redress by reimbursement of any additional rental incurred through a misdelivery of a tank car by a carrier.

Loss and Damage Decisions

Cases Recently Decided by State and Federal Courts

(Digests taken from Reporters and Digests of National Reporter System, published by West Publishing Co., St. Paul, Minn. Copyright, 1918, by West Publishing Co.)

LOSS OF OR INJURY TO GOODS.

Private Siding—Delivery:

(Supreme Ct. of Vt., Washington.) That a railroad may put goods on a siding does not make it other than private within bill of lading that carrier shall incur no liability for goods received from or delivered on private sidings, where such place of delivery was fixed by the bill, with the making of which the terminal carrier had nothing to do.—Charles Bianchi & Sons vs. Montpelier & W. R. R. Co., 104 Atlantic Rep. 144.

Private Siding—Validity:

(Supreme Ct. of Vt., Washington.) A provision in a bill of lading that property when received from or delivered on private sidings shall be at the owner's risk while on such sidings is reasonable and valid.—Charles Bianchi & Sons vs. Montpelier & W. R. R. Co., 104 Atlantic Rep. 144.

The law presumes that a shipper agreed to be bound by a provision in bill of lading that the carrier would not be liable for property received from or delivered on private siding except when attached to train.—Ibid.

Private Siding—Notice:

(Supreme Ct. of Vt., Washington.) Where under a non-negotiable bill of lading property was delivered on private siding, the terminal carrier had a right to act upon the basis that the shipper, who was also consignee, still held the bill of lading, and the property could be placed upon the siding without receipt of the bill of lading and without notifying the consignee.—Charles Bianchi & Sons vs. Montpelier & W. R. R. Co., 104 Atlantic Rep. 144.

Private Siding—Warehouseman:

(Supreme Ct. of Vt., Washington.) Where carrier places goods on private siding, and its duty as carrier has ceased, if it still has any duty as warehouseman, it is only bound to use ordinary care in keeping the goods safe.—Charles Bianchi & Sons vs. Montpelier & W. R. R. Co., 104 Atlantic Rep. 144.

The burden of proof is on a shipper to show negligence of a carrier in its relation as warehouseman.—Ibid.

Assuming that carrier was not relieved of its common-law duty as warehouseman after placing property on private siding, a monument from its very nature was not improperly allowed to remain in a car on a siding.—Ibid.

Whether carrier was guilty of negligence in its relation as warehouseman in leaving property in a car on a switch, held, under the evidence, a question of fact for the trial court.—Ibid.

Notice of Loss:

(Supreme Ct. of New Jersey.) Where, in addition to notation of shortage on the original delivery receipt, consignee promptly wrote the carrier a letter reciting the facts, and carrier replied in three days that it could not locate the missing goods, there was sufficient compliance with the bill of lading requirement of claim of loss.—Hyatt Roller Bearing Co. vs. Pennsylvania R. Co., 104 Atlantic Rep. 82.

Substantial compliance with bill of lading requirement of notice of claim for damages is all that is required.—Ibid.

Ownership:

(Ct. of Apps. of Maryland.) An action against a carrier for loss of goods should be brought by the owner or one having a beneficial interest in the property.—Adams Express Co. vs. White, 104 Atlantic Rep. 110.

The presumption that the consignee has the necessary ownership to sue a carrier for the loss or conversion of goods is not conclusive, but may be rebutted.—Ibid.

Where calculating machines returned by a prospective purchaser as unsatisfactory were shipped to a consignee as agent of the owner and seller, the consignee had no beneficial interest entitling him to sue carrier for failure to deliver, regardless of whether he was selling on a commission basis or working on a salary.—Ibid.

Presumption—Condition:

(Ct. of Apps. of Maryland.) Where goods were delivered to a carrier for shipment, the bill of lading containing no statement of their condition when receipted for, the presumption arises from the receipt of the goods without objection noted in the receipt that they were in good condition as far as apparent on ordinary inspection.—Adams Express Co. vs. White, 104 Atlantic Rep. 110.

Where a carrier's shipping receipt recited that two boxes of machines were delivered to it, and proof showed that but one was received by the consignee, admission of hearsay evidence by the consignee as to how he knew two machines were shipped was immaterial.—Ibid.

Damages:

(Ct. of Apps. of Maryland.) Where calculating machines sent to a prospective purchaser on trial were returned to the agent but lost by the carrier in transit, in an action by the agent as consignee, the carrier was entitled in determining damages to have commissions plaintiff would have earned if he had sold the machines deducted from the selling price at destination.—Adams Express Co. vs. White, 104 Atlantic Rep. 110.

CARRIAGE OF LIVE STOCK.

Notice of Claim:

(Circuit Ct. of Apps., 8th Cir.) A provision in a live stock shipping contract, that in case any loss or damage shall have been sustained for which the carrier is liable, demand or claim for such loss shall be made in writing within ten days after unloading the stock, includes all loss and damage by injury or death of the animals en route, as well as at terminals.—Olson vs. Chicago, B. & Q. R. Co. et al., 250 Fed. Rep. 372.

Where cattle injured by exposure during the first part of their journey were unloaded at a way station, and the shipper, having there disposed of the bulk of the animals, had the remainder transported under the original bills of lading to the destination named, but the cattle were not injured in the latter carriage, the ten-day period after unloading within which notice of loss was required to be given by the bill of lading, runs from the time of unloading at the way station, and transportation to the original destination did not extend the period.—Ibid.

An agreement in a reduced rate contract for the shipment of live stock requiring notice of loss or damage to be given within ten days after the animals should be un-

loaded, on penalty of waiver, is valid, being fair, just, and reasonable.—*Ibid.*

A telegram by a shipper to an officer of the railroad company, notifying him that a shipment of cattle would suffer injuries if precautions were not taken, is not notice of loss or damage, within the provisions of the bill of lading requiring written notice of the same within ten days after unloading, under penalty of waiver.—*Ibid.*

Where a live stock shipping contract required written notice of loss or damage to be given within ten days after unloading, under penalty of waiver, oral notice of loss, given to an agent at the point where the animals were unloaded, although followed by investigation, cannot be deemed sufficient, for that would be an abrogation of the contract.—*Ibid.*

Notice of Claim—Waiver:

(Circuit Ct. of Apps., 8th Cir.) Where a live stock shipping contract for an interstate shipment at reduced rate provided that failure to give notice of loss within ten days after unloading should be a waiver of the same, and the contract or bill of lading had been duly filed with the interstate Commerce Commission, a connecting carrier

is not authorized, in view of the act to regulate commerce and the Carmack amendment of the Hepburn act, to waive the requirement, which was for the benefit of all carriers, by receiving oral complaints, for that would open opportunities to discriminations prohibited by the statutes, it appearing that the initial carrier was prepared at a higher rate to transport the animals without such requirement.—*Olson vs. Chicago, B. & Q. R. Co. et al.*, 250 Fed. Rep. 372.

Twenty-eight-Hour Law:

(Circuit Ct. of Apps., 8th Cir.) That the initial carrier kept live stock continuously confined in cars for a longer period than twenty-eight hours, without request of the shipper, is no defense to an action against a connecting carrier to recover the penalty for violation of the Twenty-eight-Hour Law 1, by receiving the stock and continuing the carriage with knowledge of such prior confinement, the statute expressly declaring that "in estimating such confinement * * * the time during which the animals have been confined * * * on connecting roads shall be included."—*United States vs. Chicago, M. & St. P. Ry. Co.*, 250 Fed. Rep. 442.

Shipping Decisions

Cases Recently Decided by State and Federal Courts

(Digests taken from Reports and Digests of National Reporter System, Published by West Publishing Co., St. Paul, Minn.
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Tender—Hire Money:

(Circuit Ct. of Apps., 2d Cir.) A charter party gave the charterer an option to purchase the vessel for the amount of the hire. After plaintiff, the charterer, had exercised the option, an attachment was levied on all moneys in its hands owing the owner. The order vacating the attachment was not entered until the day after an installment of the charter hire or purchase price was due. On the morning following, plaintiff tendered the installment, but it was refused by the bank to which it was tendered that institution's authority having been withdrawn without notice. Held that, though an attorney from the owner verbally asserted authority to receive the installment, the tender was sufficient, and the owner was not authorized to withdraw the vessel.—*Rederiaktiebolaget Amie vs. Universal Transp. Co., Inc.*, 250 Fed. Rep. 400.

Breach of Charter:

(Circuit Ct. of Apps., 2d Cir.) Where a charter party, giving the charterer, an American corporation, an option of acquiring the vessel, required the Swedish owner to deposit the bill of sale as soon as possible, the owner's non-performance cannot be excused, on the ground of action of the Swedish government, where there was no exception in the agreement, like that common in charter parties and bills of lading, of arrests and restraints of princes.—*Rederiaktiebolaget Amie vs. Universal Transp. Co. Inc.*, 250 Fed. Rep. 400.

Where defendant, the owner of a vessel, wrongfully withdrew the same from the charterer, which had exercised an option of purchase, the fact that the charterer, after withdrawal, gave direction as to unloading, and continued the name of the vessel on its advertised schedules of sailings for some days after its directions had been repudiated, was not a waiver of the owner's breach of contract, which would render an action, brought a few days after the final breach of contract, and after the name of the vessel had been withdrawn from the sailing lists, premature.—*Ibid.*

Breach of Contract—Interest:

(Circuit Ct. of Apps., 2d Cir.) In an action for damages resulting from breach of a contract to sell a vessel, interest was properly allowed upon the value of the vessel, fixed by the jury with reference to market rates.—*Rederiaktiebolaget Amie vs. Universal Transp. Co., Inc.*, 250 Fed. Rep. 400.

Remittitur:

(Circuit Ct. of Apps., 2d Cir.) In an action for damages

for breach of contract to sell a vessel, where an unpaid installment was not deducted from the value of the vessel as fixed by the jury, because it had been deducted in an admiralty suit growing out of the same transaction, such unpaid installment must be remitted if a judgment for plaintiff be allowed to stand, the decree in the admiralty suit having been vacated for want of jurisdiction.—*Rederiaktiebolaget Amie vs. Universal Transp. Co., Inc.*, 250 Fed. Rep. 400.

Breach of Executory Contract:

(Circuit Ct. of Apps., 2d Cir.) Libellant contracted to sell a large quantity of oil cake to a representative of the Dutch government, to be delivered at New York on board vessels to be furnished by the purchaser. One of such vessels refused to go to the pier designated by libellant for loading, and libellant was compelled to move the cargo, at considerable expense, to a distant pier, which it did under protest. The contract required libellant to pay demurrage for delay beyond the specified lay days, but contained no provision requiring the vessel to load at the place chosen by libellant, although that was required by the custom of the port. Held that, conceding that her refusal was a breach of the contract, such contract, so far as related to the particular vessel, was then executory, and that the vessel and cargo not having at that time assumed the relations which give rise to a mutuality of liens as recognized by the maritime law, although they afterward did, there was no lien on the vessel for the resulting damages.—*The Saturnus*, 250 Fed. Rep. 407.

MEASURE OF DAMAGE

(Decision by Page Morris, U. S. district judge for the District of Minnesota, in the case of McCaull-Dinsmore Co. vs. C. M. & St. P. Ry.)

The solid question in this case is whether the loss to the shipper is to be measured by the value of the property at the place of destination at the time it should have been delivered, or by the value of the property at the time and place of shipment. And the decision of this question must depend upon whether or not the provision or stipulation in the bill of lading issued by the carrier and accepted and agreed to by the shipper, that the loss should be measured by the value at the time and place of shipment and settled on that basis, was valid under the Cummins amendment of March 4, 1915, to the interstate commerce

act, which was the law in force at the time of the shipment and of the loss.

The amendment was passed after the decisions of the Supreme Court on the Carmack amendment cited by counsel had been rendered, and it is apparent from its language that its proposal and enactment were caused by these decisions and that it was aimed directly at them. Viewed in the light of those decisions and the purpose evidently sought to be accomplished, it is difficult to see how its language could be more sweeping.

"Shall be liable . . . for the actual loss . . . caused by it . . . notwithstanding any limitation of liability or limitation of the amount of recovery or representation or agreement as to value in any such receipt or bill of lading, or in any contract, rule, regulation, or in any tariff filed with the Interstate Commerce Commission; and any such limitation, without respect to the manner or form in which it is sought to be made, is hereby declared to be unlawful and void." This is the language of the amendment so far as it touches this case. The first proviso indicates the cases, of which this is not one, and the only cases, excepted from the language, and the only way in such cases of avoiding its terms, and thus emphasizes, and, if that were possible, makes more sweeping those terms. I do not see that it can make any difference under the language quoted in that this bill of lading was provided for in the schedule of rates filed with the Commission, and that that schedule of rates also provided another bill of lading under which, if issued and accepted, the rate would have been higher.

Under this language is the provision or stipulation above referred to in the bill of lading unlawful and void? If it is an agreement as to value, which I think it is not, it is clearly so. The answer to the question must, therefore, be found in the answer to the further question, was this a limitation of the liability of the carrier or a limitation of the amount of the recovery? And it seems to me the answer to this question is found in the answer to the further question, what would have been the liability of the carrier, and the consequent amount of recovery, if that provision or stipulation had not been in the bill of lading? In the latter case there can be no question, and it was so admitted on the argument, as it had to be, but that the liability and the consequent amount of the recovery would have been that of the common law, namely, the value of the goods at the point of destination at the time they should have been delivered. And that this is the actual loss to the shipper caused by the failure of the carrier to deliver the goods at that time and place, whether the value is greater or less than at the time and place of shipment is the foundation of the common law rule.

From the foregoing simple statement, I do not see how it is possible to escape the conclusion, upon a fair and open-minded consideration of the language of the amendment and the obvious and well-known meaning of its terms, that this provision or stipulation in the bill of lading is a limitation of the liability of the carrier and the amount of recovery and is therefore unlawful and void.

In reaching this conclusion I have not failed to consider the very able argument of counsel for defendant and also what has been said by the Interstate Commerce Commission, and it is with regret and not a little misgivings that I find myself in difference with men so able and experienced in such matters. But, consider the statement as I say, I am always irresistibly brought back to this simple statement and to the necessary conclusion therefrom.

I cannot see that there could be any greater difficulty after loss has occurred, in ascertaining and proving the value at the time and place of delivery or destination than in ascertaining and proving the value at the time and place of shipment.

If it be true, as suggested in the argument and by the Commission, as I think it may be, that the conclusion which I have reached will result in difficulties and confusion in existing rules and regulations and schedules and in some cases under these rules and regulations and schedules in hardships and injustice to the carriers and possibly in some discrimination among shippers, the remedy will be found in facing the law, whose language, as it seems to me, is too plain for construction or evasion, squarely, and revising and reconstructing those rules and regulations to meet it.

Help for Traffic Man

This department is conducted by a traffic man of long experience and wide knowledge. In it he will answer questions relating to practical traffic problems. We do not desire to take the place of the traffic man, but to help him in his work. We reserve the right to refuse to answer any questions that we judge it unwise to answer or that involve situations that are too complex for the kind of investigation contemplated. Questions will be answered as promptly as possible. No answers will be given by mail except for a fee.

Address "Help for Traffic Man," The Traffic Service Bureau, Colorado Building, Washington, D. C.

Delivery at Non-Agency Station.

Q.—We would appreciate your answering through the column of your paper what constitutes a delivery by carrier to consignor on carload. The specific instance which we quote represents an order consignment, one carload, and it so happened that the proper destination was a prepaid point. The shipping clerk did not know this nor did the agent of the forwarding line call his attention to same, but accepted the shipment as an order consignment, freight prepaid. The railroad company made delivery of the car to the agency station who had charge of the non-agency point and the consignee took up the bill of lading, but refused to accept the car at the agency station, and we were forced to pay the additional freight charges from the agency station to non-agency station before the consignee would accept the material in the car.

We claim that the forwarding agent should have notified our shipping clerk or refused the shipment, otherwise after accepting the car of freight the railroad company were responsible for the final delivery without an excess freight charge.

A.—The tariff rules of the carriers usually provide that agents of carriers must not issue bills of lading for order consignments destined to points at which there are no agents. Therefore, if a carrier's agent disregards this rule, and accepts an order consignment destined to a non-agency station, it is the duty of the carrier to make delivery at that point, and, failing in doing so, it would be guilty of a conversion of the goods. But some duty also devolves upon the consignee taking up the bill of lading at the non-agency station to notify the agency station in charge of the non-agency point when such bill has been taken up, and request delivery at non-agency point, so that the shipment may then be forwarded from the former to the latter point at the rate in effect from original shipping point to the non-agency point, so that no unnecessary demurrage charges might accrue.

Loss From Tank Car.

Q.—We shipped from A to B a tank car loaded with gasoline. Upon arrival at destination there was a considerable loss. The car had no apparent defects. However, we have an affidavit from shipper to show car to have been fully loaded and the railroad inspector was at destination when the car was opened to note shortage. Under these circumstances will you kindly advise us as to the responsibility of the carrier?

A.—The question is one of proof only. In an action against a carrier for failure to deliver goods, where the delivery of the goods to the carrier, and the failure of the carrier to deliver them at their destination is shown, the burden of proof is on the carrier that the loss occurred without its fault; for instance, that the shipper improperly loaded the shipment, or, if the car was furnished by the shipper, that it was defective and that the loss was attributable to such defect.

Notice to Carrier of Intention to File Claim.

Q.—In reading weekly copy of The Traffic World, number of August 24, in your column of "Help for Traffic Man," we note your answer to someone's question on the above subject. You state that a tracer reading "If delivery of the complete shipment cannot be shown within a reasonable time, this tracer is to be considered as notice of our intention to file claim," is not a sufficiently definite statement or notice of our intention to file a claim.

We would be pleased to have you advise us, as a subscriber to The Traffic World, what would be a definite statement or notice of our intention to file claim with carrier for loss, damage or delay of shipment.

A.—Rule 510, Conference Rulings Bulletin 7, provides that a claim for loss, damage, or delay must be made in writing within the specified time, by either the shipper, consignee or the lawful holder of the bill of lading, and filed with the agent of the carrier, either at the point of origin or the point of delivery of the shipment, or with the general claim department of the carrier. It may be either the claim itself or a mere written notice of intended claim, and should describe the shipment with reasonable definiteness, so that the carrier might have sufficient information at hand by which to trace and identify the shipment and determine its condition.

In the recent case of Olson versus C. B. & Q. R. Co., 250 Federal Reporter 372, the court said that a notice must not be sent or received before the loss or damage was inflicted, or before the extent of the loss or damage was known to the owner. In other words, to make a written notice valid the owner should know that the shipment is lost or damaged, so that he may claim damages and advise the carrier that the same is chargeable to it.

No Rate as Specified by Shipper.

Q.—A car of cypress lath was billed from McElroy, La., on 4, 1917, to Harlan, Ky., via Baton Rouge and Y. & M. V., rate of 14 cents being inserted in the bill of lading. The instructions to the mill were erroneous, because there was not a 14-cent rate to Harlan, Ky., at that time; in fact, there was no through rate. There were, however, two routes available; one via Baton Rouge and Y. & M. V., which gave us a combination rate to Memphis of 12 cents and beyond 26 cents, or total of 38 cents. The car, however, could have moved via New Orleans and the southern through Knoxville, Tenn., on the basis of 17 cents from McElroy, La., to Knoxville, Tenn., and 12.5 cents beyond, or total of 29½ cents; 38 cents was charged on the shipment and we have asked that it be reduced to 29½ cents. Our claim has been refused, carrier stating that because we routed it Y. & M. V., and there not being any through rate of 14 cents, that they were compelled to forward it without inquiry from us via the route we specified, and this route makes the higher freight rate of 38 cents, which was charged. It is our contention that the carrier should have notified the mill we could not carry the car via the route mentioned on the rates quoted to them. If he had done this it would then have been shipped via the other route on the lowest rate. Of course carrier knew nothing about 14-cent rate being inserted by us through error. It simply stands in the lading that way. If carrier is right, can you cite us his authority?

A.—In the case of Fullerton-Powell Hardwood Lumber Co. vs. O. C. & S. F. Ry. Co. et al., 41 L. C. C., 625, the Commission held that where the rate and route are specified, and that no such rate as specified applies to the shipment, that while the carrier might well have so advised the shipper, yet that it breached no legal duty in forwarding the shipment in accordance with shipper's wrong instructions, and that the rate via such route could be the legal one to apply.

Erroneous Freight Quotation.

Q.—Our employees are interested in a co-operative store here, which fixes prices when freight is delivered and freight bills paid. Several cars of coal were received between the first of June and July 25 and the cost to the consumer was arrived at by the freight charges originally received. At this late date the railroad presents additional balance due freight bills, which will wipe away the profit on the coal sales between the dates mentioned. While it is the writer's belief that the store should know of its own knowledge the correct freight rates to apply, it would seem that, in view of a case the writer has in mind, that something could be done to protect the store.

A.—The United States Supreme Court has held that the amount fixed by the published schedule of rates is conclusive as to all interstate shipments and a consignee can receive the goods shipped only upon payment or tender of the amount thus designated. Such rate is absolute and its effect is not modified by the statement of any other rate in the bill of lading. The shipper, as well as the carrier, is bound to take notice of the filed tariff rates and, so long as they remain operative, they are conclusive as to the right of the parties. O. C. & S. F. Ry. Co. vs. Healey, 158 U. S. 98; P. P. Ry. Co. vs. Mugg

& Dryden, 202 U. S. 242; A., T. & S. F. Ry. Co. vs. Robinson, 233 U. S. 173.

The question as to what rate is lawfully applicable is to be determined by reference to the published tariffs and not by the information given to the shipper by the carrier's rate clerks. Crescent Coal & Mining Co. vs. C. & E. I. R. R. Co., 24 L. C. C. 151.

Under the interstate commerce act a shipper is liable for the rate fixed by the tariff filed regardless of a mistake of the carrier's servant or the fact that the shipper made prices in reliance on the rates quoted to him, for all persons are charged with notice of such rates. A. G. S. R. R. Co. vs. G. H. McFadden & Bros., 232 Fed. Rep.

SMITH REPORTS SAVINGS

The Traffic World Washington Bureau.

Regional Director A. H. Smith's report, showing a saving of more than \$18,000,000 in the eastern region, as now constituted, and a prospective saving of an equal amount, given to the public by Director-General McAdoo September 19, is as follows:

"There was submitted to you under date of May 29 a review of the situation on the railroads in the eastern territory and a statement in general terms of the accomplishments under federal control.

"I am now sending you herewith statements showing in detail consolidations and co-ordination of facilities that have been effected by the railroads in the eastern region and the estimated annual saving in money for each item, where it can be determined or approximately estimated, which summarize as follows:

Passenger and freight station facilities and forces	\$1,363,542
Engine house facilities and forces.....	96,078
Inspection facilities and forces.....	264,314
Miscellaneous facilities and forces.....	4,150,401
Freight operation	3,793,231
Passenger operation	8,668,038
Total	\$18,335,604

"The arrangements listed in these statements have actually been placed in effect or ordered to be made effective at an early date. There are a large number of similar arrangements under way that will be made effective in the near future, which will be reported to you from time to time as they are consummated. The report covers the present eastern region only, on the assumption that similar report will be made to you by the regional directors of the Allegheny and Pocahontas regions, including the period when those regions were included in the eastern territory under my jurisdiction.

"In addition to the foregoing, the following arrangements have been made which have resulted in great economies and improved service, which we have not undertaken to reduce into money, because it is so variable and difficult to measure. It is fair to say, however, that, conservatively estimated, this additional saving will approximate fully as much as that we have been able to measure, namely, \$18,335,000.

"Among these may be mentioned:

"(1) The prompt and preferred movement of government and allied consignments through closer co-operation with the several government departments and representatives of the allied governments.

"Assembling into solid trains and forwarding to seaboard the large quantities of meat, provisions and supplies for our allies and army in Europe, routing of same by the roads best fitted to handle such class of traffic, and concentration on the destination roads best equipped to make the delivery, in many instances direct from the pier to steamer. This results in prompter movement of important war traffic, avoids congestion at seaboard, permits prompt release of equipment and reduces switching.

"In this connection mention might be made of the safe and expeditious movement of an enormous number of troops to cantonments and embarkation camps, a large percentage of the soldiers that have gone to Europe having embarked at ports in the eastern region.

"(2) The arrangement for assembling live stock in solid trains on a modified 'sailing day' plan and forwarding in solid trains from Buffalo, Chicago and Cincinnati and other western points on certain days of the week for

movement via roads best fitted to handle it. This permits of a fast schedule, reduces liability as to loss and damage and permits of reduction in the feeding requirements.

"(3) The arrangement for assembling into solid trains of domestic fresh meat and perishable freight for movement in solid trains by designated routes best-suited for the handling of such traffic which permits of a reduction in time, affords proper refrigeration protection, and reduction in loss and damage.

"(4) The arrangement for assembling oil from the mid-continental fields to eastern points into solid trains for handling via designated routes, which permits of better service, less intermediate switching, and junction handling, the efficiency from which has been such as to increase the available tank car supply.

"(5) The general classification of freight eastbound by originating roads with the view of running it through to general destinations, with the elimination of intermediate switching.

"(6) The zoning of traffic from the west to the east with the view of arranging it by direct and through routes, of reducing the amount of traffic handled through the busy gateways of Chicago and St. Louis, and particularly of moving business through the Niagara frontier, and avoiding the congested Pittsburgh gateway. This arrangement provides for the movement from the northwest of a greater amount of traffic across the Great Lakes through Michigan for points in northern New York state and northern New England, and the movement of traffic from the central west through intermediate junctions between Chicago and St. Louis for handling via the Niagara frontier; reducing switching, expediting movement of traffic, and increasing the capacity of the available facilities.

"(7) It has also been arranged that the greater portion of the traffic from St. Louis will be routed through the Niagara frontier. Buffalo, Chicago and New York trunk lines will be used to a greater extent for the through traffic, while the short lines operating through St. Louis, Peoria, Chicago and intermediate junctions to Toledo, Detroit and other Michigan points will be utilized to a greater extent for the short-haul traffic. This plan also provides that business moving through the Buffalo gateway for New England points on the Boston & Maine and north thereof will move via Albany and Mechanicsville gateways and avoid the Maybrook and Harlem River gateways, which will keep the freight out of the congested New York district. It further provides that traffic from and through the state of Pennsylvania will move to a greater extent via the Delaware & Hudson through Albany and Mechanicsville gateways for the same purpose.

"(8) Hauling company fuel and material by most direct routes, saving unnecessary haulings, which under private control was sometimes done to give the greater proportion of a through rate to the receiving line.

"(9) The interchange of labor to eliminate accumulations of less-carload freight.

"(10) The quick transfer of power to roads where most urgently needed. All roads are required to report surplus equipment, and it is assigned as the need appears, keeping the available power in service and avoiding accumulations.

"(11) The common use of repair facilities to repair and get into service cars and locomotives of other than the owning roads.

"(12) The intensive loading and through movement in solid cars from origin to destination of less-carload freight and general adoption of the 'sailing day' plan, increasing the loading per car and expediting the movement of this important class of traffic.

"(13) The co-ordination of floating equipment at New York harbor, resulting in greatly increasing the efficiency of marine equipment and the more economical movement of traffic in the harbor.

"(14) The control of traffic through permits to eliminate long hauls, cross hauls and movements from one port to another, and the diversion of traffic to such ports as are best able to accommodate it, including the diversion of traffic away from the congested conditions of New York harbor to the south Atlantic and Gulf ports, and to Montreal.

"(15) The arrangements recently made for the use of the Baltimore & Ohio Railroad through the Youngstown district to relieve other lines and facilitate traffic movement.

"(16) The utilization of the Pittsburgh & Lake Erie, New York Central and Baltimore & Ohio railroads for handling flow of lake coal from mines on the Pennsylvania Lines West.

"(17) The co-operation established between the rail and water transportation systems, i. e., with the coastwise steamship lines, the Erie Canal, and the Great Lakes line.

"(18) The appointment of terminal managers at important centers to co-ordinate the facilities and operation of the several railroads.

"(19) The elimination of competition as between railroads for the purchase of ties, equipment, etc., and unifying control of purchases through an organization that has been effected by the purchasing officers of the railroads in the various districts into local or group committees to co-operate in the matter of consolidation and co-ordination of purchases as far as practicable in their several zones, standardizing prices and practices to give all the roads the benefit of the lowest quantity prices and, in consultation with the regional purchasing committees, effecting the most economical administration of their own departments.

"(20) Abolishing of the freight and passenger traffic associations, including the statistical bureaus connected therewith, succeeded by the freight and passenger traffic committees, which have inaugurated a practice of establishing car capacity loading as minimums in fixing net rates on low-class commodities, revising and standardizing rates to conserve revenue by removing the downward tendency of rates resulting from reducing the higher the lower, and the publishing of tariffs in consolidated and simplified form, all of which will result in the saving of large sums to the railroads annually.

"Starting from the first of the year, the primary accomplishment in the eastern region was the outlining of an organization pro tem, consisting of six district committees, each committee made up of the chief executive of the railroads in their respective districts, with local committees of operating officers at the important terminal and commercial centers. The desire of the United States Railroad Administration for prompt unification of facilities and operation of the railroads with a view of greater efficiency and economy, was immediately presented to these committees and their efforts were directed from the beginning to this end.

"This organization is virtually intact to-day, except that the railroad presidents have been replaced by federal general managers, and the district conferences have become either separate regions or sub-districts of the eastern region, thereby showing that the plan or organization for the conduct of the properties in the eastern region as established at the first of the year has been the foundation of the plan of subsequent organizations which became effective June 1.

"This organization, based upon the devotion of the personnel to the specified leadership, and its undivided support to the purposes of the Director-General and staff, has accomplished the adaptation of all the roads in the region to the wishes of the government and has assisted primarily in the establishment of United States Railroad Administration standards of various kinds. There has been virtually no friction whatever in the work of the organizations, which has had the effect of placing the officers and employees of the eastern region in a receptive attitude for obedience to such United States Railroad Administration standards in current conduct of the work as rapidly as such standards are available.

"The new organizations under the district director, federal managers and general managers, which have been in the process of formation for the last two months, approximately established, the changes having taken place without any interference with the work of the roads. The necessity of effecting every possible unification and co-ordination of facilities and operations to bring about the greatest efficiency and economies, of dispensing with the services of every needless official or employee, and at the same time giving to the public the benefit of the greatest measure of convenience and service at the lowest possible cost, is being kept constantly before the organizations. You may be assured that no effort will be spared in this direction."

The Open Forum

A Department for the Discussion by Patrons and Friends of THE TRAFFIC WORLD of Transportation Questions of Interest to Traffic Men Who Keep in Touch With the Times—Contributions are Welcomed

CLAIMS FOR OVERCHARGE

For The Traffic World:

I have read with interest the recent discussion of freight troubles in The Traffic World and the question arises, why should there be any claims for overcharges under government management? It is true that the law assumes that the shipper and consignee know the law, in other words, the tariffs and the multiplicity of laws governing their application and interpretation, and it applies under government control the same as it did prior to Jan. 1, 1918. While under private ownership the facts were strongly emphasized by the carriers and large amount of money collected unlawfully, why should the same principle of law be enforced against shippers under government control? I do not know what proportion of shipments are made and received by persons and firms whose business does not justify the employment of a traffic expert who tries to keep up on amendments to tariffs, classifications, and committee rulings, but I imagine that it must be somewhere about seventy to eighty per cent. At any rate, the greater number of shippers have no protection whatever against bills presented to them for overcharges and have no rights except to pay and the vague right to file a claim against their government for damages, and this claim must be filed with all observance of technicalities, even to the form of ink used.

Our government in the past has spent millions of dollars in passing and enforcing anti-trust laws and upon federal commissions, in order to protect the ordinary citizen in his rights. Why should not the government itself as railroad administrator, protect its citizens against these overcharges and penalties?

Under corporate railroad management as practiced under the old system, from a legal standpoint, it was just reprehensible for a carrier to collect more than the full rate as to rebate by collecting less. Does this only apply to government management?

The only analogy by which we can measure the facts of government control as related to overcharges, is the management of the Post Office Department. The law, of course, presumes that the citizen knows to the last detail the laws, rules and regulations for the transmission of mail by post. Very few citizens do. At the same time, there is no complaint from overcharges in this department, because the government seems to have organized with the idea of protecting the citizen in his rights, regardless of his knowledge of postal laws.

In the management of the Post Office Department the government does not assume that each citizen is a lawyer, that he is able and that his business warrants the employment of an attorney for the transaction of his affairs with that department.

Surely, the management of railroads could be so organized that the citizen would have the same confidence that is presented to him for freight complies with the law and is fair and just, that he has in his transactions with the Post Office Department.

It seems strange that the railroad management should assume that it will present bills for overcharges by continuing practically the same system that obtained under private management, except that the citizen has less right to protect his rights than he had before government control. Under corporate management of railroads, owing to competition, the large shipper was always able to enforce his rights, but the small shipper or the shipper who only occasionally received a shipment, was simply at the mercy of luck. But when the government assumed control of these matters a different principle presents itself at once. It is the duty of government to protect all of its citizens in their rights, even the most humble, and the

first element of this protection is not to demand of him more than is due from him to his government in any matter whatever. It seems to me that the query, "Why should there be claims for overcharges under government management?" is pertinent and that the government organized to establish justice, has less excuse for these claims than the corporations who were not bothered by any principles of ethics.

E. L. Dildine,
Mgr., Traffic Bureau, Hannibal Chamber of Commerce,
Hannibal, Mo., Sept. 17, 1918.

AENAES MISQUOTED

Editor The Traffic World:

We are interested as we read of Oklahoma rate troubles (Traffic World, September 14, page 561), for we have similar ones here in New England. But Chairman Humphrey must cut out his Dog-Latin if he persists in his efforts to break into a sanctum sanctorum of an administration headed by a former president of a college of liberal arts.

Vergil wrote, "forsan et hæc olim meminisse juvabit," not "et enim meminisse (sic) juvabit." Our friends down in Oklahoma spout oil better than they do Latin.

R. C. Johnson,
Manager, Traffic Bureau, Haverhill Chamber of Commerce,
Haverhill, Mass., Sept. 18, 1918.

RETURN OF EMPTY CREAM CANS

Editor The Traffic World:

The writer observes in your August 10 issue, page 303, a short article from your Washington correspondent relative to the U. S. Food Administration investigation in the matter of prompt handling of cream cans.

This company is very much interested in the question, as we are large shippers of fresh cream, and the question of return of empty cream cans is a very serious one.

We have recently issued a pamphlet entitled "The Cream Cans Conservation Conference." You will observe on the back of the pamphlet instructions issued by this company to our customers. It is very difficult at the present time to purchase new cans; therefore, we are endeavoring to impress upon all of our customers the importance of immediately returning all empty cans in order that they may be used to the fullest extent. Empty cream cans are like box cars to the extent that when idle they are not giving the owner full service.

It is only a question of time, unless the transportation companies and dealers in milk and cream, as well as farmers, co-operate in the conservation of cans, until there will be such a scarcity that it will seriously affect the free movement of milk and cream and there may be a great loss of milk on account of the lack of containers to transport it.

We believe that the transportation companies should receipt for empty cans in order that we may be in a position to know just where our cans are. If dealers were able to obtain a receipt from the transportation companies when they return the empty cans, the manufacturer would then be in a position to charge the can on the invoice, giving them credit when they furnish a transportation receipt showing it had been returned. This has been a practice with oil companies for many years in giving credit for empty oil barrels.

There has been a great waste of these valuable containers in the past, not only among the dealers and farmers, but through carelessness on the part of the transportation companies in the handling and distributing.

They have been allowed to lie around the station platforms in the rain, which causes them to rust and shortens the life.

We will appreciate it if you will call attention to the misuse of empty milk and cream cans through the pages of *The Traffic World*.

We believe that the superintendents in charge of the employes of the railroads and express companies should issue instructions, directing that returned empty milk cans be handled with the same promptness as when on the going trip filled with milk or cream.

Every can we keep in service will save that much tin and help win the war.

S. D. Rice, Traffic Manager, Merrell-Soule Co.
Syracuse, N. Y., Sept., 16, 1918.

IT WAS A MAN, NOT A WOMAN

Editor *The Traffic World*:

I have just returned from a short vacation following meeting of the National Industrial Traffic League at Buffalo, and my attention has been called to an item in your issue of September 7 from your Washington representative, under the caption "Off-Line Men Needed." From the wording of this paragraph it would appear that my failure to be able to buy, at the consolidated passenger office in Buffalo a through ticket from Buffalo to Bellaire, Mich., was due to an error of a young woman, and I wish to correct that impression, as my observation has been that the young women employed in the various ticket offices are very attentive to their duties and generally are well informed.

The man who waited on me in Buffalo was a man who was evidently well beyond the draft age and I should guess him to have been about fifty years of age, and gave the impression of having been for a considerable time in the passenger business. I particularly desired to get a through ticket reading over the Michigan Central to Detroit and thence over the Pere Marquette to Bellaire, Mich., so that I could send my trunk ahead of me and save me the trouble of rechecking at Detroit. The clerk said he could not sell me a ticket to Bellaire. I suggested to him that just a year before, when the railroads were in the hands of the carriers, I had no difficulty in buying a through ticket and that now, as they were under the government administration, I could see no reason why such a ticket could not be furnished, particularly as it was simply a two-line proposition.

The clerk, after spending considerable time in looking the matter up, said that he could not sell the ticket because they had no rates to Bellaire, although he could sell me a ticket to Petoskey, which, of course, I did not want. Possibly, if I had spent more time and insisted upon seeing the head of the office, I might have procured the desired transportation, but as it had taken fully half an hour to develop the fact that they had no rates to Bellaire, I did not pursue the matter further, but simply took my medicine.

I have no doubt that troubles of this kind will be gradually ironed out and that eventually the service given at the consolidated offices will be very satisfactory. To my mind the great trouble the public have experienced at these consolidated offices has been due to the offices being opened and started into business before they were ready and before proper tariffs were supplied them.

J. M. Belleville.

Pittsburgh, Pa., Sept. 18, 1918.

RULES FOR PASSES

The Traffic World Washington Bureau.

Rules and regulations for the issuance of passes on railroads and steamships under federal control, effective January 1, 1919, were issued by Director Gray on September 13, under date of September 1, with the approval of the Director-General. They are embodied in Circular No. 19, and are as follows:

"1. The issuance of annual and time passes will be confined to the offices of the Director-General, director of operation, the several federal managers, the general manager on lines where there is no federal manager and the federal manager of Pullman car lines.

"2. Annual and time passes issued over the fac-simile signature of the federal managers (or general managers

on lines where there is no federal manager) and countersigned by the person indicated thereon will be limited to—

(a) For, or on account of, their own officers and employes who do not require annual or time transportation on lines beyond their jurisdiction.

(b) For, or on account of, such officers and employes of the corporation as may be specifically authorized by the Director-General.

(c) To officers and employes of the American Railway Express Company whose duties are confined solely to lines under their jurisdiction.

"3. Annual and time sleeping or parlor car passes will be issued by the federal manager Pullman car lines to officers and employes under his jurisdiction.

"4. All annual and time passes not included in paragraphs 2 and 3 will be issued only by the Director-General or director of operation.

"5. Annual passes bearing the personal signature of the Director-General will be good on all lines under federal control, on all trains, and for seats in railroad operated parlor or chair cars.

"6. Annual and time passes bearing the fac-simile signature of the Director-General will be issued by the director of operation, and will be good on all lines under federal control or within the territory or over the lines specified thereon, and will bear express limitation as to certain trains upon which the pass will not be honored. Such passes will bear the countersignature of C. R. Gray, director; W. T. Tyler, senior assistant director, or J. H. Keefe, assistant director.

"7. Annual and time sleeping or parlor car passes, other than for officers and employes of the Pullman car lines, and annual and time steamship passes, bearing the fac-simile signature of the Director-General, will be issued by the director of operation with the same countersignature as provided in preceding paragraph.

"8. Federal managers and general managers on lines where there is no federal manager, will forward to the director of operation, on or before November 1, a list of annual or time passes (including sleeping car or steamship passes), required for officers or employes over lines other than those under their control, indicating the lines or territory over which the passes are desired.

"9. Trip passes will be issued over the fac-simile signature of the Director-General or of the Federal managers (or of general managers on lines where there is no federal manager) and the federal manager of Pullman car lines, and will be countersigned by the person indicated thereon. Trip passes issued by the federal and general managers and federal manager Pullman car lines will be limited to the lines under their respective jurisdiction.

"10. Trip passes bearing the fac-simile signature of the Director-General, with countersignature of person indicated thereon, will be issued by the director of operation, regional and district directors. Such trip passes will be honored for transportation over the lines indicated thereon.

"11. Federal managers and general managers on lines where there is no federal manager, and the federal manager of Pullman car lines desiring trip passes for, or on account of, their officers or employes over other lines under federal control, will make request for same to the federal or general manager of such railroad in the same manner that exchange trip passes have heretofore been handled.

"12. Passes will not be issued which include the privilege of free meals in dining cars, at restaurants, or on steamships.

"13. The current regulations of the Interstate Commerce Commission covering the issuance and record of passes must be observed."

CARRIAGE OF CARETAKERS

The Traffic World Washington Bureau.

In a supplemental report on 9131, Dimmitt-Caudle-Smith Live Stock Company vs. the Burlington, on rehearing on petition of the Missouri authorities, the Commission, September 20, held that a reasonable rule for free transportation of caretakers for one car shipments of live stock would be to market only. Missouri and several other states require free carriage both ways. The railroads in the original report were ordered to remove the discrimination in favor of intrastate business. The effect of the reiteration is to knock out state laws requiring free return transportation.

Personal Notes

H. E. Pierpont, recently appointed traffic manager of the Chicago, Milwaukee & St. Paul Railway, entered the service of that road as telegraph operator at Council Bluffs, Ia., in May, 1881. He occupied various positions in the station and accounting department until he was made freight agent at Kansas City, Mo., in 1892. He was appointed division freight and passenger agent in 1893, holding that position at Winona, Minn., and La Crosse, Wis., until Jan. 1, 1896, when he was made assistant general freight agent, with offices at Chicago. He continued in this position until Jan. 1, 1906, when he received the appointment of general freight agent at Chicago. He was made freight traffic manager Jan. 15, 1912, and was appointed traffic manager, in charge of both freight and passenger business of all lines, Aug. 15, 1918.

C. H. Stinson has been made assistant traffic manager of the Wabash Railroad at St. Louis.

The Chesapeake & Ohio Railroad and the Ashland Coal & Iron Railroad announce that W. A. Ginn is appointed general agent at Ashland, Ky.

The Georgia & Florida Railway announces that H. S. DuVal is appointed general agent, with headquarters at Augusta, Ga., vice L. P. King, resigned to accept service with the government.

E. F. LeFavre, who has left railway service to become associated with C. E. Healy & Co., wholesale potato merchants, at Minneapolis, Minn., was for many years in the traffic department of the Frisco and C. & E. I. lines, having served as soliciting freight agent at St. Louis, traveling freight agent at Milwaukee, commercial agent at Chattanooga, Tenn., and general agent at Minneapolis at the last-named place from 1911 until April, 1918, when outside agencies were closed on account of government control of the railways. He was then transferred to the freight traffic department, general offices of the Frisco Lines at St. Louis. Before entering the traffic department he spent several years in local office work, having begun as a yard clerk. He left that branch of railway service as chief clerk. He began his railroad career with the Wabash Railroad at St. Charles, Mo., in the local freight office.

E. T. Campbell, traffic manager of the Erie Railroad, Chicago & Erie Railroad, New York, Susquehanna & Western Railroad, New Jersey & New York Railroad, Bath & Hammondsport Railroad, Pittsburgh & Shawmut Railroad, announce that the traffic department offices formerly at 50 Church street are now at 63 Vesey street, New York. In the new location the general traffic, freight,

passenger and coal departments will occupy the entire ninth floor, including a service bureau under the direction of W. R. Crow, general agent, which bureau will furnish the public with information desired regarding traffic moving via the above named lines and connections, including local rates of, and through rates via the following lines: Atchison, Topeka & Santa Fe Railway, Chicago & Alton Railroad, Colorado Midland Railroad, Illinois Central Railroad, Kansas City, Mexico & Orient Railroad, Kansas City Southern Railway, Minneapolis, St. Paul & Sault Ste. Marie Railway (Soo Line), Toledo, St. Louis & Western Railroad (Clover Leaf).

The El Paso & Southwestern System announces the appointment of Eugene Fox, traffic manager.

The jurisdiction of E. L. Brown, general manager, Denver & Rio Grande Railroad, Denver, Colo., is extended over the Denver Union Terminal Railroad.

The jurisdiction of G. F. Hawks, general manager, El Paso & Southwestern Railroad, El Paso, Tex., is extended over the El Paso Union Passenger Depot.

The Denver & Salt Lake Railroad announces the appointment of H. A. Johnson as traffic manager, with office at Denver.

W. B. Lanigan, freight traffic manager of the Canadian Pacific Railway Company, at Montreal, was born Oct. 12, 1861, in Three Rivers, Que., Canada. He entered the service of the Canadian Pacific Railway as night operator at Sharbot Lake Junction, Ont., September, 1884. He was subsequently relieving agent, agent at Claremont, Ont., Myrtle, Ont., Dunkalk, Ont., and Galt, Ont. He was appointed traveling freight agent, Ontario division, with headquarters at Toronto, 1891; assistant general freight agent, with headquarters at Toronto, January, 1901; general freight agent, western division headquarters, at Winnipeg, July, 1901; assistant freight traffic manager, all western lines, March, 1908, headquarters at Winnipeg; freight traffic manager, all lines, Montreal, September, 1918.

The San Francisco & Portland S. S. Line announces the appointment of G. L. Blair, general manager, at San Francisco, Cal.; F. W. Robinson, traffic manager, at Portland, Ore.; and A. C. Spencer, general solicitor, at Portland, Ore.

The Pacific Coast Railroad announces the appointment of M. J. Buckley, general manager; F. W. Robinson, traffic manager; A. C. Spencer, general solicitor, at Portland, Ore.

The Northern Pacific Terminal of Oregon announces the appointment of E. Lyons, manager, and A. C. Spencer, general solicitor, at Portland, Ore.

J. P. O'Brien, federal manager of the Southern Pacific Lines, north of Ashland, Ore., announces the following appointments: M. J. Buckley, general manager, Portland, Ore.; F. W. Robinson, traffic manager, Portland, Ore.; A. C. Spencer, general solicitor, Portland, Ore.

The Pacific & Eastern Railway having been relinquished from government control, the jurisdiction of J. P. O'Brien as federal manager of that line is discontinued.

A. P. Smirl has been made division freight and passenger agent at Shreveport, La., of the Texas & Pacific Railroad, St. Louis Southwestern Railroad (in Texas), International & Great Northern Railroad (excluding line from Spring to Fort Worth and Madisonville branch),



Missouri, Kansas & Texas Railroad (in Texas) Trinity branch, Beaumont & Great Northern Railroad, Galveston, Houston & Henderson Railroad, Houston & Brazos Valley Railroad, Trans-Mississippi Terminal Railroad.

J. J. O'Neill is appointed general manager of the Chicago, St. Paul, Minneapolis & Omaha Railroad, at St. Paul, Minn.

Regional Director Markham announces that Charles A. Phelan is appointed terminal manager, Baltimore, Md. He will have jurisdiction over all tracks, yards and terminals in the city of Baltimore and adjacent territory within the following described limits: Baltimore & Ohio Railroad—East, to and including east end of Bay View yard; west, to and including Curtis Bay Junction; north, to and including Huntington avenue team yard and Baltimore Belt Railroad. Pennsylvania Railroad—East, to and including Bay View yard and tracks to junction of Canton Railroad; west, to Fulton Junction; north, to and including Mt. Vernon yard. Western Maryland Railroad—North, to and including yard at Kirk.

W. A. McLees is appointed traveling freight and passenger agent of the Vicksburg, Shreveport & Pacific Railroad, with headquarters at Shreveport, La., vice W. J. Tremaine, resigned.

The appointment of Fred Wear, superintendent of the Butte division, Great Northern Railroad, as terminal manager, Butte, Mont., headquarters at Butte, Mont., is announced by Regional Director Aishton. The terminal manager will have charge of all terminal operations in the Butte, Mont., district, extending to and including Mountain Junction on the north, Butte Yard and M. U. Transfer on the east, and Silver Bow and Dawson on the west, and will report to the regional director, northwestern region. He will have jurisdiction over the terminal operations of the following railroads: Butte, Anaconda & Pacific Railroad, Chicago, Milwaukee & St. Paul Railroad, Great Northern Railroad, Northern Pacific Railroad, Oregon Short Line Railroad.

TARIFF CONSTRUCTION QUESTIONS

The Traffic World Washington Bureau.

Informally a number of questions of tariff construction, caused by the product of General Order No. 28, have come to the Commission. One, the answer to which seems plain to some and obscure to others, is as to whether fractions arising from the application of the 25 per cent rule are subject to the rule establishing a certain maximum, or whether the maximum rule yields to the fraction rule.

Concretely, here is a case: A rate of 30 $\frac{3}{4}$ cents was in effect from Wichita to an unnamed destination. Under the rule holding increases on wheat and grain products to six cents per 100 pounds, that rate should now be 36 $\frac{3}{4}$ cents. The railroads, however, are collecting, or at least demanding, 37 cents. The Western Freight Traffic Committee is reported to have informed agents that, in applying the 25 per cent supplement to the rates in effect on June 24, they should remember the fraction rule and make the rate 37 cents, notwithstanding the seeming provision in the supplement that the increase in grain rates should not exceed six cents per 100 pounds.

Paul Hastings, assistant director of traffic, in a number of letters answering inquiries on the subject, has taken the ground that the rule for disposing of fractions authorizes, if it does not require, the 30 $\frac{3}{4}$ -cent rate to be increased to 37 cents. One of the arguments made in favor of such a construction of the command to increase rates on wheat 25 per cent, "but not exceeding six cents per 100 pounds" is that, if the fraction produced by adding six cents to the old rate were less than three-fourths but more than one-fourth, the rate would be only 36.5, or less than 25 per cent. If it were less than one-fourth, the new rate would be only 36 cents, or considerably less than 25 per cent.

In the end the question will be for the Commission to answer. The tariff supplements which raise the question plainly say the increase on wheat shall be 25 per cent, "not exceeding six cents per 100 pounds." Those who disagree with Mr. Hastings say his construction of the tariff supplement filed in supposed obedience to General Order No. 28 makes it read 25 per cent, "not exceeding six cents per

100 pounds, applying the fraction rule if the rate resulting from the addition of six cents results in the continuance of any fraction other than one-half."

The object of the fraction rule was to provide a method for getting rid of fractions other than one-half resulting from the application of the rule to increase existing rates 25 per cent. The late J. M. Jones formulated it for use in connection with the 15 per cent tariffs. If the fraction is less than one-fourth it is to be disregarded. If it is greater than one-fourth and less than three-fourths, it is to be shown as one-half and if greater than three-fourths it is to be shown as the next higher integer.

One of the points made against the Hastings construction is that the fraction rule has no bearing on fractions already in existence. It applies only to those resulting from the figuring to find what a 25 per cent addition would be. The three-fourths in the old rate of 30 $\frac{3}{4}$ cents was not the product of General Order No. 28.

Under the general rule of construction, any general declaration, such as, for instance, that rates shall be increased by 25 per cent, is limited by the terms of a specific declaration of a different or contrary sense. In ordinary English, construed by the principles in that rule of construction mentioned, the command of General Order No. 28 would be: "Take 25 per cent on wheat, but never more than six cents. When the addition of 25 per cent to a rate gives you a fraction, other than one-half, get rid of it in this way: If it is more than a quarter and less than three-quarters, call it a half. If it is three-quarters or more, call it a whole cent."

The question as to what is the proper construction may become an acute issue when the carriers begin complying with the requirement that they shall file tariffs setting forth the new rates in figures instead of by percentages. The tariff checking force of the Commission has three questions to ask when a new tariff is placed before it. The first is: "Have you fifteenth section permission?" Obviously it is not necessary to ask that, because the tariffs purporting to be in compliance with General Order No. 28 show a legend to the effect that they are filed under authority of General Order No. 28. The second question is: "Are they in compliance with the order of the Commission?" The third is: "Are they in compliance with any order from the President?"

If the shippers who have been asked to pay more than six cents on wheat, coarse grain, or flour will ask the Commission to watch for the re-issue of the tariffs in which the grain rates are carried with a view to ascertaining whether they are in accordance with General Order No. 28, the question whether the fraction rule sets aside the words, "not exceeding six cents," may be answered without formal proceeding.

The Commission, it is believed, has the power of rejecting a tariff supposed to check in rates authorized by No. 28 to replace the 25 per cent supplement. It is a novel situation without precedent. However, the law specifically says the President may initiate rates when he certifies to the Commission that it is necessary to increase operating revenues. The first page of General Order No. 28 is such a certificate and the rest of the order shows what kinds of rates the Director-General desired to file. To enable him to obtain money with the least delay, the Commission allowed him to file percentage supplements, on condition that he comply with the law requiring rates to be set out in plain words and figures.

On page 6 the order says: "Interstate commodity rates on the following articles in carloads shall be increased by the amounts set opposite each: Grain, wheat, 25 per cent, but not exceeding an increase of six cents per 100 pounds."

There is hardly any question but that if the Commission were operating in full vigor it would reject a tariff that applied the fraction rule in the face of the specific limitation, "but not exceeding an increase of six cents per 100 pounds." But if it should become apparent that the men who framed General Order No. 28 intended to have the maximum on grain made about six cents, supplements carrying excesses of six cents may not be questioned.

However, if supplements carrying increases of more than six cents are allowed to remain on the files of the Commission, shippers who desire may compel the Commission to make a construction of the language used in No. 28 appearing to limit the increases to a maximum of six

cents. That can be done by filing formal complaint and alleging that the railroads collected an illegal rate or rates because in violation of the President's order, No. 28.

In the discussion that has arisen in connection with the words, "but not exceeding six cents," it developed that carriers are applying the fraction rule to coal rates. They disregard less than five cents and call more than five cents, ten cents. But the increases on coal are not held down by any such words as "not exceeding." They are to be increased by various amounts beginning with 15 cents on rates of less than 50 cents and ending with 75 cents on rates of \$3 per ton and upward. The sums are not limitations on the rule to add 25 per cent. The sums on the lower per ton rates are more than 25 per cent.

The Commission's clerks have not rejected any of the tariffs filed in compliance with the promise to supplant the percentage supplements with tariffs setting forth the rates, but they have dog-eared a number of passenger tariffs for consideration by the commissioners when they resume their formal conferences in October. The tariffs so marked seem to violate the tenth section of the general order, which imposes an additional passage charge of 16-2-3 per cent for the privilege of buying accommodations in Pullman cars. Nearly every tariff provides a minimum extra fare charge of 25 cents, instead of a one-sixth increase in the one-way fare. That is to say, if the regular one-way fare on a day coach is 10 cents, the charge for the privilege of buying a seat in a parlor car is 25 cents. The minimum extra passage charge is 25 cents also on a one-dollar one-way fare. That is to say, the tariffs issued under General Order No. 28 disregard the 16-2-3 per cent rule and impose, in the case of the one-dollar one-way fare, a 25 per cent increase. On the ten-cent fare the added passage charge is 250 per cent.

The Director-General, by filing another certificate of emergency, could change No. 28 so as to allow the constructions placed on it by the various rate committees, station agents, and so on, but such authority would be for the future only. The Commission's decision as to what is the meaning to be attached to the words, "not exceeding six cents," must be the rule for shipments made under the percentage supplements. The President's authority as to rates is not retroactive.

An order of reparation such as might be made would not be worth much unless Mr. McAdoo chose to obey it. The courts cannot enforce it because they are forbidden to issue either means or final process against a railroad under federal control. A judgment, if kept alive, might be paid when there was a final settlement between the government and the railroad against which a judgment might be rendered.

SHORT LINE PROBLEMS

The Traffic World Washington Bureau.

A better feeling between the short line railroads and the Railroad Administration has been created by E. C. Niles, the manager of the short line section of the Administration. Negotiations between Mr. Niles and a committee representing the American Short Line Railroad Association looking to a taking over of the short lines and the making of a contract with them were resumed September 18. There are only two or three points on which there is haggling. One of them is as to how much the short lines shall pay for repair work done in the shops of the trunk lines. Another is as to the per diem to be charged the short lines for cars. There is no per diem between the trunk lines, but the Administration's idea seems to be that the short lines, none of which has as many cars as it can use, should pay per diem after the second day. That is to say, the short line would have only two days in which to take a given car to destination and have it unloaded and returned to the trunk line. Inasmuch as the shipper has two days in which to unload and two days for loading, the proposed arrangement would put a burden on the short line that was delivering or originating freight.

Manager Niles takes up every complaint by a short line and has the abuse, if abuse it is, corrected. "Stealing" of traffic—that is, disregard of routing instructions which would give the short line a part of the revenue—is one of the commonest complaints. Another is that a trunk line connection does not route enough freight via a given short line to enable it to furnish cars for shippers that

have tonnage to give the trunk line. He has had many of the latter kind of complaints removed. Acknowledgment of what he is doing is contained in a circular sent by the American Short Line Railroad Association in circulars, of which the following is a sample:

"The Sumter & Choctaw Railway Company, a member line, complained during August through this association to Edward C. Niles, new manager of the Short Line Section, of a shortage of freight car equipment for business on its line and, as a result, we have copy of a letter from Mr. Niles, dated September 3, as follows:

This matter has received the attention of the Car Service Section, and I am now advised that their records show between August 1 and 26 a total of 48 cars delivered to the Sumter & Choctaw Railway, and that they admit that this is not sufficient reasonably to protect their requirements and have directed the Southern Railway to deliver 5 cars per day to your road, this based on a total requirement of 200 per month, which will give you a car supply approximating that to the Southern Railway in the same territory, additional cars being directed to the Southern Railway at Potomac Yard in order to make available this allotment.

"This is definite service, and we congratulate our members that we have as short line manager one who is able and willing to give the small roads definite relief, as shown in this case."

A few short lines have solved, temporarily, the question of how to get along, in a financial sense, while they are trying to come to an understanding with the government as to the compensation they are to receive. They are asking their shippers to prepay their freight bills and are using the money so received to keep themselves going. They have the legal right to demand prepayment of freight originating on their lines. They can also ask those receiving freight on their rails to have freight consigned to them collect and in that way obtain money for their pressing needs, leaving the question as to how the money shall be divided between themselves and their connections to the final settlement under the contract the government makes with them.

One coal originating road, by reason of orders of the Fuel Administration, finds that the operators using its rails have been forbidden to make local shipments because there are mines so near the manufacturing establishments on its rails that they can obtain their fuel by means of trucks. That order deprives it of the best part of its revenues. Its divisions out of the joint through rates to points to which the Fuel Administration permits the operators on its rails to ship are so thin that it could not live, even for a month, unless the owners of its bonds advanced it money for operating expenses.

That particular line has no contract with the government. It was relinquished and then taken back as of the day it was turned loose. It has not tried to make a contract since the Railroad Administration wrote it that the understanding it has is that the railroad company is willing to make a contract beginning to run on July 1. The company is not willing to do that, and its unwillingness is based on these facts: The President's proclamation took over the property as of January 1. On that day the company lost control of the property. Between January 1 and July 1 the Railroad Administration ordered the increase in wages to date from January 1, and in June the increases were paid out of the funds in the hands of the railroad company. On June 22, after the money to cover the retroactive increase was ordered to be paid, the road was relinquished from federal control. After July 1 the relinquishment order was rescinded as of the day it was issued, and the government suggested that it was prepared to make a contract covering the time after July 1. Such a contract would have put the burden of the increase in wages, as to which the company had had no say, upon the company.

After January 1 and before June 22, the relinquishment date, the Fuel Administration issued its zone orders directing the distribution of coal. That order shut off the local business of the road in question and required the operators on its rails to send their coal to consuming centers to which the joint through rates are high, but on which the originating road is entitled to receive only a small division.

For it to sign a contract as of July 1 would be to force the company to stand not only the expense of the increase in wages covering a period when it did not have control of its property, and also to assent to the loss caused by

the government's order saying the mine operators on its rails may not sell coal to industries on its rails.

The mine operators, knowing they will have no business whatever if the road ceases operation, are prepaying the freight so that the small road can have the money the consignees of the coal pay, to pay operating bills. There has been a hint of receivership, but if the government asks for a receiver and orders the property sold, the bondholders will buy in the property and thereby wipe out all the obligations incurred during the period between January 1 and July 1, as to which the railroad company disclaims responsibility because the President's proclamation took its property away from it. The bondholders argue that court proceedings initiated by the government would cause an adjudication under the law and proclamation of the President, in which the railroad company, its owners believe, would be held without liability as to debts incurred during the period between January 1 and July 1 or such other date as may be named in the contract. In other words, they believe the courts would hold the government liable for the retroactive advance in wages and for the diminution in earnings resulting from the Fuel Administration's order requiring the coal originating on that short line to be sent to points to which joint through rates, paying the originating line only a thin division, are in effect.

The small road has used the money paid to it by the mine operators. It has paid the divisions of some of its connections, but not the divisions of all, for the simple reason that if it did that, it would not be able to carry any of the coal. The government, as the party in control of the connections that have not received their divisions, could sue for the money, but that would be an outcome welcomed by the small road, as it would require the courts to say who was responsible for the situation requiring the small road to use the money belonging to a connection so as to keep up the supply of fuel for essential industries.

The Railroad Administration, of course, can also play at the game of demanding prepayment. Inasmuch as the small roads are originators, rather than deliverers of tonnage, that kind of game would enable the short lines, for a time at least, to continue operations. If a trunk line refused to forward a prepaid shipment because the short line had not paid the division, some essential industry would probably suffer. In addition, the trunk line might be creating a liability for which it would have to settle after the period of federal control. Disagreement about divisions, under the act to regulate commerce, is not sufficient reason for charging a shipper higher rates, and not even an excuse for refusing to forward his freight. Fights about divisions are for either the Commission or the courts. The public is entitled to service notwithstanding disagreements.

WHAT IS COMPETITION?

The Traffic World Washington Bureau.

Is a truckman who hauls a case of shoes from one point to another in competition with the Railroad Administration in the carriage of freight or in competition with the American Railway Express Company? Men in the Railroad Administration have been asked to look over the pending eight billion dollar revenue bill and answer that question so that the law may be made specific and that there may be no question as to what rate of taxation the man who does the shipping shall pay.

Luther M. Walter and George T. Atkins are among those who have studied the question. The chances are that the man who operates the truck will be required to ask the shipper whether, in the event the truckman did not handle the case of shoes, he would give it to the railroad or the express company. If he says the railroad company, the tax will be three per cent. If he says the express company, then the tax will be five per cent—or, rather, one cent for each twenty cents or fraction thereof paid for the hauling.

Motor truck rates are becoming factors of great weight. They are, in many places, between express and freight rates, with store door delivery as an added attraction. Shippers of package freight are hunting for accommodations of that kind, and nearly every teamster is figuring on how he may obtain a truck and go into the business of hauling from one city to another. Down in northwest Louisiana the automobiles owned by negro cotton farmers

who made enough money last year to buy "flivvers" have deprived the railroads of what little passenger business they had. On the branch lines one passenger train is run each way daily. The "flivvers" run so frequently, however, that not even fishing parties think of waiting for the passenger train.

The question has arisen as to what is competition in situations of that kind. Is it competition for a "flivver" to come along half an hour after the "down" train has gone and pick up passengers who will want to be coming back an hour before the "up" train is due? The Supreme Court has defined competition to be a striving for the same business by two or more. Is a "flivver" in competition with a railroad in its passenger business when it takes passengers from a point on a railroad to a point a mile or two off the railroad?

These questions are pertinent because the internal revenue collectors are expected to search more diligently under the proposed law than under the present one, for the Treasury needs every cent it can collect. The increased freight and passenger rates have a tendency to drive business to the alternative routes.

The milk business of the country has been driven from the railroad companies to the express company. The railroad rates were increased twenty-five per cent while the express rates were sent up only ten per cent. The railroads, in many places, lost the milk business to the motor trucks long before the government took them over, because the motor trucks could and did furnish a more satisfactory service.

COMPENSATION CONTRACT

The Traffic World Washington Bureau.

Samuel Untermeyer and other representatives of the Security Owners' Association, objecting to terms of compensation contract, made arrangements with Director-General McAdoo for conference September 19 on their proposal to institute a friendly suit to contest legal questions involved in the contract. Mr. McAdoo would have nothing to do with the proposal. If suit is started it will be unfriendly, so far as he is concerned.

He refused even to consider Untermeyer's suggestion for a friendly suit to test the soundness of his construction of the Federal Control Act as embodied in the contract offered to roads taken over. He said the object of the contract was to avoid litigation and it would be foolish to start a friendly litigation.

PROGRAM OF REHABILITATION

The Traffic World Washington Bureau.

It seems a moral certainty that the Railroad Administration will not be able to carry out, in full, its program for the rehabilitation of the railroads, announced in its budget soon after it took possession of the properties. The failure will be due to lack of man power. In other words, the war has absorbed so much of the labor of the country that even so essential a thing as transportation facilities will not be put in as good a condition as planned.

The budget, in round figures, called for the expenditure of \$1,200,000,000. To the end of July the expenditures amounted to a little less than \$300,000,000. Assuming that the year, for active work, consists of only eight months, the half of the year had passed on July 31 with one-fourth of the money spent. At that rate not much more than half of what was planned will be executed.

For items other than equipment, the expenditure chargeable to operating expenses amounted, July 31, to \$22,634,287, and chargeable to capital account \$125,875,656. That left unexpended for charging to operating expenses \$85,968,095 and to capital account \$311,446,976.

In the same period the expenditure for equipment chargeable to operating account amounted to \$4,346,199 and to capital account \$135,165,366. The unexpended balance, chargeable to operating account, was \$13,280,492 and to capital account \$494,195,269.

The total expenditure for road and equipment, chargeable to operating account, amounted to \$26,973,202, and to capital account \$272,150,528. The unexpended balance to operating account was \$99,279,707, and to capital account \$832,262,777.

FIRST CONTRACT SIGNED

The Traffic World Washington Bureau.

The Chicago & Northwestern and its subsidiaries are the first roads to sign the government contract for compensation. The announcement September 17 says they are to receive the maximum allowed by law, amounting to \$23,364,028. The transaction is complete, having been ratified by the stockholders.

CEMENT RATES INCREASE

The Traffic World Washington Bureau.

In fifteenth section order No. 851, the Commission, September 17, allowed McCain to file tariffs making big increases in cement rates to New England points so as to clear the fourth section violations condemned in the Allenston Portland Cement case. The highest increase from C. F. A. territory is \$1.05 per ton. The increase from Lehigh to the Harlem River is eighty cents.

ADVANCE FOR USE OF CARS

The Traffic World Washington Bureau.

An advance of twenty-five per cent and more is proposed for the use of live poultry transit company cars in applications filed by Washburn, the Kansas City Northwestern, the Anthony & Northern, and the Leavenworth & Topeka. Notice of the intention to advance charges has been given to the Railroad Administration, but the applications say no notice was given to shippers. The increase on 100 miles or less is from \$10 to \$12.50 and on distances from sixteen hundred up to seventeen hundred miles, from \$51 to \$64. The application says the charge is to apply on actual mileage made by cars, so that if the Administration sends them by open, unobstructed routes rather than by congested shorter routes, the force of the cars pays for that contribution to easier operations.

RAILROAD MEN AND POLITICS

The Traffic World Washington Bureau.

In supplement No. 1 to General Order No. 42, Director-General McAdoo says:

"(1) It appears that prior to the issuance of General Order No. 42, various railroad officers, attorneys and employees were elected to political offices and are now holding such offices. In such cases no objection will be raised to the completion of such terms of office. In all other respects, however, General Order No. 42 will apply to such officers, attorneys and employees.

"(2) In cases where prior to the issuance of General Order No. 42 railroad officers, attorneys and employees had been nominated for political offices or had become candidates locally for such offices, they may continue in railroad employment until the election.

"(3) The position of notaries-public, members of draft boards, officers of public libraries and of religious and eleemosynary institutions are not construed as political offices."

SHIPPING DAYS IN CALIFORNIA

On September 16, what is known as the shipping day plan for handling less than-carload freight was inaugurated on all the railroad lines in California. The plan provides that shipments to certain designated points from San Francisco, Oakland, Los Angeles, Fresno, Sacramento, Stockton and San Jose will be handled tri-weekly, semi-weekly or weekly and will be received for shipment at those times instead of daily. It is predicted by Superintendent of Transportation R. L. Ruby of the Southern Pacific, Western Pacific and Tidewater Southern lines, that it will save about five hundred cars a week and increase the average load per car about two thousand pounds.

Where a town is served by more than one line in many cases its business is turned over to the one carrier best able to serve it. For example, the Southern Pacific will handle business from Los Angeles to San Francisco on its Valley Line on Tuesdays, Thursdays and Saturdays, and on the coast line on Mondays, Wednesdays and Fridays. Freight from San Francisco to Stockton will go Southern

Pacific, to Marysville by Western Pacific, to Merced by Santa Fe, to points north of Santa Rosa by Northwestern Pacific, etc.

Shippers are called on by the Railroad Administration to co-operate. They can help by notifying their customers on what days shipments will be forwarded and by bringing their goods to the freight station on the days specified early enough to avoid congestion at the closing hours.

GRAIN RATES COMPLAINT

The Traffic World Washington Bureau.

The Railroad and Warehouse Commission of Minnesota has filed an intervention in Docket 10233, the National Council of Farmers' Co-operative Associations against McAdoo et al., in which the complainant, through Clifford Thorne, has challenged the changed relationship between rates on wheat and coarse grains as unreasonable and unduly discriminatory. The change was brought about by General Order No. 28. That order put all grains on the same rate level. The consumer, in all cases, pays the advance in the wheat rate, but it is alleged that, because the price of the other grains is not fixed, the farmer absorbs the differences in rates caused by differences in distance.

Attorney-General Charles L. Hilton and Assistant Attorney-General Henry C. Flannery sign the intervention petition on behalf of the commissioners, who are Ira B. Mills, O. P. B. Jacobson and Fred W. Putnam. Their petition for intervention says:

"That the rates for the transportation of corn, oats, rye and barley, complained of, are charged and collected from the farmers, elevator companies and commission merchants in the state of Minnesota, where coarse grains are produced in large quantities, and transported, interstate, to various grain markets. That the change in the relationship, heretofore existing, between the rates of transportation on wheat and the rates of transportation on corn, oats, rye and barley, as alleged in the original complaint, is prejudicial to the interests of the farmers, elevator companies and commission merchants, and that the rates now in effect for such transportation of corn, oats, rye and barley are excessive and unreasonable.

"This petitioner hereby adopts and confirms all of the statements and allegations, including carriers defendants, contained in the original complaint, and the same is made a part hereof with the same force and effect as if it were fully incorporated herein."

REPORT FROM WINCHELL

The Traffic World Washington Bureau.

Director-General McAdoo September 16 made public the following report from B. L. Winchell, regional director of railroads for the southern region:

"Conditions in the southern region are somewhat more satisfactory.

"Final figures as to the earnings for July are not in for all lines, but those received show the following increases:

In gross revenue	\$12,442,161
In expenses	7,557,748
In net revenue from railroad operation...	4,884,413

"The largest actual increase in net so far reported is by the Southern Railroad, \$2,388,042. The Nashville, Chattanooga & St. Louis road reports more than 200 per cent increase in net (\$549,463).

"We still have a heavy lumber traffic in sight and can turn it into earnings as car supply permits. One hundred and thirty-five southern mills report as balance of orders on their books more than 24,000 carloads unshipped.

"In order to reduce pressure on our Consolidated City Ticket Offices, and to better accommodate the traveling public, we have established inexpensive ticket agencies at the following military camps: Wadsworth, near Spartanburg; Greene, near Charlotte; Jackson, near Columbia; Gordon, near Atlanta; Johnson, near Jacksonville, and at the marine camp at Paris Island, South Carolina.

"In a general way, we have no congestion down here; most of our lines can handle more business, although some are close on power, but I am insisting upon better engine-miles per day.

"Our principal roads are loading more coal than ever

before; they can load still more with better return of coal cars from connections (which matter is in hand); with some enlargement of facilities at a few points of restriction (which work is in hand, or is being planned), and with better car-miles per day, which essential is being followed insistently.

"We must soon have more coaches for our regular trains, or less travel. The coach demand for military service is overtaking our southern lines' possibilities, and the demands for extra equipment for regular trains, necessary to meet the public convenience, cannot always be met.

"The crop prospects generally are excellent; we will surely have more cotton east of the Mississippi than a year ago."

COMMISSION-INITIATED CASES

The Traffic World Washington Bureau.

Lumber interests, through their attorney, J. V. Norman, are asking the Commission to save to them the thousands of dollars they have spent in the presentation of testimony and the making of arguments in Commission-initiated proceedings. Specifically they are asking the Commission to continue its dockets 8131 and 10128. The first is the general inquiry into lumber classification and the second is the inquiry into lumber minima. The first has been argued three times and the record contains thousands of pages representing years of work.

The Louisville attorney was in Washington September 14 to discuss the subject with commissioners whom he could reach. The inclination is to hold that as to rates, rules, classifications or regulations that have not been changed by order of the Director-General, a proceeding in inquiry begun by the Commission on its own motion continues in full force and vigor, and as to inquiries concerning things that have been changed, the Commission has lost jurisdiction.

This inclination to hold that the Director-General can divest the Commission of jurisdiction by changing the rate, rule, regulation or classification proceeds from the fact that the federal control law, by words, confines the Commission's activities in the investigation of rates, rules, regulations, practices and so forth to things brought to its attention "on complaint." In other words, it seems to limit its power to inquire into matters to such as are brought before it by shippers who feel aggrieved to such an extent that they are willing to go on record.

Congress originally gave the Commission the power to initiate proceedings at a time when it was dangerous for a shipper to allow it to be known that he was complaining against the treatment accorded him by a railroad. In those days a railroad could discourage a complaining shipper by increasing the rates against which he had complained or by intensifying the discrimination against him caused by some rule or practice.

EXCEPTIONS TO OIL CASE REPORT

The Traffic World Washington Bureau.

An unusually emphatic bill of exceptions has been filed by John S. Burchmore and L. F. Moore, attorneys for the complainants in No. 10019, Montana Oil Company et al. vs. A. T. & S. F. et al., to the tentative report written by Attorney-Examiner Burnside. The examiner recommended the dismissal on the ground that the complainants had not shown themselves to have been damaged and therefore were not entitled to reparation, and the further ground that, while the relationship could not be approved, the Commission had not jurisdiction as to rates for the future, inasmuch as they had been increased by the Director-General, who was not a party to the complaint.

The complainants objected to rates to Montana from Oklahoma refineries from nine to fifteen cents higher than from Kansas refineries, because, on long hauls, the Commission in the Mid-Continent decision said that there should be no difference between the two groups.

The attorneys point out that if the Commission follows the recommendation it will, in effect, reward the defendants, by allowing them to retain in their treasuries money obtained from rates that violate nearly all the rules of rate-making and the plain implication in the Mid-Continent case shown by the Commission's ruling that there should be no difference in rates from the two groups to Denver

and Salt Lake. They say the Commission should find that the Montana dealers are in competition with the Standard interests and that they bore the unreasonable freight charges and have not been reimbursed for the losses they sustained by such a maladjustment that shows differentials from nine to fifteen cents on a long haul while the differential established by the Commission from the two groups to Kansas City is only five cents. They ask on what ground the carriers could justify rates that show differentials higher for long than for short haul.

RATES NORTHWEST TO SOUTHEAST

The Traffic World Washington Bureau.

The division of traffic is nearing the completion of a big task set for it by Director-General Chambers on June 21, when he ordered the publication of joint rates, from the northwest on the one hand to the southeast on the other, the same as rates from what is commonly known as transcontinental territory to points east of the Mississippi. Group A rates have already been made the maximum to the southeast, but that affects only a comparatively small tonnage.

The southeast is being divided into groups corresponding to those in the territory north of the Ohio River. Rates have been checked into a good many tariffs. When the work is completed the appropriate rate authorities will be issued and then the southeast will have joint through rates to transcontinental territory. As to any individual rate or body of rates there is no absolute knowledge. The only way an estimate can be made is to consult the joint rates to groups in the northeastern part of the United States and estimate as to what destinations in the southeast would take about the same rates.

A large part of the delay has been caused by the necessity for getting arrangements made for having the non-controlled lines made participants in the joint rates. The National Industrial Traffic League members, at their meeting in Buffalo in August, made fun of or criticized Counties for putting out a tariff showing export and import rates to and from controlled railroads, but nothing as to non-controlled lines. In the case of rates ordered June 21 the traffic division men who have been handling the matter have not only had to make up groups, but have also had to correspond with the non-controlled lines to bring them in and see that proper concurrences were filed with the proposed tariffs.

FOURTH LIBERTY LOAN

Director-General McAdoo, by means of Circular No. 56, makes this appeal for the fourth Liberty Loan:

"The patriotic support of railway employees to the Third Liberty Loan was more than gratifying. On some railroads practically every employe became a subscriber for one or more of these bonds.

"Now that the Fourth Liberty Loan is about to begin, I earnestly urge all railroad officials and employes to co-operate in securing a '100 per cent' result on every railroad. I believe that where the officials and employes unite in a patriotic support the response will be even more gratifying than that to the Third Liberty Loan.

"I realize that there are many instances where railroad employes are not financially able to assume additional obligations. In such instances there should be no criticism of the failure of an employe to subscribe to the Fourth Liberty Loan. I believe, however, that when the urgency of the need is presented to employes that few will fail in their financial support of the government.

"My attention has been called to the fact that in past loans many employes have subscribed through their banks and through other agencies than the railroads. No criticism should be made against employes for subscribing to bonds in this way, but it is a matter of pride to the Railroad Administration that the employes on each railroad shall receive the credit for all subscriptions they make.

"Government bonds are the safest investment in the world, and in making such an investment railroad employes at the same time have an opportunity to help win the war and give needed support to our noble sons and brothers who are risking and giving their lives upon the battle fields and upon the seas.

"I hope that 100 per cent of the railroad employes will

subscribe to the bonds of the Fourth Liberty Loan. I can think of nothing more inspiring than the great body of railroad employees effectively banded together to work for the success of the Fourth Liberty Loan, and I urge upon each railroad employee patriotically to do his share. In his way we can shorten the war, save many lives, and bring a glorious victory to America and to democratic principle everywhere."

KEEP THE ENGINES RUNNING

"General Pershing needs more locomotives in France to keep the Big American Smash going until the Kaiser is pushed across the Rhine," says Director-General McAdoo. "The only way we can give General Pershing the locomotives he needs is for the railroads of the United States to take as few new locomotives as possible, and thus permit the locomotive builders to send their product to France. We cannot do without new locomotives unless we keep our locomotives in repair and moving all the time. I make a special appeal to every railroad mechanic and workman to do his level best to turn the locomotives out of the shops quickly and to keep their wheels turning on every railroad of the United States. Here's a direct way in which every man can help Pershing and his heroic soldiers and make certain the early defeat of the Kaiser."

PAINTING OF FREIGHT CARS

B. F. Bush, regional director, has issued instructions governing the painting and preservation of identity marking on freight car equipment. "The preservation of freight car equipment of all railroads under federal control will be maintained by necessary repainting and restenciling," says he. "When paint on freight equipment cars has become perished to the extent of permitting the steel to rust and deteriorate, or the wood to become exposed to the weather, they should be repainted. The car body (including roof) should be entirely repainted if, for any cause, it is found necessary to repaint one-third or more of the car. Before applying paint to steel, it should be scraped and cleaned off with wire brush; wood parts should be scraped so as to clean off all blisters and loose paint, including removal of protruding nails and tacks. The station marking showing where car was last reweighed should not be changed unless the car is reweighed. When repainting freight equipment cars, two coats will be applied to all new parts and old parts of body which have been reworked, causing removal of paint. One coat will be applied to parts where old paint is in good condition. Should the old paint be found in such condition requiring two coats, they may be applied. The stenciled letters and numbers on all freight equipment cars will be maintained and identity kept bright. When the lettering or numbering is found in bad condition, renew the identity by either repainting the car or by applying new stenciled letters and numbers. In selecting cars for this purpose, preference should be given those on which the marking and painting is in the poorest condition. * * * Detention of equipment from service for painting should be avoided when possible. A great deal of this work can be done to open cars in transportation yards when under load in storage."

PROTECTION OF COTTON

B. F. Bush, Regional Director, in an order concerning the protection of cotton from loss and damage by fire, says:

"With the approach of the cotton season and the consequent heavy movement of that commodity, special instructions should be issued with respect to guarding against loss or damage caused by fire. Such general notices, rules, regulations and instructions as have been issued in the past dealing with this subject should be renewed. The active co-operation of all employees in carrying out these instructions is necessary, in order that every possible precaution be used towards the prevention of fires from any cause."

All officials and employees who may in any way be connected with the handling of this traffic should be properly instructed, not only in the matter of preventing fires, but

to see that ample fire protection appliances are provided, put in condition for service, and properly maintained for prompt use. Wherever it is considered necessary, special fire protection inspectors should be employed to see that instructions are carefully observed and dangers removed. Special watchmen service is desirable at points of unusual concentration in line with past practices.

"In view of the fact that the destruction of any amount of cotton by fire would result in considerable financial loss, a reasonable expense to guard against these possibilities is justified. It is desired that extraordinary efforts be made to protect cotton from any serious and preventable fire hazards to which it might be subjected, particularly at this period when its preservation as a war essential is urgent."

WIRE RATE STANDARDIZATION

The Traffic World Washington Bureau.

Postmaster-General Burleson has taken the first step toward standardizing wire rates throughout the country by appointing two committees to prepare plans for more nearly uniform rates, especially for exchange telephone service. David J. Lewis is chairman of each. The telegraph committee consists of Vice-President Willaver of the Western Union, and General Manager Reynolds of the Postal. The telephone committee consists of Vice-President Thayer of the American Telephone Company, representing the Bell interests, and C. Y. McVey of the Ohio Telephone Company, representing the non-Bell interests.

The Nebraska commission has notified the telephone companies that if they undertake to impose the installation charges of five, ten and fifteen dollars ordered by Burleson, it will seek an injunction. Solicitor Lamar of the Post Office Department has notified the telephone companies to impose the charge and Burleson will defend them.

The standardization of exchange will bring up the rates where competition has been most fierce and probably lower some where there has been no fighting.

MOVEMENT OF FRUIT TRAINS.

Director-General McAdoo announced September 12 that a report from Hale Holden, regional director of the central western region, for the month of August showed that in that month 138 special fruit trains with 5,640 cars were operated through from California to the Missouri River and Chicago. The total California movement since the beginning of the season, about June 1, amounted to 446 trains, with 17,495 cars. The Colorado fruit movement began about August 15, and the latter portion of the month there were moved a total of 45 fruit specials with 1,523 cars.

EFFECTIVE DATE POSTPONED.

The Commission has postponed the effective date of its order in No. 7865, Chamber of Commerce of Johnson City (Tenn.) vs. Southern Railway et al., from October 15 to December 15. The Commission, in this case, ordered the railroads to remove the discrimination against Johnson City, leaving it free either to lower the Johnson City rates or to raise the rates to Bristol.

COMMISSION ORDERS

The Commission has further modified its order of May 17 in case 8830, C. F. Ewing & Co., Ltd., vs. Spokane International Ry. Co. et al., to become effective October 21.

The Commission has further modified its order of May 23, in case 6195, sub 1, C. Heileman Brewing Co. et al. vs. C. B. & Q. R. R. Co. et al., to become effective November 17.

The Commission has further modified its orders of May 17 in case 8637, W. G. Chaney Co., Ltd., vs. G. N. Ry. Co. et al.; case 8637, sub. 1, Sand Point Lumber & Pole Co. vs. Spokane International Ry. Co. et al.; case 8637, sub 2, Sand Point Lumber & Pole Co. vs. Spokane International Ry. Co. et al.; case 8637, sub 3, Western Pine Manufacturing Co. vs. The Denver & Rio Grande R. R. Co. et al.; case 8637, sub 4, S. H. L. Lumber Co. vs. The Denver & Rio Grande R. R. Co. et al., to become effective October 21.

TRAFFIC CLUBS

(The following list of traffic clubs will be published from time to time. We ask that readers notify us of any errors or of any changes or additions of which they have knowledge.)

Akron Traffic Association. Alvin Hill, Pres.; E. L. Morgan, Secy.

Baltimore Traffic Club. Paul Gessford, Pres.; C. C. Kailer, Secy.

Boston, Mass.—The Association of Railway and Steamboat Agents of Boston. O. M. Chandler, Pres.; W. M. Macomber, Secy.-Treas.

Brooklyn Traffic Club. P. L. Gerhardt, Pres.; C. A. Schleicher, Secy.

Buffalo Transportation Club. H. B. Loucks, Jr., Pres.; G. C. Wilson, Secy.

Chicago Traffic Club. R. C. Ross, Pres.; C. B. Signer, Secy.

Chicago Transportation Association. W. C. Siegrist, Pres.; T. P. Hinchcliffe, Secy.

Cincinnati.—Traffic Club of the Chamber of Commerce. H. M. Freer, chairman; E. H. Smith, Secy.

Cleveland Traffic Club. C. M. Andrus, Pres.; J. B. Sanford, Secy.

Columbus, Ohio.—Traffic club of the Columbus Chamber of Commerce. J. E. Harris, Pres.; J. G. Young, Secy.

Dayton Traffic Club. J. W. Cobey, Pres.; W. E. Boyer, Secy.

Dearborn (Mich.) Traffic Club. J. M. Richardson, Pres.; F. W. Ludwig, Secy.

Denver Commercial Traffic Club. G. H. Work, Pres.; R. E. Patterson, Secy.

Detroit Transportation Club. J. A. Sullivan, Pres.; G. A. Walker, Secy.

Erie Traffic Club. H. R. Landers, Pres.; M. W. Elsmann, Secy.

Flint (Mich.).—Traffic Club of the Flint Board of Commerce. A. V. Marti, Pres.; A. Nelson, Secy.

Fort Worth Transportation Club. E. C. Price, Pres.; E. E. Wyatt, Secy.

Freeport, Ill.—Greater Freeport Traffic Club. W. H. Jenner, Pres.; F. F. Pepperdine, Secy.

Grand Rapids Traffic Club. Arnold Greenbaum, Pres.; L. M. MacPherson, Sec'y.

Houston Traffic Club. Clint Hollady, Pres.; F. A. Leflingwell, Secy.

Indianapolis Transportation Club. M. Wolf, Pres.; L. E. Stone, Secy.

Jackson (Mich.) Traffic Club of the Jackson Chamber of Commerce. H. H. Chandler, Pres.; J. R. Gibbs, Secy.

Jacksonville Traffic Club. J. C. Burrows, Pres.; W. L. Waring, Jr., Secy.-Treas.

Jamestown, N. Y.—Traffic Club of the Jamestown Board of Commerce. J. H. Dasher, Pres.; H. W. Chapman, Secy.

Kansas City Traffic Club. G. I. Tompkins, Pres.; Alfred A. Wild, Secy.

Los Angeles Traffic Association. E. L. Lewis, Pres.; H. C. Smith, Secy.

Louisville Transportation Club. R. H. Morris, Pres.; G. A. Perry, Secy.

Memphis Traffic and Transportation Club. J. M. Beley, Pres.; L. E. McKnight, Secy.-Treas.

Milwaukee Traffic Club. H. W. Ploss, Pres.; F. T. Fultz, Secy.

Minneapolis Traffic Club. C. M. Boyce, Pres.; W. W. Gibson, Secy.

Newark Traffic Club. C. H. Gulick, Pres.; E. E. Burkhard, Secy.

New England Traffic Club, Boston. A. H. Van Pei, Pres.; C. A. Anderson, Secy.

New York Traffic Club. W. L. Woodrow, Pres.; C. J. Swope, Secy.

New York, N. Y.—Traffic Club of the Queensboro Chamber of Commerce; E. J. Tarof, Pres.; P. W. Moore, Secy.

Norfolk Traffic Club. R. S. Gale, Pres.; Hege Terrel, Sec'y-Treas.

Omaha Traffic Club. B. J. Drummond, Pres.; John Byrne, Secy.

Peoria Transportation Club. C. H. Gillig, Pres.; Arthur Maedel, Secy.

Philadelphia Traffic Club. F. E. Snively, Pres.; W. I. Montgomery, Secy.

Philadelphia.—Commercial Traffic Managers of Philadelphia. W. B. Grieves, Pres.; T. Noel Butler, Secy.

Pittsburgh Traffic Club. J. J. Monks, Pres.; F. A. Layman, Secy.

Pittsburgh Traffic and Transportation Association. E. M. Sisk, Pres.; F. G. Wood, Financial Secy.

Portland Transportation Club. E. M. Burns, Pres. W. O. Roberts, Secy.

Providence, R. I.—Traffic Club of the Providence Chamber of Commerce. E. E. Salisbury, Chairman; E. C. Southwick, Secy.

Rockford Traffic Club. J. H. Miller, Pres.; L. E. Golden, Secy.

Salt Lake City Transportation Club. A. R. McNitt, Pres.; R. E. Rowland, Secy.

San Francisco Transportation Club. W. E. Amann, Pres. Frederick Birdsall, Secy.

San Francisco Traffic Club. W. T. Bozeman, Pres. L. N. Bradshaw, Secy.

Seattle Transportation Club. F. W. Graham, Pres. E. W. Mosher, Secy.-Treas.

South Bend Traffic Club. F. S. Montgomery, Pres.; G. S. Hess, Secy.-Treas.

Spokane Transportation Club. V. G. Shinkle, Pres. R. W. Franklin, Secy.

St. Joseph Traffic Club. R. A. Ferguson, Pres.; T. J. Slattery, Secy.

St. Louis Traffic Club. F. C. Reilly, Pres.; J. R. Bell, Secy.

Syracuse Traffic Efficiency Club. S. D. Rice, Pres.; W. J. O'Neill, Secy.

Toledo Transportation Club. H. S. Bradley, Pres. Harry S. Fox, Secy.

Topeka Traffic Association. O. B. Gufer, Pres.; W. S. Barton, Secy.-Treas.

Washington Traffic Club. J. C. Williamson, Pres.; W. B. Peckham, Secy.

Digest of New Complaints

No. 10237—Seaboard By-Product Coke Co., Seaboard, N. J., vs. Erie Co. et al.

Against charges of \$2.25 per ton on coke from Seaboard to Troy as unjust and unreasonable. Ask for a cease and desist order and reparation.

No. 10238—New Bedford (Mass.) Board of Commerce, on behalf of New Bedford Extractor Co., vs. McAdoo, N. Y. N. H. & H. et al.

Against a switching rate of 35 cents on coal from June to June 20, 40 cents from June 20 to June 24 and 70 cents a ton since July 1 on coal from West Virginia and Virginia a unreasonable for the service of bringing a car from the pier to the plant of the complainant; also discriminatory. Ask for reasonable rates and reparation.

No. 40239—George C. Holt and Benjamin B. Odell, receivers of the Aetna Explosives Co., New York City, vs. McAdoo, New Orleans & Northeastern et al.

Against the assessment of the through fifth-class rate on

47 cents per hundred pounds on tank car shipments of sulphuric acid from New Orleans to Oakdale, Pa., as unjust and unreasonable to the extent that it exceeded a rate of \$7.30 per net ton in effect from New Orleans to Oakdale. Ask for reparation.

No. 10243—Otto H. Hedrich & Co., Chicago, Ill., vs. P. C. C. & St. L.

Unjust and unreasonable demurrage charges on coal from Leavenworth, Kan., to Chicago, Ill., due to alleged failure to notify. Reparation asked for.

No. 10244—Northern Coal Co., St. Louis, vs. Mobile & Ohio and McAdoo.

Alleged discrimination in the distribution of coal cars on the St. Louis division of the Mobile & Ohio. Asks for reparation.

No. 10245—Wilbur Lumber Co., et al., Milwaukee and elsewhere, vs. McAdoo and A. T. & S. F. et al.

Against double increases on coal from mines in Illinois and Indiana to destinations in Wisconsin moving through Chicago and other non-breaking points as unjust, unreasonable and unduly discriminatory because in violation of the rule in both Ex Parte No. 37 and General Order No. 28 that only one factor in a through combination rate shall be increased. Ask for just, reasonable and non-discriminatory joint through rates and reparation.

No. 10246—Harmen Glass, as the Puritan Glass Co., Shinglehouse, Pa., vs. McAdoo and Erie et al.

Against a commodity rate of 11.6 cents on soda ash from Tiptonville, O., to Shinglehouse, Pa., as unjust and unreasonable due to marketing. Asks for reparation.

No. 10247—Southern Hardwood Traffic Association et al., Louisville, Ky., vs. McAdoo, Alabama & Vicksburg Ry. Co. et al.

Against increases in the lumber rates to Carrollton, Ky., which are claimed to be unduly prejudicial in favor of Cincinnati, O., and Sanders, Ky. Ask for just, reasonable and non-discriminatory rates not higher than to points on the L. & N. east of Worthville, Ky., and intermediate to Cin-

cinnati, and the establishment of through routes and joint rates.

No. 10248—Climax Molybdenum Co., Climax, Colo., vs. W. G. McAdoo and Ann Arbor R. R. Co. et al.

Unjust and unreasonable charges on ore and concentrates from Climax, Colo., to stations in the United States on and east of the Missouri River and west in the Indiana-Illinois state line. The establishment of reasonable rates asked for.

No. 10249—The Cottonseed Products Co. vs. St. Louis-San Francisco Co. et al.

Against unjust and unreasonable rates on cottonseed hulls and shavings from Roff, Okla., to Meridian, Miss., through the absence of through rates. Reparation asked.

No. 10250—William E. Golden, Chicago, Ill., vs. W. G. McAdoo, Director-General.

Asks that the 1 cent per mile rate now applied to sailors, marines, acidlers and nurses on furlough be extended to apply to such transportation at all times and between all points.

No. 10251—Nebraska-Iowa Fruit Jobbers' Association of Lincoln, Omaha and Fremont vs. McAdoo, C. B. & Q. et al.

Unreasonable, excessive and unjust refrigeration charges on fruits and vegetables between points in Nebraska, Iowa, Kansas and Missouri. Asks for reasonable rates, charges and reparation.

No. 10252—The Ohio Cities Gas Co., Columbus, vs. McAdoo and Philadelphia & Reading et al.

Against a rate of 4.2 cents per mile on 200 new and empty steel tank cars moving on their own wheels from Milton, Pa., to Cabin Creek Refining Co., Cabin Creek Junction, W. Va., as unjust and unreasonable. Asks for cease and desist order and reparation.

No. 10253—E. E. Musick, Varney, W. Va., vs. McAdoo and N. & W.

Against a refusal to furnish cars for loading walnut logs sold to and for use of federal government. Asks for an order forbidding the violation of the car service act.

Docket of the Commission

Note—Items in the Docket marked with an asterisk (*) are new having been added since the last issue of The Traffic World. Cancellations and postponements announced too late to show the change in this Docket will be noted elsewhere.

September 23—Portland, Ore.—Commissioner Aitchison:

1 & S. Docket 1161—Reorganization Case 2.

10173—Reorganization and diversion rules.

15th Sec. App. 5207 filed by E. Morris.

15th Sec. App. 5218 filed by E. Morris.

15th Sec. App. 5219 filed by E. Morris.

15th Sec. App. 5566 filed by E. Morris.

October 2—Argument at Washington, D. C.:

10030—Milton Truck Co. et al. vs. Pa. R. R. Co. et al.

1 & S. 1024—Southwestern potato rates.

9574—Chamber of Commerce of Greeley et al. vs. C. & S. Ry. Co. et al.

October 3—Argument at Washington, D. C.:

9395—Frederic Lumber Co. et al. vs. Northwestern Pacific R. R. Co. et al.

9536—Willamette Valley Lumber Assn. et al. vs. Sou. Pac. Co. et al.

October 4—Argument at Washington, D. C.:

9822—American Window Glass Co. vs. W. Md. R. R. Co. et al.

9990—St. Ellen Coal Co. et al. vs. St. L. & B. E. Ry. Co. et al.

October 5—Argument at Washington, D. C.:

1 & S. 490—Lumber transit privileges at Buffalo, N. Y.

7506—Buffalo Lumber Exchange and Buffalo Chamber of Commerce vs. Ala. Cent. Ry. Co. et al.

9489—Aurora, Elgin & Chicago R. R. Co. vs. Ind. Harbor R. R. Co. et al.

9006—Cabin Creek, Cons. Coal Co. et al. vs. C. H. & D. Ry. Co. et al.

October 9—Argument at Washington, D. C.:

1 & S. Docket 1118—Live stock loading and unloading charges.

9977—Chicago Live Stock Exchange vs. A. T. & S. F. Ry. Co. et al.

1 & S. Docket 1156—Shipments in refrigerator, insulated or heated cars.

October 10—Argument at Washington, D. C.:

8224—Ketchikan Lumber Co. vs. Mo. Pac. Ry. Co. et al.

9146—McGowan-Foshee Lumber Co. vs. F. A. & G. R. R. Co. et al.

9797—Robert Ables et al. vs. Alex. & Western Ry. Co. et al.

9907—Communist Club of Omaha vs. B. & O. R. R. Co. et al.

October 11—Argument at Washington, D. C.:

9790—Portsmouth Assn. of Commerce vs. S. A. L. Ry. Co. et al.

9955—Rowland Lumber Co. et al. vs. S. A. L. Ry. Co. et al.

9752—E. I. Du Pont de Nemours & Co. vs. M. D. & S. R. R. Co. et al.

9752 and Sub. Nos. 1, 7, 9, 27, 28, 29, 33, 35, 44, 53, 58, 64, 65, 69, 70, 77, 81, 86, 93, 97, 98, 102, 104, 108—E. I. Du Pont de Nemours & Co. vs. M. D. & S. R. R. Co. et al.

9752 and Sub. Nos. 2, 12, 55, 59—E. I. Du Pont de Nemours & Co. vs. M. D. & S. R. R. Co. et al.

9752 and Sub. Nos. 6, 10, 13, 24, 49, 56, 59, 60, 67, 68, 73, 79, 87, 90, 92, 96, 100, 103, 109—E. I. Du Pont de Nemours & Co. vs. M. D. & S. R. R. Co. et al.

9752 and Sub. Nos. 2, 5, 12, 25—E. I. Du Pont de Nemours & Co. vs. Georgia R. R. Co. et al.

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COMMISSION ORDERS

The Commission has discontinued proceedings in case 10100, Western Trunk Line Hay & Straw, 15th section application 3380, account having been withdrawn by petitioners.

The Commission, upon complainant's request, has dismissed proceedings in case 10178, Va. Iron, Coal & Coke Co. et al. vs. Sou. Ry. Co. et al.

The Commission, upon complainant's request, has dismissed proceedings in case 10106, Gress Mfg. Co. vs. A. C. L. R. R.

The Commission, upon complainant's request, dismissed proceedings in case 6935, Chelsea Refining Co. et al. vs. A. T. & S. F. Ry. Co. et al.

The Commission has dismissed proceedings in case 10099, Lumber to Chicago and related points, 15th section application 3307, having been withdrawn by petitioners.

The Commission, upon complainant's request, has dismissed proceedings in case 9850, Union Traction Co. vs. A. T. & S. F. Co. et al.

The Commission, upon complainant's request, has dismissed proceedings in case 9769, Helvetia Milk Condensing Co. vs. A. & V. Ry. Co. et al.

The Commission, upon complainant's request, has dismissed proceedings in case 10147, Northern Potato Traffic Association vs. C. & N. Ry. Co. et al.

ADVANCE ON SAND, ETC.

The Traffic World Washington Bureau.

Director-General McAdoo has decided that the Administration cannot recede from the advance of one cent a hundred on sand, gravel and crushed stone, but that immediate consideration will be given to individual cases where the advance imposes unusual hardship. He expects shippers to apply to district rate committees for modifications and says he has asked them to give preferred attention to this matter.

I. & S. 1156 DISCONTINUED

The carriers having canceled the tariffs proposing increased rates on shipments in refrigerator, insulated, or heated cars, the Commission has discontinued I. and S. No. 1156.

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The Traffic Service Bureau
418 South Market Street
CHICAGO

- 9752 and Sub. No. 13—E. I. Du Pont de Nemours & Co. vs. Gainesville Mid. Ry. Co. et al.
9752 and Sub. No. 31—E. I. Du Pont de Nemours & Co. vs. Ga. & Fla. Ry. Co. et al.
9752 and Sub. No. 34—E. I. Du Pont de Nemours & Co. vs. Norf. Sou. R. R. Co. et al.
9752 and Sub. Nos. 36, 42, 43—E. I. Du Pont de Nemours & Co. vs. W. Ry. of Ala. et al.
9752 and Sub. Nos. 37, 85—E. I. Du Pont de Nemours & Co. vs. L. & N. R. Co. et al.
9752 and Sub. Nos. 19, 46, 47—E. I. Du Pont de Nemours & Co. vs. Wrightville & Tennille R. R. Co. et al.
9752 and Sub. Nos. 48, 62, 83, 84—E. I. Du Pont de Nemours & Co. vs. A. & A. Ry. Co. et al.
9752 and Sub. No. 51—E. I. Du Pont de Nemours & Co. vs. Ga. S. W. & G. R. R. Co. et al.
9752 and Sub. No. 66—E. I. Du Pont de Nemours & Co. vs. Union & Glen Springs R. R. Co. et al.
9752 and Sub. No. 75—E. I. Du Pont de Nemours & Co. vs. N. W. R. R. Co. of S. C. et al.
9752 and Sub. No. 78—E. I. Du Pont de Nemours & Co. vs. Bennettsville & Cheraw R. R. Co. et al.
9752 and Sub. No. 95—E. I. Du Pont de Nemours & Co. vs. Orangeburg Ry. Co. et al.
9752 and Sub. Nos. 62, 105—E. I. Du Pont de Nemours & Co. vs. Lancaster & Chester Ry. Co. et al.
9849 and Sub. Nos. 4, 7, 8—E. I. Du Pont de Nemours & Co. vs. L. & N. R. R. Co. et al.
9849 and Sub. No. 1—E. I. Du Pont de Nemours & Co. vs. W. Ry. of Ala. et al.
9849 and Sub. Nos. 2, 6, 16, 17, 18, 21—E. I. Du Pont de Nemours & Co. vs. A. C. L. R. R. Co.
9849 and Sub. Nos. 3, 5, 14, 19—E. I. Du Pont de Nemours & Co. vs. S. A. L. Ry. Co. et al.
9849 and Sub. Nos. 9, 12—E. I. Du Pont de Nemours & Co. vs. C. of Ga. Ry. Co. et al.
9849 and Sub. No. 10—E. I. Du Pont de Nemours & Co. vs. A. & W. P. R. R. Co. et al.
9849 and Sub. No. 11—E. I. Du Pont de Nemours & Co. vs. M. D. & S. R. R. Co. et al.
9849 and Sub. No. 13—E. I. Du Pont de Nemours & Co. vs. Norf. Sou. R. R. Co. et al.
9849 and Sub. No. 15—E. I. Du Pont de Nemours & Co. vs. F. R. & N. E. R. R. Co. et al.
9849 and Sub. No. 20—E. I. Du Pont de Nemours & Co. vs. N. & W. Ry. Co.
October 12—Argument at Washington, D. C.
9842—Western Pac. R. R. Co. vs. Sou. Pac. Co. et al.
9878—Ida S. Granstein vs. B. & M. R. R. Co. et al.
7893-7894—Royal Milling Co. vs. G. Nor. Ry. Co.
October 14—Argument at Washington, D. C.
9887—St. Louis Elect. Term. Ry. Co. et al. vs. C. C. C. & St. L. Ry. Co. et al.
10026—Armour & Co. vs. E. P. & S. W. et al.
10026, Sub. No. 1—Swift & Co. et al. vs. E. P. & S. W. Co. et al.
10026, Sub. No. 2—Wilson & Co. Inc. vs. E. P. & S. W. Co. et al.
October 14—Argument at Washington, D. C.:
* 10048—Pneumatic Scales Corp., Ltd., vs. A. & R. R. R. Co. et al.
October 15—Argument at Washington, D. C.:
* 10134—Keystone Warehouse Co. vs. Pennsylvania R. R. Co.
October 16—Argument at Washington, D. C.:
* 10150—James J. Redmond vs. Adams Express Co.
* 10167—Sioux City Live Stock Exchange vs. Chicago & Northwestern Ry. Co. et al.
10026, Sub. No. 3—Morris & Co. vs. E. P. & S. W. Co. et al.
October 17—Argument at Washington, D. C.
Valuation Docket No. 4—In the matter of valuation of the property of the K. C. S. Ry. Co., Maywood & S. C. Ry. Co., Ponteau Val. R. R. Co., Ark. Western Ry. Co., Ft. Smith & V. B. Ry. Co. of Tex. & Ft. S. Ry. Co., K. C. S. & G. Ry. Co., K. C. S. & G. Term. Co., Port A. C. & D. Co., Glen's Pool Tank Line.
October 22—Hearing at Chicago, Ill.:
10204—Consolidated Classification case—Petroleum interests.
October 23—Hearing at Chicago, Ill.:
10204—Consolidated Classification case—Petroleum interests.
October 24—Hearing at Chicago, Ill.:
10204—Consolidated Classification case—Rubber interests.
October 25—Hearing at Chicago, Ill.:
10204—Consolidated Classification case—Furniture interests.
October 26—Hearing at Chicago, Ill.:
10204—Consolidated Classification case—Furniture interests.
October 28—Hearing at Chicago, Ill.:
10204—Consolidated Classification case—Packers and poultry and dairy interests.
November 4—Washington, D. C.—Examiner Brown:
9200—Railway mail pay.
November 4—Hearing at Chicago, Ill.:
10204—Consolidated Classification case—Stove and range interests.
November 5 to 8 inclusive—Hearing at Chicago, Ill.:
10204—Consolidated Classification case—Miscellaneous subjects.
November 12—Hearing at Washington, D. C.:
10204—Consolidated Classification case—For such interests as may desire to be heard.

THE TRAFFIC WORLD

A working tool for traffic men, both industrial and railroad; a national journal of important transportation news; independent as between carrier and shipper.

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PUBLICITY FOR RATE CHANGES

We take pleasure in announcing, as a matter for congratulation of both the shipping public and the Railroad Administration itself, that Director Chambers, of the Division of Traffic, has decided to open to public inspection the freight rate authorities issued from his office under the system that now prevails of making changes in the rates of government-controlled roads. The public is to be congratulated because it may now learn what is proposed in the way of rate changes before those changes actually take effect—a privilege that has been denied it, up to this time, ever since the Railroad Administration began operating under the power conferred on the President by the railroad-control law to initiate all rates, though that law was enacted with the understanding that, except in great emergencies, the President would not exercise the power but that, in general, rates would continue to be made by the old Interstate Commerce Commission process. The Railroad Administration is to be congratulated in that it appears to have come to a realization of the rights of the shipping public and to a decision to recognize those rights in the interest of fairness, regardless of its arbitrary power to continue to do otherwise if it so desires.

With these freight rate authorities made available to the public a reasonable length of time before the tariffs become effective, the secrecy that has been objected to so strongly will be removed and, though it cannot be said that shippers, as a rule, even now will like the change from Commission to President-made rates, it is true that the

dose will be considerably sweetened and not nearly so hard to take.

We have been printing in the weekly Traffic Bulletin and the Daily Traffic World and Bulletin freight rate authorities issued by the Western Freight Traffic Committee, this committee having some time ago realized its duty to shippers and acted without waiting for orders, or even approval from the Division of Traffic. We shall now, of course, when the new service begins, discontinue the publication of these authorities as issued by the Western Committee and shall also discontinue our efforts to obtain the authorities issued similarly by the Eastern and Southern freight traffic committees, since publication from Washington from the Division of Traffic will be a prompter and more satisfactory service and to publish the authorities as issued by the three regional committees would be a duplication, even if we were able to induce the Eastern and Southern committees to follow the lead of the Western Committee.

We are also publishing in the weekly Traffic Bulletin and the Daily Traffic World and Bulletin the dockets of the Western district freight traffic committees sent to us under instructions from the Western Freight Traffic Committee. We are endeavoring to persuade the Eastern and Southern freight traffic committees to issue similar instructions to their district committees. If they do this, then it seems to us that every service that can be given to the shipper under the present system of making rates will have been provided for. He will know some time in advance of every proposal that affects his interests—except where there is an emergency—and can take action accordingly. Also, when the rate authority is issued he will again be notified as to what is coming and can make plans to meet it.

ABOLITION OF STATE CLASSIFICATIONS

The discussion as to whether the proposed consolidated freight classification on which hearings are now being held will, if it becomes effective, abolish and be substituted for the various state classifications is interesting, even if nothing more serious is involved, as showing the lengths to which the Railroad Administration has gone in sidetracking the Interstate Commerce Commission. The Commission is holding hearings on the proposed consolidated classification. It is true that, as we understand it, the proceeding under which the hearings are held and the case is being conducted is not exactly legal but is more in the nature of an informal conference at which shippers are permitted to say what they think about

the proposals of the carriers and the latter are expected to justify their proposals, with no one knowing just what, if anything, the Commission can do in the matter further than to make recommendations to the Railroad Administration, or how much attention will be paid to such recommendations. Nevertheless, the Commission is conducting the hearings and it is to be expected that it would at least know what was involved in the case and what evidence was pertinent. It has assumed to know and its examiner has ruled on points raised by one side or the other. He ruled on this question of state classifications, saying that they were not involved in the case and that shippers must eliminate from their evidence all reference to them. Now comes the news from Washington that Director Chambers, of the Division of Traffic of the Railroad Administration, has told Florida senators and Southern Traffic League representatives who went to see him on the subject, that the consolidated classification would abolish the state classifications, and a joint telegram to Examiner Disque is to the effect that the scope of the hearing should be broadened. All of which must be embarrassing to the Interstate Commerce Commission, or at least to its examiner, who speaks for it and who is presumed to know its mind.

The examiner also stated that he was sure the state classifications would not be done away with without an opportunity for the shippers to be heard. On the theory that they were not involved in this case his opinion was doubtless well founded, but if the adoption of the present proposed consolidated classification automatically abolishes the state classifications, where does the opportunity for shippers to be heard come in, if it is decided to make the consolidated classification effective? They simply cannot be heard now to any extent without holding up the proceeding and going over the same ground again, giving shippers the opportunity to speak to this particular point. The time to have heard evidence involving the effect on state classifications was at the present series of hearings. Failing that, there will either be no adequate hearings for shippers on the point or there will be an unwarranted delay and a tiresome and expensive repetition of considerable of the testimony that has been offered. There would seem to be need of some system, if the Commission is not to be allowed to use its own judgment, by which it may know what the judgment of the Railroad Administration is—this not only that it may maintain its own self-respect, but that the ignorance in which it is kept of the Administration's plans may not work hardship on those who appear before it.

We would suggest, in fairness, especially since things have gone as far as they have, that Examiner Disque's ruling be permitted to stand, even if it did not accord with what was in the mind of Mr. Chambers. And we would suggest also that Mr. Chambers is dealing with something different from traffic when he tells southern senators what his plans are in this respect. The Railroad Administration will undoubtedly have a fight on its hands if it attempts anything like this—and it will be at a disadvantage because, aside from the merits of the question as to whether there should be federal control of state rates, the southern gentlemen can, with justice, claim not only that their constituents have not had a hearing on the matter but that there is no warrant of law for making state rates or classifications by a federal agency. This question, because of what most of the state commissioners and others interested in the question have convinced themselves are the demands of patriotism in a time of war, has been pretty well avoided lately, but there is a limit, probably, to what the advocates of state rights will stand.

One wonders why those in authority who seem to favor, not only for the war period but as a permanent policy, federal control of state rates, do not, instead of taking advantage of the situation to "put over" something that most persons hold to be illegal, rather take advantage of the situation—if it may be called taking advantage—to get a law enacted by Congress providing for such federal control. They would still have a fight on their hands, no doubt, but their ranks would at least be strengthened by those who favor federal control as a principle, though they object to seeing it brought about by illegal methods.

GOVERNMENT OWNERSHIP

The pronouncement of Samuel Untermyer, the attorney who represented the owners of railroad securities in the contest over the form of contract to be made by the government with the railroads under federal control, on the occasion of his recent address before a meeting of bankers, which has been understood as favoring actual government ownership of the carriers, ought not to be taken in just that way. Though his attitude toward the policy of government ownership of public utilities and natural resources is more or less surprising in a man of his sort—he said it had no terrors for him—still, with respect to the railroads, at least, it probably is accurate to say that the complacency with which he views the prospect of government ownership is the result merely of a comparison—that is, if the railroads are to be bound by the kind of contract that the government has insisted

(Continued on page 658)

Current Topics in Washington

Intervention by Southern Senators.

Intervention in the classification matter by senators from the southern states will probably again direct attention to the fact that Congress is and always will be the rate-making body in this country. The shippers of the south appear more inclined than those from other parts of the country to appeal from the Railroad Administration to senators. That fact has been remarked frequently. Those who know how things have been done in Washington for the last twenty-five

or thirty years are not at all surprised that that is the fact. Men from that part of the country have called on their elected representatives in Washington for the performance of non-official offices more frequently than has been the fact with constituents of senators and representatives from the north and west. That may be due to the fact that after the Civil War men in the south were poor and railroad fares to and from Washington were high. They, therefore, utilized their senators and representatives more freely than did men from the more prosperous north and west. The post Civil War habit has continued. Except during the administrations of Grover Cleveland and the south was in the political minority all the time from the Civil War to Woodrow Wilson. Its dependence for what it desired, therefore, may not be ascribed to a partisan feeling. Bluntly, it is suggested, the southern shippers do not call on their senators for help in rate matters because they are of the political faith of the head of the Railroad Administration, but simply because that long has been their way of getting things done in Washington. If the executive officials of an opposite political faith did not perform to please southern men they called on their senators, just as they are now asking them to prevent the destruction of the state classifications, on which the intra-territorial business is transacted.

Has Anyone Seen These Penoles?—Button, button, who's got the Texas Mexican Railway Company's flat cars? That's the ordinary English of a circular sent out by the Car Service Section early in the week. The cars, the numbers of which were mentioned in the notice to all the railroads of the country, left the hands of the builders in Chicago in February. They were moving under revenue billing, so that some railroad is responsible for them, just as if the property were not of the kind to steal which is not a violation of any part of the decalogue, especially at a time when cars, even flat cars, are more precious than gold or silver. Although, perhaps, this notice should be paid for as a "lost or found" advertisement, the fact is that the lost flats are Penoles Nos. 829, 856 and 860. If any shipper knows what a Penole is and sees any of the numbers mentioned, he will confer a favor on Manager Kendall of the Car Service Section. Their loss is a weight upon his soul.

Uniformity of Ratings.—During the interview between Director Chambers and Senators Fletcher and Trammell, R. Hudson Burr, M. M. Caskie and Mr. Creighton, a discussion arose between the Florida commissioner and the Director of Traffic as to what has been meant by "uniform classification," the end toward which the Commission, Congress, the railroads and the shippers are supposed to have been striving. Mr. Chambers was reported by his confidants as contending that uniformity of ratings is one of the most important ends, if not the primary end, sought. Burr contended that uniformity of descriptions, rules and regulations has been the end sought. The testimony given by the classification men at the consolidated classification hearings might be cited against the Director's contention. They have been at pains to say they were responsible for the ratings written into the book and that any changes in ratings made therein were not made because of instructions. It may be asked, if ratings are

comprehended within the scope of the words "uniform classification," why the Commission, all these years, has been sending its men to help the various classification committees. The Commission has never assigned any of its men to help railroad men ascertain the measure of the rate to be required of the shipper. Whenever it has had to fix the measure of the rate it has done that work itself, without help from anything other than the testimony and its own men. In all the work done by the classification section of the Commission's tariff division the only effort has been to obtain uniformity in the descriptions, rules and regulations, the idea being that one description should fit a given commodity no matter where it was being transported in the country. All the trouble from lack of uniformity has arisen from the fact that what might be a pig in Official Classification territory might be something else in one of the other territories. The effort has been to obtain a description that would fit the whole country so that if a toy or game was described as "tiddledywinks" in Official, the shipper would know that that would be its name in Southern instead of a "toy," N. O. I. B. N." Besides, what is uniformity in ratings? Second class in Official, in relation to first, is lower than second in Southern. Therefore, if peanut brittle is rated second in Official and second in Southern, it pays a relatively higher rate in the south than in the north.

Uniformity and Winning the War.—In the back of the heads of many shippers is the question as to what this, that, or the other thing proposed by railroad men to Director-General McAdoo for his consideration has to do with the successful operation of the railroads to the end that the war may be won. In this classification matter, it has been pointed out time and again, not one train has been delayed for a second because there was not uniformity either in descriptions or ratings. The lack of uniformity has resulted merely in an irritation of the souls of traffic managers who were not as familiar with the quirks in each classification as the experts. That made trouble for the salesman who was trying to sell f. o. b. destination, because he could not tell at a glance what his principal would have to pay on what had been sold when it crossed the Ohio, Potomac or Mississippi river. There was not the slightest interference with the physical operation of any train. The whole trouble was in the bookkeeping department. While the country was having no more serious troubles than those arising from the fact that its rate and classification suit was made up of knee pants for one leg, rompers for another, a dress coat for its back, a sweater for a waistcoat, a dancing pump for one foot and a jack boot for another, the uniform and the territorial classification committees could well devote time to considering the question as to how the country should be dressed so that it would not look quite so ludicrous in the eyes of those who love sartorial symmetry. At no time was there suggestion that the transportation system, as a good healthy buck, was not getting along well, even if his rate clothing did look as if he were dressed for a part in a comedy. As a rule, shippers have admitted the necessity for more money to pay higher wages, but they are fussing and fuming over the desire of the railroad men now advising Mr. McAdoo to take advantage of the popular determination to win the war, to undertake a lot of things that could not be done by appeal to reason during times of peace and that have nothing to do with efficient operation. The disagreement between Burr and Chambers as to what is meant by "uniform classification" is an illustration of the issue between the shippers and state commissioners on the one hand, and the railroad men advising the Director-General on the other. If the proposed consolidated classification is made effective under the emergency power in the federal control act, then there will be the sharpest kind of issue between the two sides of the matter. Shippers generally do not see any necessity for saying there is an emergency.

A. E. H.

INTERVENTION IN GRAIN CASE.

The Board of Railroad Commissioners of Iowa has been permitted to intervene in No. 10233, National Council of Farmers' Co-operative Associations vs. McAdoo et al., the case in which Clifford Thorne's clients challenge the reasonableness of the new rates on grain.

Consolidated Classification Hearings

Atlanta Proceedings Almost Finished—Questions as to Whether Exceptions and State Classifications Are Involved—Final Ruling That State Classifications Would Be Cancelled

(By a staff correspondent.)

Atlanta, Ga.—The interest in the proposed consolidation classification, in so far as the Atlanta territory is concerned, was evidenced at the first hearing September 19 by the fact that the federal court room was completely filled. Examiner Disque made the following statement, so that those present might understand clearly just what the situation was:

"The date originally fixed for briefs was November 1, but it has been necessary to change it to December 1. All briefs will be due December 1. There will be no reply briefs.

"The consolidated classification marks an important step toward classification uniformity. It was prepared by a special committee appointed by the Director-General of Railroads. This committee was composed of J. E. Williams, chairman of the Committee on Uniform Classification; R. N. Collyer, chairman of the Official Classification Committee; R. C. Fyfe, chairman of the Western Classification Committee; J. E. Crosland, member of the Southern Classification Committee, and Jos. C. Colquitt, the Commission's classification agent. The committee was directed to consolidate into one volume the three existing classifications, using one set of uniform rules and one set of uniform descriptions. The term 'descriptions' includes minimum and estimated weights and packing specifications. The committee was not specifically directed to change any ratings, but some changes in ratings were, of course, made necessary by the changes in descriptions. Many changes in rating having no connection with the work ordered by the Director General were made without the specific authority of the Director General, and, so far as known, he has expressed neither approval nor disapproval of the action taken in this respect. The changes in ratings were not made by the special committee as a body, but were made by the respective classification committee men, who were on the special committee; that is, the changes in Official Classification ratings were made by Mr. Collyer; those in Western Classification by Mr. Fyfe, and those in Southern Classification by Mr. Crosland.

"The reasonableness of these increased ratings is the principal subject of this proceeding. I was informed by counsel for the Railroad Administration before I left Washington that the Railroad Administration desires to keep an open mind with respect to all the changes proposed in this publication.

"I understand some parties have received information to the effect that the consolidated classification is to cancel the exceptions to Southern Classification. So far as the record shows and so far as I am advised, there is no proposal in this case to replace the exceptions by the ratings contained in the consolidated classification. In order that there may be no doubt and in order that all interests may be protected, I have telegraphed the Commission for further information; until I hear from them I will assume that this case does not involve the cancellation of the exceptions."

Among those entering appearances were: M. M. Caskie, Montgomery Chamber of Commerce; L. M. Nicolson, Carl Giessow and Edgar Moulton, New Orleans Joint Tariff Bureau; R. G. Cobb, Mobile Chamber of Commerce; W. H. Story, American Seeding Machine Co., Springfield, O.; M. N. Billings, Portland Cement Association and American Concrete Pipe Association; A. N. Carey and W. O. Davis, American Iron and Steel Institute, American Steel & Wire Co. and Tennessee Coal, Iron & Railroad Co., J. A. Brough, Crane Co., H. L. Bowyer, H. J. Gilbert, Savannah; Barton Benedict, Dunbar Molasses & Syrup Co., E. W. Matthews, Riverside Mills, Robert C. Ross, Joseph T. Ryerson & Son, C. W. Hayward, Meridian Traffic Bureau, J. H. Teusch, rate expert Florida Railroad Commission; Royal C. Dunn, the Florida Commission; Wm. J. Strobel, North Carolina Pine Association; R. R. May, Southern Hardwood Traffic Association; J. S. Burchmore, Southern Fertilizer Association and Interstate Cottonseed Crusher Association;

J. H. Aldredge, Southern Syrup Co. et al., E. J. Perkins, W. J. Richardson and Chas. Postel, National Biscuit Co. et al., J. L. Roberts, the Barrett Co., J. W. Stanfill, Stockholm Pipe & Fittings Co., D. A. Devane, special counsel Florida Railroad Commission, H. C. Van Horn, Southern Wholesale Grocers' Association, H. Wolf, Central & Southern Hide Dealers' Association, Edgar Watkins, American Cotton Manufacturers' Association, L. L. Sewell, R. D. Cole Mfg. Co., C. M. Candler, chairman Georgia Railroad Commission, A. J. Maxwell, North Carolina Railroad Commission, J. O. Hendley, Tennessee Railroad Commission, W. S. Creighton, Charlotte Shippers' and Manufacturers' Association, B. Gilham, Macon Chamber of Commerce et al., W. B. Taylor, Baird Hardware Co., E. DeL. Wood, Chattanooga Manufacturers' Association, J. E. Crosland, J. N. Steadwell, E. L. Voorhees and J. E. Kirk, the Railroad Administration, J. S. Davant, Memphis Freight Bureau, R. Hudson Burr, Florida Railroad Commission, A. F. Vandegrift, Louisville Board of Trade, M. J. Parlin, Belknap Hardware Co., E. R. F. Wells, Southern Produce Co., Frank Wilby, Savannah Board of Trade, H. O. Hamson, Southeastern Manufacturers of Fruit and Vegetable Crates et al., C. W. Cheers, Cotton Manufacturers' Association, D. A. Henning, Piedmont Shippers' Association, S. R. Barnett, Southport Mills, Chas. E. Cotterill, Southern Traffic League, W. E. Gardner, Georgia-Florida Sawmill Association, O. L. Bunn, Birmingham Traffic Association, L. W. Warren, Palatka Business Men's Association, C. W. Widell, Knoxville Iron Co. et al., R. R. Shepherd, Chattanooga Sewer Pipe Works, Oscar L. Shewmake, Virginia Railroad Commission and T. M. Henderson, Nashville Traffic Bureau.

Mr. Cotterill said that in view of the fact that the question of the cancellation of the exceptions to Southern Classification was in doubt, they would want to reserve their testimony until the matter had been cleared up, and the examiner said that would be cleared up within a day or two and that when it was the witnesses would be expected to go on when called.

Dozier A. Devane of the Florida Railroad Commission desired to concur, and to ask the same privilege. He quoted a letter from Director Chambers, dated August 27, stating that the consolidated classification, if and when adopted, would supersede each of the other classifications, and as the Southern Classification carries the exceptions under the same L. C. C. number, all their testimony had been prepared with the thought that all exceptions would automatically be wiped out, if the classification was.

W. E. Gardner, Georgia-Florida Sawmill Association, wished also to defer for the same reason, as did Frank Wilby of Savannah, Ga.

Edgar E. Watkins, representing cotton interests, said he was prepared to go on at 2 p. m., and Examiner Disque stated that the carriers would first be heard in justification of their proposal, followed by the state commissions. Owing, however, to Mr. Watkins being engaged in draft work, an exception was arranged for in his particular case.

Statement by Steadwell

J. M. Steadwell, member Southern Classification Committee, the first witness, made an extended statement as to the work of the Southern Committee and the history of freight classification work in the south, this statement being in the nature of a general justification for what is proposed in the south. His statement was as follows:

"It is appropriate that at this time a statement be made of an explanatory character supplying reasons justifying in the judgment of the Southern Classification Committee many of the changes proposed for consideration of the Commission in the Consolidated Freight Classification, frankly and in a broad way.

"I will avoid repetition of the explanations that have been made by the chairmen of the Official and Western Classification committees in respect to the several efforts and progress toward classification uniformity attempted during the last ten or fifteen years and the results thus

(Continued on page 629)

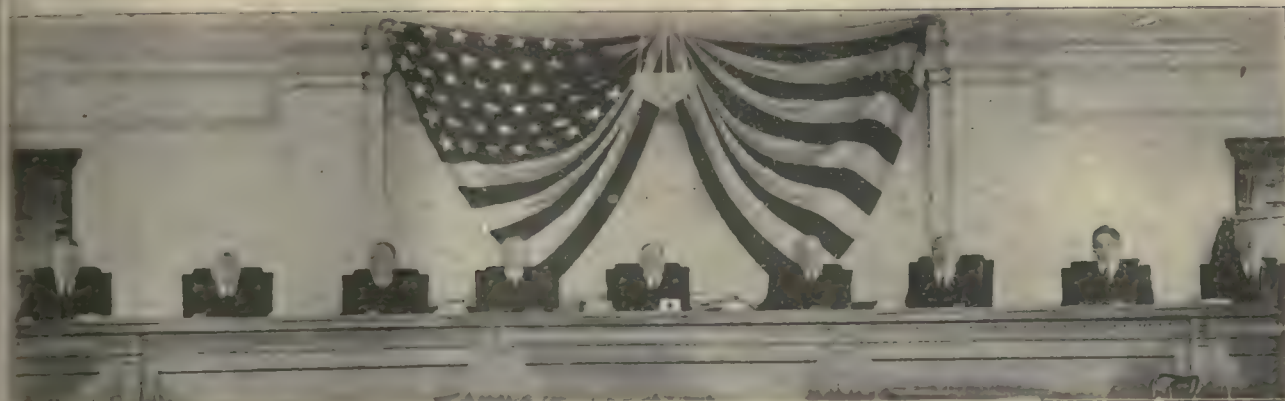


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Decisions of Interstate Commerce Commission

LOADING OF LUMBER

CASE NO. 9858 (51 I. C. C., 99-100)
GOOD-HOPKINS LUMBER COMPANY VS. GREAT
NORTHERN RAILWAY COMPANY ET AL.

Submitted January 17, 1918. Opinion No. 5374.

Charges on two carloads of pine lumber from Wahiakus, Wash., to Vandalia and Dodson, Mont., not shown to have been unreasonable or unjustly discriminatory. Complaint dismissed.

BY DIVISION 3:

The complainant seeks reparation on two carloads of pine lumber, shipped Aug. 1 and Oct. 29, 1916, from Wahiakus, Wash., to Vandalia and Dodson, Mont., on which it alleges unreasonable and unjustly discriminatory charges were collected.

The shipments weighed 48,800 and 46,600 pounds, respectively, and moved over defendants' lines in 40-foot cars of 2,689 cubic feet capacity each. Charges were collected in the sum of \$370.60 at a joint rate of 34 cents per 100 pounds, minimum 34.500 pounds.

Defendants' tariffs provided for the application of rates based on the cubical capacity of the cars furnished, and, by exception, authorized the assessment of charges on basis of the actual weight of shipments, subject to a minimum of 30,000 pounds, when cars were loaded to their "full visible capacity." To secure the benefit of this exception, shippers were required under the tariffs to certify on the bills of lading or shipping receipts, over their written signatures, that the cars were loaded to full visible capacity. The tariffs specifically provided that when such certification was not so given charges would be assessed on basis of the cubical capacity. No such notation was made on the bills of lading covering these shipments.

Complainant contends that the charges were unreasonable and unjustly discriminatory to the extent that they exceeded those that would have accrued at the legal rate and actual weight, apparently upon the theory that the certification required by the tariffs is a formality wholly disassociated with the duty of the carriers to police such shipments. No complaint is made of the measure of the rate charged or of the minimum weight provision, and no substantial evidence was introduced to support the allegation of unjust discrimination. It was stated on behalf of complainant that the minima on lumber from Washington to points in states east thereof vary according to destination, and that lack of uniformity in this respect was a contributing cause to its failure to make the certification required by the tariffs. The question of lumber carload minima is now pending before the Commission in another proceeding.

The law imposes upon shippers the duty of ascertaining the rates and conditions under which they ship, and non-compliance by a shipper with tariff rules affords no basis for a finding that the rate legally applicable is unreasonable or unjustly discriminatory.

We find that the charges were assessed in accordance with the provisions of the published tariffs and are not shown to have been unreasonable or unjustly discriminatory. An order dismissing the complaint will be entered.

CARRIAGE OF CARETAKERS

CASE 9131 (51 I. C. C., 71-77)
DIMMITT-CAUDLE-SMITH LIVE STOCK COMMISSION
COMPANY ET AL. VS. CHICAGO, BURLINGTON &
QUINCY RAILROAD COMPANY ET AL.

Submitted July 18, 1918. Opinion No. 5368.

In its original report the Commission found among other things that the maintenance of rules for the free return transportation of caretakers accompanying one-car shipments of cattle, calves, hogs and sheep from points in Missouri to East St. Louis and National Stock Yards, Ill., on the one hand different from those applicable to St. Louis, Mo., on the other was unduly prejudicial to East St. Louis and National Stock Yards and shippers therein, and ordered the discrimination removed. Upon rehearing, Held: That the reasonable rule for the transportation of caretakers accompanying one-car shipments of cattle, calves, hogs and sheep from Missouri points to East St. Louis and National Stock Yards is to provide for their free transportation to market only.

Supplemental Report of the Commission

In the original report in this proceeding, 47 I. C. C. 287 (The Traffic World, December 15, 1917, p. 1259), the Commission found that defendants' rates on live stock to East St. Louis and National Stock Yards, Ill., from points in Missouri were unduly prejudicial to East St. Louis and National Stock Yards, and unduly preferential to St. Louis, Mo.; that in maintaining rules for the free transportation of caretakers accompanying one-car shipments of cattle, calves, hogs and sheep to East St. Louis and National Stock Yards different from those applicable to St. Louis defendants subjected East St. Louis and National Stock Yards to undue prejudice and disadvantage; and that as against the intrastate caretaker rule on one-car shipments of cattle, calves, hogs, and sheep the interstate rule was just and reasonable. The discrimination found to exist was ordered removed and a reasonable scale of mileage rates on cattle was prescribed from points in Missouri to East St. Louis and National Stock Yards. The rates on horses and mules were fixed at 120 per cent of the cattle rates.

On February 6, 1918, the Public Service Commission of Missouri, hereinafter referred to as petitioner, filed a petition for rehearing. On February 11, 1918, the Commission entered an order denying this petition except in so far as it related to the caretaker rules and ordered that the case be reopened upon the question of rules and practices governing the transportation of caretakers of live stock, including horses and mules, from points in Missouri to East St. Louis and National Stock Yards, Ill. The original order remained in effect.

Prior to the effective date of the order in this case one caretaker was given free transportation to and from the St. Louis market when accompanying one car of any kind of live stock, while to East St. Louis and National Stock

Yards free transportation to and from market was provided for a caretaker accompanying one-car shipments of horses and mules only. When accompanying one-car shipments of other kinds of live stock free transportation only to market was provided. On shipments of two or more cars the rules were the same. Only the rules on the one-car shipments are in issue here. The rule applicable between points in Missouri is explained on pages 318 and 319 of the original report and is the result of a Missouri statute. The rule applicable to East St. Louis and National Stock Yards will be referred to as the interstate rule. The order of the Commission required defendants to cease and desist from giving any undue and unreasonable preference or advantage to St. Louis in respect to the caretaker rule on one-car shipments of cattle, calves, hogs and sheep, or from subjecting East St. Louis and National Stock Yards to undue and unreasonable prejudice and disadvantage. Defendants complied with the order by publishing the interstate rule for application on intrastate shipments of cattle, calves, hogs and sheep to St. Louis, thereby providing uniform rules as between these markets.

At the rehearing petitioner, through its rate expert, took the position that the maintenance of caretaker rules on horses and mules different from those on cattle, calves, hogs and sheep discriminated against the last-named traffic; that the part of the Commission's order fixing the rates on horses and mules at 120 per cent of the rates on cattle was defeated, as the transportation charge on a car of horses and mules is not 120 per cent of the transportation charge on a car of cattle when the return fare of the caretaker accompanying the car of cattle is added. In substantiation of this contention a statement was introduced showing that on a 23,000-pound car of cattle and a car of horses and mules of the same weight the difference in the total revenue paid by the shipper to get the car to market and the caretaker back to the point of origin for a haul of 50 miles would be \$2.66. This amount includes \$1.25 for the return fare of the caretaker. For a haul of 100 miles the net difference is \$2.56, and for hauls of 150 miles \$2.35; 200 miles \$1.67, and 300 miles 30 cents. In making this computation the mileage scale prescribed by the Commission has been used and a passenger fare of 2.5 cents per mile for the return transportation of the caretaker. If the fare of the caretaker accompanying the shipment of cattle for the return trip is not considered, or if a similar charge was imposed for caretakers of horses and mules, the rates on the latter traffic would be 120 per cent of the cattle rates. Petitioner's position disregards the fact that in fixing the rates on cattle and on horses and mules the Commission did not take into consideration the passenger fare of caretakers returning from market. In the course of the rehearing a suggestion to this effect was made, and the rate expert for the petitioner replied that the Commission on pages 319 and 320 of the original report had overruled his contention that the free transportation of caretakers is in no way aligned or connected with the rates. The conclusion referred to, however, should not be construed as a finding that the rates fixed included free transportation of caretakers, for it was only directed to the question of the Commission's jurisdiction to remove discrimination resulting from different intrastate and interstate caretaker rules.

Defendants contend and have introduced evidence to show that the present interstate caretaker rule on one-car shipments of cattle, hogs and sheep is not unreasonable and that any more liberal rule would result in a substantial loss of revenue. The Burlington Railroad operates in 14 states and the intrastate rule is only applicable on its line locally within Missouri, Minnesota and Nebraska. Its mileage in Minnesota is negligible. In Sioux City Live Stock Exchange vs. St. P., M. & O. Co., 47 I. C. C., 279, (The Traffic World, Dec. 22, 1917, p. 1326) the Commission found that the maintenance of different rules as between interstate and intrastate traffic for the free return transportation of caretakers was unduly prejudicial to interstate shippers and the discrimination was ordered removed. The Great Northern Railway and the Chicago, St. Paul, Minneapolis & Omaha Railway, the only defendants, have complied with our order by publishing the interstate rule for application on intrastate shipments from the points of origin in Minnesota complained of. By a Nebraska statute the carriers operating in that state are

required to furnish free return transportation to attendants in charge of single cars of live stock. This rule as published by the carriers is under attack in No. 9758, South St. Joseph Live Stock Exchange vs. C., B. & Q. R. R. Co. and in No. 9928, Kansas City Live Stock Exchange vs. C., B. & Q. R. R. Co., as unduly prejudicial to interstate shippers. Arkansas appears to be the only other state through which these defendants operate in which free return transportation is given to caretakers of one-car shipments of cattle, hogs, and sheep.

Defendants contend that if the Commission orders that free transportation from market be given caretaker accompanying one-car shipments of cattle, hogs and sheep to National Stock Yards or East St. Louis, Ill., a discrimination would be created against other important markets at which the interstate rule applies. It was found in the original report in this case that the interstate rule was the common rule throughout this territory. At page 320 the report states:

Substantially the same rule regarding the return transportation of caretakers accompanying one-car shipments of live stock to market as now applies from Missouri points to East St. Louis also applies from Missouri points to Kansas City, St. Joseph and Chicago; from Iowa points to St. Louis-East St. Louis, Kansas City, St. Joseph and Chicago; from Illinois points to Chicago and East St. Louis; from Kansas and Nebraska points to Kansas City, St. Joseph, Omaha, Chicago and East St. Louis, and from Oklahoma and points in other southwestern states to Kansas City, St. Joseph, Wichita and East St. Louis.

Defendants assert that the more liberal the privilege the greater the number of caretakers they will be required to transport and consequently the liability for their injuries will be increased. The Burlington shows that its actual disbursements because of injuries to or deaths of caretakers of live stock during the year 1917 amounted to \$112,527.32. This was 1.7 per cent of the total revenue on live stock traffic. It is also stated that at present it is difficult to police the issuance of transportation for caretakers, as it has been discovered that shipments of live stock will be split up in order that additional free transportation may be secured.

Certain of the defendants have introduced a series of exhibits to show the extent to which the privilege of free transportation of caretakers on one-car shipments is availed of and the value of the transportation computed on the basis of the actual passenger fares. The statement below shows for the Burlington Railroad, the Missouri Pacific Railroad, and the Wabash Railway, the ratio of one-car shipments of cattle, hogs, and sheep to the total number of cars of this traffic moving to St. Louis, East St. Louis, and National Stock Yards, the number of passes issued for return transportation from St. Louis, and the ratio of those cars to the total number of cars, and to the total number of one-car shipments. The computations of the Burlington and the Wabash are for the calendar year 1917, while those of the Missouri Pacific are for the alternate months of the year 1917, beginning with January.

From Stations in Missouri.	To St. Louis.		
	Burlington.	Mo. Pac.	Wabash.
Total number of straight or mixed carloads cattle, hogs and sheep...	674	828	1,589
Number one-car shipments.....	550	642	899
Percentage one-car shipments to total number cars.....	81.6	77.5	56.6
Number return passes issued on one-car shipments.....	189	252	368
Percentage of cars on which return transportation issued to total number of cars.....	28	30.4	23.1
Percentage of cars on which return transportation issued to total number of one-car shipments.....	34.4	39.2	40.9

From Stations in Missouri.	To East St. Louis and National Stock Yards.		
	Burlington.	Mo. Pac.	Wabash.
Total number of straight or mixed carloads cattle, hogs and sheep...	3,422	2,641	3,769
Number one-car shipments.....	2,906	1,603	2,179
Percentage one-car shipments to total number cars.....	84.9	60.7	58
Number return passes issued on one-car shipments.....	...	...	...
Percentage of cars on which return transportation issued to total number of cars.....	...	...	...
Percentage of cars on which return transportation issued to total number of one-car shipments.....	...	...	...

It will be noted that for these three defendants the cars on which free transportation was issued averaged

38.1 per cent of the total number of one-car shipments and 27.1 per cent of the total number of cars received. The Burlington refers to figures introduced by it in the South St. Joseph Live Stock Exchange case and the Kansas City Live Stock Exchange case, supra, which show that out of 16,381 cars of cattle, hogs and sheep moving from points in Nebraska to South Omaha during the year 1916, free transportation was issued to 34.3 per cent of them. This is slightly higher than the average percentage shown for Missouri. All of these figures, however, are conclusive that free return transportation is furnished on a substantial number of one-car shipments. The Burlington shows that the actual value of the 189 return passes issued at St. Louis was \$630.85, figured on the basis of 2 cents per mile; and \$772.73, under the fares in effect on the date of the rehearing. The corresponding figures for the 252 passes issued on the Missouri Pacific were \$860.00 and \$1,084.90; and for the 363 passes issued on the Wabash, \$1,149.59 and \$1,431.51.

The Burlington states that had the intrastate rule been in force over its entire system and the ratio of passes issued on one-car shipments of cattle, hogs and sheep to the total number of cars handled been the same as found to exist from Missouri points to St. Louis, for the fiscal year 1916, the actual value of the return transportation, computed on the basis of 2.4 cents per mile, would have amounted to \$267,123.90. This figure is obtained by using 28 per cent of its loaded car mileage of cattle, hogs and sheep for that year to secure the number of miles the caretakers would travel from the market, and applying a passenger fare of 2.4 cents per mile.

A statement with reference to horses and mules similar to that on cattle, hogs and sheep has been introduced by the Missouri, Pacific and Wabash. The table below shows the total number of carloads of horses and mules moving from points in Missouri to St. Louis and to National Stock Yards; the number of one-car shipments; the passes issued for the return transportation; the ratio of the cars upon which return transportation issued to the total number of cars; and the ratio of these cars to the total number of one-car shipments. The figures of the Wabash are for the calendar year 1917, while those of the Missouri Pacific are for alternate months of 1917, beginning with January.

From Stations in Missouri, Mo.	To St. Louis, Mo.	To National Stock Yards, Mo.
Total loaded shipments of horses and mules, carloads of horses and mules.....	24	291
Number one-car shipments.....	23	113
Number passes issued one-car shipments.....	12	21
Percentage cars on which return transportation issued to total number of cars.....	33.3	7.2
Percentage cars on which return transportation issued to total number one-car shipments....	54.3	18.7

It will be noted that for these two defendants the average percentage of the cars of horses and mules on which return transportation issued to the total number of cars moving to both St. Louis and National Stock Yards over the lines of these carriers was 26.7 per cent. This closely approximates the average on cattle, hogs and sheep moving to St. Louis, which was 27.1 per cent.

The practice of issuing free transportation in both directions for caretakers accompanying one-car shipments of horses and mules is quite general in western trunk line territory. The witnesses on rehearing were unable to give any definite information as to why this rule was originally established different from that on other kinds of live stock. It appears that the rule is one of long standing, and that one of the influences underlying its establishment was that horses and mules were not, as a rule, sold on the market in carload lots; and that shippers desired to be present at the market to personally negotiate the sales.

There is no competition between cattle, calves, hogs and sheep, on the one hand, and horses and mules, on the other, and the more liberal caretaker rule with reference to the latter traffic does not in any way unduly prejudice the shipper of cattle, hogs and sheep. While there is no sufficient justification of record for maintaining caretaker rules on horses and mules different from those on other kinds of live stock, this fact alone is not sufficient to warrant a finding of undue prejudice or that the rule applicable on horses and mules is the reasonable

one to be applied on all live stock. The horses and mules traffic is only a small part of the total live stock tonnage. The Burlington shows that for 1917 the number of cars of horses and mules moving over its system was only 8.5 per cent of the total number of cars of live stock handled.

The Commission finds that the reasonable rule for the transportation of caretakers accompanying one-car shipments of cattle, calves, hogs and sheep to East St. Louis and National Stock Yards is the free transportation of the caretaker to market only.

DANIELS, Chairman:

To the foregoing report of the examiner no exceptions were filed, nor was there any request for argument. It will be noted that the prevailing practice in the territory here involved is the determinant of the finding of the report. Such finding is not to prejudice the propriety of the rule affecting caretakers in other territories where it may be shown that the prevailing practice is different from what it is here.

By the Commission:

RATES ON GRASS SEED

In No. 9864, Barteldes Seed Co. et al. vs. A., T. & S. F., opinion No. 5379, 51 I. C. C., 111-3, the Commission ruled that the rate on Sudan grass seed had not been shown to be unreasonable, because, as alleged, in excess of the rate on sorghum seed. The shipments in question were from points in the Texas Panhandle to Oklahoma City, Lawrence and Atchison, Kan., and Kansas City. The complainants contended that because Sudan grass is botanically a sorghum, the sorghum seed rates should have been applied. The Commission said that by the same reasoning the sorghum seed rates should have been applied on Kaffir corn and other seeds of plants in the sorghum family. The Commission found that charges on shipments from Lubbock, Tex., to Kansas City were unreasonable because in excess of the aggregates of intermediates, and ordered reparation.

RATE ON CAST-IRON PIPE

The Commission has dismissed No. 9872, Central Foundry Co. vs. L. & N. et al., opinion No. 5375, 51 I. C. C., 101-2, holding that while the rate on cast-iron pipe from Holt, Ala., to Seattle on June 14 was unduly prejudicial, it was not unreasonable and reparation could not be awarded because there was no proof of damage. Commissioner Harlan dissented. A rate of 55 cents on cast-iron pipe was established from competing points in Alabama on May 22, 1915, but not from Holt until November of that year. The L. & N. was willing to make reparation to the complainant, but the other carriers were not, because the complainant did not show any damage, contenting itself with saying it was at a disadvantage in marketing at Seattle, because it had not as low a rate as its competitors. It did not show that it had made shipments or lost sales because of the difference in rates, the rate from Holt being ten cents higher than other points in the district.

RATE ON FELDSPAR

The Commission has dismissed No. 9934, K. T. Felder vs. Southern, opinion No. 5384, 51 I. C. C., 124-5, holding that the rate imposed on feldspar from East Point and Atlanta, Ga., to Durham and Winston-Salem had not been shown to be unreasonable. The regular rate was \$4.80 a ton, but to enable the complainant to test out his product, the Southern established a rate of \$2.40 for a short time. It desired to make reparation down to that rate on the stuff that was moved prior to the establishment of that \$2.40 rate, but the Commission would not allow it to do so. It had denied the Southern the privilege of establishing the \$2.40 rate on less than statutory notice and now declines to allow reparation on the freight that moved before it was made effective on thirty days' notice.

REPARATION ON SHEET STEEL

An order of reparation has been made in No. 9820, Inland Steel Co. vs. Indiana Harbor Belt et al., and sub

No. 1, Same vs. Same, opinion No. 5373, 51 I. C. C., 97-8, the Commission holding the rate on plain sheet steel from Indiana Harbor to Phoenix, Ariz., was unreasonable. The rate charged on plain sheet steel was higher than that imposed on punched sheet steel, and that the Commission held to be unreasonable to the extent that it exceeded the rate on the same material when it had been fabricated to the extent of punching rivet holes therein.

RATES ON STOCK CATTLE

The Commission has dismissed No. 9764, Jonas and Sim Weil vs. C., M. & St. P. et al., opinion No. 5372, 51 I. C. C., 95-6, holding rates on stock cattle from Sioux City, Ia., to Lexington and Paris, Ky., had not been shown to be unreasonable or otherwise in violation of the act.

CHARGES ON PINE LUMBER

An order of reparation has been made in No. 9539, Advance Lumber Co. vs. S. A. L. et al., opinion No. 5396, 51 I. C. C., 149-50, on account of an unreasonable rate on a carload of pine lumber shipped from Coal City, Ala., to Cairo, diverted at Carpenter, Ill., to Toledo. A combination of 32 cents was imposed. That represented an increase since Jan. 1, 1910. The carriers did not undertake to justify it, probably because, subsequent to the shipment, the old rate of 26 cents over the route of the movement was restored.

MEAT IN PEDDLER CARS

An award of reparation has been entered in No. 9673, Wilson & Co., Inc., vs. C., C. & St. L., opinion No. 5398, 51 I. C. C., 153-4, on account of unreasonable charges on meat in peddler cars from Chicago to points in Ohio and Indiana. The Big Four admitted that the charges were made on the wrong basis. The reparation is to be down to the rule now in effect.

RATE ON GYPSUM ROCK

The Commission has dismissed No. 9993, United States Gypsum Co. vs. Fort Dodge, Des Moines & Southern et al., opinion No. 5389, 51 I. C. C., 135-6, holding that the rate on gypsum rock from Fort Dodge, Ia., to Prospect Hill, Mo., had not been shown to be unreasonable or otherwise in violation of the act.

REPARATION ON PUNCH SYRUP

The Commission has dismissed No. 9176, Delaware Punch Co. of Texas vs. I. G. N. et al., opinion No. 5393, 51 I. C. C., 143-4, holding that the complainant was not entitled to reparation on account of L. C. L. shipments of Delaware punch syrup from San Antonio to various interstate destinations. The Commission, in an earlier case, prescribed third class for the syrup in barrels, hence there was no need for action in this one.

RATES ON OLD BOILER PLATE, ETC.

An order of dismissal has been entered in No. 9435, S. Schwartz vs. St. Louis-San Francisco et al., opinion No. 5394, 51 I. C. C., 145-6, the Commission holding that the rates applied on two carloads of old boiler flues and scrap boiler plate from Port Arthur to St. Louis were legally applicable.

RATES ON SAWS

An award of reparation has been made in No. 8851, Simonds Manufacturing Co. vs. A., T. & S. F., opinion No. 5387, 51 I. C. C., 131-2, on account of an unreasonable carload rate on saws from San Francisco to Chicago. The saws in question were returned from San Francisco on account of damage to them. A rate of \$3.40 was applied. The Commission ordered reparation down to a subsequently established rate of \$1.50, which was the one westbound in effect at the time of the eastbound movement.

COTTON SWITCHING CHARGES

The Commission has dismissed No. 8812, Felix P. Bath & Co. vs. Fort Worth & Rio Grande et al., opinion No. 5386, 51 I. C. C., 129-30, holding that switching charges on cotton shipped to Fort Worth, there compressed and reshipped to interstate and foreign destinations, had not been shown to be unreasonable or unduly prejudicial. At the time of the movement the inbound switching charges were not absorbed. Since then inbound absorption has been provided for. The adjustment on the outbound movement was on a basis lower than the \$2 per car charge and without tariff authority, so the Commission held the complainant had not been damaged and could not recover.

ONIONS AND POTATOES

In a report on No. 9724, St. Matthews Produce Exchange et al. vs. Louisville & Nashville et al., opinion No. 5399, 51 I. C. C., 155-7, the Commission held that rates effective during July, August and September, 1915, on onions and potatoes, carloads, in sacks, bulk or barrels, from St. Matthews and O'Bannon, Ky., suburbs of Louisville, to points in Southeastern and Mississippi Valley territories had been justified. It held that rates on the same commodities from Lyndon and Glen Arm, Ky., also suburbs of Louisville, to New Orleans and Meridian, Miss., in Mississippi Valley territory, and to Birmingham and Montgomery, in Southeastern territory, had not been shown to have been unreasonable, unduly prejudicial or unjustly discriminatory.

REPARATION ON FUEL OIL

An order of reparation has been made in No. 9640, Empire Refineries, Inc., vs. St. L.-S. F. et al., opinion No. 5397, 51 I. C. C., 151-2, on account of an unreasonable rate on fuel oil in tank cars, from Okmulgee, Okla., to Kenedy, Tex., shipped Nov. 22, 1913. A rate of 37 cents was applied. The Commission found that the legally applicable rate would have been fifth class, or 70 cents. At the same time there were commodity rates to points around Kenedy of 25 cents and subsequently that rate was made to apply to Kenedy. A rate of 20 cents was made to a point beyond Kenedy. The Commission said that was the unlawful rate, because in violation of the long-and-short-haul clause.

OVERCHARGE ON OLD RAILS

An order of reparation has been made in No. 9915, Walter A. Zelnicker Supply Co. vs. T. & O. C. Ry. Co. et al., opinion No. 5388, 51 I. C. C., 133-4, on account of an overcharge on old rails from Bowling Green, O., to Hudson, N. Y. The Commission held that the properly applicable rate had not been shown to be unreasonable.

MOLASSES MISROUTED

An award of reparation has been made in No. 9439, W. S. Penick and J. P. Ford, liquidators, International Molasses Co. vs. M. La. & Tex. R. R. & S. S. Co. et al., opinion No. 5395, 51 I. C. C., 147-8, on account of five misrouted tank carloads of imported blackstrap molasses, from Harvey, La., to St. Louis and East St. Louis.

GRAIN CAR DISTRIBUTION

The Traffic World Washington Bureau.

It may be all right for a champion prize fighter to tell a challenger to get a record before asking to be taken on, but the Nebraska law compelling railroads to consider the prior performances of grain elevators in making up their car distribution rules is wrong. At least that is the conclusion reached by Attorney-Examiner C. V. Burnside, expressed by him in a tentative report on No. 10069, Tanner & Co. et al. vs. C. B. & Q. He recommends that the Commission put out a report with a head note reading, "Defendant's practice in the distribution of freight cars to shippers of grain at stations in Nebraska found unduly prejudicial and ordered discontinued."

The Nebraska statute, on which the Burlington's rule for distributing grain cars in times of shortage required the

carrier to make distribution after considering the volume of grain ready and offered for shipment and the volume of the shipper's traffic during the preceding calendar year.

The Nebraska commission and the Farmers' Co-operative Association intervened in support of the rules. The Burlington favored the contention of the complainants, which was that the distribution should be made in accordance with the amount of grain ready and tendered for shipment, regardless of the prior performance of the shipper who tendered the grain.

The attorney-examiner, after stating the contentions, said the Commission had disposed of a controversy similar to this in all its essentials, in *Farmers' Elevator Co. vs. C. M. & St. P.*, 47 I. C. C., 475. The Milwaukee had and still has a rule based wholly on the amount of grain ready to ship. The complainant asked for an amendment requiring the consideration of prior performance, but the Commission declined to make such a requirement.

"That a carrier may properly so concern itself with the rank or status of its shippers as to frame and apply transportation regulations designed to preserve such rank or status is questionable," says the tentative report. "A more correct view would seem to be that it is the duty of common carriers to accept and transport, so far as they are able, all proper traffic offered for shipment, regardless of the identity of the shippers and without regard to either previous or subsequent traffic. Moreover, from the standpoint of policy, transportation regulations which in times of concurrent car shortage and large freight offerings will not discourage the entry of additional shippers and facilities, or the increased participation in the traffic by small dealers, have elements of substantial value to the public."

Mr. Burnside said he could not determine whether regulations other than those used in the *Farmers' Elevator* case would be sufficient. The Nebraska commissioners, at the hearing and on brief, expressed a willingness to enter a conference on the subject. He said, however, that the Commission should order the Burlington to quit using the Nebraska rule. Inasmuch, however, as the Director-General was not a party to the record, no order of that kind will be issued, but complainants have until October 1 to apply for his inclusion in the case so that an order may issue.

CITY ORDINANCE NO GOOD

The Traffic World Washington Bureau.

A city ordinance, which would hold down the fare to be charged for passengers going from one state to another, is no more than a scrap of paper. It has no binding force either on the common carrier which thereby obtained permission to construct its railway in the streets of the city the council of which passed it or on the Interstate Commerce Commission. Therefore, Attorney-Examiner Myron A. Patterson, after examining a tariff imposing a fare of ten cents per single trip and 7.1 cents for commutation purposes, in a tentative report, recommends the dismissal of No. 10,188, *City of East Liverpool, O., vs. Stuebenville, East Liverpool & Beaver Valley Traction Company*. Dismissal would leave in effect the rates before mentioned between East Liverpool and Chester, W. Va.

This holding in respect of the virtue of a city ordinance follows the Commission's decision in *St. Louis-Illinois Passenger Fares*, 41 I. C. C. 584. An East Liverpool ordinance, by means of which the predecessors of the defendant obtained the right to construct and maintain electric railroads in East Liverpool, forbids fares greater than five cents for distances of ten miles. The maximum is observed for Ohio business, but for business into and out of West Virginia, the company is exacting ten cents for the straight fare and 7.1 for commutation fares.

The tentative report contains an analysis of the valuation put on the property of the company, which has about 43 miles of railway in Ohio, Pennsylvania and West Virginia, and says it is unsatisfactory, but that it shows a five cent fare will not enable the company to keep up a satisfactory service. The company claimed that unless it obtained more revenue it will shortly have to quit giving any service at all, because the bridge by means of which it crosses the Ohio was built in 1896 and the railroad itself is run down. The complainant put in figures showing that the value of the investment is about half claimed by the company, so that the income of three per cent admitted

by the company became six in the eyes of the complaining city. The company has undergone bankruptcy proceedings, reorganizations and there are other evidences of financial troubles.

The point was made that the property comes within the rule of the Omaha Bridge case (230 U. S. 324), but the tentative report differentiates the case from that one and brings it within the rule laid down in *Jurisdiction Over Urban Electric Lines*, 33 I. C. C., and *City of Stuebenville vs. Tri State*, 38 I. C. C. 281, because this company hauls passengers and freight interstate, while in the Omaha case the railroad was engaged in street railway business alone.

The tentative report also embraces sub No. 1 of the same complaint, *City of Chester vs. Same*. The West Virginia town alleged undue prejudice because in East Liverpool a five-cent street railway fare is maintained. It asked the Commission to prescribe reasonable fares.

The *Stuebenville vs. Tri-State* case raised the same questions. In fact, the Tri-State company was one of the predecessors of the defendant in the present case. The Commission in that matter agreed to the charge of ten cents for the straight fare and 7.1 fare for commuters.

CLASSIFICATION HEARINGS

(Continued from page 624)

far accomplished, as illustrated by the proposed consolidated classification.

"The information furnished by these gentlemen with regard to this feature is applicable to this section equally with the other territories.

"My statement has for its object the making clear, as practicable, some of the conditions and circumstances that in the past influenced the making of classification ratings in the southeast, but which have so altered or vanished that they no longer furnish justification for the maintenance of the old policies.

"The elements that more than any others exercised material influence and the effect of which is even to-day conspicuous, though obsolete as far as control is concerned, were two; first, economic conditions; second, competitive conditions.

"As to the economic or industrial conditions, it is well known that until within the last decade or two the south was almost wholly a consuming territory and a producer of raw materials shipped out to be converted into manufactured products in the north, east and west.

"For years after the close of the Civil War there were no industries, at least of any consequence, in the southeastern section, notwithstanding the territory's immensely rich resources in raw materials of practically all kinds. Such business as was done was an exchange or barter of forest products, cotton, naval stores, and the like, for grain, grain products, meats, implements of agriculture, etc.

"It was vital, not alone to the upbuilding of the territory, but in the interest of the transportation lines that this unnatural condition should be abated. It became, therefore, the settled policy of these lines to encourage as far as they possibly could a healthy development in place of one that was obviously sapping the progress of the community.

"Hence, distinctive treatment and assistance was freely and undisguisedly accorded by the southern lines in the only way that was available to them, namely, in the freight rates or in the classification controlling the freight rates. This help was directed especially to the encouragement of agriculture, the manufacture of iron and steel, cotton goods, fertilizers and other similar industries because of the tremendous possibilities, naturally and logically, belonging in the South. In many instances, rates and classification were established on a lower basis when for the use or construction of such industries as I have mentioned and their products than when employed for other purposes; in fact, there were any number of cases of this sort. In addition to this, there was a further concentration of the same policy by the several states in their efforts to build up and foster as far as they could agricultural and industrial enterprises within their own boundaries. Some of the state classifications at the present moment are corroborative of this.

"One notable example may be sufficient. It has to do with the important iron and steel industry. Perhaps in connection with that business the southern carriers went some-

what further than was done with others, to such an extent, indeed, that a partnership arrangement was entered into between the ironmasters and the roads whereby the rates paid on the products of blast furnace, rolling mills and foundries were mutually agreed to and dependent upon the price at which these products were sold. Without undertaking to go deeply into the details of this co-operative system, it might be well to file as Exhibit No. a general outline of the understanding, which does not, however, tell the whole story.

"This agreement mentions but one article—pig iron—but dependent also upon pig iron was the products of the pig; cast iron pipe, for example, from the southern factory district was made the same rate per net ton as pig iron per gross ton. Manufactured iron embracing substantially the list of articles termed in the Southern Classification 'Special Iron,' was also made with relation to the pig iron rates, carloads being 120 per cent and less than carloads 144 per cent of the pig iron rates. Some of the products in a less manufactured degree, such as bar, bar and boiler iron, were given the pig iron rates. All of this was done to enable the southern iron makers to market their products in competition with the iron makers elsewhere and stimulate the production of iron and steel articles in the South. This policy had its natural effect upon the classification and is explanatory of the extremely low basis of the classification ratings on the iron and steel list.

"It is needless to say the iron agreement has long since been abandoned or abrogated. The industry obviously does not need that character of preferential treatment in these days that seemed, and doubtless was required, many years ago.

"It is manifest that the policy just outlined, being of a discriminative character, does not tend to reflect any just principle upon which to base the treatment of classification questions of broad application, and because of this fact and the more diversified distribution of manufacturing and industrial plants in the southern section, the constructive barrier must of necessity gradually disappear in the interest of the public at large and reasonable and proper principles applicable to present day conditions and circumstances supplant the old and, in some instances, the present discriminative conditions.

"With respect to the second influential feature, namely, the competitive condition:

"The location of territory within which the Southern Classification has principal application is unparalleled in the United States. For a long while prior to the advent of effective steam railroads the southern public were served by the natural transportation facilities, namely, the waterways.

"A waterway tunnel one and one-third miles in length through the summit of the Alleghany Mountains, connecting the Castleman's and Savage rivers, would make the entire territory south of Potomac and Ohio rivers and east of the Mississippi River an island.

"Ninety miles of canal would complete the circle of navigable water around this island.

"A part of this canal extending from Georgetown, D. C., to Cumberland, Md., was completed, from whence it requires 90 miles of canal, following streams the entire course (with the exception of the one and one-third miles through the summit of the Alleghany) to reach the navigable waters tributary to the Ohio and Mississippi rivers.

"The area enclosed within this described boundary is 498,132 square miles, or 16.45 per cent of the area of the United States; 11,265 miles of navigable rivers, exclusive of the Ohio and Mississippi rivers, are contained in this area.

"Including the Ohio and Mississippi rivers south of Cairo, Ill., 13,289 miles are embraced. In addition, the Atlantic Coast front represents 2,043 miles and the Gulf Coast from 1,390 miles. Of all miles of navigable waterways, including lakes and oceans, of the entire United States over 45 per cent are within or are bounded by southeastern territory. While this southeastern territory is enclosed only one-sixth of the United States, it has approximately one-half of the navigable water area.

"In such close proximity are these rivers that with the exception of those parts along the headways of the rivers in the mountains, there is no point in southern territory a greater distance than approximately 50 miles from a navigable stream.

"When the steam railroads in the early forties com-

menced construction, they found the basis of their charge fixed by the waterway carriers, as is a matter of common knowledge from the history of those days. The steam boats made no distinction in their charges between small and large quantities of their traffic, but for the most part established their charges on a per package basis.

"Necessarily, meeting of the competition of the steam boats by early rail lines required these to maintain a close resemblance in the basis of their charges to those of the setamboast carriers; hence, is clearly and primarily traceable the original underlying principle of the Southern Classification, namely, the any quantity basis of rating.

"The Interstate Commerce Commission, 31 years ago, in assuming jurisdiction over the rate construction of the country, immediately recognized, as will be observed by reference to the First Annual Report of the Commission page 16, that the Southern situation was, in respect to this matter, wholly different from that obtaining in other sections of the country.

"As the steam carriers strengthened their connections and control of business, modifications in this basis of freight ratings and charges were made, and from that time to this there is perceptibly a gradual evolution from the old to the new methods, when greater recognition to the economy of handling traffic is being given with a corresponding diminution, if not vanishing, effect of the old conditions. In a word, modern conditions and the interrelation of rate and classification systems, together with the highly organized competition of markets and of commodities with commodities throughout the country, demand that less deference be paid to more or less traditional situations and closer harmony be effected with current business and traffic methods.

"The competition of the waterways, primarily responsible for the original Southern Classification policy, no longer predominates and therefore excuses the maintenance of that policy in the making of classification ratings.

"Competition entered into the arranging of the Southern Classification ratings to a greater extent than in either the East or the West, and obviously, therefore, in connection with such commodities as this element was permitted to affect or control produced lower ratings than properly and reasonably are applicable, omitting recognition of competition as a material factor.

"Competition should not enter to a control in classification making, as it discriminates in favor of or against one article and another, and one locality or section either way. If it be said that 5th class for carloads of a given article and 3rd class rating for less than carloads of the same article is right and proper in the East and the West, it cannot be claimed fairly that 6th class rating or 5th class rating is a reasonable and proper rating for the same article in Southern territory, whether in carload quantities or in less than carload quantities. It is manifest that under such circumstances some extraordinary factor has entered into the question and produced in Southern territory abnormally low and unbalanced ratings. In other words, if the making of classification is, as it should be, based upon certain more or less fixed principles, there cannot be one set of principles obtained in one part of the country and wholly different kind in another section.

"Competitive conditions as originally conceived in the South were allowed, in many cases, to control the assignment of a classification rating to the detriment and discrimination of other articles. Such competition, if persuasive, should be reflected in commodity tariffs.

"The justification, therefore, that made reasonable the any-quantity basis of ratings on many of these articles and the extremely low rating on iron and steel agricultural implements and appliances and some types of machinery, as well as certain manufactured articles, has been dissipated and we are no longer warranted in maintaining such ratings with justice to other interests. We are plainly obligated to place the rating on commodities accorded subnormal ratings in Southern Classification territory because of the competition and industrial conditions that I have described and bring the ratings on such commodities into the classified position to which they more nearly belong with relation to other classes.

"The water competition which has had in the past such marked effect upon the general system of Southern Classification, while the facilities remain, is dormant and not

so controlling as to influence classification to the degree that it has been permitted to do.

Rate Adjustment Vs. Classification Ratings—Relation.

"There has been considerable said at these hearings with reference to the relationship of rates, first, as between rate scales in southern territory and rate scales in the trunk line or eastern territory, and an attempt to associate some numbered class rating in the southern rate scales with a class rating in the eastern lines' scales, showing by the rates applicable between some southern points that the percentage of the numbered classes, 2 to 5, inclusive, of the first class rate, does not conform to the percentage relation of the classes in the eastern territory, or, in other words, that in certain of the southern scales that have been selected, percentage of the lower classes to first class is higher than percentage of such lower classes to first class governing in the east.

"In the first place, there is no uniform relationship between the rates in the several classes in the southern system of tariffs one to the other; there is absolutely no relationship, therefore, between any given class in the southern rate fabric and a corresponding or other class in trunk line territory.

"The very foundation of the southern system of rates continued without substantial change for thirty or forty years is ample evidence of these facts.

"Besides, any effort in the direction referred to must be made, if it is to be given the least weight or value, by comparisons with the rate fabric in similar or comparable territory, and it would seem wholly unnecessary to point out as between sections served by the southern lines and that served by the trunk lines, transportation conditions are wholly unlike.

"It may be of interest to submit a few illustrations in the way of an exhibit, showing some typical rate adjustments in southern territory compared with those in the eastern and western sections."

Mr. Steadwell explained this exhibit as follows:

Typical Southern, Southwestern and Eastern rate adjustments have been selected.

1st.—A scale of rates prescribed by the Interstate Commerce Commission from St. Louis to Texas common points, the authority for which is noted in the exhibit.

2nd.—Scales illustrative of the Southern rate structure: (1) Louisville to Atlanta, reflecting the principal Southeastern base point. (2) Louisville to Savannah and St. Louis to Augusta, reflecting intense joint rail and water competitive traffic.

3rd.—St. Louis to New Orleans and Louisville to Nashville, scales that have been fixed in direct competition with all water carriers.

"In the East, the New York to Chicago scale representing the base of the trunk line rates and joint trunk lines and the Central Freight Association lines rates and, finally, coastwise steamship rates from North Atlantic ports to Savannah.

"These several scales of rates are those obtaining prior to June 25, 1918, and except as to the Boston and Baltimore to Savannah rates may be considered pre-war figures. The coastwise steamship rates, because of enormously increased operating expenses, are, I believe, higher than those carried by these lines in previous years.

"Looking at this matter from a purely academic standpoint and without for a moment conceding the theory that class rate relationships should be uniform as between the several territories, let's analyze this statement and follow out its lead.

"It will be observed that establishing 1st class as 100 per cent, the ratio of practically all of these scales on 2nd class approximate that, omitting the Louisville to Savannah scale, which I have described and which the rates themselves confirm, express intense joint rail and water competitive conditions and also excluding the trunk lines, the coastwise line and the Louisville to Nashville competitive water scale, 3rd class is within reasonable approximation. The same thing may be said as to 4th and 5th classes.

Now, observe the sudden drop in the percentage ratio of 3rd class as compared with 2nd class in the trunk lines, the coastwise steamship line and the Louisville to Nashville scale. Observe similarly the marked difference between the 4th class trunk line scale and the 3rd class scale

with the nominal difference in the trunk line scale, 5th class as compared with 4th class.

"Assume, as has been advanced by some of the individuals appearing in this proceeding, that Southern Classification 6th class corresponds to Official Classification 4th class, or, as others have said, I believe, that Southern Classification 5th class is equivalent to Official Classification 3rd or 4th class, and let's see what happens, carrying this mistaken idea out a bit further.

"If classification is what it is supposed to be, and what it has, in fact, been held to be, not only by the carriers but repeatedly by the Commission, namely, a grouping of commodities analogous in transportation characteristics as nearly as possible in the limited number of gradations expressed by the tariffs, it must follow that if Southern Classification 5th and 6th class ratings are equivalent to Official Classification 3rd and 4th class ratings, Southern Classification 3rd and 4th class ratings must be likewise commuted to some other higher class rating in the Official Classification or rate category. In other words, if 5th and 6th class in Southern territory is to be moved up for comparative purposes with 3rd and 4th class in Eastern territory, then, logically, 3rd and 4th class must be moved up to compare with 1st and 2nd class in Official Classification territory and 1st class must be moved up to some corresponding or some multiple class and 2nd class in Southern territory must be moved up to compare with 1st or some multiple of 1st in Official Classification territory.

"The whole thing is so thoroughly unsound that it scarcely merits passing attention.

"If the position of an article in the classification is moved to some other class, its relation with all other commodities is altered. If the position of all articles in an entire class is moved it dislocates completely the entire classification."

Resuming his general statement, Mr. Steadwell said:

"The Commission has time and again found that the rates themselves in Southern territory should properly be substantially higher than prevailing in the dense traffic districts north of the river, realizing, of course, that there is no comparability in transportation conditions between the two sections.

"It is manifestly absurd, therefore, on its face to assert that these findings of the Commission, the results of profound study and searching investigations, shall be reversed and neutralized by distorting the Southern Classification ratings on commodities to match theoretically the rates and classification ratings governing in Official Classification territory. This would be tantamount to taking away from the Southern lines, on the one hand, what has been conceded to be right and proper, and to which they are entitled, on the other hand.

"Further, if this sort of thing be attempted, why is not some sort of class rate equality theory set up in respect to the Western rate system and the Eastern rate system?

"Should rate adjustments (the ratio of the classes to first class) be a controlling factor in classification making, there would have to be specific and different ratings from and to each rate group on the same article."

As to less-than-carload ratings versus carload ratings, Mr. Steadwell said as to less than carloads:

"Shipments are received, loaded and unloaded by the carriers' employees.

"Aside from the accommodation of passengers, their baggage and express depots or stations are utilized almost exclusively for the receipt and forwarding of L. C. L. shipments. Without L. C. L. shipments no other facilities would be required than an agent's office and place in which to deposit baggage. The cost, therefore, of station buildings and their maintenance is primarily chargeable to L. C. L. traffic.

"Receipt or bill of lading must be made separately for every L. C. L. shipment. A separate waybill or entry for each lot or parcel must be made. This separate transaction maintains its identity in all the books of the carrier in which minutes are made of such transaction. A car may contain, and often does, from fifty to one hundred and fifty separate consignments. As was shown at the hearing before the Railroad Commission of Georgia, in the Georgia Rate Case, the clerical cost of waybilling and the trucking labor in connection with a single shipment, the minimum that could be figured against such a shipment from a point on one line to a point on the same

line was 21.8 cents. The cost increased according to the number of lines over which the shipment traveled and the number of transfers which were at the intermediate junctions. This did not include any overhead expense and nothing at all for the transportation service.

"L. C. L. shipments are handled in way or local trains. At each stop the car must be opened and when the parcel or lot for that station is removed, closed and resealed. The great preponderance of the traffic is moved comparatively short distances, involving terminal or station expense at each end of the journey. The relative percentage of this cost is obviously greater for the short distance than for the longer distance, because it is a fixed charge and the rate for the shorter distance is lower than for the longer distance. So that, it may be said, as a practical rule, the cost of the terminal expense for the short distance is clearly shown in the findings of the I. C. C. in the Nebraska Case.

"The average loading of L. C. L. shipments is, or was, under normal conditions, perhaps not more than 12,000 pounds per car. The modern car is capable of handling 66,000 to 88,000 pounds.

"L. C. L. shipments come into the possession of the carriers at their depots and remain in possession of the carriers until delivered at destination through their depots. During this possession the carriers are liable for loss or for damage by fire or otherwise. A depot stored with lots of commodities of diversified character, including inflammables, is peculiarly susceptible to fire loss and the destruction of depots by fire, with their contents, is a common occurrence.

"These thoughts might be amplified indefinitely and other added, as, for example, the increased liability of theft of L. C. L. shipments as compared with carloads, the opportunity being so much greater.

"Then, too, the susceptibility to damage because of the number of times L. C. L. losses are handled while the car load freight does not pass through the hands of any except the consignor and consignee. Again, the greater risk of damage in transit by reason of the jarring of the cars' contents in the numerous stops made by way trains for unloading or setting out cars containing L. C. L. freight.

"As a practical matter, there is no reason to support a principle fixing a uniform relation between either ratings or rates on L. C. L. vs. C. L. quantities. A relation that would be reasonable on one commodity would be wholly improper on another. Much depends upon whether the article is such that in L. C. L. quantities it may be loaded safely, economically and without injury to other commodities carried in the same car."

As to carloads, he said:

"Contrast the foregoing somewhat incomplete enumeration with the carload proposition.

"Carload freight is loaded by the shippers, simply transported by the carrier, delivered to the warehouse or siding, or on the team track of the carrier, and unloaded by the consignee. The carrier's employes have no hand in the transaction.

"This eliminates all risk of loss or damage incurred by the storage of the freight in the carriers' depots. But one bill of lading or receipt and one waybill is made for an entire carload, but one entry to correspond is made in the books of the carrier. There is no stoppage or delay for partial unloading en route. The haul, for carloads, is on the average materially greater than for L. C. L. Hence, the percentage of the terminal costs are correspondingly diminished, the rate for the longer distance being greater than for the shorter distance and the fixed charge being the same whether for long or short distance. The average loading of carload traffic in 1916 on one important Southern line (I am referring to normal conditions) was practically 15 tons, but this includes L. C. L. freight as well as carload freight. The average loading, therefore, of carload freight was probably in the neighborhood of 18 tons.

"It will be seen that the equipment efficiency is materially diminished where the movement of L. C. L. traffic is heavy as compared with carload traffic, because with an average loading of six tons for L. C. L. and an average loading of 18 tons for carload traffic, a waste equivalent to 12 tons per car of the facilities of the carrier is incurred.

"Assuming that the rate on a commodity for a given distance is \$1.00 per ton when in carload lots—this would

yield \$18.00 for a car of 18 tons; the approximate weight of a car is 18 tons, making the total tonnage hauled 36 tons. Now, the average loading of L. C. L. freight being approximately 6 tons and the weight of the car 18 tons, makes the total tonnage hauled 24 tons. On the car containing L. C. L. shipments, in order to yield the carrier \$18.00 on the basis of \$1.00 per ton, the L. C. L. rate should be 50 per cent greater than the carload rate. In other words, for the haul of 36 tons, including the weight of the equipment, the rate would be 50 cents per ton, and for the haul of 24 tons, including the weight of equipment, 75 cents per ton. Now, if the calculation is made exclusive of the weight of the equipment, the rate should be \$3.00 per ton. But, the mileage in both cases being the same, the relative cost of handling the L. C. L. shipment would be greater than the foregoing because the cost of hauling the car does not increase proportionately with the increase in the weight of the car.

"This, of course, is based exclusively on revenue equality and takes no account of extra costs on L. C. L., such as I have already enumerated."

"The policy, as far as it has been practicable in the limited time allotted to the preparation of the proposed Consolidated Classification, has been to readjust a number of the commodity ratings to more nearly consist or approach correct classification principles as recognized by both the Commission and the carriers. It is not to be assumed that the proposed classification is in that respect complete, but it does mark at least some advances in that direction.

"The proposed Consolidated Classification, having what I have said in mind, makes approximately 5,859 changes from the Southern Classification, embracing 2,574 increases in ratings, 898 reductions in ratings, 599 increases in carload minimum weight, 73 reductions in carload minimum weight, 1,665 additional items with 49 items to which Rule 34, or the sliding scale of minimum weights governing light or bulky articles, is added and one carload rating eliminated.

"It will be noticed that there is a healthy reduction in ratings as compared with the increases, but from the fact that most of the increases consist in establishing the less than carload rating on basis of sound principles as compared with their present position, the number of increases are, of course, relatively greater than the decreases.

"It should also be kept in view that a great many of the items which are treated in the Consolidated Classification have also been considered at public hearings, but because of the interruption in the general classification work, brought about by circumstances unnecessary to relate, have not heretofore been published. This includes the entire 94th Docket of the Southern Classification Committee and also many subjects considered at the 92nd Docket.

"It is also well for me to state here that while in the compilation of the new classification the ratings assigned to articles by the Eastern and Western Committees were not controlling yet, as has been the practice at all times, these ratings fixed by the other committees after full and deliberate investigation were and have been considered, and where the groupings plainly indicate defective assignment of ratings in the Southern Classification, proper correction has been made to harmonize with the facts developed in the other territories."

Being asked why they had departed from the any quantity basis in some items and not others, he said lack of time was the controlling factor, those items having been changed which had been most carefully considered and as to which a change at this time was most obviously necessary.

Mr. Shewmake, counsel for the Virginia Commission, questioned Mr. Steadwell as to why it should at this time be considered necessary to increase the spread between the carload and the less than carload ratings, and he said the increase was a deliberate one, felt proper because of the difference in the cost of handling the two classes of business.

Asked by Mr. Cotterill as to whether it had been the thought that all less-than-carload ratings should be on a basis of fourth class or higher, Mr. Steadwell said it was a coincidence and not a policy, and it had not been the thought that the work was to be a revenue producer, but simply a proper revision of ratings in so far as time would permit it.

Mr. Steadwell also stated that many of the any quantity ratings were essentially carload ratings and the separation of the carload and the less-than-carload ratings would necessarily increase the less-than-carload ratings, and that they were not controlled in the latter by the less-than-carload ratings in the other territories.

In the adoption of carload minimums, commercial units for the whole country had been considered and very largely the recommendations of the Uniform Committee had been adopted.

Mr. Colquitt asked if the southern lines, through the proposed classification, were endeavoring to get away from the any quantity basis, and he replied that it was. Questioned further as to whether additional carload ratings should not be established, he said that would doubtless be found desirable, but this would not necessarily mean a change in the carload basis, and should rule 10 be stricken out, it would mean the rewriting of Southern Classification, as the work had largely been predicated on the adoption of that rule.

In reply to a question as to uniform ratings, he said absolutely uniform ratings throughout the country, to his mind, would be impossible without there first being a recast of the scale of rates.

He felt that the work now proposed to be done was proper, being done in a progressive way, and he felt that a gradual change would be more easily assimilated than if every necessary readjustment should be made at once.

Mr. Shepherd of the Chattanooga Sewer Pipe Company questioned Mr. Steadwell as to the various items in Southern Docket No. 92 that had been carried into the consolidated book, and wanted to know how it happened that an item on which an advance was then arranged or agreed to of one class should be again advanced, and Mr. Steadwell said the matter of the proposed second advance was considered proper and it was up for attack by shippers at this time if they were not satisfied.

Carl R. Cunningham, assistant traffic manager, Cotton Manufacturers' Association of South Carolina, filed a list showing numerous commodities used by cotton mills on which increases were proposed and which on no direct testimony was introduced, it being the policy of Edgar Watkins, counsel for the interests represented, that they would expect the carriers to justify the proposed advances.

E. C. Dwell, a cotton manufacturer of Charlotte, N. C., the next witness, said the list submitted by Mr. Cunningham was of articles used by his company in the manufacture of cotton goods, and that the advances therein would materially increase his company's operating costs.

P. E. Glenn, secretary-treasurer, Exposition Cotton Mills, Atlanta, Ga., confirmed the previous testimony, as did also C. J. Callaway, manager, Millsted Manufacturing Company, Conversville, and so far as the latter was concerned carload consolidation would not be practiced.

J. O. Hendley, rate clerk for the Tennessee Commission, objected to any further advances in rates, and where, as in the proposed classification the advances exceed the reductions in about the proportion of three to one, the action was unjust, unreasonable and discriminatory, and should not be permitted.

Mr. Hendley made a comparison between rates in Tennessee and those in C. F. A. territory, showing the former to be very much higher than the latter, and as to density of traffic he quoted from the report of the Southern Railroad, showing earnings per mile equal to those on the Pennsylvania Railroad. For the month of July, 1918, just six of the principal roads in Tennessee show \$5,504,559 more net operating revenue than for the same month in 1917, and on the basis of these July figures the net operating revenue of these six Tennessee roads alone in twelve months would be in excess of \$144,000,000.

The Tennessee Commission is in favor of uniform rules, uniform descriptions and uniform minimums, but objects to any advances in ratings on technical classification grounds without compensating reductions in rate scales, and so far as intrastate matters are concerned, the commission and not any of the state's members in congress, Thetus W. Sims, being specifically named, was responsible to the people of the state as to classification and rate matters.

Mr. Cotterill, asked as to whether the non-controlled lines were also represented by the same people as were the controlled lines, and it was stated that in so far as was known no fifteenth section application had been filed for the former.

T. G. Strachan of the State Corporation Commission of Virginia filed a statement showing information similar to that filed by Mr. Steadwell as to the number of changes proposed in the South.

Mr. Colquitt said that when it came to putting symbols into the proposed classifications he knew that there might be a few cases in which there was a change in which, through some oversight, the symbol was omitted, but that he knew that the greatest precaution had been taken in getting out this proposed classification to show by appropriate symbol every proposed change.

September 20 Session

H. W. B. Glover, the first witness at the September 20 hearing, objected to the proposed increase in the South on old wornout press cloths, machine baled, because the proposal would put this old material on the same basis as for the new cloths. The movement at present amounts to from 650 to 1,000 tons per year, and even at the prevailing rating there is little profit in handling this old material, he said.

Mr. Steadwell stated that as to rags being carried at class A, that was a deferred classification matter.

The question of specific information concerning the carriers' reasons for proposed advances having arisen, the examiner stated that inasmuch as they were expecting specific information from the shippers they should be in position specifically to justify proposed advances. The classification men expressed their willingness to supply justification, but doubted their ability always to get at it.

Objection was also voiced by Mr. Glover to the proposed increases on new burlap bags, not lined, and he filed an exhibit showing increases between typical points in the South ranging from 15.3 per cent to 28.6. His objection was from the point of view of a user of bags and as the acid of phosphate in the fertilizer renders the bags useless after the first shipment, the increases, if permitted, must be borne by his people.

As to rates on solidified oils, protest was entered against proposed increases in the carload ratings.

Mr. Collyer cross-examined the witness as to the relative use of liquid oils, solidified oils and butter for cooking or table use and Mr. Glover said he did not understand that the use to which a commodity was put could be made the basis for determining the rate. To that statement Mr. Collyer said that of necessity the use to which the various commodities are put must be considered in the making of a freight classification.

Objection was raised by the classification men to the inclusion in Mr. Glover's exhibits of some oil ratings on which no changes were proposed, and Mr. Burchmore wanted to go on record as being opposed to the method of procedure. He said that traffic officials of the carriers had not hesitated in hundreds of cases in the past to point out decisions of the Commission in rate cases as establishing the reasonableness of rates, although aware that the cases to which they referred involved only questions of alleged discrimination and did not deal even indirectly with the measure of the rates. He stated that he mentioned this only as affording reason for the suspicion that after this proceeding had been concluded the carriers would claim that every rating in the classification had been approved by the Commission.

As a matter of fact, said Mr. Burchmore, this investigation is not what the Commission in its announcement said it was to be, the order instituting the investigation reading that it was to be "concerning the reasonableness and the propriety of the descriptions, rules, regulations, ratings and minimum weights provided in said proposed consolidated classification," while under the examiner's ruling it was an investigation simply on those items it was proposed to change. Without questioning the propriety of the restriction he gave notice that shippers wanted it understood that they were thus being refused the opportunity of being heard on thousands of unchanged ratings which are not satisfactory and that this silence must not be taken as an assent as to the correctness thereof. He asked that the decision of the Commission say that its approval only ran to those items on which changes had been made and that it had given no consideration to the propriety of any of the features in the Consolidated Classification not covered by changes.

Mr. Fyfe called attention to the fact that many items had from time to time been passed on by the Commission and it was generally conceded that as to any item or rule

which had not been specifically passed on, the door was always open.

At this point Mr. Burchmore read into the record a letter from the Southern Freight Traffic Committee to shippers of beer and cereal beverages that it could make no change in any Southern Classification rule concerning the protection of freight, because that subject was fully covered by rules in the proposed Consolidated Classification which was being considered by the Interstate Commerce Commission and that if they had any facts to present which would justify or require a different rule, they should give them to the Commission. As these rules are the ones now in effect in the Southern Classification and as no change is proposed in the consolidated one, they could, of course, get no hearing with the Commission in connection with the proposed classification and must go back to the regional traffic committee, and it would be advised of its error in understanding as to the scope of the present proceedings.

Mr. Steadwell stated that 5th and not 6th class is considered the standard rating on oils in the South and the Southern Committee now has in mind putting on its docket a proposal to increase 6th class ratings on corn and cottonseed oils and perhaps an advance of 25 per cent in the ratings on solidified oils.

Mr. Glover protested the proposed advance from 3d to 1st class on new tight barrels in less carload lots. They make these barrels not only for their own use, but also for others. The barrel they make weighs from 75 to 78 pounds.

M. M. Emmert, traffic manager of the Coca Cola Company, Atlanta, said that in the main his company was in favor of uniformity, but that the proposed ratings on barrels, old and new, were not at all consistent and were not uniform. He desired, therefore, to protest the proposed advances on both old and new barrels and he based his protest on the fact that they have for years had their present rates without objection from the carriers and that their old barrel movement is analogous to the empty beer barrel movement.

Mr. Emmert's objection also ran to the wide spread between the carload and the less carload rating on old tight barrels.

Exceptions and State Classifications

Mr. Cotterill, at this point, wanted to know what effect the adoption of the proposed classification would have on the various state classifications, as well as the exceptions and the examiner said that he had a telegram from Commissioner Clark which was to the effect that he had consulted with Director Chambers' office and that the exceptions were not involved, but that the question as to state classifications was not included in his inquiry to the Commission.

Mr. Cotterill said he had a wire from Director Chambers' office sent subsequent to the consultation referred to, in which it was stated that the proposed consolidated classification is intended to be the only classification effective, both state and interstate, and this to his mind would mean the wiping out of all state classifications if the proposed consolidated classification should be adopted.

Mr. Burchmore said he had a telegram from Director Prouty in which it was stated that after conference with Director Chambers, it could be said that the exceptions to the classification were not involved in this hearing and that nothing is now contemplated as to the exceptions.

Others present were sure, however, that the state classifications were involved and Mr. Burchmore wanted the Commission, in an amendment or a supplement to its order, to arrange for hearings on the state classifications if the latter were to be made subject to the Commission or to hearings before the state railway commissions if the latter were to continue to have control of state classification matters.

Mr. Cotterill said he had been instructed by the Southern Traffic League not to go on until the question as to whether or not state classifications were to be eliminated with the adoption of the consolidated classification.

The examiner said he would proceed on the theory that state classifications were not involved and that he would expect witnesses to eliminate from their evidence all reference to the exceptions as well as to state classifications. He also stated that he was sure neither of these would be done away with without the shippers having an opportunity to be heard.

Mr. Strachan, resuming the stand, called attention to the fact that a change had been made in the ratings in unmanufactured leaf tobacco in the South by the elimination of the any quantity basis and providing for a carload and a less carload rate, both, however, being on the 4th class basis, and he wanted to know when a less than carload shipment became a carload shipment, thus subjecting the shipper to the 20,000 pound carload minimum proposed.

He was told that the thing for the shipper to do was to tender the shipment as so many hogsheads or so many pounds of tobacco.

Mr. Colquit said he saw the opportunity for frequent controversy because of the uncertainty as to the wording of section 3 of rule 15, not only as to this commodity, but as to numerous others in the South which had been treated in the same way, and Mr. Steadwell intimated the difficulty would be met by showing, opposite the southern rating, the symbol indicating that it was an any quantity basis.

H. P. Friedman, traffic manager of the Portsmouth Cotton Oil Refining Corporation, Portsmouth, Va., objected to the proposed increase in the minimum on peanut and other oils in tank cars. Their cars are all 8,000 gallons or 60,000 pounds capacity. He wants a minimum of 98 per cent of the shell capacity on the shipments of oils and 95 per cent on cottonseed foots.

His company wants to get all of the oil into its tanks it can possibly load and its only desire is to have an adequate provision allowing for expansion due to increase in temperature.

E. J. Perkins, traffic manager of the National Biscuit Company, objected to the proposed increases on bakery goods in less carloads in southern territory. These increases range from 30 to 175 per cent from New York and Chicago to representative points. His objection was largely based on the fact that the 4th class rate in the South runs anywhere from 50 per cent down to 20 per cent higher than the 3d class in the West, according to exhibits submitted.

W. J. Richardson, traffic manager of the Loose-Wiles Biscuit Company, St. Louis, also desired to protest these proposed advances, as did Charles Postel, traffic manager of the Union Biscuit Company, representing also the independent cracker bakers shipping into southern territory.

Mr. Steadwell defended the proposed advances on the basis of the great refinement that had been made in these bakery goods in recent years, as well as because they were being put on the confectionery basis, the proposed rating being the same as that given canned peas, beans, tomatoes as well as on prunes, etc.

The examiner wanted to know of Mr. Steadwell if he did not think these many changes in the South should not be made until there was a change in the rate levels in the South and he said he did not; that the matter of constructing a classification should be kept separate from the matter of rates.

Session September 21

E. J. Perkins, resuming the stand September 21, entered a protest on the proposed increase from fifth to fourth class on old tin cans, the reduction from 15,000 to 14,000 pounds not being of compensating value; he said.

B. R. Shepherd, traffic manager, Chattanooga Sewer Pipe Works, and representing, in this particular case, other manufacturers who produce 80 per cent of the sewer pipe and fire brick, in the south, said his people would be favorable to having rule 10 apply to their product rather than their present mixing rule if the rule provided for paying the rate and the minimum on the highest rated article, and he would be willing to have the rule provide that 25 or even 40 per cent of the commodity must be loaded before it controlled the minimum.

Objection was raised to the increase in the carload minimum on sewer pipe, Mr. Shepherd stating that previous to Southern Classification 43 they had a flat minimum of 24,000 pounds and with No. 43 it was proposed to add rule 34. Upon his protest it was agreed to remove the rule and to increase the minimum to 26,000, which was done, and now they are proposing to apply the rule to the increased minimum.

He said they could doubtless get away from the difficulty of the minimum with the rule by giving the carriers written notice not to give them anything but 36-foot cars.

Mr. Shepherd asked to be advised as to what was meant by hardwood in the sewer pipe bracing specifications and

ak, pine, gum and poplar were named as being the goods referred to.

Complaint was also made as to the proposed increase in sewer pipe less carload from sixth class to second class and from sixth to fourth class in barrels, boxes or crates. He had been told by the Southern Classification committee, which had docketed a proposed increase, that had been found necessary to increase the rates because of their enormous damage claims. In order to determine the transportation risk he had written to the consignee of each of their L. C. L. shipments made during July this year and from those who had replied he had found total claims amounting to \$3.54, upon which there was transportation charge of \$74, and to take care of this \$54 damage the carriers were proposing to add \$68 to the freight.

He filed an exhibit showing that if the L. C. L. increases were permitted from two to two and a half tons of their product could and would be shipped as a carload at the same charge as would apply to that small amount at the L. C. L. rate, thus bringing about a great waste of equipment, but relieving them of the necessity of carting the pipe to the station and of marking each piece, as could be required under the rules of the proposed classification.

He felt that no difference should be made in the loading of clay sewer pipe from that provided in loading the concrete pipe, both requiring the same kind of bracing.

Mr. Devane wanted to know from Mr. Steadwell what difference from a classification standpoint there was between the sewer pipe crated and uncrated, and he said that risk must of necessity be considered in the making of a freight classification.

The same protest was entered as to coping and flue lining advances as was made to those on clay sewer pipe, and for the same reasons.

James S. Davant, commissioner, Memphis Freight Bureau, representing 233 shippers of that city, was opposed to rule 10 and to the numerous rate advances proposed in southern territory as being unjust and unwarranted. He felt the advances to be unfair under the present high scale of rates in the south. Specific protest was made as to the proposed advances on both burlap and cotton bags, and he insisted that the present rates be maintained.

He also concurred in the protest of Mr. Shepherd as to the proposed advances in clay sewer pipe, flue linings, etc. He said that if the south received the same basis of rates as Official territory he was sure that part of the country would be willing to be put on substantially the same classification basis. He felt that if it could be made a uniform classification would be highly desirable, but that the committee had gone much beyond the scope of the order in attempting to unify these numerous ratings, particularly in the face of the 25 per cent advance.

Questioned by Mr. Collier as to whether or not Memphis jobbers had not been benefited by rule 10, Mr. Davant said they might have used the rule somewhat, but that their disadvantage if the mixing rule was made general in its application would greatly outweigh any advantage derived from it.

Mr. Colquitt asked Mr. Davant if he felt that the classification men never had exceeded a proper conception of their duties when they made the wholesale revision of their rates and if he, as a representative of shippers, would be willing to accept a reasonable number of advances and reductions provided they were made necessary by changed or revised descriptions. To this Mr. Davant replied that he did not want to appear as criticizing the committee, but that he felt they had misunderstood the meaning of the government order—that it was not a question of rating, but one of unifying the rules and of publishing the existing ratings as a matter of convenience.

Mr. Collier said that the consolidated classification did not by any means represent a new Official Classification and that as a general principle only those changes had been incorporated that had been agreed to by the uniform committee or that had been docketed and investigated by the Official committee.

Mr. Colquitt wanted to know of Mr. Fyfe if he did not recall that, in connection with the ratings checked in on certain commodities, he had not warned the consolidated committee men not to go too far, and that Mr. Fyfe had said that he was a good deal older than he was and that

in a big case, such as this one, a lot of things might be "put over."

Mr. Colquitt said that in fairness to the classification men he wanted to say that particularly as to the first three classes he had urged changes looking to uniformity where it was felt they could be successfully defended, and this was especially true with respect to new items.

Mr. Steadwell said he was frank to admit that as far as the Western Classification was concerned it had been kept more nearly up to date; that was due partially to the fact that the southern committee had for a year had no chairman and that its men were checking in fourth section rates.

Mr. Burchmore wanted to know if the classification men would be willing to have the Commission say that all changes which were simply advances and reductions, apart from the main purpose of unified descriptions and such, would be deferred and not passed on in its consideration of the consolidated book.

Mr. Steadwell said that in the south an exceedingly large part of the present mixtures are concerned. It was now proposed to base them on rule 10 and that if Mr. Burchmore's suggestion was adopted the book, so far as the Southern Classification was concerned, might as well be thrown away.

Mr. Davant voiced his objection to the advances proposed on lime, plaster, etc., as well as on cottonseed meal, hides and iron and steel articles. Bananas, in certain packages, and farm wagons were other items on which advances are proposed as to which he desired to protest.

H. N. Holdren, representing the Pittsburgh-Des Moines Company, the Chicago Bridge and Iron Company and other builders, objected to the elimination of hoisting or erecting machinery and air compressors from note 4, page 292, under bridge builders' outfits.

Mr. Steadwell said the item in Southern Classification under which these shipments were now being made was not at all meant to cover the outfit described by Mr. Holdren, and he did not think the engine and air compressor should have the low ratings given the other articles.

Mr. Holdren said he was heartily in favor of rule 10, as it would enable them to ship their outfits in both directions in the mixed carloads as they desired.

R. R. May, district manager, Southern Hardwood Traffic Association, Louisville, said it approved a consolidated classification, but he objected to the large number of increased lumber ratings proposed in the south. He indorsed the testimony of Mr. Kraft at the Chicago hearing as to protesting against the proposed increases on wooden barrels, both tight and slack, proposed in all three classifications.

Among the increases to which he objected was that on wooden box or crate material, wood parquet flooring, wooden cooperage stock, wooden piling, foreign wood logs, lumber or veneer, foreign built up wood, and native wood. On some of these the objection was as to proposed increased ratings and on others increased carload minimums, and he felt that there was no good reason for proposing all of these changes at this time. On wood parquet flooring in bundles he said there was no justification for a different rating from shipments in boxes or crates.

Objection was also raised by Mr. May to the increase in the minimum weight on lath from thirty-four to thirty-six thousand. He said that as to yellow pine lath, 36,000 pounds could not be loaded.

At this point there was general discussion as to why changes of classification in various lumber items were proposed in view of the fact that the whole lumber classification was before the Commission in case 8131 and the classification men said they had been led to understand that there was no immediate prospect of a decision being handed down in that case and in the meantime some disposition of the various items in the classification had to be made.

Mr. Holdren filed the following statement and exhibit respecting rule 10:

"I represent the Pittsburgh-Des Moines Company of Pittsburgh, Pa., Des Moines Bridge and Iron Company of Des Moines, Ia., Chicago Bridge and Iron Company of Chicago, Ill., and Memphis Steel Construction Company of Pittsburgh, Pa., who are all comparatively large shippers of miscellaneous carload shipments in Official, Western and Southern Classification territory.

"The primary reason that carriers assess higher rates per 100 pounds on shipments in less than carload lots is to cover the expense of loading, handling at transfer points and unloading. When a shipper loads a carload of miscellaneous commodities and ships same at one time to one consignee and destination, the carriers are relieved of the expense of loading, handling at transfer points and unloading, and therefore have no right to assess charges on basis of less than carload rates, or, in other words, for a service which they have not performed.

"It is reasonable to assume that if the shipping public is satisfied with a rule in the classification they are not going to fight about it, and I believe that is why there has not been more testimony in favor of this rule. It likely-satisfied the large majority of shippers in all territory as well as the carriers themselves, as they put it in on their own initiative, no doubt realizing that it is the only fair manner in which to assess transportation charges on carload shipments of miscellaneous freight.

"Furthermore, it creates an incentive to ship in carload lots, which relieves the carriers of the work of loading, handling at transfer points and unloading, which must be quite a consideration, particularly at this time, due to the shortage of labor and the badly congested condition of shortage points and terminals.

"I believe all consumers, particularly the smaller ones, will be benefited for the reason that this rule will enable them to purchase miscellaneous supplies in carload lots and save the difference between the less-than-carload and carload rate.

"It seems to be a matter of opinion as to what extent this rule is going to injure anyone, and, from my observation of the testimony to date, the large objection seems to come from jobbers 'who are afraid it will hurt their business;' however, if a few jobbers are hurt and the shipping public at large, particularly the consumer, will be benefited, as well as the carriers themselves, we feel that it should be permitted to remain in the classification.

"It has been admitted in the testimony that certain jobbers were not interested in this matter from a transportation standpoint, but from the standpoint of the jobbers only.

"There is more tonnage handled in the Official Classification territory than any other similar area in the world and that territory has prospered for years under this rule and I do not believe that, with the exception of a few kinds of business, particularly the jobbers, the conditions in the west and south are so different from the eastern territory that this rule would have a tendency to jeopardize their prosperity, but as a whole would increase it.

"However, if the Commission in their wisdom should decide that it is a good thing for the west and south, we hope they will retain it in the Official Classification territory, in which territory it has proven to be a success.

"As our respective companies make many shipments upon which we have enjoyed the privileges of this rule in the past, it would indeed be a serious loss to us."

He filed the following statement showing approximate loss to the Pittsburgh-Des Moines Company on average shipments to points in the Official Classification territory:

STATEMENT SHOWING LOSS IN FREIGHT CHARGES BASED ON PRESENT RATES ON MISCELLANEOUS MATERIALS (AVERAGE WEIGHT 6,000 POUNDS PER SHIPMENT), LOADED WITH STEEL, VERSUS RATES IF RULE 10 IN CONSOLIDATED CLASSIFICATION IS ELIMINATED, FROM PITTSBURGH, PA., TO POINTS IN OFFICIAL CLASSIFICATION TERRITORY.

To—	Present Rate, Fifth Class.	Proposed Rate, Third Class.	Loss in Freight Charges.
Chicago, Ill.....	27	52	\$15.00
E. St. Louis, Ill.....	34	65	18.60
Davenport, Ia.....	34	65	18.60
Cincinnati, O.....	23	44½	12.90
Evansville, Ind.....	29	55	15.60
Louisville, Ky.....	26½	50	14.10
Roanoke, Va.....	30½	54	14.10
Norfolk, Va.....	30½	54	14.10
Buffalo, N. Y.....	21½	40½	11.40
Columbus, O.....	20	39	11.40
Detroit, Mich.....	23	44½	12.90
Toledo, O.....	21½	41½	12.00
Calro, Ill.....	35	67	19.20
Charleston, W. Va.....	22½	44	12.90
Peoria, Ill.....	30½	59	17.10
Grand Rapids, Mich.....	27	52	15.00
Fort Wayne, Ind.....	23	44½	12.90

Several eastern shippers, including George M. Leim, Jr., and Theodore A. Reed of the Victor Talking Machine Company of Camden, N. J., who had come to Atlanta to talk in favor of rule 10, concluded not to go on the stand at Atlanta, but to wait until the Washington hearing, when, they understood, many shippers from the east would testify as to the value of that rule.

Monday, September 23

At the opening of the session September 23 J. E. Crosland of the Southern Classification Committee, the first witness, made an extended statement, saying among other things that it was inconsistent at this hearing to consider items involved in Docket No. 8131 in coming to a determination as to what were the wooden articles on which lumber rates would apply and that a fixed relationship could not be established between lumber and articles made of lumber by means of a classification. He said the proposed carload minimum in this classification had previously been considered by the uniform committee except as to new items and those which had been on the Southern docket.

He said that of the 9,516 items considered by the Southern Classification Committee from 1901 to 1916, inclusive, 3,764 had been changed, of which 1,554, or 43.4 per cent, were advances and 2,120, or 56.6 per cent, reductions. He said he hoped to submit an analysis of the ninety-second and ninety-third dockets showing the number of increases, reductions, etc., involved.

He was questioned by Mr. Burchmore as to whether it was not his experience through all of these years that the necessity had been for classification reductions rather than increases, and he said not at all, but that each case had been handled on its merits and that during this formative period of the manufacturing industries of the south unusual consideration of their condition had of necessity been given.

Mr. Devane wanted to know if there had been any recent change in commercial conditions in the south which would seem to warrant a change at this time, and he said the changes now proposed were an accumulation.

Mr. Colquitt brought out the point that if the items included in dockets 92 and 93 had not been included in the new book they would, in the regular routine, have been added as a supplement as soon as it could have been prepared.

Mr. Burchmore questioned Mr. Crosland as to the relative treatment of lath and molding, and he said that they had considered molding as a distinct commodity and not as a matter for classification treatment. Mr. Burchmore called his attention to the fact that it was carried in the proposed book and given a rating under which there would be a movement when there were no specific commodity rates.

In reply Mr. Crosland said it was much more difficult to police a classification than a commodity tariff because the former covers an entire territory and is for both carload and less-carload movements, while the latter is limited in its application and applies only to carload movements.

The question of following the Commission's decisions as to certain ratings having arisen, Mr. Burchmore wanted to know why an exception had been made as to club-turned spokes and Mr. Fyfe volunteered the information that the two years' limit on the Commission's order on them had elapsed.

Mr. Fyfe said as to the proposed increases on parquet flooring in bundles, that was not as safe a package as a crate or box, and he also said they felt that this finished product should carry a higher rate than the material from which it was made. Mr. Steadwell said that at Atlantic City in 1916, when the ratings on cooperage, box material, etc., had been lowered a mistake was made, an apparent fourth section violation being shown which they had endeavored to correct, and ratings on these items made lower than they should have been and that they were now proposing to rectify that error.

As to piling, they were now proposing to put them on the basis of telephone poles, where they belonged. Referring to the complaint as to the proposed increase in built-up woods, Mr. Collyer said that subsequent to the Saturday hearing he had conferred with Mr. Mays, the complainant, and called his attention to the tentative report in 8131, where this commodity had been under con-

sideration, and where the position of the committee, as indicated in the proposed rating, was sustained.

C. W. Hayward, secretary-manager, Meridian Traffic Bureau, said much of his testimony would have to be eliminated because of the ruling as to the exceptions and state classifications not being in issue, but that he wanted to be put on record as opposed to all the proposed increases in the south. He said it would be difficult for him to pick out specific increases as to which he was more opposed than to others, for he objected to all of the advances in the ratings.

He said a mere comparison of the ratings meant nothing to the shipper, what hurt the latter being increases in rates.

He filed an exhibit showing, among other things, that the proposed changes would mean an increase of 68.6 per cent on burlap bags, 121.7 per cent on oil press cloth, 66.7 per cent on cottonseed meal bags, 92.2 per cent on foundry facings in bags, and 45 per cent when they were boxed, 46.6 per cent on floor sweeping compound, 32.5 per cent on castings from Meridian, and 45.2 per cent on lard oil from Chicago to Meridian, while cotton seed, sorghum seed, soap, tin cans, potato diggers, barrows, planters and numerous other commodities moving into or out of Meridian carry equally heavy increases.

As to rule 10, he said if the consolidated classification was adopted it would have its good features, but its disadvantages would far outweigh its benefits.

Their jobbing territory covers a radius of about 75 miles and he said that the jobbers in Meridian fear the retailers in their territory will pool their purchases and buy in mixed carloads, thus putting the Meridian jobber out of business or limiting his sales to the less profitable lines and the fill-in orders.

In reply to a question as to whether he was opposed to all the proposed increases in ratings, Mr. Hayward said: "Our shippers don't oppose any change or proper adjustment, but they want all of these to be equally distributed, and in the past Meridian has always been given the short end of it."

He did not think unification of ratings could be made throughout the country and do justice.

He said as to rule 10 that he feared the competition from such primary markets as St. Louis, Chicago and New Orleans and he felt that it was a case of "beware of the Greeks when they come bearing gifts."

A discussion arose as to what was necessary to do to comply with the orders of the Railroad Administration and Mr. Steadwell said they were here with their whole proposition, even though the order had said nothing about new items or ratings.

Mr. Burchmore wanted to know of Mr. Steadwell if when they carried the copies of the consolidated classification to Washington it had not been their thought that it would be promptly ordered in, and the classification men, in chorus, hooted at the idea. Mr. Colquitt said that while at the outset of their work they had felt that it would be handled as a fifteenth section proposition, they had come to a place later where they did not know, but that they had gone ahead on the theory that it would be substantially so handled, and shippers given every opportunity to be heard.

Mr. Steadwell said Mr. Burchmore had been on both sides of the fence and that he was now in "no man's land."

Mr. Burchmore said that as to the procedure, it was giving shippers greater opportunity to be heard than would have been the case had the numerous advances been proposed by the various committees and that therefore his objections were not at all as to the method of procedure in this case.

The question having arisen as to whether or not the committee had exceeded its authority in bringing into this new book the increased ratings that were not absolutely necessary to bring about a consolidated classification and uniform rates, descriptions and ratings, both Mr. Collyer and Mr. Steadwell said the carriers always had authority to propose increases in rates, such as here proposed.

Mr. Burchmore said that the unfairness lay in the fact that as to those items which had not been changed, no permission was given for attack, and Mr. Collyer said that the law presumed as to rates put in, prior to June 1, 1918, they were reasonable, and that as to all put in since that time the burden was on the carriers, and that with

reference to those now proposed, as well as to all that they have previously docketed, they would assume that burden.

Mr. Devane said, as to the idea of rule 10, that it was in the main all right, but that he did not know what it all meant and he desired to know what the Commission could or could not do with rule 10—whether it would have to approve or condemn it as a whole. He understood that if this whole proposition was being handled under a fifteenth section application the Commission could adopt, reject, or modify, and the examiner said he felt that in the way this matter is being handled the Commission could go even farther than would have been possible in a fifteenth section order.

Mr. Fyfe cross-examined Mr. Hayward as to the effect of rule 10 and the latter said he was not in favor of a rule which would permit a mixture of hardware, dry goods, groceries, nails, etc. Mr. Fyfe wanted to know where there was a market that would permit of such mixtures.

Questioned by Mr. Collyer as to whether or not his people would be agreeable to a radical reduction in the mixing privilege and a heavy increase in the carload minimums, Mr. Hayward said, as a general proposition, no.

The question as to relative minimums provided in the classification and those ordered by the Food Administration having been brought up, it was developed that the classification minimums, on such commodities as sugar, were still being maintained and the requirements of the Food Administration were being met by a double loading of cars.

Mr. Steadwell said the uniform committee, in considering carload minimums in the south, had written to representative shippers in all sections of the south and had endeavored to harmonize their replies and to recommend those minimums which would take care of the smaller lines of business, or those engaged in the more important lines in a more limited way.

Mr. Devane wanted to know of Mr. Hayward what relationship would exist between rates in the south and those in other territories if the amount of money invested in the roads in the south only amounted to half as much as those in other territories. The witness said he had never studied the matter from that angle.

He said, however, that under present rates and rate scales in the south, they are at this time providing adequate revenue for the carriers and that to increase the ratings without making at the same time a reduction of the rates would cause the people of the south to contribute more than their proper share of the total transportation charge.

Questioned by Mr. Burchmore, Mr. Fyfe said undoubtedly putting the minimums up to the point advocated in the far west would put a lot of the smaller jobbers out of business and would not be desirable.

The examiner said he desired to say that throughout this entire hearing the classification men, when they were convinced that the shippers were right, had come forward with a proposition to satisfy them, and Mr. Fyfe said that on his way back from the coast he had asked Mr. Chambers if previous ratings should be restored when it appeared the shipper was correct in his position, and that Mr. Chambers had said, "By all means do so."

Questioned by Mr. Fyfe as to whether the number of complaints would not have been materially less had it not been for the 25 per cent advance, Mr. Hayward said that had, of course, added to the irritation, and Mr. Fyfe called attention to the fact that this book had been completed before that increase was ordered.

Mr. Dunn felt that a gross injustice had been done to the south and that as Mr. Fyfe had said that in the west there were more decreases than there were increases it looked as if the effort had been made to add to the excessive transportation tax now being paid by the south.

Mr. Steadwell wanted to know of Mr. Hayward if his protest was not more to the time when these changes were to be made than to their merit, and he replied that the protests he had made and the exhibits he had filed showed that he felt that increases in the south, at this time, were unfair and unwarranted.

Barton Benedict, traffic manager, Dunbar Molasses and Syrup Company, objected to proposed increases in the west on syrup and to molasses N. O. I. B. N. in various packages in the south. Objection was also raised to the specific item No. 11, page 277, molasses, blackstrap, in

tank cars, C. L., subject to rule 35. This being a new item in the Southern Classification, he felt that he had a right to talk on it, but as it developed there had been no change in the rating, he was ruled out.

Objection was made by him for the failure to include kegs as a shipping package for molasses and syrup, but his attention was called to the fact that rule 5 would take care of him on that point.

As to ratings on molasses and syrups, he felt the proposed increases were unfair and unjust, sugar ranging in value from \$8.65 to \$12 per 100 pounds, while their products, valued at \$6.32 per 100 packed in cases and \$3.26 in barrels, and the article with which they are in keenest competition not having been increased. Comparison was also made between molasses and sugar in barrels, showing the former to be of much less value, but heavier per cubic foot, less liable to damage, and the shipping containers being more secure, but no change in rating on sugar in barrels was proposed.

Another comparison was made with lard and lard compounds, which are subject to class B rates. These are shipped in a style of package largely similar, but the metal cans in which molasses and syrups are shipped are better than the fiber lard package, while the value of the syrup ranged from one to five dollars and that of the lard would be \$14.40, while their jacketed cans are much less liable to damage than would be the lard tubs.

Coffee, ranging in value from \$10 to \$27 per 100, is continued without change at fifth class and the coffee people can even ship their coffee in cabinets at that rate.

Rum, wine, turpentine, pickles, alcohol and a number of other commodities valued very much higher, much more liable to damage, and some of them inflammable, are carried at the rates proposed for syrups and molasses.

Maple sugar, used in making syrup with which they are in competition, was shown as being in the new book without change, thus disturbing the present relationship.

On cross-examination Mr. Benedict said that they never have had a complaint or a claim for damage because of the breakage of their bottles due to freezing, and that when summer comes they boil their molasses to greater density and that it doesn't blow up.

They purchase within the three months during which the product is being made upon the plantations, using their own tank cars for that purpose, and must carry their product in storage for long periods. Conditions are such that there is a very large less-than-carload shipment to the southeast and the carriers have always, under competition, actively solicited the business, from which he concluded that the business was considered very valuable.

In reply to a question from Mr. Steadwell, Mr. Benedict said that there should be a difference between the carload and the less-carload rates on any commodity, but he felt that the proposed carload rating on molasses was too high and that the less-than-carload rating should be the present any-quantity rating of fifth class.

Mr. Steadwell said they saw no reason why molasses in the standard packages should not have been put on the same basis as jams, jellies, etc., with which it competes, and he felt that perhaps a mistake had been made in not putting the rating upon the third basis of those commodities.

The blackstrap question again coming up, Mr. Burchmore wanted to know how a movement of that commodity in barrels and in less-carload quantities would be rated and Mr. Fyfe started to reply, but Mr. Burchmore insisted that it be answered by Mr. Steadwell and the latter said that under the analogous article rule he would rate it as molasses N. O. I. B. N., under rule 17.

Mr. Fyfe, in justification for the western advances, named many of the commodities included in Mr. Benedict's exhibits and stated that they were all rated higher in the west.

S. R. Barnett, traffic manager, Southport Mills, objected not only to the rating, but also to the failure to provide for bulk shipment of cottonseed meal in bulk. They shipped 1,382,500 pounds during 1916, 28,000,000 pounds during 1917, and 18,400,000 pounds during the first eight months this year, all in bulk and all for fertilizer. They are de-greasers and can now ship in bulk both under the commodity tariffs and under the classification in the south.

It would cost them \$7.50 for bags enough to load a car and \$5 extra expense to handle the product if they were required to thus ship. He said he had taken up the pro-

posed bagging requirement with Mr. Spens, who replied that under present circumstances there would seem to be no reason for the proposed change.

Requiring them to bag the product would mean lighter loading and they load from 60,000 to 110,000 pounds per car. He said that they took to within from one to one and a half per cent of all of the grease out of the meal and that cakes or packs, so it is not liable to run or leak out of the cars.

The meal so degreased contains from 7 to 9 per cent of ammonia and is sold upon the per cent of ammonia content.

Mr. Steadwell, in reply to a question, said that if there was no real vital reason for declining to handle in bulk it could doubtless be so arranged.

The other classification men said they would be favorable to providing for shipment in bulk, and Mr. Benedict and Mr. Burchmore, who is also interested, were to confer with the members of the committee in an effort to come to some understanding.

Hearing September 24

E. De L. Wood, traffic manager, Chattanooga Manufacturers' Association, the first witness September 24, protested the proposed advances in the South on medicated live stock salt and the elimination of provision for shipment in the form of bricks.

Under the proposed change, which is from 5th to 3rd class, the rate to Culman, Ala., would be advanced 26½¢ per hundred, to Dothan, Ala., 4½¢, and to Watertown, Tenn., 31¢, these places showing typical advances.

Mr. Fyfe wanted to know if when it was shown that the value of the medicated salt ran as high as \$120.00 per ton and the common salt was valued at approximately \$20.00, he felt that there might be a difference under such circumstances. He said yes.

J. G. Norman, of the Blackmah Stock Remedy Co., Chattanooga, said its medicated salt is put up in brick form, about 95 per cent of the ingredients being salt, and about 5 per cent medicine. Referring to the comparison between common salt and his product, he said the former rarely moves under the class rate, while there are very few commodity rates.

Mr. Steadwell said the ratings had been advanced to the basis of the other stock tonics and one class higher than common salt, which he felt to be proper, the old 6th class having been put in a good many years ago to foster what was then an infant industry.

Frank E. Browder, Jr., general agent, Western Railway of Alabama, was called by Mr. Steadwell to defend the proposed advances in the ratings on cottonseed meal in the South. He said that in the classification dated February 1, 1888, cottonseed meal was first carried in a list with other articles used as a fertilizer, but also carrying such commodities as slate, stone, ice, iron, etc., no reference, however, being made to the meal as a fertilizer. In a classification dated July 1, 1889, the entry "meal—cottonseed—same as fertilizer," was first carried. On July 24, 1889, a publication was made of a list of fertilizers which included cottonseed meal. On March 1, 1890, note 9 was dropped from the classification, leaving cottonseed meal as a fertilizer, no provision, however, being made for a rating on cottonseed meal.

At that time it was used to a limited extent as a stock food in this country, but it was largely exported to Holland, where it was so used.

The first rating on cottonseed hulls was provided March 1, 1890, when they got the same rating as cottonseed meal.

Mr. Browder said that in the early days millions of tons of the hulls were used to fill up gulleys. Later they were used as fuel by the crushers, but it was later found that the hulls mixed with the meal made a good cattle food and the mills quit burning them and the price, which at that time was \$2.00 per ton, has been on the increase ever since.

In the spring of 1916 the Alabama Commission instituted a proceeding looking to the establishment of reasonable rates on velvet beans, peanuts, soya beans, the meal of each of these, and on mixed feeds, including two or more of them or some one or more of them with corn, oats fodder, hay, pea vines, corn cobs, etc. There was such a wide difference of opinion a postponement of a couple of months was taken to give the conflicting interests an opportunity to get together. An entirely amicable

agreement was finally reached and as a part of that agreement the carriers endeavored to establish class D rates on ground velvet beans to Ohio and Mississippi River crossings and to gulf ports on through shipments to foreign ports the same as that on cottonseed meal, the latter being used in the manufacture of stock food, the two thus coming into competition with each other.

October 14, 1916, there was listed a proposition to put cottonseed meal and hulls on the class D basis, but without success. He stated that there was an immense production of velvet beans, particularly in Southern Alabama, which comes into active competition, in ground form, with cottonseed meal and hulls as a stock food.

In reply to an inquiry from the examiner, Mr. Browder said cottonseed meal competed in the manufacture of fertilizer with other commodities from which ammonia is produced, including such articles as dried blood. Mr. Burchmore wanted to know if Mr. Browder knew what proportion of cottonseed meal is used as a feed and what as a fertilizer, and the latter said he did not have the figures, but that they could be put into the record if it was desired.

Mr. Burchmore was apparently unable to get a direct reply to any of his questions directed to Mr. Browder on cross examination and on his asking Mr. Browder whether it should be shown that 75 per cent of the entire product was used as a fertilizer, consideration should be given to that fact rather than to the fact that 25 per cent of it was used as a food. Mr. Fyfe wanted to know of Mr. Burchmore if they were going to attempt to have the old rating maintained, on the basis of the use to which the commodity was put. Mr. Burchmore said he would refuse to answer until he had concluded his cross-examination, and he proceeded to question the witness on the relative production of velvet beans and cottonseed in Alabama, the chemical properties of cottonseed meal, the demand for the latter as a feed, the desirability of shipping it in bulk, etc.

Mr. Browder said he would object to the transportation of cottonseed meal in bulk because of its liability to loss from leakage and because it would leave the cars in such shape that they could not be used for the transportation of other commodities without expense to the carriers for cleaning.

Mr. Devane wanted to know if he would change his mind if it could be shown that millions of tons were now being so handled without loss, and he said he was willing to be shown.

Mr. Fyfe again brought up the question as to rating being based on the use to which the commodity was put, saying that the Commission had ruled against that idea. The examiner said that it had not so ruled, use entering into classification but not controlling specific rates.

Mr. Browder could not even under extended cross-examination be made to admit that cottonseed meal was equivalent to fertilizer rates.

Mr. Burchmore said that cottonseed meal is a fertilizer in itself, and the fact that a considerable quantity was used as a feed should not control the rating on the entire movement and that the rating proposed would result in excessive rates and a burden on the people at this time that would be criminal.

Mr. Steadwell, on the stand, said he was going to take square issue with Mr. Burchmore, and that classification should not be made on the basis of state lines or the Mississippi River, and indicated that his conviction was that the primary use determines what the article is, and that to his mind, was a prime factor in determining ratings.

He did not know as to whether all of the departments of the government were in accord on the use of cottonseed meal as a fertilizer, but he quoted from Farmers' Bulletin 572, in which it was said that the practice of using cottonseed meal as a direct fertilizer should be stopped. He said he was not quoting this as being the basis of the proposed change in rating, which had been under consideration for a number of years.

He quoted from the Massachusetts department of agriculture to the effect that not more than 100 tons of the meal a year was used as a fertilizer in that state and that thousands of tons were used as a feed. He said that the committee had been unable to get relative data for the Southeast, the mills being unwilling, apparently, to supply the figures. He had figures for the country as a whole, showing a preponderating amount to be used as a feed.

As to its use by makers of mixed feeds one, a Nashville manufacturer, showed 30 per cent of cottonseed meal and others ranged from 14 to 23 per cent, cornmeal, bran, shorts, black strap, brewers' grain, alfalfa meal, salt, gluten being mixed in varying proportions and with varying changes in the making of mixed feeds.

He quoted from a letter written by A. D. Adair & Co. of Atlanta, asking that cottonseed meal and velvet bean meal be put on a parity, this letter stating that to certain points the Central of Georgia had quoted rates of \$2.10 and \$3.50 a ton on cottonseed meal and \$3.50 and \$5.50 a ton on velvet bean meal—this in spite of the fact that the velvet bean carried 36 per cent of protein and cottonseed meal but 17½ per cent.

He had replied to this letter, stating that the committee was contemplating a readjustment which would take care of the situation.

Mr. Steadwell also quoted from a letter written by C. S. Cressell, scientific assistant, Bureau of Markets, on January 1, 1918, in which it was said that from 1915 to 1917, inclusive, approximately 30 per cent of the cottonseed meal was used as fertilizer and that the balance, aside from that exported, was used as feed.

He said that Texas produces more seed than any other state in the country and that there it is rated on the feed basis.

He could not see from a classification point of view how cottonseed meal could start from Atlanta as a fertilizer and when it crossed the river become a feed, or start from west of the river as feed and change at the river to fertilizer. He filed as an exhibit a table prepared by the Bureau of Markets, covering the period from August 1, 1916, to July 31, 1917, which indicated a total production of meal and cake, amounting to 2,224,756 tons, of which 514,093 tons had been exported, 1,043,236 used as domestic stock feed and 667,427 as a fertilizer. In his judgment, the feed characteristic should control, in the determination as to what the commodity really was, and thus to influence its rating.

Briefly summed up, as Mr. Steadwell said, it would appear that the larger quantity in certain states was used as a fertilizer and in others as a feed, the greater part of the total, however, being used as a feed.

On cross-examination Mr. Steadwell said that the preponderating use throughout the country should determine what a thing is and not its use in some particular part of the country. He said he would deny that cottonseed meal in itself is a fertilizer, but he, of course, knew that large quantities of it were used in the manufacture of fertilizer.

O. L. Bunn, representing the Birmingham Traffic Bureau, said that on behalf of the cotton oil manufacturers of his organization, he objected to the proposed increases on cottonseed cake, cottonseed hull bran, cottonseed hulls and cottonseed meal.

Murray Billings, speaking for the Portland Cement Association, said with reference to specifications for loading cement drain tile and sewer pipe that they were still in conference with the carriers and would report the outcome at the Washington hearing. As to proposed changes on artificial stone building blocks, they desired that the present relationship between the artificial and the natural stone blocks be maintained.

He wanted again to enter vigorous protest against the proposed specifications for paper bags to be used in the shipment of cement. He said the bags used by the company he represented would not comply with these specifications but that its bags were better, as was shown by the fact that their total claims on cement shipped in paper bags for the years 1913 to 1917, inclusive, had only amounted to \$1,854.00. As a matter of fact, he saw no reason for permitting shipments of cement in less than carload quantities, in paper bags.

Mr. Collyer wanted to know if the interest in the L. C. L. movement of cement in paper bags was not one which came from the manufacturer of the bags and Mr. Billings said neither the maker nor the user of cement desired the privilege.

Mr. Fyfe said that as to western territory, the committee does not now accept cement L. C. L. in paper bags, but that to meet an apparent situation in the East, it had agreed to take the chance.

Mr. Steadwell said the southern lines did not now take it for shipment in paper bags in L. C. L. quantities and

had no desire to do so, and it was understood that an investigation would be made looking to the elimination of the provision from the consolidated book, in which event the bag specifications would also be taken out.

A. W. Carey, traffic manager, Tennessee Coal & Railroad Co., said he had conferred with numerous companies engaged in the manufacture of the various items in the iron and steel line and that the protest he was making as to the large number of increases proposed in the South in the iron and steel list, representing them all, did not arise from any unwillingness on their part to bear their proper proportion of the transportation burden. He said it seemed to him that uniformity, rather than the establishment of a proper relationship of rates, was the great thing to be accomplished.

The large part of Mr. Carey's protest was as to proposed changes in the iron and steel list and the articles manufactured therefrom in the South in less than carload quantities.

He believed in uniformity as to descriptions, marking and packing requirements, minimum weights and rules, in so far as that could be done and have them conform to commercial conditions, but he did not see how anything approaching uniformity was possible as to ratings when the Official Classification carried 9 classes, the Western 10 and the Southern 13, and he called attention to the fact that in the new book the official will have 8 and the Western and Southern each 10.

He said that 6 of the 8 in Official territory are primarily L. C. L. and 2 C. L.; in the West 4 are L. C. L. and 6 C. L.; while in the South it is practically impossible so to differentiate between them because of the greater number of any quantity ratings.

To illustrate the lack of uniformity in the scale of rates, he made a comparison of the various numbered and lettered scales between Pittsburgh and Chicago, 468 miles; Chicago and Omaha, 492 miles; and Atlanta and New Orleans, 496 miles. The first class rates were 77½, 100 and 125, respectively; the second 65½, 81½ and 1.10; next, rule 25 in the East at 55½ with nothing to correspond in the West or South. Then follows 3rd class at 52, 56½ and 96½; then rule 26 in the East at 37½, followed by 4th class at 39, 40 and 69, this being followed by rule 28 in the East at 56, after which comes 5th class, at 27, 34 and 60 and 6th class in the East at 22 and in the South at 47½, these being followed in the West and the South by the lettered classes with similar differences.

Referring to the analysis of the new book put out by the committee, Mr. Carey said they had not been able to follow it, but that without considering ratings eliminated and without counting changes in minimums, they had found 2,517 increases and 865 reductions, or a total of 3,382 in the South, 854 advances and 434 reductions, or a total of 1,290 in the East, and 369 advances and 371 reductions, or a total of 740 in the West, which made a grand total of 5,412 changes. Mr. Carey was unwilling to concede that the Southern Classification was so imperfect as to require more than four times as many changes as the Western. He cited a number of examples of what would result from giving the same article the same rating in the different territories, all indicating a much higher charge, running to more than 200 per cent, in the South.

He filed three exhibits, one showing the relationship of carload to less-than-carload rates on iron and steel articles in the West, one showing the same information in the East, and one showing it in the South, the one in the West indicating an average of 120.66 per cent, in the East 131.6, and in the South 151.6 of 6th class, 187 of 5th and 219.9 of the 4th, these exhibits forming the basis for objection to the wide spread between the carload and the less-than-carload rates in the South.

He said he wanted to see the South grow and prosper and while he agreed that the scale of rates might properly be higher than in some other parts of the country, he did not believe the most of the changes now proposed were proper at this time. He said he hoped to see the time when conditions in the South would warrant the same scale of rates as applied in the East.

Mr. Steadwell said the special classification ratings on the iron and steel list were a preferential arrangement made to build up the industries in the South.

Mr. Carey said he had attended every classification meet-

ing in the South in the last ten years and he had never heard of any objection to the ratings on angle irons, which it was now proposed to advance three classes.

On being questioned by the examiner, he said it would be much easier to bear the necessary readjustment in the South if it were made at the time the 25 per cent advance was taken off.

Mr. Billings said the proper method of getting a relationship between the various classes was not to start at first class and work down, but to start at the carload rate and work up.

In answer to a question from Mr. Collyer, Mr. Carey said he felt that uniform ratings might be secured if every one was ready to make sufficient sacrifice, but he was of the opinion that the country was not now ready to make it.

There was much discussion as to uniformity and Mr. Colquitt called attention to the fact that a uniform classification was being discussed while the hearing was on a consolidated one.

Mr. Collyer was questioned by the examiner as to whether or not a uniform classification could not be made if varying conditions were taken care of by exception, and he replied that what was wanted was not something to look at but something to move the freight and that a uniform book so constructed would have a very large number of exceptions.

State Classifications Involved.

At the opening of the hearing September 25 Examiner Disque announced the receipt of a telegram from the Commission, in which Messrs. Chambers and Wright concurred, to the effect that the scope of the hearing should be broadened so as to include evidence on the cancellation of state classifications, but no one then being ready he said the matter would be heard at Washington November 18.

Mr. Devane, Mr. Burchmore and Mr. Cotterill stated that they would desire to be heard later on the matter of the cancellation of state classifications.

Mr. Steadwell said that as to the Southern Classification Committee, it had no jurisdiction over the exceptions or the state classifications and that it would therefore not be in position to offer any testimony or defense.

Mr. Fyfe said the Western Committee handled state classification matters directly with the state commissions and that there would be no hitch there.

Mr. Devane said that the state commissions, without for a moment conceding the authority of the Interstate Commerce Commission, had agreed to the broadening of the scope of this hearing.

Mr. Carey, resuming the stand, said that the fact that the south was now in a fairly prosperous condition did not warrant the carriers in asking them to stand these great advances, and that if all of the increases as to which they were opposed were gone into at this time it would take a month to do it. He stated, however, that they were always ready to discuss with the carriers any proposals the latter might desire to make, but that putting up these L. C. L. ratings on iron and steel articles was unfair and unreasonable.

Mr. Steadwell asked Mr. Carey to name some of the articles as to which they objected to the increases, and the latter said that could not be done, thus leaving others, on which the same objection would run, up in the air.

Mr. Carey said that at the Cincinnati conference between the iron and steel people and the Southern Committee the whole matter had been gone into and an agreement reached, and that if the agreement then reached was not now satisfactory they would be glad to go into further conference at any time.

The question of spread between carload and less-than-carload rates again coming up, and Mr. Billings again objecting to fourth class L. C. L. on iron and steel articles, the spread being much greater between fourth and carload in the south, Mr. Steadwell said the ratings on less-than-carload freight should bear a relation to ratings on analogous articles and not to carload rates on the specific ones.

Mr. Colquitt asked Mr. Steadwell if the Southern Classification Committee in all of the years he had been associated with it had not followed the principle that the spread between the L. C. L. and the C. L. ratings had been two classes, and he said no.

Mr. Colquitt then asked the two other classification men the same question, and Mr. Fyfe said it would be impossible to establish a fixed differential, variation in packages making different ratings in the L. C. L. shipments, thus changing the spread.

It was later developed that Mr. Steadwell would also take into consideration in establishing ratings all the other recognized classification principles, such as weight, cost of service, density, volume of movement, liability to damage, etc.

Mr. Collyer said the relation between the C. L. and the L. C. L. rating must be considered, as well as all of the other relationships and the other recognized classification principles.

Mr. Fyfe cross-examined Mr. Carey on his exhibits and wanted to know if he did not think that as high or a higher scale than the Shreveport scale might well be applied in Georgia, and the latter said he had made no study of the Shreveport scale and was not therefore prepared to answer.

Mr. Billings, again resuming the stand and speaking for the Iron and Steel Institute and for the allied manufacturers of iron and steel, and speaking of the mixing rule, said iron and steel articles should have a fairly liberal mixture, and that they did not care whether it was carried as rule ten or whether specific mixtures were provided, but that the highest rate and highest minimum would be satisfactory to them.

Speaking as to the application of rates as shown on page 51 of the consolidated book, he said it would not cover the particular situation involved in the application rule in the Southern Classification, but the classification could not agree to his interpretation, and said no trouble could arise.

He objected to section 2 of rule 13, which provides for a \$15 minimum charge per car. He said that for the convenience of the carriers they load rails on stock cars which are small and which would otherwise move empty, movements of 20 tons at 50 cents per ton occurring. He was told it was put in on the order of the Director-General and he objected to the inclusion of the rule, which he considered a war measure, in the classification, which would be for all times.

As to rule 30 he said that in Official and Western territories 500 pounds of dunnage was carried free, while in the south no provision was made for free dunnage, provision also being made in the tariffs in both Official and Western territories by which all dunnage was carried free in so far as iron and steel were concerned, such provision, however, not being made in the south. He said that 500 pounds is not enough dunnage under present conditions, and they want carried free all of the dunnage necessary to comply with M. C. B. rules and to bring about intensive loading of cars to help win the war.

A. S. Lucas, assistant traffic manager, U. S. Cast Iron & Pipe Company, Birmingham, said all tariffs provide for actual net weight on cast iron pipe, thereby allowing for unlimited dunnage, a provision which the rule would change. He was ruled out of order, however, as no increase is proposed in the classification, 500 pounds of dunnage being authorized in the proposed book where none is now allowed.

M. J. Molony of the Central Iron & Coal Company, Holt, Ala., representing also the Southern Pipe Association and other manufacturers, protested the proposed advance on cast iron pipe L. C. L. from sixth to fourth class, and he filed a number of exhibits purporting to show that the present sixth class rates in the south were on comparatively the same level as the fourth class rates elsewhere.

His protest also ran to the proposed advances on certain pipe fittings in the south, to the new rating given ferrules in this territory, and to the additional increase proposed on service boxes, on which a recent specific increase had been made.

He stated that an agreement had been reached, at a conference in Baltimore less than six months ago, as to ratings and descriptions in this iron and steel list and he could not understand what had so greatly changed conditions within this short time as to call for an increase in the rating from sixth to fourth class.

Mr. Croiland said that the primary purpose of the iron and steel docket previously referred to was to bring about

the adoption of the Uniform Committee's recommendations by the Southern Classification and not an attempt to apply established rating principles to the rates then in existence.

Mr. Collyer questioned Mr. Molony as to just what pipe fittings really include and asked why some differentiation should not be made between those termed plain fittings, those with brass trimmings, and of those made of copper, brass or bronze, and Mr. Molony said some difference could in some instances be made, but he said they would carry ten-dollar hats or shoes at the same rate at which they carry two-dollar ones, and why thus differentiate in fittings?

Mr. Steadwell said that the special iron rating in Southern Classification was essentially a commodity rate, thus leaving but six classes, and he wanted to know where Mr. Molony would classify pipe fittings, and Mr. Molony said he could not think of classification except in connection with rates and that it would make no difference into what class cast iron pipe, for instance, was put; what they were interested in was as to the rates produced thereby. As to all of the articles in the fittings list, from 85 to 90 per cent have some machine work done on them, the specific amount varying in numberless instances.

Mr. Steadwell said there was no advance in ratings on iron or steel in carloads, the increases proposed being in the L. C. L. quantities, with a still higher rating on those made of copper, brass or bronze, or in the manufacture of which some of these other metals were used, and that the rating as originally adopted in 1906 was intended to cover only ordinary iron fittings, including a brass clean-out plug, brass stay rods being added in 1909.

A. F. Vandegrift, assistant manager traffic department, Louisville Board of Trade, said they were not opposed to a consolidated classification in so far as rules, etc., were concerned, but that they were opposed to the attempt to unify ratings without a necessary readjustment of rates, and they desired to protest the numerous advances, particularly in the south.

He said that on September 15 the Louisville Board of Trade, through its directors, had gone on record as being in favor of rule 10, as proposed.

M. J. Parlin, traffic manager, Belknap Hardware and Manufacturing Company, Louisville, filed an exhibit showing the relationship of rates in 50-mile blocks in Official and in Southern territories, these blocks extending out a distance of 450 miles, this being worked out with special reference to the iron and steel list, this exhibit tending to prove that the fourth class basis in Official territory was much lower than the fourth class basis in the south, being lower even than the Southern sixth.

Mr. Steadwell, in defending the proposed advances in the iron and steel list, repeated the statement previously made as to the preferential arrangement made with the old iron masters to enable them to develop their business, and he said that he had gathered from the evidence thus far produced that the objections raised were more as to the results that would follow than to the principles that had been followed in working up the proposed book.

He said the measure of risk must be considered in making a classification, but that in all of his rate-making experience he did not recall ever having considered liability, or risk, in the making of a specific rate.

He filed an exhibit containing a list of typical articles it is proposed to rate at third class or higher, these articles being comparable to many of those in the iron and steel list.

He said that under the old scheme the rates on pig iron were based on its price per ton, the understanding being that the manufactured iron carload rate was to be 120 per cent of the pig iron rate and the L. C. L. rate 144 per cent and that the situation had reflected back through the classification, thus depressing the ratings, and their effort now is to put the ratings on a logical basis.

At this point Examiner Disque told the classification men that, assuming that the Commission should deny the wholesale general advances, he would like to have them think of those that ought to be excepted therefrom.

Among the items which they felt should be permitted to go in were: All changes necessary on account of changes in descriptions; all changes incident to the necessary changes; all changes where protest has been specific and full hearing had, such to be decided on their merits; items previously discussed on public docket on which ratings have been proposed that are lower than now shown; items docketed and discussed and not yet pub-

lished; minor changes as to which there has been no protest.

Mr. Collyer said that so far as the Official territory was concerned, he felt that each proposed change might be decided on its merits, just as it would be handled on an I. and S. docket; that the committee had made these changes in good faith and for good reason and that it would be prepared to file with the Commission a full statement as to why each change was proposed, and would prefer that each be handled on its merit and without prejudice.

Mr. Fyfe said his position was the same.

The examiner stated that if the classification men thought of any other items which they felt should be permitted to go in, under the assumption he named, he would like to have them by the time the Atlanta hearing was concluded.

As to the exceptions to the Southern Classification being involved in this hearing, as broadened under the examiner's announcement, while it appears that they are not involved, it is understood that in a number of instances the exceptions to Southern Classification are, as a practical matter, the identical provisions of certain classifications and that, to this extent, they might be involved.

Protest, as to proposed advances on locomotives on their own wheels, was entered by a number of witnesses, under the direction of Mr. Cotterill, during which there was considerable discussion as to the ability of the classification men to put in at this place all of their evidence, and the matter was finally passed when Mr. Cotterill, who was handling the matter for the protestants, said he would go to the Washington hearings, where the classification men will put in their justification.

Mr. Crosland said as to Southern dockets 92 and 93, concerning which there had been previous discussion, that they included 757 subjects covering 3,712 ratings, 803 of which were advances and 338 reductions.

Hearing September 26.

Numerous increases on specific commodities constituted the September 26 program, such commodities as saw blades, solder, and bush hooks being taken up by Traffic Manager Parlin of the Belknap Hardware Company, Louisville. Edgar Moulton of the New Orleans Traffic Bureau entered a general protest against certain advances. He was not sure about rule '10, but was willing to try it. Advances on iron and steel, as well as on molasses, syrup and shovels were protested by this witness. Horse-drawn vehicles, plow posts and wooden handles were protested by A. F. Vandegrift of Louisville. The hearing at Atlanta will probably end Friday night.

ANOTHER RATE CHANGE

The Traffic World Washington Bureau.

Another general change in railroad rates will go into effect about January 1 next if plans under consideration in the traffic division of the Railroad Administration mature. Director Chambers is not ready to talk about the matter. To Senators Fletcher and Trammel, of Florida, and representatives of the Southern Traffic League, September 24, he said, however, that shortly a mileage class scale for Southern Classification territory would be given to the public for consideration in connection with the consolidated classification book. Just what form the changes in Official and Western territories are to take cannot be set forth.

The hope of the Administration is that hearings on the consolidated classification book can be completed in time to allow new rates to be stated and made operative by January 1. Mr. Chambers told his callers that the general effect of the mileage scale for the south would be about the same as the existing rates. In other words, that the change will not be intended as a revenue producer, but as something in the interest of uniformity.

Accompanying the Florida senators in their call on the Director of Traffic were R. Hudson Burr, chairman of the Florida commission, W. S. Creighton, chairman of the executive committee of the Southern Traffic League, and M. M. Caskie, president of that organization.

Specifically they called on Mr. Chambers to get a definite answer to the question as to whether the proposed consolidated classification cancels the exceptions to the

existent Southern Classification and abolishes state classifications. They were told that it does.

The southern men came to Washington because, they said, they could not understand the proceedings at Atlanta, because Examiner Disque would not allow them to discuss the exceptions, state classifications, or ratings in relation to rates. When he ruled that they could not go into state classifications and exceptions, they wired to Secretary McGinty of the Commission, to Director Chambers and to Director Prouty. The answers they received, they believe, conflict with each other, and a visit to Washington was undertaken as a means of obtaining light.

"Your wire date, Exceptions not now in issue," is what Mr. McGinty told them.

"Investigation before Interstate Commerce Commission on consolidated classification does not affect exceptions to classification. No changes will be made in exceptions except after opportunity to shippers to be heard," is what Director Prouty told the League.

"Proposed consolidated classification as result of demands for uniform classification is intended to be only classification applicable to all traffic, both state and interstate. What are known as exceptions to classifications are to be considered as commodity rates and should not be handled at hearing on classification, but consideration will be given by joint traffic committees of railroads and shippers to necessity of continuing rates now covered by exceptions in form of commodity rates," is what Director Chambers wired.

It was the Chambers message that stirred the southern men to action. If, as Mr. Chambers said, the consolidated book is to be the only classification for both state and interstate business, then the Florida classification would disappear. The proposed classification specifically cancels the existing Southern Classification. Florida does business on exceptions to Southern Classification and Florida classification. The first brings the traffic to Jacksonville and the latter to destinations beyond. Cancellation of the existing Southern Classification would carry with it the exceptions on which Florida does 90 per cent of her business and result in increases from 10 to 603 per cent. These percentages are calculated from Jacksonville to Ocala, Lake City, Kissimmee and Arcadia, four typical destinations, as they are called in the Florida commission's protest to the Interstate Commerce Commission.

These increases would be on top of increases up to Jacksonville, averaging 67 per cent for all items. The average increase on each increased rating is calculated by the Southern Traffic League to be 113 per cent. That same body believes the changes in classification proposed in the interest of uniformity would be equivalent to an increase of 15 per cent in all rates, over and above the increases ordained in General Order No. 28. The great difference between the average increase for all items in the book, 67 per cent, and the estimate as to all rates is due to the fact that there are thousands of commodity rates in the south. The changes in the classification book would add nothing to them, hence the modesty of the increase, were it spread over the whole body of rates, in comparison with its size when limited to the class rates.

The Florida senators accompanied the League members, not particularly as Florida men, but as representatives of the senators from southern states, whose protest last June caused the Railroad Administration to recede from its order bringing all state rates up to the level of interstate rates for the same general territory. They notified Director General McAdoo at that time that they would not stand for the substitution of interstate rates for state rates as the foundation on which to make the ordained advance of 25 per cent.

The southern senators were expected to make a like protest against the proposal to abolish state classifications. They made an engagement for a talk with Director-General McAdoo September 27. The Southern Traffic League people aver that practically all the interior business in the south is done on state classifications; that there is no emergency calling for the raising of revenue; and that the words "uniform classification" have always been understood to mean uniformity of descriptions, rules, and regulations for packing, and so forth, and not uniformity of ratings, because the relationship between first and lower classes in the south always has been closer than the relationship of the classes in Official and Western.

The point made by those who called on Director Cham-

ers September 24 is that it was useless to try to hold hearings on the proposed classification in advance of any assurance that the exceptions to the Southern Classification were to be continued in the form of commodity rates. He was inclined to agree with them and assured them that at the hearing November 12, in Washington, they will have the new mileage scale to use in connection with their discussion of the proposed classification.

What effect the concession to the Southern Classification territory shippers will have on the shippers in other parts of the country is problematical. Their testimony all went on the assumption that existing rates would be continued under the proposed classification. The fact that some kind of change was in contemplation was not known at the time the hearings were held.

Up to the time Director Chambers told the southern men about the mileage scale that is to be promulgated soon, no official of the Railroad Administration had ever admitted that mileage rates were in contemplation. The fact that work of some kind was being done with mileage scales has been published in *The Traffic World*, merely, however, as gossip worth hearing, and entitled only to the weight which might be attached to mere reports.

Charles E. Elmquist, representing state commissions, noting the fact that such reports were in circulation, made it his business, a short time ago, to interview various officials. All he obtained was assurances that nothing was in contemplation.

When Director Chambers's plans are complete, tentative mileage scales probably will be submitted for the consideration of shippers at hearings to be held by the Commission similar to those now being held on the consolidated classification. The plans, however, are still subject to change.

The proposed scales naturally will abolish the state scales on which the twenty-five per cent advance was based. The theory on which they have been framed is that the present revenue is about enough, but if that is to be carried out the New York-Chicago scale must come down a little, while state scales will go up. Such a reduction of that basic scale is not really expected, so the net effect will be an increase of rates applicable on state business.

PUBLICITY FOR RATE CHANGES

The Traffic World Washington Bureau.

Director Chambers has decided to prepare a public file of abstracts of freight rate authorities issued by him. It may be consulted in his office, on the tenth floor of the Interstate Commerce building. The rate authorities will not themselves be placed in the file prepared for the public, but if any question arises as to the meaning of an abstract, the original document will probably be placed at the disposal of the person who cannot understand the scope or significance of the abstract. The abstracts will be prepared immediately after the approval of the authority, which, of course, is merely the technical name for an order from the Director of Traffic telling a freight traffic committee to publish a tariff or tariffs in accordance with the direction.

Arrangements for the publication of rate authorities went into effect September 27. On that day abstracts of thirty-three orders to make changes were given to the public. One of them directs the restoration on statutory notice of the relationship of class and commodity rates from New England territory on the one hand; to C. F. A. and Twin Cities' territories on the other, broken by rates put in as a result of G. O. No. 23. Another orders the establishment of a rate of 2.75 cents on sand and gravel from Waukesha to Chicago so as to re-establish the differential relationship. Another cancels the special switching rate between South Chicago and Grand Crossing. Its place will be taken by the rate carried in Lowrie's I. C. C. 41 thereby making the switching rates in the Chicago district uniform.

In a general way of speaking these authorities are the equivalent of the fifteenth section permits heretofore granted by the Commission. They are evidence that new tariffs will be placed on the Commission's files, together with a summary of the main facts that will be found within the tariffs, when filed.

Great pressure has been exerted on Directors Prouty and Chambers to provide for publicity so that shippers

would have some notice as to what changes were to be made in rates. The pressure was much greater than generally known. Under the practice of the Railroad Administration, the notice given to the public in the tariffs prepared under the orders of Directors Chambers and Prouty have been either one or five days. That is to say, the rates have become effective before shippers in parts of the country other than on the rails of the carriers over which the new rates are to apply could have any notice that any kind of change had been made.

This arrangement may be regarded as a redemption of the promise made at the meeting of the National Industrial Traffic League at Buffalo in August by Luther M. Walter, assistant to Director Prouty. At that time Mr. Walter announced that no rate authorities would be issued without the approval of Director Prouty. The announcement meant that the power to order changes in rates had been circumscribed to the point where there would be no change in rates unless Directors Chambers and Prouty were in agreement as to what should be done, unless the Director-General himself issued the order.

The idea at the time was that the rate authorities would be given to the public certainly by the committee and probably either by Director Chambers or by Director Prouty. There was opposition to their publication in Washington in advance of their promulgation by the rate committees, on the ground that if they were given out in Washington opposition might be developed which would not appear if the rate committee dealing with the matter had an opportunity to handle the matter in detail—that is, if the committee had the opportunity to announce the decision of the Director of Traffic and to soothe those inclined to object by talking with them.

Promulgation in Washington, it was thought by those uncertain as to whether the publicity should be given in Washington, might result in objections being filed there instead of with the traffic committees. The main idea of the traffic division officials has been that nothing should come to Washington except through the traffic committees, and by the same sign that nothing should go to the public except through them.

Shippers made the point that the practice of the traffic officials made it impossible for them to receive definite information as to what was being done until after it was done. They desired to be advised as to what was being proposed. They wanted the same opportunity under government operation, for the study of proposed changes in rates, as had been afforded under private operation. Under private operation no change in rates could be made in less than thirty days except by permission of the Commission. The carriers had to disclose their plans to that body, at least, before the law was amended. Under the Railroad Administration, the rule was to issue the order changing a rate and have the tariff filed and made effective on one or five days' notice, all of which would be over before any shipper could even have a look at the tariff.

This method of doing business, at first, was justified on the ground that the traffic men were the best judges as to what changes were needed to meet the situation caused by the issuance of General Order No. 28, which, in itself, was issued to meet the expense of the increase in wages of trainmen, the higher cost of materials, and the terrific expenses caused by the weather and military congestion of last winter. There was also an inclination to argue that most of the opposition to rate changes came from "professional" traffic managers and lawyers for shippers. In other words, that it was a fostered and promoted opposition instead of one caused by the quality of the changes themselves.

But for a month or more the traffic officials have been convinced that the opposition was based on solid ground and they have been less inclined to deal in an arbitrary way. Their first thought was to give the public an opportunity to study the rate authorities at the traffic committee offices. Now, however, they are willing to have the studies made in Washington and to have information as to changes sent out from the central office of the Administration.

RAILROAD CONTROL AFTER WAR

Samuel Untermyer, the New York lawyer, who represents the railroad security holders in the making of railroad contracts with the government, and Francis H. Sis-

son, vice-president of the Guaranty Trust Company of New York, spoke before the American Bankers' Association in Chicago September 24 on the subject of government control and ownership of the railroads.

Mr. Sisson, affirming that government control and operation has not yet proved itself superior to private operation, advocated a system of regional railways, with wasteful competition eliminated and perhaps with government guaranty of investment returns.

Mr. Sisson, who, prior to his present connection, was a railroad "publicity man," did not agree that "the future value of railroad securities will be determined during the period of government operation," and thought this will be "still less in the period of transition from government back to private ownership by the compensation which the government may pay the companies or by the way in which it may maintain the properties." He thought "as the prospect of the return of the railways to their owners, as the act contemplates, becomes more imminent, the ratio between earnings and expenses will become a more and more important factor in determining the value of the securities."

He also thought "railroad stocks would be placed in the same class as railroad bonds, since, with their earnings definitely limited and guaranteed, speculative possibilities will be largely eliminated from them and their prices should not greatly fluctuate."

Mr. Sisson insisted that the government, in its own operation of the roads having found both freight and passenger returns inadequate, would never return to the pre-war rates.

"The excess tendency on the part of the Railroad Administration to take unto itself unction for having saved the railroads," said he, "would be more convincing if it did not seem to ignore the fundamental facts. The spectacle afforded the public is simply that of one government agency priding itself upon its part in saving our transportation system from a disaster which other government agencies forced upon it. Moreover, it is priding itself upon its work in effecting economies through the elimination of competition, the pooling of operation, and the removal of state interference, together with the raising of rates, all of which steps had been strenuously advocated by the railroads themselves for years, and through political agencies denied. The assumption of any superior wisdom or merit by the federal Administration for undertaking, through the power given it, the reforms which students of transportation have advocated for a decade, is hardly warranted."

The subject of Mr. Untermeyer's address was "The Operating Contract and the Future of Railroad Securities Thereunder." Following is a digest of it:

"The question you have invited me to answer is one of exceeding perplexity, that is more easily put than answered. It involves so many unknown factors and depends so largely upon the manner in which the Railroad Administration will administer its sweeping autocratic powers under the operating contract that any conclusion must necessarily rest largely upon conjecture. The logic of the situation and the plans that have already been put into execution would, however, indicate that these powers are intended to be exercised and I accordingly feel impelled to discuss the subject on that assumption.

"But with every allowance for the fair start that has been made with this experiment in that respect it would be unsafe and unsound to predicate the final outcome upon the human or political life and power of any single individual. We are here today and are gone tomorrow. The problem must be analyzed in its wider aspects, from the standpoint of the powers that have been delegated by the contract. We have no right to assume that they will not be exercised. The status of the security holders must be judged by what may be lawfully done under the contract and not by speculating on what will be done.

"Viewed in that aspect I greatly regret that I have no very cheerful or encouraging answer to your question to bring you, in the light of the operating contracts that are being entered into with the government, and for reasons that will be hereafter stated. There is, however, ample ground for consolation in the reflection that the future is shrouded in uncertainty and that the opinion of the individual is valuable only to the extent of the validity of the arguments by which it is supported.

"The era of constructive railroad legislation began with

the creation of the Interstate Commerce Commission. Their powers at the beginning were practically negligible, but were expanded from time to time until they are now all-embracing, but none too broad if wisely administered.

"The states followed with remedial laws, not without violent opposition from the railroad men, who in many of the states, and particularly in the East, still firmly held the reins of political domination, so that the West, as usual, far outstripped the East in placing restrictive regulations upon their statute books.

"The people were at last beginning to fully know their power. As flashes of lightning from a clear sky illumine the darkness, they were now able to see the foul spots and that their hands were free and they lost no further time in throwing off the yoke that had been so long wound around their necks that they had believed it to be one of the natural and incurable ills of existence. Then they arose in their new-found wrath and began to wreak their vengeance in response to this awakened public sentiment, and the pendulum started swinging violently the other way.

"Having long since reached the boundary of just regulation and reform (except as to security issues by the Interstate Commerce Commission as to which authority should have been granted), the Commission apparently believes that the pendulum of public opinion has continued to swing against the roads, which, in my judgment, is not the fact.

"It has accordingly, in response to what I regard as a mistaken conception of public sentiment, continued to pursue a consistent policy of keeping the roads on the verge of starvation and barely within the constitutional limitations against the confiscation of property in the fixing of rates, until as the result of that policy they were, at the time the control and operation of the properties were taken over by the government, in the financial condition graphically described by the Director-General in the following language:

"These conditions, together with the necessity railroads would have faced for raising wages and the difficulty of borrowing money, would probably have resulted in the failure of some of the most important railroad companies in the country to meet their obligations under private management."

"If that be true as to prosperous roads (and it is unfortunately only too true—and more), what shall be said of the less prosperous roads that together constitute the great bulk of mileage of the country!

"I now propose with your permission to discuss the contract from five points of view, but it must be clearly understood that nothing that I may say is intended to carry by words or implication any criticism upon the Railroad Administration for the present form of contract. The security holders have fought their fight for better protection against the rigors of the contract and have received long, patient and painstaking consideration, have won on many relatively minor points that are now embodied in the contract, but have been unable to secure relief on two vital and fundamental features on which the greatest insistence was placed.

"1. Does the contract conform to the President's Proclamation on which the roads were taken over? If not, to what extent is it a departure?

"2. What assurance does the contract furnish of the continuance during federal control of (a) interest payments and (b) of dividends?

"3. What may be and what is likely to be the financial condition of the roads upon their return to private control, if they are returned?

"4. Are they likely to be returned? Or is federal ownership to be the probable outcome?

"5. If we are to have federal ownership, what will be the probable basis of compensation payable to the roads for their properties and to what extent will the measure of compensation be injuriously affected by the provisions of the contract?

"The fundamental questions upon which the security holders asked that the government join with them in securing a friendly judicial construction of the law, which the government declined to do, are as follows:

"(a) By the terms of subdivision (a) of section 3 of the contract, known as the 'Acceptance Clause,' the carrier is required to accept the annual compensation which the se-

curity holders say was intended as an equivalent only for the proper use, possession, control and operation of the property during federal control, not only 'in full adjustment, settlement, satisfaction and discharge of any and all claims and rights at law or in equity which it now has or hereafter can have for the taking possession of its property and for the use, control and operation thereof during federal control,' to which there is no objection, but further (to which there has been the gravest objection)—'and for any loss and damage to its business or traffic by reason of the diversion thereof or otherwise, which has been or may be caused by said taking or by said possession, use, control and operation.'

"If federal ownership should be the outcome of federal control the security holders may well fear that this provision will also prove disastrous to the roads when they are called upon to make their claims for compensation. It may then be contended by the government that when the carrier agreed that its physical property might be returned to it with its operations abandoned, its traffic diverted and its value as a going concern destroyed, it can no longer claim compensation for those intangible values without which the roadbed and equipment have a mere scrap value, and that in any of these events even its physical assets may be valued as abandoned property.

"I refrain from expressing an opinion as to the wisdom or unwisdom of the roads, or of any of them, in electing to make the contract as against resting upon their constitutional right to just compensation. That, too, would depend to some extent upon whether, in the absence of an agreement, section 6 can be construed as granting to the government the right to charge the cost of additions and extensions for purely war purposes against the carrier, without its consent and against its protest, at current prices of labor and materials, and whether, if so construed, the section violates the constitutional prohibition, even though the carrier is permitted thereafter to prove and recover its loss, measured not by the fair value to it of such additions and expenditures, but by the cost thereof to the government. We are here dealing with the problem on the assumption that the contract has been made and these questions become pertinent only in their bearing on the future of the carriers on that assumption.

"4. The probable operating and financial condition of the roads at the end of federal control are, of course, the chief concerns of those interested in them, vastly more important to them than the amount of compensation payable during the uncertain tenure of federal control. There is room for all manner of speculation on these subjects. That the roads that are continued in operation will be in at least as good physical condition as when taken over to the extent to which they are not dismembered, except as to the business that is diverted from them may, I think, be reasonably assumed. The danger is rather that many of them will be in better condition and with more equipment, better roadbed and heavier rails than they can afford and better than their normal requirements demand.

"5. For me government ownership has no terrors. I include in that statement not only the railroads, but the telegraphs, telephones and the natural resources, such as our deposits of coal, iron, copper and oil and our forests, that of right are the heritage of the entire people and should never have been allowed to go from them. This view is, I know, opposed to that held by most of you, as it is contrary to that of the Security Holders' Committee that I have been representing in negotiating the contract between the government and the railroads, and I would not refer to it here but for the fact that to my mind it is an essential feature of the discussion, as I am sure you will agree after hearing what I have to say. After all, whilst the lawyer sells his services to his client, he does not sell his views on economic questions nor his freedom to be a loyal, sincere citizen according to his own lights.

"We may as well realize that as an aftermath of this war much of the inequality and injustice of the old social order will be gone, never to return, and begin now to adjust ourselves to the new conditions that are upon us.

"But to return to our subject: How are the security holders of the railroads likely to fare under government ownership in the light of this contract, if I am right in assuming that they will be in a helpless condition because

of its sweeping powers and of what is necessarily intended to be done under it?

"Here again the entire field of conjecture is open, but there are signposts along the road. Reference has already been made to the possible effect of the provisions of the contract on those properties, the operations of which are destroyed, abandoned or materially curtailed. Not only will the government be able to return the properties bereft of their chief element of value and be furnished the basis for valuing them for the purpose of acquisition on the quasi-confiscatory basis, but far more serious in its results may be the valuation placed upon the tangible assets in the light of these provisions.

"6. Assuming that the peril from this source has been overcome and that the properties will be justly valued, the next question that occurs to the present and future investor is as to the basis and method of compensation that will in that event be adopted. Here we have something of a premonition as to the attitude of the Interstate Commerce Commission, if, as is probable, the valuation is placed under its jurisdiction, in what is being done in connection with the valuation of the properties that is now and has been for four years or more under way by the Commission under the act of Congress providing for such a valuation.

"7. Having ascertained the basis of compensation, in what way is the government likely to offer to pay for the properties? To pay outright in cash would seem impracticable in view of our financial condition at the end of the war, nor would it be necessary or profitable to either party. The most logical and probable method would seem to be to guarantee interest and dividends on the outstanding securities to an amount that would yield a reasonable rate of return on the values of the properties, or for the government to issue in exchange its own long-term securities at rates of interest that would give to them a par value having regard to their greater market and intrinsic value as government obligations.

"8. The difficulties will be encountered when it comes to fixing values on properties representing capital investment that are out of proportion to their net operating revenues. Will their compensation be regulated by the investment or the returns? Probably by a combination of both elements. Whatever the results, they could also be compensated by government guarantees equivalent to a return on whatever is found to be the selling or condemnation value.

"Government ownership at a fair price will be far more advantageous for the government and infinitely better and vastly more just to the security holders than federal control under the onerous conditions of this contract. Strange to say, the time has come when instead of looking forward to it with dread and misgiving as the entering wedge of a Socialist state we should contemplate it as a relief from intolerable hardship.

"Reviewing the problem in all its various aspects, there may be reasonably deduced from the situation the conclusions: (1) that the well-secured bonds of prosperous roads are not likely to suffer substantial shrinkage; (2) that the at present indifferently secured bonds will be subject to serious deterioration in value; (3) that the established dividend paying stocks will be somewhat injuriously affected, and (4) that the values of the non-dividend earning stocks will to a large extent be eliminated.

"The prospects cannot be said to be alluring, but if we are prepared to meet the worst there is always the hope that we have been taking counsel of our fears and that after all they may not be realized. There is also the cold consolation, which I do not believe will be the result, that government operation may prove so expensive and unpopular or so unsuccessful that the roads will be returned and that the government, having by experience learned something of the injustice that has been done to the roads and the public by a policy of inadequate rates, will conclude that it is good business to treat them fairly and thus to attract investors and secure the best service. Let us, therefore, whilst prepared for the worst, hope for the best outcome of this stupendous epochal experiment."

The Commission has permitted the Illinois Coal Traffic Bureau to intervene and be treated as a party thereto in case 10231, Chamber of Commerce of Cedar Rapids, Ia., vs. William G. McAdoo, Director-General of Railroads.

SHORT LINE CONTRACT REJECTED

The Traffic World Washington Bureau.

The American Short Line Association Committee, Sept. 24, rejected the form of contract offered by the Director-General's advisers and will undertake to see him with a view to obtaining a promise of what they call "decent treatment." The proposed contract, the short line men say, would not even assure them existing divisions, respect for routing of cars, car supply, or any of the other guarantees of fair treatment desired by them.

Officials of the Railroad Administration had believed their troubles about contracts for compensation were nearly over. The big railroads are moving rapidly toward signing the standard forms prepared in the four months of negotiation following the enactment of the federal control law. At the time this was written the Santa Fe and the Burlington, two of the most prosperous roads, were on the point of signing. The negotiations with the committee representing the American Short Line Railroad Association had gone so far that the Director-General's advisers were considering the criticisms the short line committee had prepared for application to the standard form of contract submitted to it by lawyers for the Director-General.

The hardest thing remaining to be done, it was thought, was the making of agreements concerning the amount of the compensation to be paid to the big lines, the net operating incomes of which were not large enough in the three-year test period to be considered an adequate return to the owners of property which had been deprived thereof and necessarily of the opportunity to make adequate returns for themselves in the boom times caused by the unprecedented demand for transportation.

The representatives of nearly every one of the railroads coming within that designation mentioned sums as compensation which, to the Railroad Administration officials, seemed foolishness, coming from men who themselves had not been able, in times of peace in this country, but of unbounded prosperity produced by the war demands of the belligerents, to earn an income that, if met by this government during the period of the war, would be the essence of generosity. In fact, Clifford Thorne and other opponents of the three year test period legislation objected to it because they believed the proposed allowances to the railroads would be too high. In particular, they objected to the government guaranteeing to the Burlington and other prosperous roads an income during the time this country is at war greater, they said, than they had ever had except in the boom year, 1916.

For a time it looked as if the Railroad Administration would not offer as much as the average for the three years, but, after the big roads agreed to the clauses in the contract that leave the President the judge as to the items that shall be charged against the "just compensation" for "deferred maintenance," extensions, improvements and betterments, the tender made to the prosperous companies was the maximum allowed by the federal control act.

Unless the President decides that the prosperous roads did not keep themselves in good condition and that money for maintenance must be taken from the "just compensation," they will obtain the sums which opponents of the federal control bill said would be in excess of what would be reasonable.

Although there is no definite and admittedly unbridgeable break between the Railroad Administration and the short lines in the matter of a contract for government operation of the little railroads, there is a great fear among the committeemen representing the American Short Line Railroad Association that, if they are to obtain anything near what they consider fair treatment from Director-General McAdoo's advisers, they must procure more pointed legislation from Congress. Some doubt whether, in view of the construction placed on legislation already enacted, more legislation would do much good. All the short lines claim to be asking is that their government treat them as well as they were treated by their trunk line connections.

The short line men agree that their properties cannot continue as going concerns under present conditions. They do not believe the contract proposed by the Railroad Administration gives them necessary relief. They believe their rights and relations to roads under government control must be definitely fixed. They believe that cannot be

done unless a valid contract—one which recognizes the fact that the law requires that each road connecting or competing with a government controlled road has been taken over—is made, guaranteeing each short line the following:

"1. Right to solicit routing orders and to have same respected by all lines operated by the Director-General.

"2. Provisions definitely fixing the manner in which unrouted freight shall be handled so as to give a fair proportion to the short line road.

"3. Not less than same arbitraries and percentages of joint rates, both freight and passenger, each contracting road had at the commencement of federal control.

"4. Where rates are or have been increased, the company to receive a proportion of all such increased rate or rates, percentages at least as high as those it received at the commencement of federal control.

"5. Increase of divisions where operating cost is increased by the government.

"6. An equitable allotment of cars, per diem rental for which shall apply only after free time now allowed to shippers shall have expired.

"7. Right to have repair of engines and cars of the company made in shops of government operated roads at a stipulated profit in excess of actual cost.

"8. Reparation for substantial loss occasioned by embargoes, priority orders, etc.

"9. Inclusion of company's road in published routes and tariffs covering territory in which the road is situated.

"10. Exchange of free transportation as between the company's road and lines with which it immediately connects in the same manner and under same regulations as passes are allowed to be issued as between lines under government operation.

"11. Right to use purchasing agencies of government without discrimination."

The essentials made in the contract proposed by the government, as outlined by the short line men, are as follows:

"1. Same arbitraries and percentages of joint rates as company received before federal control, subject to a decision of the Interstate Commerce Commission as to whether or not they are unfair.

"2. Same proportion of increased rates.

"3. Equitable allotment of cars at per diem rentals now in effect or as they may be established from time to time.

"4. Guarantee that company shall receive same proportion of competitive traffic as it has of the total of such traffic for average of the three fiscal years, 1915, 1916 and 1917.

"5. Right to use, so far as practicable, purchasing agencies of Director-General.

"6. Right to have repairs done in shops of connecting lines to same extent as was enjoyed before federal control at reasonable prices.

"7. No discrimination in the matter of publishing tariffs and routing; company to be treated in same manner as trunk lines in same territory in all publications of rates, tariffs and routing.

"As to such subjects as are proposed to be covered by the contract you present, it is objectionable in the following particulars:

"a. Authorizes a review and readjustment of divisions by the Interstate Commerce Commission, whereas we insist there shall be no disturbance of existing divisions.

"b. Makes the company's proportion of increased rates dependent upon divisions the Interstate Commerce Commission may ultimately fix as fair.

"c. Allows no free time on cars.

"d. Prohibits routing and limits competitive traffic the company may receive to the same average it received for the three years, 1915, 1916 and 1917.

"e. Confines such repairs as may be done in shops of connecting lines to same amount as was enjoyed before federal control and at reasonable prices. Such work has always been done on a cost plus basis. What the foreman of a trunk line shop would consider reasonable might in fact be very unreasonable. The government cannot possibly lose on a cost plus basis. Its policy is not to make money out of the short line roads, but to help them in the present emergency."

Efficiency in Traffic

New Devices, Suggestions, and Methods for Increasing Efficiency in Freight Handling and Other Branches of Traffic Work

HEAVY LOADING OF LUMBER

Editor The Traffic World:

I noticed in the issue of The Traffic World for Sept. 7, 1918, on page 504, that the Choctaw Lumber Company of Broken Bow, Okla., is endeavoring to claim the championship for heavy loading of cars. While I must say it has made a fairly good showing, however, I am attaching hereto a photograph of a car of timbers loaded by the Bowman-Hicks Lumber Company, an industry in our line. This car contains 38,300 feet of 12x12s and 6x12s, which weighed net 148,600 pounds. While the car loaded by the Choctaw Lumber Company had a greater number of feet loaded on it, still the load consisted of 1 and 2 inch lumber, while this car contained larger timbers. If consistent, will ask that you please show in the next issue of The Traffic World this photograph and, if any lumber



mill can beat this, we would be glad to hear from them.

Yours for the Fourth Liberty Loan,

L. J. Achee,

Supt. and Auditor, Oakdale & Gulf Ry. Co.
Oakdale, La., Sept. 20, 1918.

HEAVY LOADING OF CARS

The Southern Pine Association has issued the following to members, under date of September 23:

"We again wish to impress upon you the great importance of constant attention to the complete loading of all equipment. In these war times it cannot be expected that any improvements or additions will be made by the railroads to their roadways and equipment, and it is quite natural that a car shortage exists. It is therefore up to us to get the greatest measure of efficiency out of the facilities which we have.

"The government earnestly requests the co-operation of all shippers in this respect. Load all cars full, and ask your customers to allow you to ship them full carloads.

"Another step toward the conservation of transportation energy is endeavoring not to make the railroad remove a car of heavy capacity from your siding and substitute therefor a car of lighter capacity. If these suggestions were followed generally, it would mean minimum tons of dead weight per train, and the transportation energy of the country would thereby be applied directly to the point where it is most needed.

"Anyone who sends forward a partially loaded car is interfering by just that much with the successful prosecution of the war. As the primary purpose of all true Americans these days is to bring the war as quickly as possible to a successful end, we feel quite sure subscribers will bend every effort to expedite maximum loading."

OMAHA RETURN LOADS BUREAU

J. M. Gillan, manager of the industrial bureau of the Omaha Chamber of Commerce and secretary-treasurer of the Omaha Return Loads Bureau, writes as follows of the latter:

"This bureau was organized by the industrial department of the Chamber of Commerce. I called the first meeting of truck operators and merchants on June 25. We met at the Chamber of Commerce, having about 20

truck operators and the same number of merchants and shippers at that meeting. We elected W. W. Koller of the Gordon Fireproof Warehouse and Van Company chairman of the meeting and Mr. Koller proved to be an excellent worker and has rendered very valuable assistance in the organization of this bureau from the very beginning. We held two meetings in August, at which the plans and objects of the organization were explained to those who attended from the surrounding towns and country, and on September 6, having financed the bureau for three months by voluntary subscriptions, we elected officers as follows:

"F. L. Nesbitt, president; W. W. Koller, vice-president; J. M. Gillan, secretary-treasurer; additional directors, J. L. Woods of Glenwood, Ia.; Henry Ogram, Fremont, Neb.; F. H. Pollock, Plattsmouth, Neb.; and Warwick Saunders, Omaha.

"We have employed C. E. Stallard as office manager and have established an office at 407 South Tenth street, which is equipped with desk, telephone, filing cases, stationery, etc. We have now registered as members of the Return Loads Bureau about 70 truck operators and about 60 merchants and manufacturers. We have two regularly established lines running out from Omaha, each having three or four trucks running every day and reaching points 40 miles distant. We have many other lines that are running somewhat irregularly, but we hope to get them working on a regular schedule in the near future.

"Very few of our roads are paved, but we feel that the

business of rural auto truck transportation is making good headway in this vicinity, particularly with regard to transportation of live stock to our great packing center on the south side. During the seven months ending August 1 there were 162,361 head of cattle, hogs and sheep hauled into South Omaha by auto trucks. Kansas City received 65,926 head, St. Louis 16,098 head, Chicago 8,560 head. You will note that South Omaha, or south side as we now call it, because it is all Omaha, received more live stock by auto truck by almost double than Kansas City, St. Louis and Chicago.

"We are making some headway on securing return loads for these haulers, but there are some difficulties to be overcome. The live stock truck is not always in condition to haul other merchandise, owing to the accumulation of filth and rubbish, but we are making arrangements for washing facilities at the yards, and hope that will overcome to some extent this difficulty. They are also endeavoring to get the country merchant in the habit of ordering his shipment by auto truck. Our wholesalers and jobbers are more than willing to send goods by auto trucks to points within 50 or 60 miles of Omaha, because they save time and avoid annoyances in delivery, but it is necessary to get the country merchant in the habit of ordering by auto truck.

"The officers of the bureau have made several trips to surrounding towns along certain traffic roads which promise good results, and we will continue to make these trips with a view to stirring up a more general interest in the work of the bureau among truck operators and country merchants and farmers."

TRUCK OWNERS' CONFERENCE

An interesting feature of the sessions of the fifth National Truck Owners' Conference at Detroit, September 19 and 20, was the address delivered by Lieutenant-Colonel Barrett Andrews, U. S. A., motor transport division, on the subject, "How Uncle Sam Uses His Motor Trucks." Experienced in the intricate problems of motor truck transport, both in the United States and in France directly behind the battle lines, Lieutenant-Colonel Andrews made an interesting and illuminating talk regarding the efficient methods used by the army truck transport division. He gave his audience a staggering array of facts concerning the magnitude of the work already accomplished along transport lines in France, giving the number of vehicles used by the first American field army as follows: 40,000 trucks, 7,900 passenger cars, 24,250 motorcycles and 6,500 ambulances. These vehicles alone require the entire attention of 154,000 men.

The lesson that has been learned about truck transportation under war conditions, he said, is the necessity for simplification and standardization. The value of the truck was shown at Verdun, where, had it not been for this vehicle in thousands used for transport of men and munitions, the city would early have fallen to the Huns. The Boche had shelled and destroyed three out of the only four transport lines leading to the city defenses and over the one road escaping the enemy shells rumbled 18,000 trucks day and night for 28 days carrying men and supplies to the first line defenses.

He said the war will develop hundreds of thousands of trained and disciplined truck drivers who will materially enrich this country's skilled labor after the war. He made a plea for the more mature and experienced truck men of America to enter the truck transport service abroad.

Canadian cities sent a number of representatives to the conference, and the Imperial Ministry of Munitions was represented by Captain W. B. Powell, who came from his division headquarters at Quebec.

The moving pictures taken under the direction of Harold P. Gould, chairman of the conference, gave the truck owners an example of the every day truck transport problems and showed in detail how these problems are successfully solved by expert traffic men in every phase of present-day truck transportation.

Addresses illustrated by graphic motion pictures featured the sessions. Each address was delivered by a traffic expert experienced in his particular field of truck activity. Following the address of welcome to the delegates by Mayor Marx, the principal addresses were on the following subjects: "Loading and Unloading Methods That Save

Time," "Selecting and Training Drivers," "Inspection and Lowering Maintenance Costs," "Bonus Plans," "Finding True Costs of Shipping by Freight and Express," "Mobilizing America's Industrial Highways Transport," and "How Good Roads Save Money for Shipper, Operator and Public."

The State Highways Transport Committee of Michigan was represented by State Chairman William Metzger, who made an appeal for closer co-operation by federal, state and civic bodies in the interest of better highways transport facilities.

In the next ten months the Truck Owners' Conference staff will hold eighteen conferences in as many cities from coast to coast. Buffalo is the next city scheduled for a convention. It will take place under the auspices of the Chamber of Commerce of that city on October 10 and 11.

HIGHWAYS TRANSPORT

The following is authorized by the Council of National Defense:

"A definite program of specific use of the highways in support of both the war plan, the reconstruction policy for post-war times, was developed by the Highways Transport Committee of the Council of National Defense in a conference of its eleven regional chairmen, representative of every section of the country, held at Washington, September 17 to 19, inclusive.

"Recognition of the highway's value as a transportation resource was evidenced by the appearance before the Committee and its chairmen of Cabinet officers, members of the national railroad administration, the Food Administration, the War Industries Board, the National Highways Council, the Electric Railways War Board, the Army, and the United States Senate. President Wilson received the conferees at the White House on the conclusion of the sessions.

"Every one of the governmental agencies whose war work can be effected by the full utilization of highways transport proposed a close co-operation between his own organization and the nation-wide organization which the Highways Transport Committee, under the direction of Roy D. Chapin, chairman, has achieved in the last nine months. All were glad to suggest means of developing this co-ordination for America's common cause.

"Herbert Hoover, Federal Food Administrator, warmly approved the development of the rural express as a means for saving perishable foodstuffs now produced for stimulating production of more food for lowering costs of living, and for conserving farming man-power for the soil. Mr. Hoover observed that fifty per cent of perishables produced in America are wasted, largely through ineffective means of getting it to market. Fast, intimate service by rural expresses, he foresees, will be a great source of saving. By the use of motored expresses, Mr. Hoover pointed out, the farmer need not maintain so many draft animals on the farm, animals that eat the crops of millions of fertile acres that otherwise could be devoted to raising food for people. The failure of the public market in America, Mr. Hoover said, was caused by inadequate transportation of an intimate sort, and he believes that a developed rural express will give public markets a basis of economic success and tend toward lower price levels.

"Franklin K. Lane, Secretary of the Interior, tied the highways development into his plan for putting millions of returned soldiers and their families on small farms carved by the Government from great areas of public domain now either unused or in need of reclamation.

"I can see the making of a new America," said Secretary Lane, "a nation of farming communities and small industrial centers; for each will have its own creamery, cannery and other means of taking care of its surplus products. These farming communities will be populated largely by returned veterans, comrades in arms, comrades in peace, the material, political and spiritual leaders of these communities. These centers must be developed and tied together and made easy of access by good roads, over which the most efficient of transport will move goods to market."

"William C. Redfield, Secretary of the Interior, told the regional chairman that he regarded highway, waterway and railway as a trinity of economic usefulness, incapable of fullest function unless all factors of it were developed

ciently. He pointed out that the perfection of the internal combustion engine has given both highways and waterways a new tool—the motored vehicle on the roads, the motored barge on the rivers and canals. He remarked that though the Hudson river were bordered with three times the rail lines it has now, and its waters ploughed by all the ships it could carry, still the farmer living inland five miles from it would fail to profit unless given access to docks and depots by rural expresses. Secretary Redfield said he regarded legislation to restrict the size of motor trucks in order to save the roads as a menace to development of highways transport as intolerable as it would have been to have stopped locomotive development forty years ago because engines and cars were getting too heavy for the light rails of those days. Our transportation routes must be fitted to the new tools, he declared.

Director Chambers Speaks

"Relief for the railways by another of the Highways Transport Committee's projects—the store door delivery system—was welcomed by Edward Chambers, former vice-president of the Santa Fe Railroad, now Director of Traffic in the National Railroad Administration. He urged the chairmen to promote the trucking of less-than-carload shipments from the manufacturing centers to communities thirty and forty miles out, and the co-operation of the highways regional chairmen with the railways regional traffic directors, to facilitate the clearing of the terminals in the larger cities. Mr. Chambers announced that in conjunction with the Highways Transport Committee, the Railroad Administration is trying out the store door delivery system in New York, with hopeful results. If it meets expectations there, it will be extended to other large centers.

"Mark L. Requa, director of the oil division of the Fuel Administration, asked the committee's co-operation in a campaign to promote more efficient operation of all gasoline-powered vehicles and the conservation of fuel through the stopping of wasteful practices and non-essential running.

"The army was represented before the conference by Lt. Col. W. D. Uhler, Q. M. C., in charge of army truck

convoy service. Lt. Col. Uhler bespoke the co-operation of the chairmen in providing for the clearing of roads during the coming winter, when, as it has for nine months now, the army will be moving long trains of motor trucks from inland factories down to the seaboard under their own power and cargoes with munitions.

"Joseph D. Baker, of the War Industries Board's staff, asked chairmen to help make clear to motorists and garage managers the necessity of saving both materials and man-power, and suggested ways in which such savings can be effected.

"Reports made by the regional chairmen show tonnage moved over the highways increasing at a tremendous rate, in some states as much as four hundred per cent increase over last year being shown. The Cleveland-Akron-Canot area reported sixty-one per cent as much freight being moved by motor express now as the railroads are carrying. High development of the return-loads bureau, which insures most economical operation of highways transport, was noted in the state of Connecticut, with Hartford acting as the central bureau. In Cincinnati and Omaha, live stock are being carried to stock yards over the highways in increasing numbers. Rural express has reached its highest efficiency in Maryland, New Jersey, eastern Pennsylvania and southern New York. Arrangements have been made to connect New York state barge canal ports with the farming communities back from it by rural express.

"The Highways Transport Committee is completing country-wide organization that will number more than 15,000 committeemen, manufacturers, farmers and consumers, all working through contact with the State Councils of Defense and with the committee's Regional Chairmen. These chairmen, all but one of whom were at the entire conference, are: J. Randolph Coolidge, Jr., of Boston; George H. Pride, New York; C. A. Musselman, Philadelphia; Tom Winn, Atlanta; Harry L. Gordon, Cincinnati; John J. Stockton, Chicago; J. F. Witt, Dallas; Julius H. Meier, Portland, Ore.; L. A. Nares, Fresno, and Earle Brown, Minneapolis. Mr. Brown, who could not attend, was represented by Mr. Babcock, chairman of the Minnesota Highways Transport Committee, and Mr. Leach, of Minneapolis."

The Open Forum

A Department for the Discussion by Patrons and Friends of THE TRAFFIC WORLD of Transportation Questions of Interest to Traffic Men Who Keep in Touch With the Times—Contributions are Welcomed

THE CLASSIFICATION AND RULE 10

Editor The Traffic World:

I have been reading with much interest your reports on the hearings of the proposed consolidated classification and was also greatly interested in your remarks on the subject in the editorial appearing in your last issue. A uniform classification, if practicable, would be highly desirable, but, as you say, there is nothing sacred about the idea of uniformity, and it would be much better to abandon the idea than to saddle upon the Western Classification territory a rule that would undoubtedly tend to work havoc with its business interests.

To our minds one of the greatest weaknesses of the Official Classification lies in the fact that it is framed with a view to building up L. C. L. traffic at the expense of the C. L. traffic, through failure to afford sufficient inducements to carload shippers of specific commodities. This weakness is especially deplorable at the present time, with our great labor shortage, as it requires a much larger force of freight handlers to care for the traffic when the great bulk of it is handled on the L. C. L. basis, as in the Official Classification territory. In our opinion, therefore, any attempt to make a uniform classification for all sections of the country should embody the Western Classification idea of offering very substantial inducements to carload shippers of specific commodities, by making

heavy reductions in the rates on straight carloads of such commodities.

In view of the natural tendency to form fixed mental habits in regard to such matters, it is rather remarkable that the railroad men who originally formulated the Western Classification were able to break away from the practices of the older eastern lines and establish a method of classification so far superior to the old plan. Most of them, no doubt, were trained in the old school of thinking, with regard to the matter, and for this reason it is the more remarkable that they were able to break the chains of precedent and take such a broad-minded view of the matter, for there can be no doubt that the Western Classification was a vast improvement, in many respects, upon the so-called Official Classification.

Under the present conditions it would be manifest folly to revert to the broader classification, with the low carload minimums and small differentials between the C. L. and L. C. L. rates, as prescribed in the Official Classification, and the logical method of procedure would be to abolish the application of rule 10 in Official Classification territory rather than to extend it to the Southern and Western Classification territory. This would mean a radical change of conditions in the eastern territory, but the change would be in harmony with the present conditions as regards labor shortage, and would ultimately be a great improvement in every essential respect.

Aside from the saving of labor involved in the wholesale substitution of C. L. for L. C. L. traffic on the eastern lines, one of the principal benefits of the change would be the protection it would afford to local merchants, both wholesale and retail, from the outside competition of certain concerns, which, by reason of the broadly inclusive mixtures allowed under the present Official Classification, are enabled to offer most effective, and even destructive, competition to local dealers. On the other hand, the policy of making low carload rates on specific commodities, shipped in large carloads, enables the local jobbers and their patrons, the retail dealers, to compete successfully with outside concerns and give their customers the benefit of the saving in transportation resulting from the shipping of specific commodities in large carloads, and practically without cost to the railroads for handling at either end of the line.

We cannot but feel that any attempt to extend the undesirable features of the Official Classification to other sections of the country, for the sake of uniformity, or otherwise, would be a sad mistake, and that uniformity of classification, if it is to be attained at all, should be attained through the elimination of the weak points of the Official Classification and the substitution thereof of the improved features of the Western Classification. It may be difficult for eastern trained traffic men to realize the fact, but the constant striving of the eastern lines to build up their L. C. L. business at the expense of the C. L. traffic, has been a mistaken policy from the start and the classification developed under this system is not at all suited to other sections of the country and would much better be supplanted by a broader and saner policy in the Official Classification territory. We realize that this may seem like a wholesale condemnation of a system developed through years of effort by trained specialists in the traffic line, but in this, as in other things, it often requires a more distant view to get a proper perspective of a matter and their very nearness to the problem is what doubtless accounts for the failure of the eastern railway traffic men to recognize the faults of their system.

In the foregoing remarks we have not attempted to offer any concrete objections to the application of rule 10 in Western territory, but have contented ourselves with the discussion of the general principles, which, in our opinion, should govern the relation between the C. L. and the L. C. L. rates in any consolidated classification.

The Boyd Transfer & Storage Co.,

H. H. Chamberlain, President.

Minneapolis, Minn., Sept. 18, 1918.

PROPER FILING OF CLAIMS

Editor The Traffic World:

As I read Mr. Mapother's contribution, "Government Operation From the Standpoint of a Freight Claimant," in the September 7 issue, and Mr. Congleton's "Freight Claim Troubles," in the September 14 issue, I ask myself the following questions:

1. Were claims properly and intelligently filed and supported by such documentary evidence as is required by law?
2. Were claims filed with the proper claim official?
3. Were claims given proper attention by claimant after having been filed?
4. Were claims filed within the limit prescribed by law?
5. In case of argument, why did not claimant gird on his armor and go into battle with proof to establish his claim, or accept defeat gracefully?
6. Did a claim exist?

My experience has been that the claim department looks upon a claim in the same light as the commercial man looks at an itemized statement of account. If deliveries of items of purchase have been made; if prices are correct; if credits, when due, have been properly accounted for and footings are correct, the statement of account is paid. If a claim is properly supported, and the amount claimed is justly and legally due, it will generally receive the same prompt and courteous attention as the statement of account at the hands of the commercial man who considers the extension of credit an honor and gets real pleasure in showing his appreciation by making prompt remittance by special messenger so as to make the creditor's expense of collection the minimum.

The handling of claims, especially the correct inter-

pretation of the thousand and one complicated tariffs that are constantly haunting the claim clerks, is a real honest to goodness profession, that requires years of study, and none of us should be considered sufficiently superhuman to master these complicated problems in a day.

Give the claim department credit for being honest and make just allowances for mistakes, giving some consideration to the theory that it is safer to know you are right than to take a chance on securing refund of an erroneous payment.

Am I a friend of the claim department? Certainly. Why? Because every claim department of the 22 lines with which I come in contact has been fair and square and has made the handling of claims a real pleasure—not a nightmare.

File 'em right, fellows, and it's my opinion, based upon fifteen years' experience, you'll get your money. Think it over.

F. R. Thomas,

Sales & Traffic Manager, Fisher Lime & Cement Co.
Memphis, Tenn., Sept. 19, 1918.

PRIVATE CAR EQUIPMENT

Editor The Traffic World:

Referring to your issue of September 14, in which you give space to T. J. Norton, general attorney, A., T. & S. F. Railway System, to comment upon the private car case, I am much amused at his humorous ingenuity.

He comments upon your statement of August 31 that "the private car is a burden upon the man who provides it," etc., by saying that you beg the question as to whose duty it is to provide the equipment, an indirect way of denying that the duty rests upon the railroad, though he is much too good a lawyer to say so directly.

To give the proper slant to his indirection, he claims something was said in the record of testimony in that case that the Commission did not find, viz., that the tank car was a "plant facility." In the nature of things a normally balanced mind would have hard work to find it to be a fact even had someone under Mr. Norton's skillful cross-examination so testified inferentially.

He backs this by implying that the oil tank car is "an enormous barrel, in which the refiner now delivers his shipments in place of the large number of wooden barrels in which he formerly delivered it." He calls the refrigerator car a "perambulating meat chest," and stops there. Of course, he could have proceeded through the category of railroad cars, finding all of them "plant facilities" of various industries, like an immense itinerant coalhod for the coal car, a gigantic peregrinatory hencoop for the poultry car, a magnified landloping cornerib for the grain car, an exaggerated ambulatory cow stable for the stock car, etc.

Of course, there is no serious claim by anyone that a refining plant would not make a manufacturing return if the refiner owned no tank cars, and Mr. Norton's road furnished some of its 3,000 cars to enable the refiner to conduct his manufacturing business; but the refiner who is not located upon the Santa Fe must buy tank cars to have his products transported. The car is furnished for transportation business, the monopoly of which is in the railroad, and the latter does not allow enough to pay the upkeep, let alone a return of a reasonable amount upon the compelled investment. Hence, the burden which Mr. Norton seeks to joke away.

C. D. Chamberlin,

General Counsel, National Petroleum Association.
Cleveland, O., Sept. 25, 1918.

HEALTH AND MEDICAL RELIEF.

With a view to improving sanitary conditions around railroad stations, offices and workshops, Director-General McAdoo, in circular No. 58, has appointed a committee on health and medical relief composed of Dr. D. Z. Dunott, chairman; Dr. G. W. Cale, Jr., Dr. Victor G. Heiser, Dr. T. R. Crowder, Dr. H. M. Bracken. The committee will establish an office in Washington and will conduct a survey of, and submit recommendations in connection with, the proper protection of the health of employes and patrons of the railroads under federal control.

Legal Department

In this department a legal expert answers simple questions relating to the law of interstate transportation of freight. Readers desiring special service by immediate answer may obtain privately written answers to their inquiries by the payment of a small fee.

Address Legal Department, The Traffic Service Bureau, Colorado Building, Washington, D. C.

War Tax on Export Shipments.

New York.—Question: We are in dispute with the carriers relative to the proper assessment of war tax on export shipments, they claiming that, regardless of whether a shipment is consigned through, it is subject to war tax. We are advised by certain forwarders that it does not matter whether the shipment is consigned through or otherwise, if it is marked export it is not subject to any war tax, when, of course, it is consigned to an export forwarder at seaboard.

Answer:—In article 31 of Regulations No. 42, relating to the collection of taxes on transportation by carriers of persons and property, the Commissioner of Internal Revenue ruled that property in the course of exportation to foreign ports or places was exempt from the war tax when it moves (a) under a through export bill of lading; (b) under a domestic bill of lading or receipt on which, at point of origin, the words "for export" are marked or the foreign consignee and destination are specified; (c) under a through bill of lading or through live stock contract to a place in Canada or Mexico; (d) under a domestic bill of lading or receipt marked at point of origin "for export" wherein the Food Administration Grain Corporation, Director of Overseas Transportation, British Admiralty, or any export representative of the United States or the foreign government, approved by the Commissioner of Internal Revenue, is named as consignee; provided that, in either case (a), or (b), the property so consigned be delivered to a vessel clearing to a foreign port or place, and a ship's receipt is taken therefor, or, in case (c), the property so consigned be delivered at a place in Canada or Mexico, or, in case (d), the property so consigned be delivered to such consignee. If, when property is delivered to a carrier for transportation, it clearly appears that such goods are in the course of exportation as provided in cases (a), (b), (c) or (d), no tax shall be collected on the amounts of any otherwise taxable charges prepaid upon such property; but, unless such property is delivered in such manner as is specified in the proviso to such classes, the total transportation charges on such property, from the point of origin to destination, are subject to the tax, and such tax must be collected as and when the transportation charges thereon are collected, if the transportation charges be billed collect, or, upon delivery of the consignment, if the transportation charges, or any of them, be prepaid.

Mixed Inter and Intra State Shipment.

Texas.—Question: The A Company shipped a carload of wire cloth from Mt. Wolfe, Pa., routed via Philadelphia and Southern Steamship Company, to their agent at Texas City, Tex., at which point they maintain a warehouse. When this car was received at Texas City a portion of this wire cloth was included in a car of nails, the nails originating at Texas City, a new bill of lading was taken out and the mixed car of wire cloth and nails was consigned by the agent at Texas City to the N Company at Beaumont, Tex. The bill of lading carried advances covering loading and forwarding charges at Texas City on the wire cloth.

Only a portion of this car of wire cloth, 17,000 pounds, was shipped to Beaumont, and, in view of this, we are of the opinion that movement from Texas City to Beaumont was intrastate and not interstate. Had the entire car of wire cloth been reshipped to Beaumont, we could readily understand that the shipment would be interstate, but as only a portion of this car was shipped to Beaumont it appears to us that the identity of the original car of wire cloth had been lost and that the movement from Texas City to Beaumont was purely local or intrastate.

At the time shipment moved the interstate rate on mixed carloads of wire cloth and nails, Texas City to Beaumont, was 23 cents and the intrastate rate 9 cents per cwt.

The carriers assessed charges based on the interstate rate of 23 cents, while in our opinion the intrastate rate should apply. Please advise through the columns of The Traffic World whether, in your opinion, the interstate rate should be assessed on this shipment.

Answer: The essential character of the shipment from Texas City to Beaumont is governed by the intent of the parties controlling its movement, by the disposition made of it at Texas City, and by what tariff provisions were applied for its further movement to Beaumont. If these show that the shipment of wire cloth was in reality an interstate shipment from Mt. Wolfe, Pa., to Beaumont, then the interstate rate from Texas City to Beaumont will apply to both the wire cloth and nails, because wherever the interstate and intrastate transactions of carriers are so related that the government of one involved the control of the other, it is Congress, and not the state, that is entitled to prescribe the final and dominant rule, for otherwise Congress would be denied the exercise of its constitutional authority and the state, and not the nation, would be supreme in the national field. *H. E. & W. T. Ry. Co. vs. U. S.* (the Shreveport case), 234 U. S. 342.

What was the intention of the shipper as to the ultimate destination at the time the shipment started from Mt. Wolfe? At or prior to that time did he sell part of the wire cloth for delivery at Beaumont? If so, the shipment was interstate during the whole movement. If there was no change of ownership at Texas City, and the shipment consigned to the carrier's agent at that point for reconsignment of part of it to its ultimate destination, then it was an interstate shipment, regardless of the manner in which it was billed.

In the case of *Acme Cement Plaster Co. vs. C. & A. R. R. et al.*, 17 I. C. C., 221, the complainant shipped a carload of cement containing 60,000 pounds, from Acme, Tex., to East St. Louis upon the 18-cent rate. When the car reached East St. Louis it was ordered by the complainant to its warehouse, and the freight at the rate of 18 cents per 100 pounds was paid. The complainant then returned one-half of the carload, leaving 30,000 pounds, or slightly in excess, in the car, and rebilled the car to its customer at Braidwood, Ill. The local rate of the Chicago & Alton from East St. Louis to Braidwood was 9 cents per 100 pounds, and this was assessed. The complainant insisted that the balance of the through rate from Acme, Tex., to Braidwood should have been collected. The Commission held that the shipment from East St. Louis to Braidwood was a state movement, and the carrier had no right to allow it to go forward at the balance of the through rate.

It is stated that in the shipment in question it was billed to the carrier's agent at Texas City, that part of it was reconsigned by him to ultimate destination, that a new bill of lading was issued for such part, together with a new shipment of nails, presumably in the name of the original consignee without any change in ownership, and that the shipper did not pay the charges accruing thereon at Texas City. This case therefore differs materially from the one above cited, and conclusively shows that the shipment of wire cloth had its termination at Beaumont and not at Texas City. The essential character of the shipment must be consistently either intrastate or interstate. Under the tariff, to obtain application of the carload rate, the entire consignment had to move on one bill of lading. Thus it was only one shipment, as regards whether its service was intrastate or interstate, and the whole must be taken as a unit. If, therefore, the wire cloth part of the shipment was interstate, and since Congress is entitled to maintain its own standard as to rates and to forbid any discriminatory action by interstate carriers which will obstruct the freedom of movement of interstate traffic over their lines in accordance with the act, it is our opinion, based on the facts above submitted, that the 23-cent interstate rate should apply on the shipment above described.

Conflict Between Billing and Shipping Instructions.

Tennessee.—Question: In November, 1916, we sent our representative at Coalmont, Tenn., a local point on the N. C. & St. L. Railroad, shipping instructions covering three cars of staves to be billed to G. I. Frazier Company, Clarke Lake, Mich., via Cincinnati Northern Railroad at Cincinnati, O. This order was given on our regular blank

and our representative states in an affidavit that when he ordered the cars from the agent of the N., C. & St. L. at Coalmont, Tenn., he showed him the original order and asked for cars to apply via that route. The cars were supplied and loaded on Dec. 6, 1916, and our representative on finishing the loading went to the agent at Coalmont and secured bills of lading covering the three cars—which bills of lading carried no routing whatever beyond the N., C. & St. L. Railroad, and our representative failed to notice that the routing was left off and he accepted the bills of lading—open route.

It was our desire on the arrival of these cars at Cincinnati via the Cincinnati Northern Railroad, to reconsign them and we sent the ladings, as we had done in numerous other cases, to the agent of the Cincinnati Northern Railroad, at Cincinnati—who was on the lookout for these cars, and when a number of days had elapsed for the cars to arrive at Cincinnati, and not being able to obtain a record on them at that point, he commenced wiring and found that the cars had moved via C., B. & Q., at Paducah, Ky. He immediately notified us, but the cars had already arrived at Clarks Lake, Mich., where, of course, we had no use for them, and had to be reconsigned at the combination of the rate to Clarks Lake, Mich., plus the rate from Clarks Lake, Mich., to destination, making in all about \$400 extra freight. We proceeded to file a claim with the N., C. & St. L. Railroad, but the claim has been declined. The N., C. & St. L. advised us that their agent at Coalmont stated that our representative came to his depot and said he wanted cars for shipments of staves to Clarks Lake, Mich., to go in care of the Cincinnati Northern delivery—as it would save \$5 switching charges on cars, Clarks Lake, Mich., and, being exclusively on the Cincinnati Northern, there would be no switching charges. In direct contrast to the statement of the agent of the N., C. & St. L., our man made an affidavit that he showed

the original instructions from us, to the agent of the N., C. & St. L., which clearly read as stated above. In view of the foregoing, have we any claim for extra freight charges on these cars?

Answer: On the facts you submit, we are inclined to the opinion that the shipment was misrouted through error of the carrier and that you are entitled to reparation based on the difference between the rate applicable via the route that you had directed and the rate via the route that the shipment actually moved. The statement of your representative to the effect that he showed the carrier's agent the original shipping order, that the carrier's agent thereafter repaired the bill of lading without routing directions, and the admission later by the carrier's agent that your representative did request the shipment to move via Cincinnati Northern delivery, even though the reasons advanced for such routing were not the correct ones, it seems to place this transaction in the same category with the decision of the American Agriculture Chemical Company vs. B. & A. R. R. Co., 28 I. C. C., 401, in which the Commission ruled that where the shipping instructions differ from the bill of lading instructions, the carrier might follow the instructions shown on the shipping order. If the shipper gave any instructions whatsoever regarding the routing, no matter what his reasons for them might have been, which could have been observed by the carrier, but which disregarded the same, the latter is chargeable with misrouting. Rule 214 (b), Conference Rulings Bulletin 7. Section 15 of the act to regulate commerce, as amended, insures to shippers the right to route their shipments, and no suspension or regulations affecting this provision of this statute have been promulgated by the Commission and no stipulation in the bill of lading can operate to exempt the carrier from the duty imposed by law. *Morse Lumber Co. vs. L. & N. R. R. Co.*, 33 I. C. C. 572.

Loss and Damage Decisions

Cases Recently Decided by State and Federal Courts

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CUSTODY AND CONTROL OF GOODS

Remedy of Seller:

(Supreme Ct. of Ala.) Where a shipment of seed was delivered by carrier to wrong party, who through mistake accepted and used the seed, consignor cannot recover against such party for conversion of seed where, with full knowledge of all facts, it accepted from such party the full purchase price of the seed.—*Farmers' Cotton Oil Co. vs. Atlanta & St. A. B. Ry. Co.*, 79 Sou. Rep. 387.

Right of Buyer:

(Supreme Ct. of Ala.) Where a shipment of seed was delivered by carrier to wrong party, who accepted and used the seed, the latter cannot be sued for conversion by real consignee after consignee had rescinded the sale of the seed and had received back the purchase money from vendors.—*Farmers' Cotton Oil Co. vs. Atlanta & St. A. B. Ry. Co.*, 79 Sou. Rep. 387.

Misdelivery:

(Supreme Ct. of Ala.) Where carrier's misdelivery was due solely to its own mistake, it must demand possession of goods and offer to return freight or other charges before maintaining action in detinue or conversion; but, where receiver was guilty of fraud so that receiving goods constituted conversion or unlawful detention, no such demand is necessary.—*Farmers' Cotton Oil Co. vs. Atlanta & St. A. B. Ry. Co.*, 79 Sou. Rep. 387.

Where carrier negligently delivers shipment to wrong party, who accepts and uses the goods and subsequently pays consignor full purchase price therefor, carrier cannot recover in action or trover against person so receiving goods.—*Ibid.*

TRANSPORTATION AND DELIVERY BY CARRIER

Route:

(Ct. of App. of Ala.) In absence of special contract, obligation of carrier of goods is to transport them by usual

and customary route proposed by him to public, without any unnecessary deviation.—*Oden-Elliott Lumber Co. vs. Louisville & N. R. Co.*, 79 Sou. Rep. 400.

Prima facie direct transit by carrier to destination indicated by bill of lading is intended by shipper and carrier.—*Ibid.*

Deviation:

(Ct. of App. of Ala.) Where railroad failed in duty to transport lumber to destination by most direct route, shipper could recover damages accruing as proximate consequence of such breach of duty.—*Oden-Elliott Lumber Co. vs. Louisville & N. R. Co.*, 79 Sou. Rep. 400.

LOSS OF OR INJURY TO GOODS

Warehouseman:

(Ct. of Civ. App. of Texas, San Antonio.) Where goods were consigned to place in Texas, care of third person "not for purpose of delivery," ultimate delivery being to consignee in Mexico, and it was the custom of the carrier after goods had been changed to Mexican car to transfer them across border to carrier in Mexico, payment of freight and notice to carrier by consignee that he had transferred goods to Mexican car was sufficient to render carrier liable, as a carrier, and not as warehouseman for negligent delay in transporting the car whereby goods were destroyed by fire; no formal acceptance being necessary.—*Galveston, H. & S. Ry. Co. vs. La Tolleca Cia De Cemento Portland, S. C.*, 204 S. W. Rep. 1016.

DEFERRED CLASSIFICATION.

Regional Director Aishton instructs northwestern railroads that application for deferred classification on industrial grounds should be made for necessary employees even though it may appear that an employee would be entitled to deferred classification on account of dependency or other grounds.

Help for Traffic Man

This department is conducted by a traffic man of long experience and wide knowledge. In it he will answer questions relating to practical traffic problems. We do not desire to take the place of the traffic man, but to help him in his work. We reserve the right to refuse to answer any questions that we judge it unwise to answer or that involve situations that are too complex for the kind of investigation contemplated. Questions will be answered as promptly as possible. No answers will be given by mail except for a fee.

Address "Help for Traffic Man," The Traffic Service Bureau, Colorado Building, Washington, D. C.

Misrouting, Particular Junction.

Q Re bill of lading covering carload shipment from a C. & O. station in West Virginia, consigned to Louisville, moving on a C. & O. bill of lading, showing routing L. & N. It being necessary that we have L. & N. delivery on account of our warehouse being on the L. & N. siding. At the time of shipment there were no through rates in connection with the L. & N. at Newport. Notwithstanding this fact the car moved via Newport Junction, and a local rate was assessed to Newport plus rate from Newport to Louisville.

Bill of lading specified no junction by which the shipment was to have been delivered to the L. & N. Hence we are under the impression it was the duty of the original carrier, the C. & O., to deliver the shipment to the L. & N. at Louisville, via which route the through rate was published.

We will be pleased to have you publish in the columns of your valuable magazine your opinion as to what rate should apply, and, if possible, we will be pleased to have you refer us to some ruling governing the movement of a similar shipment.

A Where terminal delivery only is shown in bill of lading it is the duty of the carriers to forward shipments to destinations named by the cheapest reasonable route affording desired delivery. *Trexler Lumber Co. vs. Southern Ry. Co.*, 42 I. C. C., 720. In the case of *Northern Lumber Co. vs. Southern Ry. Co.*, 41 I. C. C., 630, where shipment of lumber from Forney, N. C., to New York, N. Y., was routed by shipper "P. R. R. delivery," the Commission held that it had been misrouted, as lower rate applied via Pinner's Point and specified delivery could have been effected.

Again, in the case of *McCoach & Co. vs. N. Y., P. & N. R. R. Co.*, 42 I. C. C., 171, complainant instructed "C. & O. delivery." The initial carrier routed the shipment via Norfolk and the C. & O. Ry., at a combination rate of 24 cents per 100 pounds. The joint rate of 26 cents applied via Delmar, Del., Wheeling, W. Va., and the B. & O. Railroad beyond. The Commission held that the initial carrier had misrouted the shipment, and that complainant was damaged to the extent of the difference between the charges paid and those which would have accrued at the 26-cent rate.

Method of Computing Charges on Weights.

Q A shipment of lumber made Aug. 18, 1917. The original bill of lading shows a net weight of 51,200 pounds, from which should be deducted 500 pounds, account stake allowance, which would leave a net weight, according to weights on original bill of lading, of 50,700 pounds, on which a freight rate of 22.6 cents should have been assessed, which would amount to \$114.58 freight to be collected at destination.

However, the original paid expense bill showed a net weight of 57,000 pounds, on which a rate of 22.6 cents was assessed, amounting to \$152.78. We presented claim to the railroad for \$38.20, based on the difference in net weight shown in original bill of lading and net weight shown on paid expense bill. The railroad returned claim to us, stating that the weights on original bill of lading were apparently in error in weighing at point where these weights were made and that investigation developed that car was check-weighed at another point, showing a net weight of 61,000 pounds, from which 500 pounds stake allowance should be deducted, leaving weight of 60,500 pounds on which freight should have been assessed. Both these weighing points were on their line, and both are supposed to be equally reliable and Association weights.

This car contained dry gum lumber, and, while the first weight may have been a little light, yet we know the condition of the stock should weigh out considerably nearer the first weight than the second weighing.

We have looked through the conference rulings, but find no ruling to cover a question of this kind. We are quite confident that the weights as shown on the original bill of lading are practically correct. Kindly advise if the railroad should not have made a third weighing on this, to determine which of the two weights was correct.

A—Neither the point of origin nor the point of destination weight is conclusive upon the shipper or the carrier, but ordinarily positive evidence of the incorrectness of the carrier's scaling is necessary before another weight can be substituted. The manner in which the weighing was done, by whom, and the frequency with which the scales have been tested, often determine the right method for computing weights. For instance, in the case of *Wheeler L. B. & S. Co. vs. A. & C. R. R. Co.*, 20 I. C. C., 10, where a carload of fir lumber was weighed as an entirety at point of origin, and a weight of 75,800 pounds reported, and the car was reweighed during transit and a weight of 78,300 pounds shown, the second weight giving the trucks separately, the Commission held that the first weight should apply. On the other hand, when both weights were ascertained by the same method, there is no rule by which the weight shown at point of origin is entitled to more consideration than that shown at destination. Where there is a difference in weight, the shipper has a right to demand a reweighing. It was held in *re Weighing of Freight by Carriers*, 28 I. C. C., 36, that where a shipper notified of an advance in the weight of a car during the course of transportation elects, he should be permitted to require a third weighing of the car. Where the carrier collects charges on a weight that differs from both the point of origin weight and the weight in transit, and which weight is higher than either, a clear overcharge would seem to have been established, and a possible duty devolves upon the carrier to reweigh at destination point. In the case of *Alberger Pump & Condenser Co. vs. A. V. Ry. Co.*, 40 I. C. C., 108, a shipment of iron valves was weighed by the shipper on the basis of 215,456 pounds; the carrier weighed the shipment three times, the net weights showing 227,100, 226,500 and 225,800 pounds, respectively. Charges were assessed on 225,160 pounds, and the Commission held this unreasonable and awarded reparation.

Changes in Rates.

Q—The commodity rate on a certain article from A to C is 54 cents per cwt. A is located in Kansas City territory. B is on the same line directly intermediate, A to C. Rate from B to C is 74 cents. B is not in territorial group. Shipment moves from B to C and claim for 20 cents per cwt. is filed for reparation.

The carrier expresses a willingness to publish rate from B to C that will not exceed rate from A to C; however, this rate had not been published at the time the 25 per cent increase became effective. Owing to the Commission requiring a rate published to take care of reparation cases to stand for one year, will it be necessary for carrier in this case to publish rate of 54 cents plus 25 per cent increase?

A—In supplement to General Order No. 28 by the United States Railroad Administration it is provided on page 7 thereof that the rates to be increased under that order are only those existing on May 25, 1918, including changes theretofore published but not then effective and not under suspension, except where the Interstate Commerce Commission prior to May 25, 1918, authorized or prescribed rates which shall have been published after May 25, 1918, and prior to June 15, 1918; the increase shall apply thereto. Therefore, the carrier in publishing the 54-cent rate need not add thereto the 25 per cent increase, except, however, as it may not violate the fourth and fifteenth sections of the act, or circulars Nos. 1-A and No. 4 of the United States Railroad Administration.

Section 2 of Circular No. 1 A, in part, reads: "changes in rates, fares, charges, regulations and practices may be made under the standing rules and authorizations contained in the Interstate Commerce Commission's Tariff Circular 18-A and orders (or releases thereof) as shown below, without further authority." Section 3 (a) provides "except as provided in Sections 1 and 2 of this Circular, no changes shall be made in freight, passenger or baggage

rates, fares, charges, classifications, regulations or practices of the carriers under federal control, including those applying jointly with carriers not under federal control, published in schedules filed with the Interstate Commerce Commission or with State Commissions, except as shall have been authorized by me in an appropriate "Freight Rate Authority" or "Passenger Fare Authority."

Rate Must Apply According to Movement

Q.—On April 29, 1918, we received a less-than-carload shipment of tobacco stems in bales for fertilizer purposes from Trenton, N. J., originating on the P. & R. Ry., with no special routing shown in bill of lading. A rate of $19\frac{1}{2}$ c was published in connection with the "P. & R., B. & O. and R. F. & P.," but at that time the routing via the B. & O. and Potomac yards was embargoed and the shipment moved, with shipper's consent, via "P. & R., W. M., N. & W., and C. & O."—this routing taking a class rate of 30c.

It would seem to us that in event a shipment had to move in a roundabout way, due to congestion of government freight at certain points, that the transportation companies would not be privileged to assess a higher rate than could have been applied before government control, and this is the point we present for your consideration.

We have had a number of similar cases, much larger shipments, where shippers were compelled to forward by the only line open, and in each case the transportation company assessed the higher rate by which the shipment moved instead of the lowest rate in effect.

A. In Rule 220 (g) Conference Rulings Bulletin 7 the Commission said it "has repeatedly announced the view that the law does not permit the use of any rate or fare except that contained in a lawful tariff that is applicable via the line, route and gateway over and through which the shipment or passenger moves." In the absence of specific through routing by shipper, it is undoubtedly the duty of the agent of the carrier to route shipment via the cheapest reasonable route known to him of the class designated by the shipper—that is all-rail, or rail-and-water and via which he has rates which he can lawfully use. Rule 214 (c) Conference Rulings Bulletin 7. But where traffic is forwarded by a certain route at the shipper's personal direction, the fact that it is differently routed in the billing will not sustain a claim of misrouting. *Brown Paper Co. vs. B. & A. R. R.*, 37 I. C. C. 588. In the

case of *Globe Lumber Co. vs. S. L. B. & B. Ry. Co.*, 45 I. C. C. 136, because of flood conditions, shipments of lumber could not move as routed and complainant ordered car forwarded over route taking higher rate. The Commission held that complainant was not entitled to reparation.

RAILROADS ONE INTEREST

B. F. Bush, regional director, has sent the following circular, No. 101, to federal managers and terminal manager in the southwestern region:

"Under date of August 13 you were requested to see that all concerned under your jurisdiction fully understood the policy outlined below:

Attention has been drawn to the fact that attorneys for one railroad company are handling claims for individuals against other railroad companies, even going so far as to bring suits.

Please let it be distinctly understood that there can be no divided allegiance. Every lawyer representing a railroad company is counsel for every other railroad company under Federal control and will be immediately dismissed if he takes any business against another road.

"In connection therewith the following inquiries were submitted and replies thereto represent the attitude of the Division of Law of the United States Railroad Administration, Washington:

1. Are attorneys for railroads under Federal control prohibited from instituting, prosecuting or defending suits of one railroad under Federal control against a similar railroad with respect to breach of contracts or other disputes arising prior to January 1, 1918?

Answer: Yes.

2. Is the retention of attorneys in service of a railroad under Federal control who have suits against another line under Federal control, instituted prior to January 1, 1918, prohibited?

Answer: Yes.

3. Is the retention of attorneys for railroads under Federal control, who, prior to entering such service, had suits pending against railroads under Federal control, and who feel they cannot, in justice to their clients, withdraw from such suits, prohibited?

Answer: Yes.

4. Is the employment of additional attorneys who have suits pending against railroads under Federal control, but whose services would otherwise be highly desirable, prohibited?

Answer: Yes.

"Now that all railroads under federal control are one interest, the United States federal government is the only party."

Miscellaneous Traffic Decisions

Cases Recently Decided by State and Federal Courts

(Digests taken from Reporters and Digests of National Reporter System, published by West Publishing Co., St. Paul, Minn. Copyright, 1918, by West Publishing Co.)

REGULATION OF COMMON CARRIERS

Rates:

(Supreme Ct. of La.) The desires and dissatisfaction of a shipper with a rate rule of the Railroad Commission of the state are no grounds for abrogation of the rule.—*Shreveport Window Glass Co. vs. Railroad Commission of Louisiana*, 79 Sou. Rep. 407.

Commission's Orders:

(Supreme Ct. of La.) By Act No. 171 of 1908, no suit to set aside, change or alter orders of the Railroad Commission shall be entertained unless filed within three months after the order is made.—*Shreveport Window Glass Co. vs. Railroad Commission of Louisiana*, 79 Sou. Rep. 407.

In any change that may be demanded to be made in its rules, the Railroad Commission has a real interest that may serve as a basis for it to stand in judgment, but in a question of the proper interpretation of its former rules, whether separately or in conjunction with any judgment, the commission is without interest and the question is moot.—*Ibid.*

Jurisdiction of Courts:

(Supreme Ct. of La.) No law confers on the courts appellate jurisdiction over the rulings of the Railroad Commission fixing rates.—*Shreveport Window Glass Co. vs. Railroad Commission of Louisiana*, 79 Sou. Rep. 407.

Since the law which confers on the Railroad Commission authority to penalize railroads (Act No. 175 of 1912) leaves the matter to the discretion of the commission, such discretion of a judicial or quasi judicial tribunal cannot be controlled by mandamus.—*Ibid.*

Overcharge:

(Ct. of Appls. of Ala.) In view of Acts 1909, p. 210, 2, prohibiting carriage charge greater or less than specified in published rates, shipper whose lumber is carried to destination by roundabout, and not by most direct, route cannot recover difference between lawful rate over roundabout route and lower lawful rate over direct route.—*Oden-Elliott Lumber Co. vs. Louisville & N. R. Co.*, 79 Sou. Rep. 400.

LIVE STOCK RECEIPTS.

Regional Director Aishton has notified northwestern railroads that, at the request of the Food Administration, to provide for stabilization of live stock receipts, effective October 12, live stock shipments from stations in Minnesota will be received at South St. Paul stock yards on any day except during the period from noon Saturday to 3 p. m. Monday of each week.

Traffic Lesson No. XLVI

Powers of the Interstate Commerce Commission—Forty-sixth in the Course of Fifty-two Lessons Written for the Traffic World by Grover G. Huebner, Ph.D., Assistant Professor of Transportation and Commerce, University of Pennsylvania, and Published Bi-weekly—(Copyrighted)

Though many of the powers of the Interstate Commerce Commission were mentioned in tracing the amendments to the interstate commerce act, it is now proposed to summarize these powers.

(1) The Commission may make investigations either upon complaint or upon its own motion, excepting that under the railroad control act of March 21, 1918, proceedings concerning changes in charges, regulations or practices initiated by the President may be instituted only upon complaint.

(2) It may revise charges found to be unreasonable or unfairly discriminatory by substituting reasonable maximum charges. This rate revising power includes joint as well as local interstate rates, and also demurrage, storage and other transportation charges, freight classifications and passenger fares.

(3) It may similarly revise transportation rules and practices found to be unreasonable.

(4) It may suspend proposed charges, regulations, or practices and pass upon their reasonableness, excepting that under the railroad control act of March 21, 1918, charges initiated by the President may "not be suspended by the Commission pending final determination."

(5) The Commission may establish through routes subject to certain limitations in section 15, and it may order the establishment of physical connection between the lines of a rail carrier and the docks of a water carrier "when such connection is reasonably practicable, can be made with safety to the public, and where the amount of business to be handled is sufficient to justify the outlay."

(6) It is empowered to make a valuation of the property of the carriers subject to the provisions of the act.

(7) It may prescribe and enforce a uniform system of accounts.

(8) It may require the carriers to make annual and special reports.

(9) It has power to issue appropriate orders and award damages, its orders being binding unless set aside by the federal courts.

(10) It is charged with the duty of enforcing the amendments contained in the Panama Canal act with reference to railroad-controlled carriers by water. Where the Commission finds the existence of actual or possible competition, it is obliged to order the railroads to discontinue their control unless it is shown that the amount of competition is not reduced as a result of railroad control and that the service by water is being operated in the public interest. In case of services by water operated through the Panama Canal, the Commission establishes the fact of competition or possible competition, after which the act excludes competitive railroad-controlled vessels from the canal.

(11) The Commission may, in special cases, after investigation, authorize carriers to charge less for a longer than for a shorter distance, and prescribe the extent to which they may be relieved from the application of the long and short haul clause.

(12) It is generally charged with the execution and enforcement of the provisions of the interstate commerce act and those of the safety appliance laws.

(13) The Commission has no powers over the port-to-port traffic of carriers by water, excepting that, under section 21 as interpreted by the court (*Goodrich Transit Co. vs. I. C. C.*, 224 U. S., 194, April 1, 1912) it may prescribe a uniform system of accounts and require statistical reports concerning the port-to-port as well as the joint rail-water traffic of interstate carriers by water that interchange with railroads, and excepting also that railroad-controlled carriers by water approved under section 11 of the Panama Canal act may be regulated by the Commission to the same extent as the proprietary railroads. While the port-to-port traffic of carriers by water is regu-

lated by the United States Shipping Board, the Interstate Commerce Commission has jurisdiction over interstate traffic handled partly by rail and partly by water. It also has jurisdiction over rail-water traffic moving between the United States and adjacent foreign countries under "a common control, management or arrangement for a continuous carriage or shipment." Rail-water traffic moving between the United States and overseas foreign countries, on the contrary, is not directly within the scope of the interstate commerce act. The Commission may, however, regulate the railroad portion of such shipment; it may regulate the port terminals of the railroads used in handling such shipments in case the shipments are interstate in character; and "if any rail carrier subject to the act to regulate commerce enters into arrangements with any water carrier operating from a port in the United States to a foreign country through the Panama Canal or otherwise for the handling of through business between interior points of the United States and such foreign country, the Interstate Commerce Commission may require such railway to enter into similar arrangements with any or all other lines of steamships operating from said port to the same foreign country."

The Commission and the Railroad Control Act.

Section 10 of the railroad control act of March 21, 1918, provides "that carriers while under federal control shall be subject to all laws and liabilities as common carriers, whether arising under state or federal laws or at common law, except in so far as may be inconsistent with the provisions of this act or any other act applicable to said federal control or with any order of the President." The act specifically alters the procedure for initiating changes in rates, fares, charges, classifications, regulations, and practices by authorizing the President to initiate such changes and preventing the Commission from suspending them pending final determination. If complaint is then made, the Commission may, after holding hearings, make such orders as are authorized by the interstate commerce act. In considering any changes initiated by the President, the act instructs the Commission to "give due consideration to the fact that the transportation systems are operated under a unified and co-ordinated national control and not in competition," and that "when the President shall find and certify to the Interstate Commerce Commission that in order to defray the expenses of federal control and operation fairly chargeable to railway operating expenses, and also to pay railway tax accruals other than war taxes, net rents for joint facilities and equipment, and compensation to the carriers, operating as a unit, it is necessary to increase the railway operating revenues, the Interstate Commerce Commission, in determining the justness and reasonableness of any rate, fare, charge, classification, regulation, or practice, shall take into consideration said finding and certificate by the President, together with such recommendations as he may make."

The railroad control act also instructs the Interstate Commerce Commission to ascertain the average annual railway operating income for the three years ending June 30, 1917, that is to serve as a basis for financial guarantees given to the railroads taken over by the government.

INCREASES ON SAND, ETC.

With regard to sand, gravel and crushed stone rates, Director-General McAdoo September 20 said:

"The Railroad Administration has given very careful and thorough consideration to applications from shippers of sand, gravel and crushed stone, to modify the increases in freight rates brought about by General Order No. 28, by substituting some other basis for the uniform advance of one cent per 100 pounds, provided in the order.

"The conclusion has been reached that no other general

basis can consistently be applied, but that in line with the announcement made by the Director-General at the time General Order No. 28 was issued, consideration will be immediately given to all individual cases where the increases under the general order have brought about unnecessary hardships, or excessive rates under existing conditions.

"It is expected that the shippers who feel that the increased rates brought about by the application of General Order No. 28 are excessive in specific instances, will present applications for modification of such rates on these commodities to one of the several district freight traffic committees, on which the shipping public is represented, these committees having been created since these applications were filed with the Administration. The committees will be requested to give preferred attention to these applications."

LUMBER EMBARGOES MODIFIED

The Traffic World Washington Bureau.

The embargoes on forest products were, Sept. 24, modified so as to exempt locust logs and billets, walnut logs and lumber, excelsior, bulled shavings, sawdust, tan bark, tanning extract wood, pulpwood, mine props, fuel and chemical wood, box shooks, wire-bound box or crate material, rotary cut box or crate material, staves, headings, hoops and manufactured containers.

LOADING OF GRAIN

The Traffic World Washington Bureau.

From July 1 to September 14, according to a statement issued by Director-General McAdoo September 23, 335,786 cars were loaded with grain. In the same period in 1917 the loading amounted to 233,841 cars.

In the eastern region the increase was from 52,241 to 66,670; Allegheny, from 4,779 to 4,991; Pocahontas, from 788 to 1,088; southern, from 7,075 to 9,288; northwestern, from 66,288 to 86,470; central western, from 72,331 to 112,406; southwestern, from 29,977 to 54,873.

GRAIN CONTROL COMMITTEES

The following members of grain control committees are announced by regional directors:

St. Louis-East St. Louis—A. S. Johnson, terminal manager, St. Louis, chairman; W. A. Rambach, assistant freight traffic manager, Missouri Pacific Railroad; J. F. Dodge, representing U. S. Food Administration.

Kansas City (Mo. and Kan.)—W. M. Corbett, terminal manager, Kansas City, chairman; H. E. Heller, general agent, C. B. & Q. Railroad, Kansas City; R. A. Peters, representing U. S. Food Administration.

Omaha, South Omaha and Council Bluffs.—W. M. Jeffers, terminal manager, chairman; F. Montmorency, railroad traffic representative; F. D. Wilson, Food Administration representative (this committee will also have jurisdiction over South Omaha and Council Bluffs).

Peoria and Pekin.—H. D. Page, terminal manager, chairman; H. I. Battles, Food Administration representative (this committee will also have jurisdiction over Pekin).

St. Joseph—S. E. Stohr, chairman; F. E. Hollingshead, Food Administration representative.

St. Paul—H. A. Kennedy, chairman.

REPORT BY HALE HOLDEN

The Traffic World Washington Bureau.

Director-General McAdoo, September 23, made public the following report by Hale Holden on railroad conditions in the Central Western Region for August:

"There has been a generally free movement of all classes of freight. Extraordinary heavy loading of grain in the northwest resulted in a slight congestion in Kansas City terminals, which was cleaned up by rerouting of freight over lines that were not so heavily burdened. During the last week of July and first two weeks of August congestion occurred on the Ogden route of the Southern Pacific because of fire and accidents in snow-shed section on Sierra Nevada Mountains, resulting in considerable delay to fruit and other freight trains. Busi-

ness was diverted to the A., T. & S. F. via Fresno during the congestion and dead freight to the Western Pacific to the extent they could handle it. Conditions have been remedied and traffic is now being handled in normal shape, with no congestion apparent or in sight. Fruit trains generally are making schedule or better than scheduled time and freight generally is moving with dispatch. The movement through all other terminals in the territory has been free and we have had no serious complaints about service in any part of the territory.

"There have been no serious accidents or casualties to interfere with the movement of traffic, outside of that on the Southern Pacific, as mentioned above. Loading has been as follows:

TOTAL CARS COAL LOADED.			
1918.	1917.	Increase.	Per Cent Increase.
167,829	150,152	17,677	11.1
TOTAL CARS GRAIN LOADED.			
1918.	1917.	Increase.	Per Cent Increase.
52,062	35,658	16,404	46.0
TOTAL CARS REVENUE FREIGHT LOADED.			
1918.	1917.	Increase.	Per Cent Increase.
600,839	599,599	1,240	.2
TOTAL CARS REVENUE FREIGHT RECEIVED FROM CONNECTIONS.			
1918.	1917.	Increase.	Per Cent Increase.
311,034	292,088	18,946	6.5

"The unprecedented heavy fruit loading in California called for an exceptionally heavy movement of refrigerator cars to Colorado, Utah and California. The heavy movement of fruit eastbound also interfered to some extent with movement of other traffic. Account extremely hot weather and enormous consumption of ice, supply at various points was depleted, making it necessary to purchase and haul ice long distances to replenish the supply at several re-icing stations.

"During the month operated 138 fruit specials with 5,640 cars through from California to the Missouri River and Chicago, average 40 cars per train. The total California movement since commencement of season about June 1 amounted to 446 trains, with 17,495 cars—an average of 39 cars per train.

"The Colorado fruit movement commenced about August 15, and during the latter portion of the month moved a total of 45 fruit specials, with 1,523 cars, an average of 34 cars per train.

"All fruit trains were operated upon conservative schedules and filled to tonnage with dead freight where conditions permitted doing so.

"Oil Traffic.—During the month moved from the Mid-Continent fields via the Santa Fe, 141 trains, with 4,761 cars, an average of 34 cars per train. The total movement from the Mid-Continent fields, most of which moved via the southwestern region, amounted to 541 trains, 15,260 cars, or an average of 28 cars per train.

"Troop Movement.—A total of 184 troop trains were moved during the month, all of them moving upon schedule and without accident.

"Coal Situation.—There are fourteen roads reporting to this office, although not all included in the central western region, and the loading shows 202,658 cars in August as compared with 202,549 for the month of June and 220,701 for the month of July, and as compared with 150,940 in August, 1917. The extraordinary loading in July, which was the greatest in the history in this territory, following the unusual heavy loading in June, resulted in a production greater than the market in this zone could absorb, and the Fuel Administration was obliged to cast about for ways and means of disposing of this surplus, which lead up to:

"1. Zoning coal from western Kentucky out of Illinois, Indiana and Wisconsin;

"2. Agreeing to furnish a larger tonnage for the northwest;

"3. Opening the state of Michigan to Illinois coal, which it is thought will absorb 600,000 tons of the surplus.

"In view of the surplus of mine run and screenings from the central Illinois field, there has been no complaint in regard to car supply.

"The surplus of poorer grades of coal will disappear by the middle or latter part of September, but the roads

in this territory are prepared to meet any demand that regular supply in sight can possibly make. Our biggest problem, therefore, is keeping up a full car supply.

"The situation in Missouri, Iowa, Colorado and Wyoming has been very good from a car and loading standpoint and mines in that territory have all increased their loading over last year.

"Power and Car Situation.—Reports indicate that we had 10 per cent more men working in car and locomotive departments than we had in August, 1917. The percentage of bad order cars is 5.8 per cent and, while we have no figures for August, 1917, a close estimate shows the same percentage of bad order cars as last year.

"Maintenance of Way Department.—Reports indicate that there is a large shortage of trackmen generally throughout the territory over the number of men estimated, but they indicate at the same time that no road is suffering for enough men to keep their property in safe condition; in fact, the improvement work authorized, while being delayed on account of shortage of help, is progressing favorably.

"Routing.—A traffic representative has been appointed to take charge of routing work and is devoting all of his time to it, making particular efforts toward establishing a system to have freight properly routed at points of origin rather than at the different gateways en route.

"Each federal manager has been asked to designate a traffic and operating man in his organization to pay particular attention to this important feature.

"Saving in Passenger Train Miles.—As has been reported to you, a very extensive revision of passenger train service became effective in the western territory during the month of June. The elimination in the Central Western Region for that month aggregated 11,572,856 train miles per annum. This work has been continued since that date and in the month of July there were additional eliminations which will amount to 328,950 train miles per annum and in the month of August 556,109 train miles per annum.

"Notwithstanding the great increase in passenger fares which became effective on June 1, passenger travel continued at a very large volume and, in order to insure that the service is reasonably adequate, and that no undue hardship is imposed upon the traveling public, we have asked the Western Passenger Traffic Committee to institute a thorough investigation of conditions on all lines in this region to develop the exact situation in this regard.

"Consolidated Ticket Offices.—Good progress has been made in the work of consolidating ticket offices in the Central Western Region. Up to the present time such offices have been opened at the following points: Colorado Springs, Colo.; El Paso, Tex.; Fresno, Cal.; Lincoln, Neb.; Long Beach, Cal.; Oakland, Cal.; Pueblo, Colo.; Sacramento, Cal.; San Diego, Cal.; Salt Lake City, Utah; San Jose, Cal.

"Sailing Day Plan.—George Mooton, assistant general freight agent of the Chicago, Burlington & Quincy Railroad, was appointed chairman of the committee to install sailing days, and has made good progress toward the adoption of this plan at various points. The car saving per month so far aggregates, at 12 stations, 5,300 cars.

"Summer Movement of Winter Supplies.—We are receiving good reports in response to a circular issued July 23, addressed to federal and general managers, urging that an active campaign be instituted to induce shippers to move their winter supplies during the summer months in order to relieve transportation facilities of as much traffic as possible next winter. The reports from a number of lines indicate the matter is receiving proper attention and that both shippers and receivers are co-operating in a very satisfactory manner. Of course, one of the principal obstacles to full success of the plan is the fact that many manufacturers are so behind on their orders that receivers are unable to obtain delivery at this time. The Food Administration's orders also limit movement of many commodities to what is known as a sixty-day period. It is apparent that the best results will probably be obtained in the early movement of coal, and in this immediate territory the situation in that regard looks encouraging.

"Unification of Facilities.—There are a number of projects under discussion covering unifications at various points in the territory, and I am having a condensed and comprehensive statement made showing results so far

obtained, which will be sent you in due course of time.

"Pairing of Western Pacific-Southern Pacific Tracks in Nevada.—Between Wells and Winnemucca, a distance of 191 miles, these roads are almost parallel. Final plans for construction of 11 crossover tracks and one water station to permit pairing the main tracks have been agreed upon and construction work is in progress, estimated to cost \$118,000 and be completed before October 1, the operation under the new plan to start that date.

"Pairing of Tracks Denver & Rio Grande-A., T. & S. F. and Colorado & Southern Between Denver and Pueblo.—Active work is being done on this project and temporary connection is being made which will permit pairing of these lines by the latter part of this month.

"There are a number of other projects in different parts of the region in course of study and as results are obtained reports will be made in each case."

NEWSPAPERS HAVE RATE TROUBLES

The American Railway Express Company has filed an application with the Interstate Commerce Commission under the fifteenth section of the act to regulate commerce, as amended, to increase commodity rates for the transportation by express of daily newspapers, where no collection and delivery service—that is, wagon service—is performed.

The present rate is a blanket rate of 50 cents per 100 pounds for any distance, but it is used only within a radius of 500 miles. Outside of that radius mail service is used. The application seeks to change this rate of 50 cents per 100 pounds, without wagon service, to a first class express rate for distances up to 150 miles; between 150 and 350 miles, \$1 per 100 pounds, and over 350 miles, one-half of the first class express rate. Under the proposed scale, for distances up to 150 miles, the express company is going to charge the same rate with or without collection and delivery service.

The express companies have never rendered wagon service to daily newspapers to bring the papers to the trains or take them from the trains, either at point of origin or destination. It is said that the daily newspapers do not wish this service, and that newspapers need their own wagon service, the same as a packer needs a private refrigerator car. Newspapers must be, and are, handled cheaply and quickly. Frequently trains leaving ten minutes after the papers come from the press are used, and at destination the papers are grabbed out of the car by waiting customers.

A hearing before the fifteenth section board of the Interstate Commerce Commission will be held in Washington October 1, and a large attendance is expected, as the daily newspapers of the country have joined to make a fight to maintain their present commodity rate. The attor-

TRAFFIC ORGANIZATIONS

THE NATIONAL INDUSTRIAL TRAFFIC LEAGUE.—Object: The object of this league is to interchange ideas concerning traffic matters, to co-operate with the Interstate Commerce Commission, state railroad commissions and transportation companies in promoting and securing better understanding by the public and the state and national governments of the needs of the traffic world; to secure proper legislation where deemed necessary, and the modification of present laws where considered harmful to the free interchange of commerce; with the view to advance fair dealing and to promote, conserve and protect the commercial and transportation interests.

Headquarters—Tacoma Bldg., 5 North La Salle St., Chicago.
G. M. Freer President
Manager Traffic Department, Cincinnati Chamber of Commerce and Merchants' Exchange.
W. H. Chandler Vice-President
Manager Transportation Department, Boston Chamber of Commerce.
Oscar F. Bell Secretary-Treasurer
T. M. Crane Company, 836 South Michigan Avenue, Chicago, Ill.
E. F. Lacey Assistant Secretary
5 North La Salle Street, Chicago, Ill.

MANUFACTURERS' ASSOCIATION, in Charge of Traffic of Industries Located at Sterling and Rock Falls, Ill.

A. N. Bradford President
P. W. Dillon Vice-President
W. J. Burleigh Secretary-Treasurer
W. E. Long Traffic Manager
All correspondence relative to movement of traffic to or from Sterling and Rock Falls, Ill., should be addressed to the Traffic Manager, General Office, Lawrence Building, Sterling, Ill.

neys handling the matter for the daily newspapers are Perry S. Patterson, of Shepard, McCormick, Kirkland, Patterson and Fleming of Chicago, and Maddox and Gately of Washington, D. C., assisted by Walter E. McCormack of Chicago, expert on interstate commerce practice.

It is said that the express companies propose to raise the rates in question because the government has increased the postal rates. The newspapers claim that express and mail service are essentially different.

The tonnage of newspaper business given to express companies is enormous, and the proposed advances are said to amount to \$500,000 each year. The daily newspapers are willing to join proportionately in any general advance that may be awarded to the express companies by the Commission, but they say they do not intend, if they can help it, to bear a disproportionate advance. In any event, they are going to resist any attempt to place them on a first class express rate basis, which is one of the highest express rates. The service rendered by express companies to daily newspapers is the cheapest service rendered, and the newspapers think they should have the cheapest rate. Heretofore the express companies have thought along the same lines. The newspapers claim there never was a time when low cost dissemination of news and information through the medium of the daily newspaper was more necessary than during this war period and they say that the rate of 50 cents a hundred pounds is the result of 50 years' experience.

INCREASE IN EXPRESS RATES

The Traffic World Washington Bureau.

The following is what the Commission gave out, September 9, in the matter of the proposed advance in express rates:

"The Commission is to-day in receipt of the following letter and memorandum from Hon. William G. McAdoo, Director-General of Railroads:

"The amount realized from the advances in express rates recently allowed by you, approximately \$10,000,000, has been entirely absorbed by the American Railway Express Company in making advances in the wages of its employees. I am satisfied that those wages must be still further advanced and that approximately \$12,000,000 of additional revenue must be had for that purpose. I have applied to the express company for a suggestion as to what advances should be made in the present express rates to yield that additional income and have received from that company the memorandum attached.

"Acting under section 8 of the Federal Control Act, I request you to advise me:

"1. Whether, in your opinion, assuming that approximately \$12,000,000 of express revenue must be raised, the method of advance suggested by the express company is a proper one? If in your opinion it is not, will you kindly state what method should be followed?

"2. If in your opinion the method suggested by the express company is proper, will the amount of advance proposed by it yield the sum required; namely, approximately \$12,000,000? If not, what advance under that method will be required to produce that result? If you believe that some different method should be adopted, please indicate the amount of the advance which should be made.

"At the present time the express business is being conducted at a deficit, which will be largely increased by the advances in wages which must be made. This deficit is borne by the Railroad Administration. You will therefore appreciate the importance of as speedy action as may be consistent with a proper consideration of the questions submitted."

Memorandum of Express Company.

"It is suggested that the rates in zone 1, both intra and inter zone, be increased three scales—that is to say, that the minimum rate of 55 cents be increased to 71 cents, and each rate above that increased accordingly, and further, that 10 cents per 100 pounds be added to the commodity rates. This will make an increase of first class as a maximum, of 16 cents or 17 cents per 100 pounds; on second class 12 cents, and on commodities 10 cents, with proportionate increases on shipments of

less than 100 pounds; that the rates, both intra and inter zone, in all other zones, be increased by advancing two scales and adding 10 cents per 100 pounds to commodity rates. This will result in a maximum increase on first class of 10 cents or 12 cents, second class 8 cents, and commodities 10 cents per 100 pounds, with a proportionate increase on shipments of less than 100 pounds. It is estimated that this will produce on zone 1 business \$17,037,000 and on all other business \$6,642,300, or a total of \$23,679,000, of which the express company will get \$11,780,303, the balance, \$11,898,697, going to the Director-General in increased express privileges. In view of the urgent need of immediate relief, and the necessity without further delay of increasing the wages paid to its employees, the increased revenue should be available at once, and the advance in rates made effective at the earliest possible moment."

"Notice is hereby given that on Tuesday, October 8, 1918, at 10 o'clock a. m., the Interstate Commerce Commission will hear testimony and argument at its office in Washington, D. C., by the express companies and any other persons interested, in regard to the two questions proposed by the Director-General and shown in the above letter, as to which the advice of the Commission is sought."

ON McADOO'S TRAIL

The Traffic World Washington Bureau.

Oklahoma Commissioners Humphrey and Russell, with their rate clerk, have come to Washington with the avowed purpose of remaining until the question of rates for that state has been disposed of. From a source other than the Railroad Administration offices or the Oklahoma men it has been learned that they saw McAdoo for a short time September 21, but no settlement was reached.

GOVERNMENT OWNERSHIP

(Continued from page 622)

on, they and the public would be better off under a policy of actual government ownership.

One never knows, of course, the ulterior motives that may lie behind an expression of this sort, especially when the utterance is by a lawyer with clients vitally interested in the question at issue, but if we are to take Mr. Untermeyer's attitude toward the prospect of government ownership as his real feeling and opinion, then the very fact of that attitude must be a serious argument against the form of the agreement exacted of the carriers by the government, for a man like Mr. Untermeyer usually does not favor a Socialistic doctrine of this sort except as it may be better than something he considers much worse.

It is to be said that Mr. Untermeyer's clients—the owners of railroad securities—are not supposed to follow him in this attitude, but whatever their own attitude it is to be remembered that as security owners they are interested merely in the returns to be had from their investments, and if they should favor government ownership it would be merely because, by the adoption of such a policy, they might hope to gain more or lose less than from some other policy or by some other form of contract. We are not criticizing them for that, but merely pointing out where their interest might lie.

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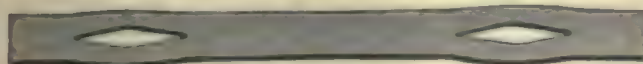
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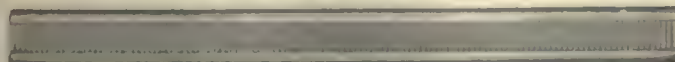
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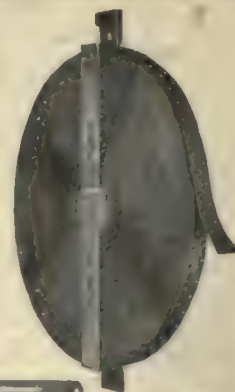
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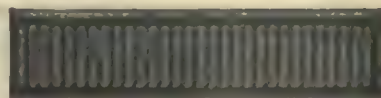
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Personal Notes

W. H. Smith is appointed auditor of the Elberton & Eastern Railroad Company, the Georgia Railroad and the Washington & Lincolnton Railroad Company, with office at Atlanta, Ga., vice W. H. Vincent, resigned to accept service with the Railroad Administration. He is also appointed auditor of the Atlanta & West Point and the Western Railway of Alabama.

The jurisdiction of W. O. Sydnor, assistant general freight agent, Huntington, W. Va., of the Chesapeake & Ohio Railroad, Ashland Coal and Iron Railroad, Sandy Valley & Elkhorn Railroad, and Long Fork Railroad, is extended over the Kentucky division east of Lexington and Newport, Ky., including the Ashland Coal and Iron, Sandy Valley & Elkhorn, and Long Fork railroads. R. H. Vaughan, assistant general freight agent, Cincinnati, will have charge of freight traffic originating at and passing through Louisville, Lexington, Covington, Newport, Ky., and Cincinnati, O.; also the handling of westbound coal and coke via various junctions, as heretofore, and such other duties as may from time to time be assigned him. The office of division freight agent at Ashland, Ky., is abolished.

At a meeting of the board of directors of the Western Railway of Alabama and the Atlanta & West Point Railroad Company Chas. A. Wickersham was elected president, with office at Atlanta, Ga., to succeed M. H. Smith, resigned. He has also been appointed "general manager for lessees" of the Georgia Railroad.

Effective September 23, H. B. Wagner was appointed traffic manager of the Power & Mining Machinery Company plant of the Worthington Pump & Machinery Corporation, Cudahy, Wis. For fourteen years Mr. Wagner was connected with the traffic department of the Illinois Central Railroad, being commercial agent at Milwaukee until last May, when the office was closed.

Vassar H. Campbell has been appointed manager of the traffic department of the Matlack Coal & Iron Corporation, with headquarters at 52 Vanderbilt avenue, New York City. The company is one of the large coal and coke companies of the east, doing an extensive domestic business in coal, coke and pig iron, and specializing in exporting those commodities to South America and other countries. Mr. Campbell's traffic experience embraces about ten years in the service of the Seaboard Air Line, in the positions, consecutively, of secretary to general freight agent, assistant chief clerk to the general freight agent, and chief clerk to the vice-president. He has been connected with the Matlack Coal & Iron Corporation for the last two years.

The jurisdiction of W. B. Storey, federal manager, Atchison, Topeka & Santa Fe Railroad, is extended over the Atchison Union Depot and Railroad and the Pueblo Union Depot and Railroad.

The jurisdiction of E. E. Calvin, federal manager, Union Pacific Railroad, Omaha, Neb., is extended over the Leavenworth Depot and Railroad.

The jurisdiction of J. B. Yohe, general manager for the Pittsburgh & Lake Erie Railroad, Monongahela Railroad, and Lake Erie & Eastern Railroad is extended over the Pittsburgh & West Virginia Railroad and West Side Belt Railroad.

J. J. Hooper is appointed freight claim agent of the Southern Railroad System, Carolina, Clinchfield & Ohio Railroad, and Alabama & Vicksburg Railroad, having general charge of loss and damage freight claims over all lines under the jurisdiction of E. H. Coapman, federal manager, with the exception of the Piedmont & Northern Railroad, and the Baltimore & Ohio Railroad (segregated line between Harrisonburg and Lexington, Va.).

The jurisdiction of C. G. Burnham, federal manager, Chicago, Burlington & Quincy Railroad, is extended over the Keokuk Union Depot.

T. E. Paradise is appointed mechanical assistant on the staff of Hale Holden, regional director.

The jurisdiction of C. G. Burnham, federal manager, C., B. & Q., is extended over all departments of the Davenport, Rock Island & Northwestern Railroad. C. B. Rodgers is appointed general manager of that road and terminal manager of the Tri-City Terminals, with office at Davenport, Ia., with jurisdiction within the switching limits of

Rock Island, Moline, East Moline, Davenport, West Davenport and East Davenport.

Walter B. Pollock is appointed marine director, in general charge of the operation of all railroad-owned float equipment in New York harbor. The appointment is made by Regional Directors Smith and Markham.

Regional Director Bush announces that A. DeBernard, general manager, Kansas City, Mexico & Orient Railroad, headquarters Wichita, Kan., reporting to J. A. Edson, general manager, will have jurisdiction over the maintenance and operation of all railroad terminals in Wichita, Kan. The Wichita terminals are defined as including all facilities of all railroads under federal control in Wichita, Kan., extending to their yard limit boards, as at present located or as they may hereafter be located.

The Memphis, Dallas & Gulf Railroad has been placed under federal control and is added to the jurisdiction of Federal Manager A. Robertson, St. Louis, Mo.

At the fall meeting of the Transportation Club of Louisville September 26 there was an address by D. M. Gowyn, assistant freight traffic manager, Louisville & Nashville Railroad, on the subject of rate construction under government control, followed by an address by Dr. E. C. Powell, pastor of the First Christian Church, under the auspices of the Fourth Liberty Loan Committee. There was also a special entertainment conducted by Capt. Richard Travis of Camp Zachary Taylor, and his associates, including a glee club and an illustrated address by Capt. Travis on modern warfare.

LEROY D. LEEDY DEAD.

LeRoy D. Leedy, confidential clerk to Commissioner Aitchison, died suddenly September 21. He had been for several days with what was supposed to be influenza but after death it was said he had died of pneumonia. Mr. Leedy was about twenty-six years old. He came to Washington from Canyon City, Ore., at the request of Mr. Aitchison when the latter was confirmed as an interstate commerce commissioner. Mr. Leedy had worked with the commissioner while Mr. Aitchison was engaged in state regulation. The body was taken to Canyon City by Mrs. Leedy for burial.

HEINEMANN AT WASHINGTON

C. B. Heinemann, secretary of the National Association of Live Stock Exchange, has gone to work on rate matters in Director Prouty's office at Washington, being a part of the organization of rate men who have been engaged on the shippers' side in rate controversies, composed of Luther M. Walter and George T. Atkins. The latter was swamped with work when Mr. Heinemann went to Washington. The latter has obtained leave of absence from his official duties as secretary for the duration of the war.

BUY LIBERTY BONDS

(By Woodrow Wilson, President of the United States.)

Again the government comes to the people of the country with the request that they lend their money, and lend it upon a more liberal scale than ever before, in order that the great war for the rights of America and the liberation of the world may be prosecuted with ever increasing vigor to a victorious conclusion. And it makes the appeal with the greatest confidence, because it knows that every day it is becoming clearer and clearer to thinking men throughout the nation that the winning of the war is an essential investment. The money that is held back now will be of little use or value if the war is not won and the selfish masters of Germany are permitted to dictate what America may and may not do. Men in America, besides, have from the first until now dedicated both their lives and their fortunes to the vindication and maintenance of the great principles and objects for which our government was set up. They will not fail now to show the world for what their wealth was intended.

POSITIONS WANTED OR OPEN

GOOD TRAFFIC MEN ARE MORE THAN EVER IN DEMAND. THE TRAFFIC WORLD is the largest medium for the men and the positions in touch with one another. The rates for classified advertisements are as follows: Five cents per word for first insertion, three cents per word second insertion, and two cents per word for each additional insertion. Answers to keyed advertisements forwarded free of charge. Advertisements held in strict confidence. THE TRAFFIC WORLD, 115 South Market Street, Chicago, Ill.

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TRAFFIC MANAGER of commercial organization in eastern city of 80,000 desires to make change. Will confer position with industrial or commercial organization. Age 29, eleven years' experience, class four draft. Can furnish publications and references to vouch for my ability and initiative. Minimum salary \$2,400. Address T. M., care of Traffic World, Chicago.

WANTED—Traffic Manager, with experience, ability and character qualifications justifying minimum three thousand dollar salary with company. Address "Prospect," care of The Traffic World, Chicago, Ill.

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RAILWAY REVENUES

The Traffic World Washington Bureau.

A final summary of the result of the operation of 178 class I roads and 14 switching and terminals, exclusive of the Kansas City Railway, Louisiana & Arkansas, and the Kansas City, Mexico & Orient of Texas, for July shows an increase in the operating revenue from \$348,394,394 to \$468,379,804 for the country as a whole; in expenses from \$237,908,373 to \$316,813,838; and in operating income from \$95,650,242 to \$135,699,030, or \$40,000,000 under the higher rates that went into effect June 25.

In the eastern district the revenue went up from \$160,377,898 to \$221,446,394; expenses \$113,163,218 to \$152,791,456, and operating income from \$41,220,472 to \$62,365,485.

In the southern district the revenue rose from \$49,441,608 to \$73,160,372; expenses from \$35,015,649 to \$49,572,859, and income from \$12,290,723 to \$21,225,463.

In the western district the increase in the operating revenue was from \$138,574,889 to \$173,773,038; in expenses from \$89,630,511 to \$114,449,523, and in operating income from \$42,139,047 to \$52,108,080.

For the seven months the operating income for the country as a whole increased from \$2,245,125,955 to \$2,549,093,932; expenses from \$1,590,686,846 to \$2,131,412,009, and operating income fell from \$553,895,856 to \$309,373,963.

In the eastern district the revenue increased from \$1,011,162,121 to \$1,150,633,045; expenses from \$756,936,692 to \$1,020,822,810, and the income fell from \$213,677,967 to \$86,059,304.

In the southern district the revenue rose from \$336,603,085 to \$413,023,288; expenses from \$230,366,207 to \$324,330,191, and income fell from \$91,302,806 to \$72,830,444.

In the western district the revenue rose from \$897,360,749 to \$985,437,599; expenses from \$603,383,947 to \$786,259,008, and income declined from \$248,915,083 to \$150,484,215.

EXPRESS COMPANY REVENUES

The Traffic World Washington Bureau.

A summary of the results of operations of the express companies for April, published by the Commission September 25, shows a decrease in the operating income from \$460,950 to a deficit of \$1,046,244.

The Adams fell from a deficit of \$72,291 to one of \$865,446; American fell from \$117,212 to \$16,790; Canadian rose from \$17,161 to \$34,732; Great Northern decreased from \$23,838 to \$20,727; Northern fell from \$18,580 to \$2,851; Southern declined from \$179,188 to a deficit of \$15,963; Wells Fargo & Co. from \$169,040 to a deficit of \$250,815, but Western increased from \$8,218 to \$10,880.

For the four months ending with April the income for all the companies declined from \$1,060,354 to a deficit of \$4,442,815; Adams fell from a deficit of \$339,702 to one of \$3,299,298; American from \$260,038 to a deficit of \$861,825; Canadian fell from \$67,801 to \$33,580; Great Northern declined from \$35,962 to \$34,056; Northern from \$41,630 to a deficit of \$49,660; Southern from \$643,727 to \$259,429; Wells Fargo & Co. from \$348,092 to a deficit of \$566,386. The Western alone of all the companies in the country showed an increase for the four months, its improvement running from \$2,804 to \$7,290.

IRON ORE INCREASE MODIFIED

The Traffic World Washington Bureau.

The traffic division of the Railroad Administration has modified the rule imposing thirty cents per net ton on iron ore, so that an addition of only ten cents has been made to the rate from Starbuck, N. C., to Rockwood, Tenn. At the time General Order No. 28 was issued the rate in effect was \$1.40. As soon as the modifying rate authority can be complied with the rate will be made \$1.50.

In accordance with the terms of No. 28, the rate was advanced from \$1.40 to \$1.70 per net ton. Objection was made immediately by Anson G. Betts & Co. of Asheville, N. C., and after more than a month of negotiation the compromise rate of \$1.50 was ordered published by the southern rate committee.

George L. Forester, who carried on the correspondence

for Anson G. Betts & Co., with Director Prouty and R. dall Clifton, chairman of the southern freight traffic committee, in every letter written by him called attention to the fact that the haul to Rockwood was eight miles less than to Middlesboro, yet the rate was thirty cents higher; that, therefore, the new rate was not only unreasonable, in comparison with rates for like hauls the territory of the Southern Railway, but also in violation of the fourth section of the act to regulate commerce. While thanking the Railroad Administration for taking twenty cents off the new rate, the company said it would reserve further representations on the matter of an equitable adjustment in relation to the lower rate to Middlesboro, the more distant point.

ICE PACKED POULTRY.

The Food Administration has promulgated the following rule for the guidance of shippers of ice packed poultry less-carload quantities:

"Rule 6. On and after Sept. 16, 1918, the licensee shall not ship ice packed poultry by freight for a distance more than one hundred miles, except in carload lots provided, however, such poultry may be shipped in mixed carload for the same destination, each car to contain not less than 15,000 pounds of any two or more of the following commodities, viz., poultry, cheese, butter and eggs, from not more than three points of origin in the direct route to such destination, and provided when ice packed poultry is loaded in such cars the aggregate weight of such poultry in each car shall not be less than 7,500 pounds."

CROSLAND AND THURTELL APPOINTED.

The Commission, September 25, made permanent appointments of Henry Thurtell to be chief examiner and George M. Crosland to be chief of the Bureau of Tariffs effective at once.

GENERAL ORDER NO. 44

Director General McAdoo, in general order No. 44, says that the chief accounting officer in general charge of one or more accounting organizations of the Director General shall be designated as "Federal Auditor." The chief accounting officer in charge of an accounting organization under the Federal Auditor shall be designated as "Auditor." Federal auditors and auditors, the order says, ought not to perform any services for a railroad corporation, except in special cases after obtaining express authority.

DOCKET OF THE COMMISSION

Note.—Items in the Docket marked with an asterisk (*) are new, having been added since the last issue of *The Traffic World*. Cancellations and postponements announced too late to show the change in this Docket will be noted elsewhere.

- October 2—Argument at Washington, D. C.:
10030—Milton Brick Co. et al. vs. Pa. R. R. Co. et al.
9574—Chamber of Commerce of Greeley et al. vs. C. & S. R. Co. et al.
- October 3—Argument at Washington, D. C.:
9395—Pacific Lumber Co. et al. vs. Northwestern Pacific R. Co. et al.
9536—Willamette Valley Lumber Assn. et al. vs. Sou. Pa. Co. et al.
- October 4—Argument at Washington, D. C.:
9882—American Window Glass Co. vs. W. Md. R. R. Co. et al.
9990—St. Ellen Coal Co. et al. vs. St. L. & B. E. Ry. Co. et al.
- October 5—Argument at Washington, D. C.:
1. & S. 490—Lumber transit privileges at Buffalo, N. Y.
7506—Buffalo Lumber Exchange and Buffalo Chamber of Commerce vs. Ala. Cent. Ry. Co. et al.
9488—Aurora, Elgin & Chicago R. R. Co. vs. Ind. Harbor R. Co. et al.
9006—Cabin Creek Cons. Coal Co. et al. vs. C. H. & D. R. Co. et al.
- October 9—Argument at Washington, D. C.:
1. & S. Docket 1118—Live stock loading and unloading charges
9977—Chicago Live Stock Exchange vs. A. T. & S. F. Ry. Co. et al.
- October 10—Argument at Washington, D. C.:
8834—Kettle River Co. vs. Mo. Pac. Ry. Co. et al.
9146—McGowen-Foshee Lumber Co. vs. F. A. & G. R. R. Co. et al.
9797—Robert Abeles et al. vs. Alex. & Western Ry. Co. et al.
9907—Commercial Club of Omaha vs. B. & O. R. R. Co. et al.
- October 10—Washington, D. C.—Examiner Hillyer:
• 10253—E. E. Musick vs. N. & W. Ry. and W. G. McAdoo, Director-General of Railroads.

THE TRAFFIC WORLD

A working tool for traffic men, both industrial and railroad; a national journal of important transportation news; independent as between carrier and shipper.

Issued every Saturday by

THE TRAFFIC SERVICE BUREAU

Colorado Building,
Washington, D. C.

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THE EMBARGO

A large part of the present correspondence between shippers and the Railroad Administration probably relates to embargoes. As the weather gets bad that kind of correspondence is likely to become heavier than it is now. Many shippers, apparently, do not realize that the effect of an embargo is to cancel every applicable rate via the embargoed route or routes as to all embargoed commodities. That means that the rule requiring the carrier to give the shipper the benefit of the cheapest route cannot operate while there is an embargo. The effect, legal or not, is to force the shipper to use the more expensive route unless he can obtain a permit to use the embargoed one. In the event he obtains a permit for the embargoed commodity over the closed route and the carrier sends the shipment via a more expensive route, the rate via the cheaper route is the one the shipper must pay. There is no federal law requiring a common carrier to remain in business, either temporarily or permanently. Some state laws seek to compel a carrier to remain in business, volens or nolens, as a condition to its right to do business until released from that obligation. There is no such federal law. Even if the roads were not in the hands of the government, it is a question whether anyone could have a remedy for the damage that might be done by chronic embargoes such as are now being laid, sometimes, perhaps, without sufficient justification. An embargo is a notice from the carrier that it finds it physically impossible to handle business. The query is as to

how it could be proved that that is not a true representation of conditions.

THE MOTOR TRUCK CARRIER

It is possible before the railroads are returned to their owners or sold to the government, as the case may be, that it will be necessary to get out the old law books with a view to recalling the common law in regard to carriers. The development of transportation by motor trucks offers that prospect. The individual truck is being superseded by the company owning many trucks. The business of transportation by that means of conveyance is assuming the importance of a business "impressed with a public interest." The government never deals with failures or a thing that has not been demonstrated to be a success. The truck, a few years ago, was regarded with amused tolerance by the managers of common carriers by rail. Now, however, the competition is felt. The trucks are a success. Therefore, it may be assumed that shortly the government will be giving attention to the rates charged by the operators of such carriers. The revenue law, more than a year ago, recognized them as factors in the transportation business. It said that if they competed with common carriers by rail they were to pay the transportation tax. That was the first intimation from government that it was operating true to form—paying attention only to the successful things. Government ignored the common carrier by rail for nearly a score of years, even in Massachusetts, the most advanced in regulatory legislation of all the commonwealths. When Morse established a telegraph line and the promoters of that means of communication begged for government support, government turned the cold shoulder. Along in the sixties it took note of the success, but it was not until a few months ago that it paid the highest compliment to private enterprise—that of seizing the successful thing. After transportation by trucks has been shown to be successful, there probably will arise a demand, first for government control and then government ownership. That is the cycle through which the railroads are passing. The law governing carriers by rail now is well established. Years after transportation by rail became successful, public servants discovered that the law relating to carriers by wagon could not be applied to carriers by rail. Then they changed it. When the truck, as a common carrier, is firmly established, the men the public hires to do the public business will discover that the act to regulate commerce is not applicable to carriage by truck, hence the suggestion that there will probably have to be a rush back to the old common law to find out what are the rights and duties of the common

carrier by wagon and how the shipper may be preserved from injustice at the hands of carriers by truck.

Whatever the future may hold, however, for this means of transportation, the motor truck just now is and should be regarded, not as a subject for regulation and suppression, but as a means of salvation. It is recognized on all sides by students of the transportation problem that at this time of freight congestion when rail facilities are taxed to the utmost and when there is such a mass of traffic the movement of which is essential to the winning of the war—to say nothing of ordinary commercial business, which has to be more or less efficiently carried if the goose that lays the golden eggs that are cashed into Liberty Bonds is not to be disabled—the motor truck is to be fostered, and petted, and made the most of, and to be brought to the attention of business men as a method by which, in many cases, they may escape the handicap of poor rail facilities and get their traffic hauled, at least for comparatively short distances, promptly, efficiently, and at a cost perhaps not so great as to be prohibitory.

If any proof is wanted that it is the attitude of transportation authorities, including railroad men who are able to rise above considerations of the future for the sake of the present need, that the motor truck should be made the most of, we cite the address of Edward Chambers, Director of Traffic of the U. S. Railroad Administration, before a recent conference of the regional chairmen of the Highways Transport Committee. He urged the trucking of less than carload shipments from manufacturing centers to points thirty and forty miles distant. There is a recognition by an experienced and able railroad man, not only of the present need of help for the rail carriers, but of the motor truck as a means of supplying that help. So, whatever may come in the future, the motor truck should make the most of its present opportunity and those who can use it should make the most of the motor truck.

✓✓ GOVERNMENT OWNERSHIP

More than one man, hitherto busy with litigation under the act to regulate commerce, has stood on the street corner lately to talk about the probable disposition of the railroads when peace returns. Men who think on the matter speculate on at least two forces that may operate as major powers in the settlement of that question. They are the owners of railroad securities and the employes of the railroads. If securities fall much lower, the small holders will have to let go and the banks that have made loans on them or men who have

the means to make money on long turns of the market will become the owners. In the event the securities are forced into strong hands at low prices, it is regarded as a moral certainty that their owners will become advocates of government ownership on the theory that the government will buy the stocks and bonds at "fair prices," meaning something more than those paid by those who picked the securities up at bargain sales.

The second major force may be the lower salaried employes, other than the members of the brotherhoods. As government employes, the unorganized railroad employes are making more than they made under private ownership, and so, in a way, have benefited, temporarily, at least. The highly organized brotherhoods have not benefited to an extent that they could not have expected anyway, and they have felt constrained to protest against the Director-General's order forbidding political activity. The brotherhoods have not been politically active, but their leaders have not, at any time, tried to dissuade a politician who had an idea that the "brotherhood vote" would be used in the event that he did not walk the chalk line. There are about 375,000 brotherhood men. The rest of the 2,000,000 railroad employes are either not organized or are so poorly organized as to make it possible that they would rather take their chances of retaining the wages they have by remaining government employes than return to private employment. The brotherhoods, however, are believed to be so strong that they would rather deal with private employers than with the government.

Such a combination of holders of securities bought at bargain prices and the ordinary railroad workers, plus the believers in government ownership for its own sake, might bring about an unloading of the railroads on the government in the event there should be a slump in prices and wages at the end of the war.

Of course, if the railroad employe does take that point of view, he will, we believe, be standing in his own way, for government ownership of the railroads means an end to the dreams of section hands who see themselves managers in the future, and of stenographers who see themselves presidents. Though not all section hands become managers or all stenographers presidents under private ownership, a great many do, and the number of those who do will be much smaller when the politicians who got the votes at the last election get the good jobs. Civil service, say you? Postoffice department an illustration of good organization under it? Who is the postmaster in your town or city and how did he get his job?

CONSOLIDATED CLASSIFICATION

The Traffic World Washington Bureau.

The time for filing briefs on the questions raised by the proposed consolidated classification has been extended from November 1 to December 1 on account of the additional hearings to be had in Washington. It is suspected, also, that the extension was made in view of the fact that the mileage scales on which the class rate structures of the country are to be recast will by December 1 have been in hand for a considerable length of time and those who file briefs will be able to present their views in the light of what these mileage scales, if adopted, will do to their business.

There is still a division of opinion as to whether the proposed classification does or does not carry with it the cancellation of the exceptions to present classifications. The inclination is to accept the statement of Director Chambers as conclusive. He said the proposed consolidated classification was intended to apply both state and interstate and that the rates resulting from exceptions to Southern Classification No. 43 would be treated as commodity rates. If the consolidated work did not throw into the discard the exceptions, then there would be no reason for presenting any matter covered by them to the Southern Traffic Committee, as suggested in Director Chambers' telegram. In answer to those who contend that the consolidated book does not carry with it the abolition of exceptions, it has been asked how the exceptions could apply to the new classification, when, as a matter of patent fact, the new classification would be wholly unlike the old one, and references in the exceptions would not lead the inquirer to anything in the new classification.

The thought among those in the Commission who know about tariff publication rules is that the exceptions in the South will go out with the classification itself and that, if the rates caused by the exceptions are not published as commodity rates before the effective date of the cancellation of the existing classifications, the classification ratings will automatically become operative and so remain until they are published, either as denominated exceptions or as commodity rates.

They are fortified in that belief by the fact that Director Chambers, in his answer to the Southern Traffic League, said the consolidated classification was intended to apply on both state and interstate traffic and the exceptions would be treated as commodity rates. They could not be "treated" as commodity rates unless and until they were so published because they are now published as exceptions to something that will go out of existence when the consolidated book becomes something more than a proposal.

The Southern Traffic League, it is believed by persons who think they know something about the intricacies of tariff publication, will have to insist on the rates resulting from the exceptions being published in a commodity tariff before the operative date of the consolidated book, if it desires to preserve the rate structure now in existence. The question really is whether the Railroad Administration desires to preserve it. If it did, the proposals put forward in the consolidated book probably would not have been made. The southern senators, however, have been enlisted by the Southern Traffic League and together they may have weight enough to prevent the addition to the rates that would be caused by this change in classification, in view of the fact that there was a considerable increase as a result of the changes made in rates by "Fourth Section Violations in the Southeast," and under General Order No. 28.

CLASSIFICATION HEARINGS

(By a Staff Correspondent.)

Atlanta, Ga.—J. H. Teneb, rate expert, Florida Railroad Commission, at the consolidated classification hearing September 26, said he had devoted his entire time in the preparation of his evidence to the consideration of exceptions, on the theory that the cancellation of the Southern Classification would automatically mean the wiping out of all of the exceptions, and therefore the Florida commission was not at this time prepared to offer testimony. It did desire, however, to enter a protest against all proposed advances except such changes as are made neces-

sary by changes in rules, packing requirements and descriptions.

He stated that on as late a date as September 24, Director Chambers told the chairman of the Florida Railroad Commission that he knew of no situation now apparent calling for a further increase in railway revenues.

As the increased revenue which would come from the changes here proposed could not at this time be put into the building of new stations, etc., or to improving the service to shippers, he objected to being asked to accept the advances here proposed.

Mr. Burr, chairman of the Florida commission, said it was not the desire of the state commission to have consolidated classification No. 1 substituted for the state classifications, (but in view of the frank statement of Director Chambers that it was proposed to have these state classifications done away with, he wanted it made clear that they would expect to be heard on that proposition, and would oppose it.

M. J. Parlin, resuming the stand, filed an exhibit showing in detail the advances to which he objected and stated that, while this exhibit would speak for itself, he wished to talk on a few of them. He then specifically mentioned saw blades, sawbucks, solder and bush hooks, on which, he considered, the present rates were high enough.

He did not feel that the increases proposed should be permitted to go in, while the present "illogical scale of rates" remains, and to illustrate his point he quoted the class rates to Kuttawa, Ky., and Brentwood and Robbins, Tenn., ranging from 194 to 199 miles from Louisville, where the class rates vary respectively:

1	2	3	4	5	6
56.5	50	44	37.5	31.5	25
72.5	60	50	45	36.5	32.5
91.5	79	69	59	50	41.5

On cross-examination, the question of values of the different items covered by his protest was gone into in an effort to convince Mr. Parlin that the proposed advance on saws was justified.

Mr. Steadwell based his justification of the items listed by Mr. Parlin, largely on the relationship between the rates on the commodities and the raw materials from which they were made as well as the ratings on analogous articles. As to the latter, however, Mr. Parlin and Mr. Steadwell could not often agree on analogy.

The examiner wanted to know what proportion of the revenues in the southeast came from class traffic, and Steadwell said he had no authentic data, but that to his mind classes 1 to 6 brought about 30 per cent.

Mr. Crosland said the proportion would not amount to more than 20 per cent and Mr. Steadwell said he felt there were entirely too many commodity rates in the south, and that the percentage should be much higher. Mr. Collyer said the percentage in Official territory would run to about 20 per cent.

As to the proposed advance in rating on saws in Official territory, Mr. Collyer said reductions as well as advances were proposed, the changes being necessary to take care of the wide range in kinds and values.

Edgar Moulton, assistant general manager, New Orleans Traffic Bureau, agreed with the proposition that uniform rules, regulations, descriptions and minimum weights would be desirable. He felt, however, that one classification was used as a base instead of taking the underlying principles of all three and constructing a consolidated book thereon, and he believed the latter would have been a much fairer plan.

His analysis of the entire book showed that changes in minimum weights and in ratings had produced 4,000 increases, of which 64 per cent were in the south, and 1,840 were reductions, of which 48 per cent were in the south, which, to his mind, demonstrated the unfairness of the proposed book to the south.

He said he had given rule 10 considerable thought and was willing to give it a tryout.

General protest was made by him as to proposed advances in both the west and the south on the items carried under the iron and steel list, approximately 80 articles being shown.

He also protested the proposed advances in the south on the articles carried under the heading railway track material. He was, however, not prepared to give specific data as to the various items in the two lists.

Mr. Moulton wanted paper bags specifically named as a

package in which to ship lime in L. C. L. quantities in the south, the present description naming paper bags for cement, but not lime.

Molasses and syrup increases were protested, as were those on shovels, spades and scoops in the south, in carloads, by Mr. Moulton, on behalf of various New Orleans interests.

Mr. Steadwell said shovels had originally been rated at sixth class under the mistaken idea that they were akin to agricultural implements, but he felt they were more in the nature of such tools as picks, rakes, hoes, tamping bars, railway track tools, etc.

Mr. Moulton objected to the proposed advance in the L. C. L. rating on caustic soda, and Mr. Steadwell said the advance was brought about through the effort properly to align all the rates on the different soda compounds.

A. F. Vandegrift, of the Louisville Board of Trade, again resuming the stand, protested proposed advances on horse-drawn vehicles, K. D., in L. C. L. quantities in the south. Mr. Steadwell said the present rating was another relic of the low developmental period of the south, that it was a comparatively light and bulky article, and that there was no apology to make for the proposal to advance the rating from fourth to first.

Mr. Vandegrift objected on the part of a dealer in Louisville to proposed increases on plow or cultivator parts, L. C. L., and to those on rolling coulters, but could give no data as to the basis for the protest.

Mr. Wood of Chattanooga wanted to know where plow points, etc., which it was proposed to drop from the Southern Classification, would be rated and he was told under the heading plow or cultivator parts, iron or steel, N. O. I. B. N. He protested the proposed advance, which would mean an increase from special to sixth class in carload and from sixth to third, L. C. L.

Mr. Crosland said the item in the Southern Classification carrying these various plow parts must have been put in as the result of the "big stick" of tonnage and that the ratings there given were almost a crime.

Mr. Vandegrift also objected to the proposed increases in ratings on wooden agricultural implement handles, in the rough and in the white, and to the ope on broom handles, on cotton warp and cotton yarn, but had only general information with respect to them.

The increases to which he objected are only in the south, and Mr. Steadwell put in specific justification as to each of them, embracing such principles as analogy, the desire to get away from all preferential ratings, weight per cubic foot and relative value.

Mr. Vandegrift, resuming the stand September 27, entered protest against proposed advances on cotton dyed, N. O. I. B. N., in the south and to those on cotton, N. O. I. B. N., in bags or in bales not compressed, from fourth to second in Official territory. Mr. Collier called his attention to the fact that the only change had been to increase the compression from 20 to 22½ pounds, the standard density. He wanted to concur in the protest of previous witnesses as to proposed advances in bags, both burlap and cotton.

A. W. White, traffic manager, International Agricultural Corporation, asked that the sediment or refuse in the bottom of acid tank cars be considered apart from the commercial acid which may be left in the cars which are not completely unloaded and returned to shipping point. He said it was the purpose of his concern to clean the cars each trip, but that, due to irregularities in transportation, this could not always be done, without seriously delaying the transportation of the acid. The sediment, aside from the acid, has no commercial value, being as a matter of fact a source of expense, and he wanted the acid shipping rules amended so that no charge will be made on the return movement of the sediment.

He was asked by the classification men if a provision in the rule reading substantially as follows would be satisfactory to him:

"Except that if the remaining substance is without commercial value and no recovery is made therefrom either by the consignee or the consignor, no charge will be made." He said that would be entirely satisfactory and the classification men indicated that they would be willing to have such a rule put in.

Mr. White said he had no protest to make as to the proposed advances in L. C. L. rates on sulphuric acid in the south, as his company does not handle it in less than carload quantities. Mr. Steadwell, however, said he would

like to put in his justification for that increase, which he proceeded to do.

The examiner wanted to know why he should adopt such a course with respect to sulphuric acid and not with reference to the two or three thousand other increases which were proposed and as to which there had been no protest, and he said he would be glad to do it, but that to follow that plan would mean staying in Atlanta for a month, and that this was a sort of an "anchor to windward."

H. C. Van Horn, representing the Southern Wholesale Grocers' Association, had no testimony to offer, but said he wished to concur in previous protests as to advances in bakery goods, molasses, salt, soap and soap powder, syrup, groceries N. O. I. B. N. and cottonseed meal.

His attention was called to the fact that as to some of these, no protest had previously been made. He then said he did not see why groceries N. O. I. B. N. should be rated double first class in the south and first in the other two territories and especially in view of the fact that practically every article in the grocery line is rated at first class or lower.

Mr. Van Horn also stated that as to the other items he named, on which no other protest had been made, that specific data would be put in at the Washington hearing.

E. DeL. Wood objected on behalf of the Chattanooga Medicine Company to proposed advances on almanacs, calendars, etc., which company, during 1917, shipped 11,610 boxes of almanacs, averaging 7 pounds each, and 41,663 boxes of calendars, averaging 45 pounds.

Objection was raised by Mr. Wood as to proposed increases in the south on babbitt metal, and justification was based on the relative value of the babbitt and the materials from which it is made and the value of analogous articles.

Mr. Wood also protested the proposed advance on saw-mill or woodworking machinery N. O. I. B. N. on skids, in L. C. L. quantities, from second to first class. He described their method of preparing their machines for shipping and Mr. Steadwell said they would be entitled to the K. D. rating, as to which no advance is proposed.

Skeleton framed gas stoves, on which advances in both carload and less-carload quantities are proposed, formed the basis for another protest by Mr. Wood, and as to a certain kind of hand cart he felt that a jump from third to double first was quite a jump on a heavy farm cart weighing 280 pounds each.

Frank Wilby said Savannah had prepared exhibits based on information received from Washington, which had been twice changed, and that as his whole testimony was so involved with the question of state classification that he would defer his testimony to the Washington hearing.

Albert Kaufman, of the National Straw Hat Works, and representing two other southern manufacturers, said they now ship untrimmed straw hats at 120 per cent of first class, which it is proposed to advance to double first. He said he could not secure wooden boxes in Atlanta and that he is therefore forced to use the one-piece fiber-board container or discontinue shipping.

He said they had been shipping in these cases for four years and have had absolutely no claims or complaints of loss or damage.

The classification men said the rule was put in to discourage shipments of millinery in these oversized fiber containers, which they considered an unsafe freight shipping container.

There being no further witnesses, the Atlanta hearing was declared adjourned, after which there followed an informal discussion as to what, if any, further specific proposals in the new book should be allowed, in the event the Commission should make a blanket refusal on it. The classification men had nothing further to suggest, their attitude being that they were in position to justify every change proposed.

A CORRECTION

H. N. Holdren, assistant traffic manager of the Pittsburgh-Des Moines Steel Company, was quoted in The Traffic World of September 28 as saying, at the Atlanta hearing on the proposed consolidated classification, that he was in favor of Rule 10, as it would enable his firm to ship its outfits in both directions in mixed carloads as desired. He says he did not mean both directions, as obviously the outfits move in carload lots only on the initial movement with the steel, and are returned in less than carload lots and would be subject to the L. C. L. rates.

NEW MILEAGE SCALES

The Traffic World Washington Bureau.

Mileage scales for Southern and Western Classification territories are expected to be given to the public soon. The scale for the South is expected to be applicable throughout the territory. The West may be divided into three parts, with the scale for the Southwest as one hundred per cent; class rates in the mountain states and California may be 120 per cent of the scale for the Southwest, and for Iowa and the near northwest and the Pacific northwest, seventy-five or eighty per cent of the southwestern scale.

RELIEF FOR EASTERN COMMITTEE

The Traffic World Washington Bureau.

It has been practically determined to give relief to the Eastern Freight Traffic Committee by making the Eastern Trunk Line and C. F. A. committees intermediate bodies between the district traffic committees and the Eastern Freight Traffic Committee that sits in New York to consider questions for the eastern region. Shippers will be added to the two committees mentioned and complaints or suggestions originating within those freight territories will be assigned to them for recommendation.

S. E. SPIVEY RESIGNS

The Traffic World Washington Bureau.

It was announced October 3 that W. H. Chandler had resigned from the Boston Freight Traffic Committee and S. E. Spivey from the Atlanta committee. The former was said to have resigned because he was going to live in New York and the latter because the establishment of an army camp at Columbus, Ga., requires his whole service for his employers, who are shippers in various Georgia cities. Both are shippers' representatives on the traffic committees. It was announced October 4, however, that at the earnest solicitation of the Administration and several state commissions, Mr. Chandler had decided to continue on the Boston Freight Traffic Committee. His connection with the Boston Chamber of Commerce will not be broken, it was stated, though he has taken over additional work.

INCREASE IN EXPRESS RATES

The Traffic World Washington Bureau.

Advances in express rates, both state and interstate, will be initiated by Director-General McAdoo immediately on receipt of a report by him from the Commission saying which, in its opinion, would be the best form in which to start the new rates. That fact has been given to Charles E. Elmquist, representing the state commissions, by Director Prouty. The latter was deputed by Director-General McAdoo to answer Mr. Elmquist's letter of September 18 in which he said he understood the express company had applied to the Director-General for an increase in rates. Director Prouty said the company had not applied for higher rates, but that the Director-General had decided it needed higher rates so as to enable it to keep its labor by paying higher wages and also that express matter might bear its proper share of the transportation burden. Mr. Elmquist has circulated the letter so as to advise state commissioners that they will be factors in this matter only by making their representations to the Director-General or the Commission. Director-General McAdoo holds that they have no power over rates within the state.

Mr. Elmquist's letter of September 28 to the state commissioners advising them of the position taken by Director-General McAdoo in respect to express rate advances, as stated by Director Prouty, is as follows:

"On September 20 the Special War Committee issued Bulletin No. 19-A in regard to the proposed increase in express rates, which contained the letter which was addressed to the Honorable William G. McAdoo. This morning I received a reply from Hon. C. A. Prouty, Director of Public Service and Accounting, which I think is of sufficient importance to communicate at once to all state commissions. It reads as follows:

"Yours of Sept. 18, 1918, signed by yourself and other members of the Special War Committee to the Director-General of Railroads, has been by him referred to me for reply. In that connection I beg to submit the following observations:

"1. The American Railway Express Company has not applied to the Director-General for leave to advance its rates. That company is the agent of the Director-General. It is responsible to him and he is responsible for it. The advances granted by the Interstate Commerce Commission yield to the express company about \$10,000,000. That sum has been distributed by the express company among its employes in increased wages. It is, however, the opinion of the officials of the express company that these wages must be further increased. The compensation paid those employes is still decidedly less than that paid railroad employes performing a similar service, and decidedly less in most sections of the country than is paid to privately employed labor. The express company cannot hope to retain the services of its employes upon the present wage basis, and is only retaining them for the immediate present upon the assurance that their wages will be further advanced.

"The Director-General has reached the conclusion that further advances must be made and that from \$10,000,000 to \$12,000,000 of additional revenue will be required to cover these advances and other increased expenses, leaving the express company but little, if any, net revenue notwithstanding the economies which have been and are being effected.

"I have been over this matter as carefully as I could with Mr. Taylor, the president of the express company, and, while I do not wish to express a positive opinion in the premises, have reached the conclusion that from \$8,000,000 to \$10,000,000 will be required to make the additional wage advances and that, in view of the increased expenses of operation all along the line, an addition of from \$10,000,000 to \$12,000,000 to the revenues of the express company will be required unless that company is to operate at a deficit.

"For many years it has been the custom for express companies to pay to railroad companies a certain part of the total charge for express service in payment for that portion of the transportation service rendered by the railroad. An average for the last ten years, including all express companies and all railroad companies, is approximately 50.25 per cent to the railroad. It seems fair to assume that this percentage represents what is fairly required for the performance of that part of the total service which has been performed by railroads in the past. The Director-General must therefore inquire what express rate is necessary to yield upon that basis of division a sufficient sum for the performance of that part of the service which in the past has been performed by the express company. If the express company is not receiving upon such a division a sufficient amount to perform its part of the service, then presumably a sufficient amount is not being received for the performance of that part of the service discharged by the railroad in the past and other freight is therefore being discriminated against.

"The Director-General has therefore felt that he must obtain from the express business a sufficient amount so that when divided upon the basis expressed in the contract the express company will be able to discharge without loss certainly that part of the service performed by the old companies on their own account. Considered in this view, he has reached the conclusion that these rates should be increased by a sufficient amount to yield from \$20,000,000 to \$24,000,000 in gross, thus giving to the express part of the service an additional revenue of from \$10,000,000 to \$12,000,000. I entirely agree with him in that conclusion and do not believe he could with justice neglect to make substantially that advance unless he is prepared to say that the express service should be supported at the expense of the freight service.

"Starting out with the proposition that this additional revenue must be raised, he asked from the express company a suggestion as to how the advance should be made. The reply of the company indicated a method of advance which would somewhat change the rate structure fixed by the Interstate Commerce Commission. Feeling that this ought not to be done without the approval of the Com-

mission itself, he determined to submit to the Commission for its advice two questions:

"First, whether the method of advance proposed was a proper one, and, if not, what method should be followed?

"Second, whether the amount of the advance would yield the sum needed, and, if not, what advance would be necessary for that purpose?

"Upon receiving a report from the Interstate Commerce Commission, it is his purpose to initiate the necessary rates, both as to state and interstate, at once. So long as the government is operating these roads there seems to be no reason why a lower level of express rates should be charged in one state than in another, nor upon state than upon interstate traffic. If there are local conditions which necessitate a departure from the general schedule, they should be called to his attention at once by the state commission, and its suggestion will be investigated and accepted if possible. I have, myself, been highly gratified at the response of the state commissions to the request that the increase permitted by the Interstate Commerce Commission should be allowed, but I am satisfied that to establish the present proposed advance in that way would require a great amount of time and energy for the expenditure of which no possible justification exists.

"In conclusion, permit me to suggest that in making these advances it is proposed to obtain the additional revenue largely from the dense, short-haul territory of the east, placing a comparatively slight additional burden upon what may be termed outlying territory, which in the main meets your objection that these rates are already high enough. That phase of the matter was carefully considered in determining the manner of the proposed advance.

"Let me further ask you to note that when this increase has been made express rates will have only been advanced about 20 per cent, while freight rates and passenger rates have been increased a considerably greater per cent. Your observation must inform you that the industries are few where both the cost of conducting the business and the price of things sold have not increased several times 20 per cent. You should also bear in mind that if these rates are too high the government obtains the greater part of the overplus, and let me further assure you that these rates will be at once reduced when it becomes evident that such reduction can be made.

"I hope that the various state commissions will present to the Interstate Commerce Commission their views upon the questions submitted to that body, but if they prefer to communicate in the first instance with the Director-General, their suggestions will be carefully considered.

"The Director-General feels that in these times of extraordinary demands upon the government treasury the railroads under his control should be self-supporting. He feels that that part of railroad transportation known as express and hitherto performed by an independent carrier should be self-sustaining. He understands that under the terms of the federal control act he is made responsible for the amount of revenue which must be collected and disbursed for this purpose, and he assumes that responsibility.

"What rate structure should be applied in obtaining this additional revenue, and even what increase in the rates themselves are necessary to yield it, are, in his opinion, questions which should be submitted for the advice of the Interstate Commerce Commission. Personally, I concur in the view he has taken and hope that you and your associates may do whatever you can to facilitate rather than to impede."

"I shall make suitable reply to this letter."

Reply by Mr. Elmquist

In his reply under date of October 1, Hr. Elmquist said: "I have received your favor of the 26th, replying to the letter sent by the Special War Committee to the Director-General in the matter of the proposed express rate increase, and have sent a copy of it to all state commissions.

"By reference to our letter you will observe that no protest was made against any increase in rates. Whether such an increase is justifiable or not is a question of fact which, we believe, should have been presented to the state and federal commissions. Your letter makes it appear that the Railroad Administration has reached the conclusion that:

"1. The Director-General has decided that express rates

should be increased by a sufficient amount to yield from \$20,000,000 to \$24,000,000 in gross, thus giving the express company from \$10,000,000 to \$12,000,000.

"2. That these rates, state as well as interstate, will be initiated by the Director-General without giving the public a chance to be heard, upon the question of their reasonableness, before him or before state or federal commissions.

"3. During the period of government operation the same level of express rates shall prevail upon state and interstate business unless local conditions necessitate a departure from the general schedule. State commissions may call the Director-General's attention to such conditions, but changes from the general schedule can only be made in the first instance by him.

"4. The Director-General, having decided that express rates need to be increased from \$20,000,000 to \$24,000,000, 'it would require a great amount of time and energy for the expenditure of which no possible justification exists' to present the application to the state and federal commissions.

"5. The Director-General 'understands that under the terms of the federal control act he is made responsible for the amount of revenue which must be collected and disbursed * * * and he assumes that responsibility.

"6. Having assumed that responsibility, the Director-General, in this case, seeks to be advised by the I. C. C. upon two questions: Whether the method of the advance proposed is a proper one, and whether the amount of the advance will equal the sum needed; and he asks state commissions to do whatever they can to facilitate, rather than to impede, the introduction of these higher rates.

"It thus appears that the Director-General is witness, judge and jury in a case involving about \$24,000,000. The defendants, the American people, can do nothing to prevent the collection of the judgment which will be entered, and the sum involved is not open to dispute. The evidence before the court has not been disclosed. No witness has been or will be presented for cross-examination upon the question of the reasonableness of the sum which the public must pay. State laws and the wise practices which have prevailed before state and federal commissions are ignored, and due process of law seems to have been denied to the public. Our committee is of the opinion that there is nothing in the express situation which either justifies or warrants this summary procedure. Indeed, your letter of August 1 gives us reason to hope that in the future no rate changes would be thus made. May I call your attention to the language used?

It is my belief that some arrangement will be worked out so that ordinarily in the future rate changes will not be made until opportunity has been given to communities and persons affected to express an opinion upon the same.

"If the express company is confronted with a financial emergency it could, and in all probability would, have secured prompt and adequate relief by filing a fifteenth section application with the I. C. C., thus enabling shippers and others to appear before the Suspension Board, if they desired. In such case it is fair to assume that the new rates would have been made effective thirty days from date of filing. Thereafter the express company could have presented its application for emergency relief to the several state commissions, or you could have sent a request to them by wire, as was done after the ten per cent increase granted by the I. C. C. on July 1, in which case, I am informed, all but five of the states permitted the increase to be made effective upon intrastate commerce.

"The states have shown a commendable disposition to co-operate with the Railroad Administration in all matters, and nothing within my knowledge has thus far transpired which should cause me to doubt either their desire or their ability to do so."

P. S. & A. CIRCULAR MODIFIED.

P. S. & A. Circular No. 13 has been modified to the extent of eliminating the requirement that discrepancy claims in connection with per diem accruing subsequent to Dec. 31, 1917, shall be prepared and settled. The only discrepancy claims that shall hereafter be accounted for are those due from lines that are not under federal control and those arising out of per diem accruing prior to Jan. 1, 1918, on lines under federal control.

CAR SERVICE TARIFF

The Traffic World Washington Bureau.

A proposal to have a consolidated tariff covering refrigerator, ventilator, heated and insulated car service is under consideration by Director Chambers. The tariff would be as big as a classification book if it superseded all tariffs. Rates from the Pacific coast, if such a book is ordered published, would go up from fifteen to twenty per cent. Short-haul advances would be as much as thirty per cent.

The idea underlying the move toward one tariff publication for all refrigeration, ventilation, heated, and insulated car service is uniformity and compactness. At present a shipper must go to many tariffs before he can be certain that he has found all it will cost him to have his commodity moved. There are reductions in the proposal, but inasmuch as the cost of materials and labor has gone up, the increases naturally are greater and, in the total, outweigh the reductions.

The conviction on the part of Director-General McAdoo that the power of the states has been transferred to him is so firm that there is not even a pretense of admitting that the reservation in the federal control law in favor of the police powers of the states amounts to anything in view of the other reservation that the exercise of those powers must be subordinated to the movement of troops and the greater obligation of operating the railroads as a unit.

The proposed consolidated refrigerator tariff is not to carry rates for transportation but merely special charges for refrigeration rules and regulations governing the furnishing of such services. The book will be submitted to the Commission for proceedings similar to those with regard to the consolidated classification. When the Commission makes a report on it it will be made effective.

THE LUMBER EMBARGO

The Traffic World Washington Bureau.

Lumbermen at Buffalo and other points are not going to submit to the embargo on their business without strenuous efforts for a big increase in the machinery for lifting it. Their representations have already caused the Car Service Section to wire its representative in Buffalo that the embargo does not apply to switching within a given city. That instruction was sent out because the Buffalo lumbermen who protested to Director Prouty, of the Division of Public Service and Accounting, September 28, told him that even after a lumberman obtained a permit for shipping over a trunk line he could not be sure he would obtain his shipment, because a connecting line, especially a switching road, was apt to construe the embargo as forbidding it to handle on a permit issued to some other road.

The gist of their complaint was that, inasmuch as there are thirteen separate railroads entering or doing business in Buffalo, there are thirteen varying interpretations of the embargo order. They said that, though the Railroad Administration is telling the country there is only one system now doing business, the men employed in operating the once competing systems are apparently not aware of the unification. They suggested the appointment of one man or a committee to construe the embargo order, so that they would obtain the benefits of unification. Thus far, they said, they had received only the harm arising from the varying interpretations made by the men serving on what were once independent systems.

The Buffalo men smiled at the arrangement which gives Cincinnati, Chicago and Boston embargo committees with power to lift the ban and denies one to Buffalo, which, they said, handles twice as much lumber as the three other places put together.

Director Prouty acknowledged the justice of the complaints where based on facts rather than on suspicion as to what will happen. The Car Service Section men expressed the belief that much of what the Buffalo men put forward as hindrances were more imaginary than real.

Returning to that, the lumbermen said there was nothing imaginary about conditions that had already been produced in the buying end of the business. They said the buyers for the lumbermen were at a standstill because they could not know whether a permit to ship would be

given after they had bought the output of a small sawmill, say, in Ohio. The salesman, they said, who has found a sawmill that has cut two or three carloads of hardwood lumber and is seeking a market, cannot remain at that place until he finds out whether he can ship the lumber he otherwise would buy, out of hand.

What is wanted is a declaration of policy on which the lumber buyers can arrange their business. As matters now stand, the callers said, they cannot look into the future for anything. They cannot go ahead on the assumption that they will be allowed to do one-fourth of the ordinary amount of business.

The callers expressed a desire to help the Railroad Administration in its effort to control the use of equipment by lumbermen, but, they said, they did not know how to do that. The men at Buffalo are consignees. Under the embargo order they are the only ones who have the right to apply for permits. But they cannot meet the requirement that they state the purpose for which the lumber is to be used. They do not know that; for instance, the Baldwin Locomotive Works desires for war purposes lumber it may order from a customer of a Buffalo man who buys all kinds of hardwood lumber and then sorts it. The Buffalo man, who assembles different kinds of oak into carload quantities, may suspect that his customer intends making artillery wheels or something of that kind, but he does not know. He knows that ultimate consumers of lumber will call on him for certain kinds of lumber. If he is not prepared, with a stock on hand, he cannot fill the orders of the ultimate user who may be turning out war work, but has not specifically informed his vendor that that is what he is doing with big lumber he has been ordering. It was admitted, of course, that a manufacturer needing lumber for war work may obtain a permit for the asking. But he must obtain what he desires from the sorters, who, in turn, must be able to buy and ship the product from the small mills—especially hardwood.

In the case of yellow pine the need for permits for shipments from the sawmill to the big wholesale yards may not be as great. That is because the pine mill, as a rule, has enough of one kind of lumber to send forward properly graded carloads. No mill, however, is able to cut enough oak to make up carloads of the different grades. That must be done in the big yards—hence the suggestion that some way must be found for getting the raw material to the wholesale yards so that the users of lumber that must be sorted and graded may be supplied.

The Car Service Section has given the power of lifting the embargo against lumber, so far as Ohio is concerned, to H. B. Sargent, assistant superintendent of transportation of the Southern Railway in Cincinnati. His office is in the Union Central Building, Cincinnati.

His designation, it is believed, may be taken as indicating that offices or officers at points other than the Atlantic ports and Washington will be designated to issue certificates for the transportation of lumber.

Though it has not been announced from Washington, lumber permits are also being issued in Chicago by W. S. Barnes of the Car Service Section, with office in the Burlington Building.

ANDERSON TO BE A JUDGE

The Traffic World Washington Bureau.

President Wilson has nominated Commissioner Anderson to be circuit judge in Massachusetts, thus giving him relief from work that his friends have ~~been~~ said he did not fancy and from which they said he would retire before the end of his term. His nomination will be confirmed by the Senate, although the part he took in framing the federal control legislation, which has seriously affected the usefulness of the Commission, does not set well with senators who fought for the retention of the full power of the Commission.

Joseph B. Eastman, a Massachusetts commissioner, is regarded as a strong probability as the successor to Anderson. He has taken a prominent part in the work of the state commissions and has been active in trying to remove the irritations caused by the change in the control of the railroads and public utilities.

Mr. Anderson had not yet had time in which to make himself a distinct place in the work for which he was ap-

pointed. He will be remembered, it is believed, chiefly on account of the part he took in framing the federal control act.

In that work he acted as the agent of Director-General McAdoo and not as the representative of the Commission. The fact is, the Commission was not represented, regularly, at the Capitol while the lawmakers were framing legislation for the administration of the affairs of the railroads while under federal control. There is great regret now that the commissioners, other than Mr. Anderson, did not take an active part. There is a feeling that it would have been helpful to the public if they had pointed out to senators and representatives the confusion that would result if there was any mixing of the physical operation with the rate-making or rate-regulating powers.

Shippers felt a bit aggrieved over the fact that a man appointed to help in the regulation of rates and practices should accept assignment to duty at the Capitol as the representative of the Director-General. The fact that he appeared before the committees to explain the federal control bill misled some shippers into the belief that what was being proposed had the approval of the Commission. They held that idea notwithstanding the fact that Anderson, time and again, whenever the question was raised, made it definite that he was acting for the Director-General in asking, in effect, that not only the power of physical operation, but also of the initiation of rates and the fixing of practices for the railroads be concentrated in his hands during the period of federal control. Some of Anderson's colleagues are understood to have regarded what he did as being of questionable propriety, because they believe the mere fact that he was a member of the Interstate Commerce Commission would carry with it the implication that what he was saying represented the views of the members of that body.

Because it is so hard to dissociate the commissioner and the man, it has been the rule of commissioners to refrain from any public speaking on anything other than questions of railroad regulation, and when they talk on that they generally speak only to audiences composed of men interested in the subject with which the Commission deals. Many commissioners have declined to make public addresses for the reason that the public is too inclined to take what may be the personal views of a commissioner as the thought of the whole body. As a rule, they have followed the practice of judges—that of speaking only at meetings of men having a knowledge of the technique of the work in which they are engaged. They have appeared at the Capitol only on the request of committees of the two houses. In that way they have avoided the reproach of being called lobbyists, attaching to nearly every man who goes to the Capitol asking for the enactment of legislation, no matter how meritorious the proposition may be.

Mr. Anderson went to the Capitol at the request of the Director-General, who, as the successor, in an operating sense, of all the railroad presidents, became the man with whom shippers naturally expected to engage in controversies about rates and practices. As commissioner, Mr. Anderson was to be the ultimate judge of the reasonableness of the rates that might be prescribed by Mr. McAdoo under the act in the framing of which he had borne a part, as the representative of Mr. McAdoo. His course, therefore, became the text for discussions among those who had been engaged, in one way or another, in the trial of complaints lodged with the Commission. Some contended that as a man who was to sit in judgment on what the Director-General might order, he should not have taken part in the political struggle that preceded the enactment of the legislation under which Mr. McAdoo would issue orders that would come before Mr. Anderson as the reviewing authority.

New England shippers are not certain that they are pleased with what he did to New England. His decision in the New England rate case, in which his colleagues joined, has put that part of the country on a rate level much higher than five years ago it would have been thought possible that New England could stand. A large part of that section is now paying rates as high as the northern part of the southern peninsula of Michigan. There are shippers who believe the necessity for such high rates rests largely on the disruption of the New Haven resulting from the work of the radicals who forced the divorce of the New Haven and the Boston & Maine and the general crip-

pling of the New Haven because its officers had done things the radicals did not approve.

The newly appointed circuit judge became known in Washington while he was serving as federal attorney for the Boston district. He spent much time in Washington investigating food conditions. His work as manager of the defense of Louis D. Brandeis before the Senate committee on the judiciary while the confirmation of Associate Justice Brandeis was being opposed, also contributed to his fame.

Probably the first notice of him the shipping public received came in the winter of 1915-16, when, as an agent of the Attorney-General, he appeared before a conference of shippers and railroad traffic men at the New Willard Hotel at the hearings on reconsignment, with a distinct intimation that he intended to have grand juries indict coal men who might undertake to exercise the tariff right of reconsignment.

Men who believe they know how Mr. Anderson felt about the matter assert he did not accept a place on the Commission until it was fairly certain that the President would take over the railroads and have them operated by his own agents and that he accepted the place from a sense of duty rather than from any liking for the work and thought he was serving the public well by assenting to, if not actually preparing, the legislation under which the Commission has become only a shell of the body that once stood between the carriers and the shippers trying to give each side its due.

The substance of the President's proclamation, especially that part promising the railroads a compensation equal "as near as may be" to the average of the operating income for the three years ending June 30, 1917, is attributed to Mr. Anderson. That compensation was denounced by Clifford Thorne and others believing they were speaking for the shippers, as excessive and an assurance to the owners of railroads of an inordinate profit during the period of federal control; as setting them above the possible vicissitudes of war and in general making of them a preferred class. Mr. Anderson's friends, however, do not feel, if he is responsible for that promise by the President, that he placed an undue burden on the shipping public.

THE ORDER AS TO POLITICS

The Traffic World Washington Bureau.

Director-General McAdoo and the chiefs of the four brotherhoods are arguing about the order of the former forbidding the participation of railroad employees in politics. They had a formal conference on the subject September 26, but came to no conclusion except to have another talk within two weeks. The brotherhood chiefs, in a letter to the Director-General and in a circular to their own members, take the position that the order would deprive two million Americans of their right to engage in public affairs.

Partisan opponents of the Director-General have taken up the subject and Representative Wood of Indiana put into the Congressional Record the circular sent to the brotherhood members by their chiefs.

Director-General McAdoo has thus far declined to change the position he took in his circular, which position, it is generally supposed, would meet the approval of the public could its views on the subject be ascertained. The public is supposed to be of the opinion that the business of a government employe is to attend to business and have no more to do with politics than the exercise of his privilege to vote. It is not a right, but a privilege granted by the legislative power, although it is generally referred to as a right, or equal dignity with the right to live and hold property.

The four brotherhoods, as organizations, have seldom taken part in politics. They did not enthusiastically approve what Congress did when it passed the Adamson law, establishing the basic eight-hour day and providing for the payment of the same wages for an eight-hour as for a ten-hour day. They were willing to take the benefit, but they did not like the idea of having Congress fix wages, because the power to raise wages carries with it the power to lower them.

Efficiency in Traffic

New Devices, Suggestions, and Methods for Increasing Efficiency
in Freight Handling and Other Branches of Traffic Work

NEW RECORD FOR HAULING EGGS

(From "Baltimore," published by the Merchants' and Manufacturers' Association of Baltimore.)

A commercial truck load of eggs left Vineland, N. J., at 11 a. m. and arrived in the wholesale district of New York City at 2 o'clock the next morning, traveling the entire distance of 140 miles without breaking a single egg. Delivery from the shipper to the wholesaler was made in 15 hours, which is faster time than that made by express shipments, and establishes a record for motor haul of eggs.

O., on P., C., C. & St. L. waybill 9175, July 22, routed A., T. & S. F., Kansas City, M., K. & T., destined to Brenham, Tex., and shipped originally from Akron, O., Farmers Merchant Co., as per copy of waybill attached.

"This car, while in possession of M., K. & T., was wrecked. The car was thrown clear off the rails and rolled down an embankment, turning completely over, wrecking the car considerably, during which time the trucks never left their basis. The car containing the trucks was closely examined by our inspector at Sedalia, but in his report he states he could not even find a



The five-ton truck carried 150 crates of eggs, weighing nearly 4 tons, the rest of the load being made up of crated glass. The Bureau of Markets of the United States Department of Agriculture arranged for the demonstration.

LOADING OF MOTOR TRUCKS

The accompanying picture shows the method of blocking employed in the loading of a motor truck manufactured at Akron, O. Before the concern began to use this system of loading it used 820 pounds of blocking. Now it uses 320 pounds. It points out that the resulting saving has amounted to a large total, taking into consideration the freight saved on the blocking, the saving in the cost of blocking, and a fifty per cent saving in the labor of loading. The following letter, from W. H. Hunn, district superintendent of the Western Weighing and Inspection Bureau, to the Bureau in Chicago, has reference to this system of blocking:

"Our traveling representative at Sedalia, Mo., recently inspected car C. & N. W. 125620, moving from Columbus,

scratch on any of them. This, no doubt, is good bracing.

"Would you take this matter up with Mr. Merkl, and request him to ascertain at Dayton if the bracing used in this car is being used in all cars and, if so, would it be possible to have Mr. Merkl furnish us with a photograph or diagram of the bracing of these trucks?"

FREIGHT OPERATION FIGURES

The Traffic World Washington Bureau.

The Operating Statistics Section of the Division of Operation of the Railroad Administration, under the management of Prof. W. J. Cunningham, has compiled a statement of freight operating statistics for July, 1918, as compared with July, 1917.

The most striking feature of the report, says a McAdoo press statement, is the increase in the ton mileage that is recorded concurrently with a decrease in the train car and engine mileage. Both the average train and car load also show a substantial increase. The figures furnish proof, it is claimed, that the policy of the Railroad Admin-

istration in shortening routes and insisting on the heavier loading and more intensive employment of the rolling stock and motive power is having the effect that had been expected in increasing the capacity of the railroads and reducing the cost of operation.

The statement shows an increase of 1,897,376,211, or 5.6 per cent, in the number of revenue ton miles hauled, a decrease of 273,248,170, or 8.9 per cent, in the number of non-revenue ton miles hauled concurrently, with a decrease of 661,139, or 1.2 per cent, in the number of train miles, a decrease of 71,118,405, or 5.2 per cent, in the number of loaded freight car miles and a decrease of 428,152, or 0.7 per cent, in the number of freight locomotive miles, the comparisons being as between July, 1918, and July, 1917. The average trainload in July, 1918, was 723 tons, as compared with 628 tons in the same month in 1917, and the average carload was 30.1 tons in July, 1918, as compared with 27.3 in July, 1917.

HANDLING OF COTTON

Car Service Bulletin No. 52, effective October 1, requires that seventy-five bales of compressed cotton or cotton linters be loaded in a standard car. Heretofore the loading has been about sixty bales.

Regional Director Bush, in his order No. 82, says:

"The following instructions governing the handling of cotton should be made effective as early as possible:

"To avoid accumulation at compresses, as in the past, a local railroad representative shall be designated at each compress station to represent all lines if a common point, and it shall be his duty to record the number of bales consigned to each compress at that station from points of origin.

"The railroads should keep him advised daily of all such acceptances to enable him to determine when the capacity of a compress has been reached, and that he may immediately notify all roads that no more cotton should be accepted for it. When the compress again has available room he will advise all roads what additional cotton can be accepted according to the relative density of their movements. The restriction at country stations should enable platforms to be kept clear of cotton over and above ability of the compresses to handle.

"The joint representative should also be advised daily, by all roads, of the number of cars loaded to his station for each compress and the number of loads in town and at compress for unloading, which information will enable him to at once notify all lines to restrict to certain amounts or to discontinue entirely loading cotton for that compress, as conditions may justify. This should eliminate delay to equipment account inability of compress to promptly accept and unload.

"In the loading of flat cotton at country stations for compresses, the maximum capacity of cars must be utilized and 50 bales for standard 36-foot car must be secured if possible. In localities where the car supply is inadequate, roads should utilize local merchandise cars moving to compress points. Cotton under ore bill of lading should not be loaded in two cars when one car will take entire shipment and agents should urge shippers to accept bills of lading for amounts that can be loaded into one car.

"The loading at compresses should be to capacity of cars, maintaining the minimum of 75 bales (regular density) to standard 36-foot cars. When capacity of car permits of more than 75-bale loading, car should be filled and where cotton is pressed to high density car should be loaded proportionately heavier. No cars should be accepted when loaded to more than one destination, and extreme care should be exercised so that no shipments will be accepted contrary to existing embargoes or without necessary traffic or export permits when such permits are required.

"Each bale must be marked by the shipper in a plain and indelible manner. In addition to the mark specified shippers must attach to each end of the bale shipping tags showing the name and address of shipper, consignee and destination, also number of bales in the consignment, thus lessening the opportunity for loss or improper delivery. Uncompressed cotton or cotton linters must not be accepted at way stations, unless, in addition to the shipping marks, there is securely attached to each end of the bale a waterproof shipping tag, showing the name of shipper, point of origin, consignee and destination.

"These instructions will in no way conflict with any instructions now existing on any of the cotton handling lines with reference to care and attention to prevent fire or loss in any other manner, nor will they, except as specifically noted, affect present instructions relative to acceptance of cotton for shipment."

HEAVY LOADING OF CARS

The Traffic World Washington Bureau.

The shippers of the country are doing wonders in the way of carloading to make transportation efficient. That fact is shown in a detailed report of tonnage handled at twenty-five terminals in July, given out by the Railroad Administration October 2. At the same time a summary for August, without details, was promulgated.

The detailed report for July shows that 10,997,497 tons were handled this year, as compared with 9,689,876 in July, 1917. The July, 1918, tons were handled in 310,541 cars, while the July, 1917, tonnage was handled in 285,227 cars. That shows an average loading in July last of a little more than 34 tons per car, while the loading in July, 1917, was a little less than that.

There was an improvement in August over July. Whether the improvement was on account of a determination of the shippers to load carloads to the highest limit or to the improvement in less-than-carload business, cannot be learned from an examination of the detailed figures for July or the summary for August, the supporting details for which have not yet been made public. But more tons were handled in fewer cars through several of the terminals. The Railroad Administration issued a press statement on the subject, in which it said:

"During the week ended August 31 there were 338,198 cars handled through these terminals in 1917, as compared with 337,309 cars handled during the same period in 1918—a decrease of 889 cars. For the same period in 1917 there were 11,391,216 tons handled through the same terminals, while in 1918 there were 11,846,867 tons—an increase of 405,651 tons.

"For the week ended Aug. 21, 1917, 240,758 cars were handled, as compared with 242,361 cars in 1918—an increase of 1,603 cars. In the same period 7,921,004 tons were handled, as compared with 8,431,400 tons in 1918—an increase of 510,396 tons.

"For the week ended Aug. 14, 1917, 239,233 cars were handled, as compared with 238,144 cars during the same period in 1918—a decrease of 1,089 cars, although in the same period there was an increase in tonnage handled of 515,256. In this period 7,713,702 tons were handled, as compared with 8,223,958 tons in 1918.

"For the week ended August 7, 230,415 cars were handled in 1917, as compared with 238,519 cars in 1918—an increase of 8,104 cars. In this period 7,382,812 tons were handled, as compared with 8,262,436 tons in 1918—an increase of 879,624 tons.

"At a number of the terminals there has been a decrease in the number of cars handled during the month of August, 1918, as compared with the same month in 1917, although at the same time there was an increased tonnage handled in practically every instance.

"The terminal cities included in the report are: Atlanta, Birmingham, Boston, Buffalo, Chicago, Charleston, Cleveland, Duluth, Superior, Galveston, Hampton Roads, Kansas City, Los Angeles, New York, New Orleans, Omaha, Portland, Philadelphia, Pittsburgh, Seattle, St. Louis, San Francisco, Savannah, Tacoma, Minneapolis, St. Paul, Toledo."

CONSERVING RAILROAD EQUIPMENT

The Traffic World Washington Bureau.

It is a clearly established fact that the Railroad Administration is not going to try to promote business for the railroads under existing conditions. It has not substituted itself for the abolished freight solicitor and freight and passenger traffic manager. The imposition of the embargo on forest products, it is believed, is the most pointed indication that it will not encourage "business as usual," but will operate the facilities of the country only for keeping alive what it deems the essential industries.

An industry may be essential to-day and non-essential

to-morrow, so because transportation facilities are furnished to-day is no sign that they will not be shortly denied. For instance, at this time there is serious discussion as to whether the tariffs should hold out an offer of engines and cars for either intra-plant or inter-plant service. That discussion is part of the consideration that has been given to questions of rates for that kind of service.

The thought is growing that the Railroad Administration should not hold itself out as being prepared to furnish an engine and cars for carrying supplies from one part of a plant to another, or from one plant to another. That thought is based on the suggestion that neither engines nor cars should be furnished for transportation that can be performed by trucks or drays or wagons at anything less than prohibitive cost. That is to say, while it would be prohibitive to haul coal from the outer edge of the Pittsburgh district to the center of that city by truck, it might not be prohibitive to haul that coal for a half mile from one plant to another, because, in both instances the pick-up and delivery part of the cost is the heavy one. The line-haul cost is small for the half mile, while for the forty-mile line-haul cost through a congested district would be excessive.

The \$15 per car minimum was adopted with a view to cutting out the use of cars for short hauls that might be made by wagon or truck, although there is a view that anything that forces the use of trucks rather than the steam railroad car for heavy commodities, is an economic mistake. The thought is that the truck is the proper thing for merchandise or other high-class freight on line hauls and for hauls on heavy commodities that cannot be made by a steam railroad car.

The big field for the saving of railroad cars, however, is in the transportation of food products. The Food Administration has not yet done much toward the elimination of cross-hauling of food and food materials. The Railroad Administration officials, who have to do with the conservation of equipment, however, have had to do much thinking on cross-hauling. At present the sugar-makers are the ones whose insistent demands for cars have caused the cold eye of abstract reasoning to be cast upon them. Both cane and beet manufacturers are asking for cars for the cross-hauling of their raw materials. A grinder up in Baton Rouge parish, for instance, will go away south into Iberia and contract for cane, while the grinder in Iberia will go north to Baton Rouge for cane. Cane buyers have been interviewed as to why they do that and each man says it is the other fellow who invaded his territory. The cane growers are probably glad to have that kind of competition, but it is not welcomed by the railroad people, who are asked to furnish cars to bring cane from the south to the middle of Louisiana, or vice versa. There may be no sugar mills in Baton Rouge—the name of the capital of the state is used merely for purposes of illustration.

In Ohio, Michigan, and Illinois the buyers of beets are doing the same thing and each is laying the blame on the other fellow, the truth being probably that every mill is straining to obtain the largest possible supply of raw material so as to increase its output, without thought on the part of the buyer that operations of that kind put the railroad facilities to a strain greater than necessary.

Officials having to deal with the subject of cross-hauling are loath to say to buyers that they must obtain what they want within a given area, lest the result be a combination of the sellers in the area for the gouging of the consumers. The time, it is believed, is not far off when restrictions will be placed on practically every community requiring it to deal within its own areas so as to conserve transportation facilities and energies.

It is also a moral certainty that about the first of the year some restrictions will be placed on the use of gasoline and other petroleum products because of the menacing shortage of gasoline. The Highway Transport Committee has been promoting truck transportation to the extent of its ability, so as to save the railroads. But the great increase in the number of trucks results in demands on the railroads for the movement of tank cars, thereby establishing a cycle that may have to be broken.

Limitations on the use of gasoline by trucks, however, is not a thing that can be counted on as a certainty. It is certain, however, that restrictions will be put upon the use of liquid fuel for non-essential purposes, and trucks

may be limited to the hauling of essential products. All that, however, is still in the speculative stage. The fact, however, of the possibility of such things having to be done is under discussion and that, it is believed, is a fact worth considering by those who may be called on to change their ways of making a living.

WEEKLY TRAFFIC REPORT

The Traffic World Washington Bureau.

Director-General McAdoo October 1 made public the following summary of the traffic conditions for the last week:

"Eastern Region: General movement of freight traffic is heavy except New England, where the eastbound flow at present is rather light. Steps are being taken in various directions to arrange for stocks of fuel and other traffic to avoid acute shortages during the coming winter. Passenger travel generally heavy. It is noticeable that a large part of the through travel is composed of a class of mechanics whose higher wages seem to encourage them to take vacations and travel long distances. Complaints of service are few to a gratifying degree, the ticket office service being now generally satisfactory. The scrip books are steadily gaining popularity.

"Allegheny Region: Arrangements are being put into effect to move the traffic via coastwise lines for the relief of rail lines. Short peach crop in New York state, but apple crop estimated to be five times as great as last year. Grape crop light. Regular passenger travel so much lighter on account ending of vacation season, lessening shore resort travel and interference with cantonment travel because of influenza. Seashore service to be reduced October 13 to winter schedules. Three local trains eliminated on Cumberland Valley Railroad. Service in consolidated ticket offices satisfactory. Continued inspection of passenger train service, resulting in many small improvements as to cleanliness, comforts, etc.

"Pocahontas Region: Freight—C. & O. Railroad now able to take care of the merchandise via Cincinnati. Coal movement heavy and satisfactory. Passenger—Service in consolidated ticket offices satisfactory.

"Southern Region: Reasonable and satisfactory progress reported from the school of ticket sellers. Regular passenger travel very heavy, and there is some difficulty at occasional places in supplying equipment, particularly where state fairs make additional demands. Service at ticket offices improving and no complaints received for the week.

"Northwestern Region: Handling grain under permit system proceeding in a general satisfactory way. Conditions as to car supply satisfactory except temporary shortage of box cars for grain loading. It is predicted that all terminal elevators in this region will be filled before the end of October. The labor situation is better and the L. C. L. freight service accordingly improved. Passenger train schedules being well maintained and passenger travel heavy. Consolidated ticket office conditions generally favorable, except for Minneapolis, where steps have been taken to remedy the limited space.

"Central Western Region: Handling of grain under the embargo and permit system working quite satisfactorily and not as many complaints as were expected. Live stock movement has been very heavy, taxing to the limit the facilities of Kansas City and Omaha. Sailing day plan established at additional cities, further saving of 270 cars per week. Reports for the week show saving of 444,721 car-miles by rerouting. Denver consolidated ticket office opened September 23.

"Southwestern Region: Oil loaded week ending September 25. Mid-Continent field, 7,768 cars; Louisiana and Texas, 1,881 cars. General conditions good. Substantial increase in passenger revenues.

"War Department: Frozen beef movement satisfactory and transportation conditions generally satisfactory. Quartermaster Corps putting forth special efforts to increase movement of supplies to reserve storage houses during October and November.

"Navy Department: Transportation situation generally satisfactory; less-than-carload traffic seems to show improvement. Coal supply better than had been stated and indications are that the department is starting winter months with better protection in regard to supplies on hand than last year.

"Food Administration: Improvement shown in handling of fresh meat and packing house products. Difficulty in moving sheep from Utah and Idaho territory, which matter is having active attention of the Railroad Administration. Grain situation working satisfactorily. Permit system for grain will be extended to the following eastern markets: Buffalo, Cleveland, Toledo, Cincinnati, Detroit and Indianapolis. Situation at seaboard grain elevators improved by better vessel supply and grain will be kept moving to seaboard in sufficient quantity to take care of all overseas demands.

"Fuel Administration: Eastern Region—Coal car shortage in Ohio due to scarcity of power, which is being corrected. The regular car supply at some other points now having the attention of the Car Service Section. Some coal congestion New England both water and all rail, due to lack of unloading facilities. Tidewater—Vessel supply more than ample; transportation conditions good. Lake situation—Vessel supply interfered with by storms and ample coal at docks. Coke—Car supply good. Shortage of labor limiting production, especially in the south.

"Fuel Administration, Oil Division: Average number of cars oil per day from Mid-Continent field for September, 1,020 cars, as compared with average of 944 for August. Some complaints of slow service in the southeastern jurisdiction now being looked after for improvement.

"U. S. Shipping Board: Few small congestions of cars at some of the yards, all of which are being actively handled, and no complaints as to lack of transportation.

"Traffic Executive of Allies: Car supply and movement good; some delay in handling billets from Pittsburgh to Baltimore, which will be taken up for correction.

"General: Efforts are being made in many directions to be prepared for slowing down of transportation service, in winter particularly, in arranging for the control of traffic, so that the flow may be regular instead of spasmodic; preparation of schedules for the movement of winter perishable traffic; increased penalty for the detention of refrigerator cars loaded with perishable freight on track; relief of intra-city rail movements and consequent saving of terminal shifting and cars. Progress is beginning to show in the direction of standardizing packages for the proper transportation of freight, and the first tariff covering the standard packages for southern perishable freight will soon be issued. Reports coming to this division from the consolidated ticket offices show that the service is now generally satisfactory, the only complaint recently being from Boston, where improvement has been made to relieve the difficulty."

POLICY AS TO REPARATION

The Traffic World Washington Bureau.

A pronouncement as to what the Railroad Administration intends doing about reparation may be made in a short time. Not one claim for reparation on a shipment made since January 1 has been finally disposed of since the government took over the railroads. Railroad employes and men in the Commission having to do with the preparation of reparation cases have done their work, as usual, but the final approval of neither the Commission nor the Railroad Administration has not been given to one of them.

The Commission has issued orders since January 1 requiring the payment of reparation, but the orders pertain to transactions completed prior to the taking over of the railroads. Thousands of claims have been made or are in prospect on account of things done since the beginning of government control. The pronouncement will be important to every claimant.

Up to this time the thought has been that the Railroad Administration would not make reparation on account of claims arising, from the fact that rates have been put up in accordance with ideas that broke down under protest. It is not certain, however, that that will be the policy. It has been suggested that the government should be at least as just as the railroads were. As a rule, when the traffic men made a mistake in the matter of rate policy, the railroad made reparation when there was a reversal of the policy.

There have been great changes from the policy put into force by General Order No. 28. The Administration, before the order became operative, ordered changes in

rates ordained by it. In some cases the order to change was not executed in time to prevent the collection of rates made by No. 28. Most conspicuous of the cases of that kind were those created by the abolition of import and export rates. Many shippers paid the domestic rates that came into effect by reason of that order, while some of their competitors were more fortunate in that their exports or imports did not move during the time the high domestic rates, especially via Pacific ports, were in effect. Those who did not have to pay the domestic rates have a market advantage, due to the difference in the rates. Those who paid only the restored import and export rates can either undersell those who paid the high domestic rates, or collect as high market prices for their goods as must be charged by those who paid them.

It is the thought among shippers generally that had there been such a cancellation and then restoration of import and export rates while the railroads were under private control, the railroads would have asked permission to make reparation rather than allow the question to be handled, in a formal way, by the Commission. The idea is growing that the Railroad Administration will take the position that it should put all exporters and importers subjected to the violently fluctuating rates on an equality by making reparation to those who paid the high domestic charges.

In several particulars domestic rates also underwent similar fluctuations, as will be recalled by those who remember the changes made in No. 28 by means of interpretations and constructions. If the exporters and importers obtain relief in the way indicated, it is believed the domestic shippers will not be required to live under a different rule.

These, however, are not the only kinds of claims for reparation. During the period between January 1 and June 25 the railroads exercised control over the rates, subject to revision by the Commission. Claims for reparation have been filed under fluctuations not caused by the orders of the Director-General. Some of these claims are based on the fact that the Commission gave fifteenth section permission and that the railroads, after obtaining permission to make the increases, came to the conclusion that they should not continue the higher rates.

Well informed shippers, in nearly all instances, have placed the facts before the Commission so as to stop the statute of limitations. Even if no policy should be pronounced while the railroads are continued in government control, placing the cases before the Commission puts on that body the duty of inquiring of the railroad or railroads that collected the charges what they intend doing about the matter. If the Administration fails to answer, and thus leaves the Commission without information as to whether the claim will or will not be settled, then the Commission cannot tell the shipper that the case cannot be settled informally, because it will not know. If the Administration says it will not pay, then, within six months from the time the Commission tells the shipper that informal settlement cannot be made, the shipper must take formal action, either by complaining that the rates were unreasonable and demanding reparation, or merely complaining that the rates were unreasonable and then proceeding in the courts, in the event the Commission holds them to be in violation of the first section of the act to regulate commerce.

Demand for reparation by means of an order from the Commission closes the door for such a demand in the courts. Under the Louisville Cement Company case, the Commission cannot say the rate was unreasonable and deny reparation, the Supreme Court holding, in effect, that when a rate is shown to be unreasonable, the shipper is entitled to the difference between the reasonable and the unreasonable rate.

CHANGES IN DOCKET.

The Commission has canceled argument set for October 5, at Washington, D. C., in I. and S. 490, lumber transit privileges at Buffalo, N. Y., and case 7506, Buffalo Lumber Exchange and Buffalo Chamber of Commerce vs. Ala. Cent. Ry. Co. et al.

The Commission has canceled the argument set for October 4 at Washington, D. C., in case 9990, St. Ellen Coal Co. vs. L. B. E. Ry. Co. et al.

Legal Department

In this department a legal expert answers simple questions relating to the law of interstate transportation of freight. Readers desiring special service by immediate answer may obtain privately written answers to their inquiries by the payment of a small fee.

Address Legal Department, The Traffic Service Bureau, Colorado Building, Washington, D. C.

Measure of Damages on Import Shipments.

New York.—Question: We frequently have shipments of desiccated cocoanut originating in Colombo, Ceylon, and moving via steamer to Hongkong, thence by steamer to Frisco or Seattle and thence by rail to points in the United States. Invariably there are claims for shortage arising. These goods were purchased some time ago when the market was very low, but the railroads insist upon our furnishing them with the original invoice. This, however, we do not care to do, owing to the advance in the market.

Bill of lading provides that their liability is "value at time and place of shipment," which is the higher price; since our claims are drawn up on this basis, we feel that they should settle them accordingly. Also kindly state in your columns your interpretation of the bill of lading "at time and place of shipment," whether same means that initial point in Ceylon or the day the shipment arrives in the United States.

Answer: If the shipments move under through rates from Colombo, Ceylon, to ultimate destination points in the United States, and no new bills of lading are taken out at Frisco or Seattle via the rail lines in the United States, and the export bills of lading issued at Colombo contain a stipulation computing the amount of loss or damage on the basis of the value of the shipments at place and time of shipment, then the actual value of the shipments at Colombo, at the time of shipments, would be the method for determining the carrier's liability. If, on the other hand, new bills of lading are issued at port of entry, by the rail lines, then the value of the shipments at those ports would govern. In no instance is the invoice price determinative of the carrier's liability whenever such invoice price is less than the actual value of the shipment at the place and time of shipment, or if the goods are sold on a date that substantially precedes the time when they are shipped.

Delay in Delivery by Succeeding Carrier.

Montana.—Question: We recently ordered shipped from Butte, Mont., to a customer at Salmon, Ida., a shipment of fresh fruit, which reached destination in an unsalable condition, and upon which we accordingly filed claim for loss due to delay. The express company has declined to pay our claim on the ground that their service to the junction point, Armstead, Mont., was without exception, and that the damage to the fruit was the result of the consignment having to lay at Armstead forty-eight hours for movement to destination, there being but tri-weekly service on the connecting line.

We are of the opinion that carriers are guilty of negligence when they accept shipments for nearby points which must move over two lines, on days which will necessitate considerable delay in making connections, and would be glad if you would advise us, through the columns of The Traffic World, of any rulings or decisions which may bear upon the subject.

Answer: If the express company contracted to transport the shipment to Salmon, Ida., it would be liable; if it contracted to transport merely to Armstead, Mont., it would not be liable. When a carrier issues a bill of lading for the transportation of goods to a destination beyond its own line, it binds itself to deliver at the point of destination, and is liable for delays of a connecting carrier, unless there be some limitation in liability in the bill of lading. *Carter vs. Chicago, etc., R. Co., 146 Ia., 201.* Failure of a carrier contracting to transport goods to a designated point to forward and deliver them at such point within a reasonable time will render it liable, irrespective of its knowledge or ignorance that a connecting carrier could not forward the goods without reasonable delay. *Toledo, etc., R. Co. vs. Lockhart, 71 Ill., 627.* But, in the absence of a through contract for the shipment of goods

destined beyond the carrier's line, it is merely the carrier's duty to deliver the goods at its terminus to the connecting carrier in good order, and, in due time, and thereupon its liability ceases.

Carrier Liable for Wrong Delivery.

Missouri.—Question: We would thank you to kindly favor us with an opinion by your Legal Department as to the responsibility for loss by theft from a carload shipment in which point of origin was Rock Island, Ill., and destination being Kansas City, Mo.—car arriving via one line and sent to another line for delivery to industry track.

Consignee having two warehouses and not being served with notice by the carrier of arrival, nor accorded the privilege of ordering car set to any specified place, and the car being set to the wrong warehouse and switch crew given the verbal notice to this effect at the time. However, the car was left as originally set, over our protest, and was broken into and robbed during the night. Does this constitute a delivery on the part of the carrier? If not, which carrier is liable?

Answer: Neither by the Uniform Bill of Lading nor the National Car Demurrage Rules is a carrier required to give notice of arrival of car billed to and delivered on a private siding. Under the former, when a car is received on private tracks it shall be at the owner's risk after it is detached from the train, while under the latter delivery of a car upon a private track will constitute notification of arrival to the consignee. Further, if the consignee has two warehouses at the same destination point and the shipment is not expressly billed to one or the other, a delivery upon the private track of either would be a complete delivery. In other words, in order to secure desired delivery to industry, plant or warehouse, and avoid unnecessary terminal or switching charges, the shipper may direct as to terminal routing or delivery of shipment which is to go beyond the lines of the initial carrier. Rule 321 (b), Conference Rulings Bulletin 7. In such circumstances the carrier would not be liable for any theft or pilfering occurring after the car has been so placed.

If, however, the shipment was directed to a particular warehouse and the carrier delivered it to some other warehouse, then no such delivery would have been made as to release the carrier from liability for theft occurring during the night. The carrier making the wrong delivery would be liable, or, if the shipment moved under a through bill of lading from shipping point to industrial track delivery at destination point, the initial carrier would also be liable.

Released Rates on Express Packages.

New York.—Question: Will you not be kind enough to advise us through the columns of your valuable journal whether an express company is liable for the actual value of goods delivered to them, or whether they are liable for only the declared value, although the declared value was not the actual value of the goods?

The facts in the case are as follows: On Nov. 3, 1917, we delivered a case of merchandise to the American Express Company. The case lost its mark when in transit and was held for several months. It was then finally returned to us, but in the meantime the goods had been spoiled. The express company claims that they are only liable for a value of \$100, which was declared by us in error, the actual value of the goods being \$300.

Answer: The Interstate Commerce Commission has several times held that carriers and express companies are authorized by the Commission to establish and maintain rates dependent upon the value, declared in writing by the shipper, or agreed upon in writing as the released value of the property, and in the Matter of Express Rates, etc., 43 I. C. C., 510, the Commission authorized the express companies to provide such a condition in the Uniform Express Receipt. Assuming that the shipment in question moved under such a form of express receipt, and that the express company charged a rate based on your declared valuation, it would be liable in the sum of \$100 only. For our further views on this subject see our answer to "New York," published on page 983 of the May 4, 1918, issue of The Traffic World.

Measure of Damages Under General Order No. 41.

Indiana.—Question: You have probably received by this time a copy of the Director-General's Order No. 41, relating to the papers necessary in the presentation of claims for loss or damage. Please advise in the columns of your

valuable publication, The Traffic World, what your interpretation of this order is with reference to the presentation of claims based on the market value when the market value is in excess of the invoice value. We understand certain parties are interpreting this order to mean that all claims are to be settled on the basis of the invoice value; however, this would be in violation of the terms of the bill of lading contract as it now reads.

Answer: There is no provision in General Order No. 41 of the U. S. Railroad Administration that warrants a carrier to interpret it as an authority to adjust claims upon the basis of the invoice value of the lost or damaged shipment if such value is less than the full actual value. Regulation No. 2 thereof does provide that original or certified copy of invoice of value shall be presented as part of the documentary evidence in support of a claim, precisely in the same manner as all other obtainable facts in proof of a loss or damage, and the value thereof might be required by a court or any tribunal with authority to pass upon and allow claims for loss or damage. But regulation No. 3, immediately following, refers to the

method of adjustment, and this expressly provides that: "Loss and damage claims shall be adjusted with the claimant in accordance with the established legal liability, bill of lading, tariff provision and federal regulations." The "legal liability" of a carrier as established by "federal regulations" under the Cummins amendment, is that the carrier is liable for the full actual loss or damage to the property transported which is caused by it, and it makes unlawful any limitation of that liability, or of the amount of recovery thereunder, in any receipt, bill of lading, rule, regulation, or tariff filed with the Commission. In addition, the bill of lading and tariff regulation of the carriers provide that the amount of loss or damage shall be computed on the basis of the value of the property at the place and time of shipment, and this method for determining the carrier's liability has been approved by the Interstate Commerce Commission in re the Cummins Amendment, 33 I. C. C., 693. Under this and other decisions, while the invoice price may be used as prima facie evidence of the value, yet it is not conclusive if such invoice is less than the full actual loss or damage.

Miscellaneous Traffic Decisions

Cases Recently Decided by State and Federal Courts

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REGULATION OF COMMON CARRIERS.

Action for Freight:

(Supreme Ct. of N. D.) In an act of the legislature passed in 1907 maximum rates were prescribed for the carriage of lignite coal. The carriers declined to comply with the act, and the state brought an action to enjoin continued violation. In March, 1910, the United States Supreme Court affirmed the decree of the state Supreme Court in favor of the plaintiff, but provided in the decree that the affirmance should be without prejudice "to the right of the railroad company to reopen the case by appropriate proceedings if, after adequate trial, it thinks it can prove more clearly than at present the confiscatory character of the rate for coal." After a period of experimentation the case was reopened, and the injunction was continued by the state Supreme Court, but later, in June, 1915, dissolved by the United States Supreme Court. In an action against the shipper to recover the difference between the statutory rate and an alleged reasonable rate for shipments made during the period between the dates of the first and second decrees of the United States Supreme Court, it is held:

The action must be considered as brought upon a contract implied either in fact or law.—Minneapolis, St. P. & S. S. M. Ry. Co. vs. Washburn Lignite Coal Co., 168 N. W. Rep. 684.

In the absence of allegations in the complaint of cir-

cumstances from which a contract may be implied in fact, and in the absence of allegations of a promise, the complaint does not state a cause of action upon a contract implied in fact.—Ibid.

Invalid Freight Rate:

(Supreme Ct. of N. D.) When a statute prescribing rates is held invalid under the federal constitution because of its confiscatory character, it does not follow that a shipper is obliged, as a matter of law, to make reparation to the carrier.—Minneapolis, St. P. & S. S. Ry. Co. vs. Washburn Lignite Coal Co., 168 N. W. Rep. 684.

Article 14 of the amendments to the federal constitution, which provides that no state shall make or enforce any law which "shall deprive any person of life, liberty or property, without due process of law, nor deny to any person within its jurisdiction equal protection of the laws," is a prohibition applicable to the acts of the state, and does not, of itself, secure to individuals whose rights may be transgressed by the state a remedy by way of reparation.—Ibid.

Special Privileges:

(Supreme Ct. of S. C.) A railroad engaged in interstate commerce, under U. S. Comp. St. 1916, 8569, subd. 7, could not extend to any shipper or person any privileges or facilities except those specified in its tariffs filed as required.—May vs. Seaboard Air Line Ry. Co., 96 S. E. Rep. 482.

Shipping Decisions

Cases Recently Decided by State and Federal Courts

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Subjects of:

(Circuit Ct. of Appeals, Second Circuit.) Under the power to regulate commerce with foreign nations and among the several states, Congress has the right to determine the condition upon which ships or persons and merchandise may enter or depart from those places designated as ports.—Hamburg-American Steam Packet Co. vs. United States, 250 Fed. Rep. 748.

Clearance:

(Circuit Ct. of Appeals, Second Circuit.) A "clearance," the form and issuance of which is prescribed by Rev. St. 4197-4201 (Comp. St. 1916, 7789-7793), contains the name of the master, of the vessel, and of the port to which it is going, and is in effect a ship's passport; such documents having a history in maritime law extending over

hundreds of years.—Hamburg-American Steam Packet Co. vs. United States, 250 Fed. Rep. 748.

Ports:

(Circuit Ct. of Appeals, Second Circuit.) While Rev. St. 4178, 4334 (Comp. St. 1916, 7758, 8083), declare that the word "port" may mean the place where a vessel is built, or where one or more of the owners reside, a "port," in ordinary significance, is a place where ships are accustomed to load and unload goods, or to take on and let off passengers, and where persons and merchandise are allowed to pass into and out of the realm, and implies that it is something more than a roadstead; therefore, a place on the high seas, fixed by latitude and longitude, where vessels were to be met and provisioned and coaled is not a port.—Hamburg-American Steam Packet Co. vs. United States, 250 Fed. Rep. 748.

As Rev. St. 4197-4201 require the furnishing of verified manifests, so that clearances can be issued to vessels proceeding to foreign ports, and require the manifests and clearances to state the port for which the cargo is destined, defendants, where they obtained four vessels intended to provision and coal German warships on the high seas, clearances stating that the cargo was destined to certain designated ports, cannot defeat a prosecution under Criminal Code, 37, for conspiring to defraud the United States, on the ground that the points where the German war vessels were to be met were not ports; for, if those points could not be regarded as ports, the United States was defrauded, as the ports stated in the manifests were not those in which the cargoes were truly intended to be landed, and likewise, if the German war vessels could be regarded as ports, the same would be true.—Ibid.

REASONABLENESS OF RATES

The Traffic World Washington Bureau.

An indication of the position the Director-General will take on the question of the reasonableness of rates was afforded October 2 by T. J. Norton, appearing in defense of the adjustment of rates on potatoes, challenged in No. 9574, the Commercial Club of Greeley et al. vs. Colorado & Southern et al., which, until the Commission canceled its I. and S. No. 1024, was known as the Southwest Potato Case.

Mr. Norton contended that the words just and reasonable, as used in the tenth section of the federal control act, do not mean the same as the same words in the act to regulate commerce. On the contrary, they have the meaning that would be given them in a court of equity; that a rate is not within the rule of just and reasonable, even if it yields for the particular branch of the unified railroad system a return that would be excessive if that part of the general system were operated as a distinct unit.

The measure is as to whether the return from all parts of the unified system is within the bounds of reason, as tested by the needs of the treasury of the Railroad Administration or even the treasury of the United States, inasmuch as the cost of keeping the railroads in operation as a part of the military machinery is a charge on the treasury of the United States. Logically, the contention seemed to be that the railroads may be used as a machine for the gathering of taxes, without any revenue legislation by Congress authorizing them to be used for that purpose, with the further implication that so long as the Treasury was in need of money shippers could hardly expect to be heard with patience to suggest that a rate is unreasonable because it would yield an unreasonably high return if the particular road were operating as an entity instead of merely a part of a big general system.

The complaints of the Washington commission raise the question as to whether the railroads serving the north Pacific coast are expected to impose so high rates that the revenue resulting therefrom can be used to support railroads in communities, the activities of which do not afford the transportation facilities of those regions revenue enough to maintain themselves in the condition the Director-General thinks they should maintain. The fruit and vegetable shippers do not believe they should be taxed for the benefit of shippers in other parts of the country.

Help for Traffic Man

This department is conducted by a traffic man of long experience and wide knowledge. In it he will answer questions relating to practical traffic problems. We do not desire to take the place of the traffic man, but to help him in his work. We reserve the right to refuse to answer any questions that we judge it unwise to answer or that involve situations that are too complex for the kind of investigation contemplated. Questions will be answered as promptly as possible. No answers will be given by mail except for a fee.

Address "Help for Traffic Man," The Traffic Service Bureau, Colorado Building, Washington, D. C.

Billing Stopover Shipments.

Q.—Under date of June 26, 1918, we shipped a carload of our product to Vicksburg, Miss., routing Sou. Ry., c/o A. & V., with a stopover at Jackson, Miss. The car was waybilled to Jackson, partly unloaded at that point and forwarded on to Vicksburg. The agent at Jackson is pressing the agent here and ourselves for two separate bills of lading, one to read "Wadsworth to Jackson, Miss.," to cover the part shipment unloaded at Jackson, and another to read "Wadsworth to Vicksburg," for the balance of the car, which was forwarded to Vicksburg, and rebill same to Jackson and Vicksburg on separate waybills, he stating that this is necessary in order to collect from consignee the proper amount of freight, inasmuch as the tariff does not provide for any stopover charge. He intimates that this is double loading and billing should be handled in compliance with the Director-General's instructions as contained in circular 4, paragraph 3.

We do not see how this can be classed as double loading, inasmuch as the car contained but a few hundred pounds for Jackson, and it is our contention that if tariff does not provide a stopoff, it is the duty of the carrier to so notify us and give us the opportunity to protect ourselves against excessive charges by shipping the entire consignment to Vicksburg and requesting our customer to reship the few cases back to Jackson. Kindly give us your opinion.

A.—Transit facilities or privileges may be accorded by carriers to shippers only when properly provided for in their tariffs. Under section 6 of the act, requiring the filing of tariffs with the Commission showing all changes and facilities granted, whenever any service is rendered beyond the ordinary receiving, transporting and delivery of freight, the precise character of that service should appear in the printed schedule. It is not sufficient that the shipper is ignorant of the carrier's failure to publish in its tariff a provision allowing stopover in transit to finish loading or to partly unload, since the law presumes that the shipper has full knowledge of the published tariff requirements of the carriers, and charges each shipper with that knowledge.

While the service of stopping carload shipments in transit for the purpose of receiving additional loading or partially unloading is of great value not only to shippers immediately concerned in the transportation, but, through the better utilization of equipment, to the carrier and the general public as well, and frequently causes merchandise to be moved in carload shipments where it otherwise would move in less than carload, and in such cases when the privilege is duly published in the carrier's tariffs, the rate charge is usually the carload rate from the point of origin to the final destination, unless the rate from the intermediate station where the loading was completed or to the intermediate loading point be higher, in which event the higher rate is assessed on the full weight, based on the greatest weight in the car at any time between point of origin and final destination, plus the stopover charge (see Stopping of Cars in Transit to Complete Loading and Partially Unloading, 36 I. C. C., 130), yet in the case of Swift & Co. vs. M. & O. R. R., 39 I. C. C., 701, the Commission would not apply such transit arrangements retroactively, and allowed the carriers to assess a carload rate from point of origin to stopover point and a less-than-carload rate on the weight remaining. So that in the shipment in question, there being in fact two separate shipments, one from Wadsworth to Jackson and another from Jackson to Vicksburg, the carrier is correct in asking for two separate bills of lading and two separate way-

bills, in accordance with United States Railroad Administration General Order 11, paragraph 2, which in part provides that "a separate waybill must be made for each less-carload consignment and for each carload."

Tolerances on Coal.

Q.—Denver & Rio Grande tariff 5533-C carries a rate of \$5.30 per ton on coal in carloads from Castle Gate, Utah, to Colfax, Cal. The rate is authorized in Index 5-1, page 37, of the tariff and is subject to a sliding scale of minimum weights as exemplified in item 50 of the tariff. The first portion of item 48 of the tariff relating to the weight on which charges should be assessed reads as follows:

"Observing published minimum, the actual weight, as determined on track scale at originating point or first available weighing station, will apply in assessment of freight charges on shipments of coal, carloads (see exceptions 1 and 2). Exception No. 1—Any such shipments may be reweighed on company track scales at or nearest destination upon the request of the shipper or consignee, at an extra charge of \$1 per car, provided the order to reweigh is placed in time to avoid extra switching, and the point of origin or first track scale weight will govern if such reweighing does not show shrinkage of more than 2 per cent; but if the shrinkage is more than 2 per cent, freight charges will be assessed on the basis of 102 per cent of the weight resulting from such reweighing and no charge made for such reweighing. If there is evidence of shortage of coal from car before same is set for unloading, or if obvious error exists in the billed weight, it is the duty of the agent to make notation on waybill to that effect and reweigh such car without assessing charge for reweighing."

The question is the extent to which the carriers are liable for the loss of coal while in transit. It is maintained that under a literal interpretation of this clause if the shipment weighs less at destination than it did at the shipping point the destination weight shall be multiplied by 102 per cent and the freight charges assessed on the latter basis, the carriers standing responsible for the value of the difference between such 102 per cent and the weight at loading point. In short, if 60,000 pounds are shipped, and but 50,000 pounds scaled at destination, freight charges are to be collected on 51,000 pounds and the carriers are to pay the consignees the value of 9,000 pounds of coal.

Will you please state in your columns how this basis compares with that allowed by eastern coal roads, and in what light you believe opinions and decisions of the Interstate Commerce Commission places a tariff provision of this sort?

A.—Neither the tariff provision above referred to nor the rulings by the Interstate Commerce Commission regarding the method for weighing coal has any bearing as to the carrier's liability on the shortage of weight, and the amount that might be recovered from the carrier from such shortage or loss as is proven. The tariff provision refers merely to a method for weighing coal and the basis of assessing freight charges on the ascertained weight of the coal transported, and all rules by the Interstate Commerce Commission are restricted to these two points only, since the Commission has no jurisdiction over loss and damage claims, and cannot, therefore, decide the point as to the carrier's liability for shortage or method for arriving at the measure of the loss or damage that occurred. These are questions for the courts only.

However, all tariff regulations regarding the method for weighing coal and the basis for assessing freight charges thereon are solely within the Commission's jurisdiction. The points referred to in your question were considered by the Commission in a comparatively recent case, *Northwestern Traffic & Service Bureau vs. C., M. & St. P. Ry. Co. et al.*, 47 I. C. C., 549, in which the Commission found that the original tolerance rule of 1 per cent had not been shown to be unjust or unreasonable or otherwise unlawful. It also found that the increased total tolerance of $1\frac{1}{2}$ per cent on anthracite coal and 2 per cent on soft coal had not been justified by the evidence presented by the defendants upon the record, and, further, that the additional tolerance of 1 per cent for moisture absorption and evaporation on bituminous coal, and the addition one-half per cent for moisture absorption and evaporation on anthracite coal had not been justified. The Commission refused to accept the laboratory tests presented in evidence by the carriers made by the Bureau of Mines of the loss by evaporation from soft coal as controlling

with respect to the proper measure of moisture tolerance on shipments of bituminous coal made under ordinary transportation conditions in all kinds of weather and through different climates. The carriers had not determined the loss by evaporation by actual tests, that is, by weighing a number of cars from different mines at destination and ascertaining as near as may be the actual loss from evaporation of moisture in transit.

We understand that the carriers against whom the complaint was made have withdrawn and canceled the protested tariffs and restored the old rule of 1 per cent with a minimum of 500 pounds, leaving out entirely the provision for the tolerance for moisture absorption and evaporation. The roads that were not made parties to the complaint will continue the $1\frac{1}{2}$ and 2 per cent rule for ordinary and moisture tolerance. The Western Trunk Line carriers are preparing data to meet the requirements of the Commission and will in due course petition under the amended fifteenth section for permission to refile the former rule, which they failed to justify, or something similar to it.

No Rate as Specified by Shipper.

Q.—I have read with interest your answer to question under caption, "No Rate as Specified by Shipper," on page 601 of *The Traffic World* of September 21, relative to car of cypress lath from McElroy, La., to Harlan, Ky., bill of lading carrying route via Baton Rouge and Y. & M. V. R. R., also rate of 14 cents inserted on bill of lading.

Will you please advise, through the medium of *The Traffic World*, your opinion as to why the Commission ruled that carrier breached no legal duty in forwarding the shipment in accordance with shipper's routing instructions, and that the rate via such route would be the legal one to apply when Conference Ruling No. 474-C provides "the obligation lawfully rests upon the carrier's agent to refrain from executing a bill of lading which contains provisions that cannot be lawfully complied with or provisions which are contradictory, and therefore impossible of execution. When, therefore, the rate and the route are both given by the shipper in the shipping instructions and the rate given does not apply via the route designated it is the duty of the carrier's agent to ascertain from the shipper whether the rate or the route given in the shipping instructions shall be followed. The carrier will be held responsible for any damages which may result from the failure of its agent to follow this course."

It has been admitted that the rate inserted on bill of lading covering car of lath did not apply via any route. However, we believe that the agent executing this bill of lading should have advised the shipper that the rate on bill of lading did not apply via the route inserted, and that he would have to change either the route or the rate.

A.—Rule 474 (c), Conference Rulings Bulletin 7, is as stated above, but it cannot be interpreted to mean that in every instance when the rate does not apply via the route designated that it is the duty of the carrier's agent to obtain more definite information from the shipper. This rule is intended to mean, as stated in its beginning, that "the obligation lawfully rests upon the carrier's agent to refrain from executing a bill of lading which contains provisions that cannot lawfully be complied with or provisions which are contradictory, and therefore impossible of execution." A bill of lading giving routing instructions via an available route and also a rate applicable only via another route is, of course, contradictory in its provisions. But when such a bill of lading gives proper routing instructions and also a rate that does not exist it is not contradictory in its provisions, but merely an error on the part of the shipper, and the carrier can still lawfully comply with it by moving the shipment via the route designated by the shipper. A carrier is not responsible for the error or ignorance of the shipper regarding the published tariff of the carrier, and that is the purport of the Commission's decision in the case of *Fullerton-Powell Hardwood Lumber Co. vs. G. C. & S. F. Ry. Co. et al.*, 41 I. C. C., 625. Rule 474 (c) must also be construed in the light of rule 214 (e), which is a part of it, and this rule in part reads: "It must not be used in any case or in a way to 'meet' or 'protect' a rate via another route or gateway via which the adjusting carrier has not in its tariffs at the time shipment moves rates which are available and lawfully applicable thereto, nor as a means or device by which to evade tariff rates or to meet the rate of a competing line or routes, nor to relieve shippers from responsibility for their own routing instructions."

MINE RATING RULES

The Traffic World Washington Bureau.

A code of rules for rating bituminous coal mines for car distribution purposes and for the distribution of cars to mines so rated will go into effect October 10. Director-General McAdoo so notified the public September 27, at the same time putting out a printed copy of the rules, dated September 12.

They will not be filed with the Interstate Commerce Commission unless such filing is done by order not carried in the circular itself. The Commission, at various times, has had to consider complaints alleging that rules for rating mines and rules for distributing cars were unjustly discriminatory. It has made orders relating to the subject and, for a long time, the rules have been treated with almost as much weight as freight tariffs. They, however, have been kept in the Commission's division of files. The new ones, apparently, are not to be given into the keeping of the Commission, so that when, if ever, a complaint is laid against the way in which the rules are used, the Commission will have to call for a copy of the rules, instead of merely consulting its own files. In regard to the new code, Mr. McAdoo said:

"At the present time the rules under which coal mines are rated and the cars distributed vary considerably on different railroads. Result is that it has been almost impossible to gauge car supply for coal loading throughout the country unless one is fully conversant with the details of the individual railroad's rules. The attached circular outlines uniform rules for rating for car distribution purposes for coal mines other than anthracite, loading coal at mine tipples, and the rules governing the distribution of cars to coal mine tipples other than anthracite. The rules were issued to-day to all coal loading railroads.

"Under the new rules mines will be supplied each month with cars on basis of shipping ability as demonstrated by their performance for the previous month. Each road will work on the same rule and result will be that if the percentage rate of distribution varies it will be known whether or not a road is short of cars because its figures will be compiled on the same basis as every other road's.

"These rules have been in the course of preparation for the past two months, during which time the Railroad Administration has obtained the views of representative transportation men of important bituminous coal loading roads, as well as the views of the Fuel Administration, the National Coal Association and individual operators."

The rules, known as CB-31, are as follows:

"The following rules shall govern the rating of coal mines (other than anthracite) as the basis for the distribution of empty cars to such mines during periods of car shortage:

"a. The daily capacity of each mine (other than mines covered by paragraphs b and c) shall be determined by taking the total coal tonnage shipped by the mine during the preceding month, dividing it by the number of hours worked in producing it (see paragraph e) and multiplying the quotient by the number of hours in the recognized work day (not more than ten hours) of the individual mine. The result shall be termed the 'daily rating' of such mine, and shall be the basis on which cars shall be distributed to it during periods of car shortage.

"b. The daily capacity of a mine which is served jointly by or for two or more carriers (steam, electric or water) shall be determined by taking the total tonnage shipped by the mine via all such carriers during the preceding month, dividing it by the number of hours worked in producing it (see paragraph e) and multiplying the quotient by the number of hours in the recognized work day (not more than ten hours) of the individual mine. The result shall be termed the 'gross daily rating' of such mine, and shall be the basis on which cars shall be distributed to it during periods of car shortage; provided, that if track or other limiting conditions further restrict its ability to ship via (note a) railroad, such conditions shall be the limiting factor for the (note a) railroad's daily rating of such mine.

"c. The daily capacity of a mine delivering part of its output to a coking plant, to locomotives at the tippie, or to local trade shall be determined by taking the total coal tonnage shipped in railroad cars during the preceding

month, dividing it by the number of hours worked (see paragraph e) and multiplying the quotient by the number of hours in the recognized work day (not more than ten hours) of the individual mine. The result shall be termed the 'daily rating' of such mine and shall be the basis on which cars shall be distributed to it during the periods of car shortage.

"d. When the fires are withdrawn from part (or all) of the ovens at an operation coking part of its output, for the purpose of shipping coal production formerly used in charging ovens, the daily rating of the mine shall be increased to include the average tonnage per day so diverted in the previous month, until the beginning of the next rating period, at which time the daily rating of the mine shall be determined in accordance with paragraph a or c, due allowance being made for such average tonnage so diverted in computing the new daily rating. A corresponding decrease of the mine's rating will be made when the ovens are again placed in blast.

"k. If an operator declines or persistently fails to make reports or to make accurate reports to the carrier as required herein, it will be assumed that the mine worked full hours in producing and loading into railroad cars the tonnage shipped, and the daily rating will be computed accordingly.

"Note a. Designate name of issuing railroad.

"Note b. Designate title of proper officer of issuing railroad.

Rules Governing the Distribution of Cars to Coal Mine Tipples (Other Than Anthracite).

"Whenever the available car supply in any region (or district) is such that all orders for cars can be filled, cars shall be placed at each mine in accordance with its daily order. Whenever the available car supply is such that all orders for cars cannot be filled, each mine shall be given its pro rata share of cars (grouping of mines or pooling of cars not being permitted) in accordance with the following rules:

"1. The daily rating, or the daily order for cars if less than the rating, shall be the basis for car distribution.

"2. Each Mine Operator shall report to the Car Distributor at (note 1) p. m. daily:

- a. Number of unconsigned loads on hand at 7 a. m.
- b. Number of empty and partly loaded cars on hand at 7 a. m.
- c. Additional number of empty cars received prior to 10 o'clock a. m.
- d. Aggregate number of empty cars received during the day.
- e. Number of cars loaded during the day.
- f. Number of empty cars standing over at close of day.
- g. Number of empty cars standing over at close of day which were received prior to 7 a. m., cars; and prior to 10 a. m., cars.
- h. Number of partly loaded cars under tippie at close of day.
- i. Number of unconsigned loads on hand at close of day.
- j. Additional number of empty cars required for loading following day.
- k. Note 2.

"Copies of orders for cars for a mine that is joint with any other carrier (steam, electric or water) shall be filed with a designated representative of each such carrier. Such combined requisitions must not exceed the gross daily rating of the mine.

"3. The recognized standard car for coal car distribution is 50 tons. Others are compared thereto by tenths of a car, i. e., 80,000 pounds capacity equals eight-tenths (.8) of a car, 140,000 pounds capacity, one and four-tenths (1.4) cars, etc., and charged accordingly against the mine.

"4. a. All cars placed at a mine during each period of 24 hours ending at 10 o'clock a. m. (or when Sundays or holidays intervene, the longer period ending at 10 o'clock a. m. of the day immediately succeeding the Sunday or holiday) shall be charged against the mine on the day when such period ends; provided, that if the cars placed at 7 o'clock a. m. do not equal or exceed in number 40 per cent of the daily rating (or order if less than the rating) then the cars placed subsequent to 7 o'clock a. m. will not be charged against the mine for that day unless they are loaded or partly loaded on the day placed.

"b. Cars placed between 10 o'clock a. m. and the time the mine ceases work for the day, if loaded or partly loaded on the day placed, will be charged against the mine on that day.

"c. All cars of other than railroad ownership (com-

monly called 'private cars') placed for owner's loading will be considered as ordered.

"5. The pro rata share of cars to which each mine is entitled, except as provided in Rule 7, shall be based on its rating (or order when less than its rating). When a mine has empty or partly loaded cars which were placed prior to 7 a. m., or unconsigned loads, standing over at the close of the day's business, such cars shall be charged against it each service day thereafter while they are detained.

"When a mine that has been coking its entire output desires to ship coal and the fires are withdrawn from part (or all) of its ovens, it shall be given a daily rating for coal shipments corresponding to the average tonnage of coal formerly coked until the beginning of the next rating period, at which time the daily rating of the mines shall be determined in accordance with paragraph a or c.

"e. In determining the number of hours worked in each day at a mine, time will be counted from the established time for beginning work (or the actual time if earlier than the established time) on the tippie until the dumping of coal finally ceases for the day, making deductions for the noon intermission when it is taken, and for the time lost by reason of being blocked with loads, waiting for additional empty cars, or other railroad disability; provided, that if a greater number of hours is worked in the mine than on the tippie the mine hours must be reported also. Time may be deducted for railroad disability only when such railroad disability actually reduces the quantity of coal dumped that day. Time may be deducted when tippie is used for dumping coal into locomotives only when the tippie cannot be simultaneously operated for loading cars.

"f. Daily ratings determined in accordance herewith will be revised monthly and made effective on the 10th of the month following the month's performance on which the rating is determined.

"g. If a mine be idle for a period of one full calendar month or more, the last rating determined will be the rating when work is resumed, provided the mine conditions be substantially the same as when the mine closed.

"h. A rating for development purposes based on current performance will be assigned to a new operation in previously undeveloped coal. A new mine will be furnished with a supply of cars sufficient to enable it to work freely in the course of development for a period not exceeding 3 months after shipments are begun; provided, that if heretofore its ability to load 150 tons per day is established, it shall then be rated. A new operation of any other character shall be entitled to a development rating for a period of one month after shipments are begun.

"i. Each mine shall report on a prescribed form to the (note b) promptly at the close of each day:

1. The number of hours in the recognized work day;
 2. The established time for beginning the day's work;
 3. Actual time work was begun this day on the tippie;
 4. If noon hour intermission taken, how long;
 5. If time lost account blocked with loads, waiting for railroad cars, or other railroad disability, how much on each account;
 6. Time work on tippie ceased for day;
 7. Number of hours worked today on the tippie; and in the mine (see paragraph e);
 8. Number of net tons of coal loaded for shipment via (note a) railroad;
 9. Total number of net tons of coal produced and shipped via each other outlet.
- Joint mines shall furnish this daily report to each carrier serving them.

"j. At the close of each month the mine manager or superintendent in charge of actual operation shall report under oath on a prescribed form to the (note b) having jurisdiction, separately for each mine for each month, as follows:

1. Number of hours in the recognized work day;
2. Total number of net tons of coal produced;
3. Total number of net tons of coal shipped via the (note a) railroad;
4. Total number of net tons of coal shipped via each other outlet;
5. Total number of hours worked during the month (see paragraph e).

"This report must be forwarded not later than the 3rd of the month following that for which the statement is furnished. Joint mines shall furnish this monthly report to each carrier serving them.

"If on any day a mine be furnished with cars totaling

less than 100 per cent of its rating (or order if less than its rating) and for any cause whatever other than railroad responsibility fails to load the entire number, the mine shall be considered as having been furnished one hundred per cent of its requirements and its order shall be arbitrarily reduced to the number of cars furnished.

"6. Private cars and such cars as are assigned to mines by the Car Service Section, United States Railroad Administration, will be designated as 'assigned' cars. All other cars will be designated as 'unassigned' cars.

"7. If the number of assigned cars placed at a mine during any period, as provided in Rule 4, equals or exceeds the mine's pro rata share of the available car supply, it shall not be entitled to any unassigned cars. The assigned cars, together with the mine's requirements, will be eliminated, and the remainder of the available car supply prorated to the other mines, based on a revised percentage by reason of such elimination.

"8. If the number of assigned cars placed at a mine during any period, as provided in Rule 4, is less than its pro rata share, based on a revised percentage, it shall be entitled to receive unassigned cars in addition thereto to make up its pro rata share.

"9. If a mine receives more or less cars than it is entitled to during any period, as provided in Rule 4 (and after eliminating assigned cars as provided in Rule 7) it will be charged with a surplus or credited with a shortage accordingly and the discrepancy adjusted as promptly as practicable.

"10. A record showing the distribution will be maintained in the office of each interested superintendent, or his representative, and shall be open for inspection by one representative from each mining company in the district to which the record applies. Such record will show for that district the mine rating and percentage of cars supplied to each mine, and the totals for each railroad division, for the preceding rating period.

"Note 1. Hour may be named by the issuing railroad.

"Note 2. Issuing railroad may ask additional necessary information pertaining to car supply."

INCREASE IN COAL RATES

The Traffic World Washington Bureau.

In a tentative report on No. 9511, Southern Coal, Coke and Mining Company vs. Southern Railway et al., Attorney-Examiner Mackley recommends a specific and unqualified condemnation, by the Commission, of the acts of carriers who, in pretended compliance with the permissive orders of the Commission, in the fifteen per cent case, each took an increase of fifteen cents on bituminous coal. Informally, the Commission heretofore has indicated that it had no intention of allowing each carrier in a through haul to collect fifteen cents more on each ton of coal than it had before it made its decision in 45 I. C. C., 303.

Case 9511 involves traffic from mines in southern Illinois to destinations in Wisconsin, Iowa, Minnesota and South Dakota. Carriers serving mines each added fifteen cents to each coal rate. Therefore, on some of the combinations, the addition to the through rate amounted to forty-five cents a ton. The larger the number of carriers engaged in carrying the coal, no matter how short the distance, the higher the rate. Inasmuch as there was as great a shortage of coal in the middle west as in any other part of the country, the terrific increases were paid, because coal had to be had no matter at what price.

The report says that it was never contemplated by the Commission that each component in a combination should be increased, and that shippers under those rates should be penalized because of the form in which their rates are published by the carriers, which would be the result of such an interpretation of the Commission's permissive order.

"The injustice of such a course," says the report, "when contemporaneously only a single increase is made in joint rates from competing Illinois mines to the same destination, is too apparent to need elaboration."

PACIFIC CAR DEMURRAGE.

The report of the Pacific Car Demurrage Bureau for July, 1918, shows 7,452 cars held overtime—a percentage of 04.36—as against 6,673 cars—a percentage of 03.75—for July, 1917.

Personal Notes



Hugh J. McCaul, who recently became sales and traffic manager of the Gus. W. Hahn Brokerage Company, Kansas City, Mo., started railroading in the Illinois Central general offices at Memphis and New Orleans. He later entered the service of the Chicago, Rock Island & Pacific at Chicago as traveling freight claim agent and was soliciting freight agent of the same railroad at Kansas City when he resigned to accept service in his present position.

The Toledo, Peoria & Western Railroad announces the following appointments: S. M. Russell, general superintendent; F. L. Fox, acting federal treasurer; R. S. Hay, general auditor; D. Mowat, general freight and passenger agent; R. B. Scott, general solicitor.

W. L. Woodrow has been elected president of the Old Dominion Steamship Company, succeeding H. B. Walker, who has become federal manager, Coastwise Steamship Lines, U. S. Railroad Administration.

Frank E. Webster, formerly assistant general freight agent of the Chicago & Eastern Illinois Railroad, has been appointed assistant traffic director, in charge of inland traffic service, foreign branch, with headquarters at Chicago. He was born July 9, 1879, in Maryland. In 1902 he entered railway service as a file clerk with the Southern Railway at Washington, D. C. In 1903 he went to the Rock Island, where he was revision clerk in the freight department. In 1904 he entered the employ of the Chicago & Eastern Illinois as a rate clerk in the traffic department. From 1905 to 1908 he was chief rate clerk. In April, 1908, he entered the service of the Illinois Traction System as assistant to the general traffic manager. In October, 1909, he re-entered the service of the C. & E. I.-Frisco-Rock Island lines as traveling freight agent, with headquarters at Nashville. When the Rock Island and Frisco Lines were separated, he was transferred to Milwaukee and Minneapolis as traveling freight agent of the C. & E. I.-Frisco Lines. In April, 1910, he was appointed chief clerk in the general freight office of the C. & E. I. at Chicago. In November, 1911, he was appointed chief clerk to the freight traffic manager of the C. & E. I.-St. L. S. P. at St. Louis. In December, 1912, he was appointed division freight agent of the C. & E. I. at Salem, Ill.; July 1, 1913, he was promoted to chief of tariff bureau of the same road at Chicago, and on Sept. 1, 1915, was promoted to assistant general freight agent, with headquarters at Chicago.

B. A. Hiscano is appointed general manager, Troy Evening Line, New York.

The Mobile & Ohio Railroad announces that the offices of foreign freight agent at Mobile, Ala., and assistant foreign freight agent at St. Louis, Mo., are abolished. J. S.



Taylor is appointed port agent, with headquarters at Mobile, and R. Jackson, assistant foreign freight agent, has resigned to accept service elsewhere.

A. E. Brown, former general agent of the Chicago & Alton R. R. at Detroit, Mich., and previously in the same capacity for the Denver, Rio Grande-Western Pacific at that point, is appointed manager of the railroad department of the Truscon Steel Company, Chicago.

Christopher B. Garnett, chairman of the Virginia Corporation Commission, a member of the special war committee of the National Association of Railway and Public Utility Commissioners, has been made a lieutenant-colonel in the army and assigned to duty as a member of a board of three to consider the complaints and claims of contractors with a view to settling them without resort to the court of claims. Mr. Garnett's selection for that duty removes another able man from among the state commissioners. Max Thelen and E. C. Niles were picked for national service some time ago, the former to supervise contracts for the army and the latter to deal with short lines seeking a contract with the government. Mr. Garnett, like other state commissioners, has doubted the power of the Director-General to do some of the things that have been done, but, also like other commissioners, he has doubted the wisdom of making a fight during the war to prevent or check encroachments on the powers of the state by the national government.

James C. Davis is appointed general solicitor, Chicago, St. Paul, Minneapolis & Omaha Railroad, headquarters Chicago, Ill., vice J. B. Sheean, resigned.

The Chicago Heights Terminal Transfer Railroad is added to the jurisdiction of F. C. Batchelder, general manager, Baltimore & Ohio Chicago Terminal Railroad, at Chicago.

R. L. Kennedy has been appointed general solicitor for the St. Paul Union Depot, the Minneapolis Eastern Railroad and the Minnesota Transfer Railroad.

The Farmers' Grain & Shipping Railroad announces the appointment of G. H. Smitton, traffic manager, and M. L. Countryman, general solicitor, St. Paul, Minn.

E. J. Henry is appointed supervisor rail and lake traffic, with jurisdiction over the Lehigh Valley Transportation Line and the interchange of business of other lake lines with railroads of the Administration at eastern lake ports. Office at Lehigh Valley Passenger Station, Buffalo, N. Y.

The jurisdiction of Elisha Lee, federal manager for the Pennsylvania Railroad Lines East of Erie and Pittsburgh, West Jersey & Seashore Railroad, New York, Philadelphia & Norfolk Railroad, Huntingdon & Broad Top Mountain Railroad, and that portion of the Philadelphia Belt Line south of Port Richmond Yard, is extended over the Connecting Terminal Railroad (Buffalo, N. Y.).

The following railroads are added to the jurisdiction of G. R. Huntington, federal manager, M. St. P. & S. S. M. R. R., headquarters, Minneapolis, Minn.: Mackinac Transportation Line and Ste. Marie Union Depot.

Joe Marshall is appointed freight claim agent of the Missouri, Kansas & Texas Railroad of Texas in charge of loss and damage claims, headquarters, Dallas, Tex.

APPOINTMENT FOR WYLIE.

Alexander Wylie, assistant chief examiner of accounts, has been appointed chief of the Commission's Bureau of Carriers' Accounts.

RELEASED FROM CONTROL.

Regional Director Hastings announces that the Union Railroad (Pittsburgh, Pa.), having been relinquished from federal control, is no longer under the jurisdiction of E. H. Utley, general manager.

SOUTHERN TRAIN LOADING

Director-General McAdoo, September 25, received a report from C. H. Markham, director of the Allegheny region, showing that in that territory tons carried per train during July, 1918, averaged 972 as compared with 902 for July, 1917, an increase of 70 tons or nearly 8 per cent. The increase in July as compared with June this year was 50 tons. Tons per loaded car average 36.8 for July, 1918, as compared with 34.3 for July, 1917, an increase of 2.5 tons, or about 7 per cent. The increase in July as compared with June was 2.6 tons.

SHIPPER IN McADOO CABINET

The Traffic World Washington Bureau.

Senators from the southern states, in informal conferences, have approved a suggestion made by the Southern Traffic League that Director-General McAdoo appoint, as a member of his cabinet, a man identified with the shipping public, and that that man, with Directors Chambers and Prouty, constitute an advisory board concerning policies in respect to rates, classifications, rules and regulations. Senator Simmons of North Carolina, at a meeting of the senators, was designated to bring the matter to the attention of Mr. McAdoo. He called on the Director-General September 27.

The Southern Traffic League takes the position that, inasmuch as the government guarantees the income of the railroads taken over, they, as corporations, have no interest in rates, rules, or regulations. It makes the further suggestion that Mr. McAdoo has surrounded himself with former railroad employes and, while that is all right so far as physical operation is concerned, it is all wrong so far as rate policies are involved. It argues that the railroad traffic men brought in to become government officials have not divorced themselves from the influences of their former environment and cannot do so. Therefore, the League argues, the shipping public is in the trying position of having had, in effect, the Interstate Commerce Commission and the state commissions abolished and the question of governmental rate policies left to the determination of men who were parties in the old controversies between shippers and the railroads.

The Southern Traffic League, a committee from which came to Washington to find out the truth about state classifications and exceptions to Southern Classification, as affected by the proposed consolidated classification, embodied its views in a memorandum to the southern senators. Some members of the League, unofficially, suggested that William A. Wimbish of Atlanta would be an acceptable representative of shippers in the McAdoo cabinet. In the memorandum submitted to the senators, the League said:

"The Director-General has had charge of the operation of the railroads for about eight months. During this period the working of the new system of management, as it affects the shipping public, has become more clear. Shippers have watched with intense interest the changes in the railroad policies that have been made by the Director-General, for now, as before, railroad rates, classifications and rules vitally affect practically every manufacturer and producer in the country, and changes in them may build up or destroy the business of various localities and sections.

"Before the taking over of the railroads by the government the Interstate Commerce Commission and the state commissions constituted bodies to which shippers could appeal when proposed changes in the policies of the railroads as to rates, classifications or rules became matters of concern to them, and when such changes injuriously affected their interests and were not justified, they could be prevented in advance.

"Government operation, however, has brought about an entirely different situation. Theoretically, at least, changes of policy, revisions, increases, etc., are now being made by the government, representing all the people, including the shippers. The Interstate Commerce Commission and the state commissions do not stand between the shippers and the railroads, for the agents of the government are supposed to represent both. The relations between the shippers and the railroads are not what they were before. The government has guaranteed a fixed income to the railroad corporations, regardless of present earnings. As long as the government is in control under the present plan and under such guaranty, the public has all the responsibilities and risks of ownership. If losses occur, the public pays the bill. Whatever the level of the rates may be—whether too high or too low—in either case, the public and not the corporations assume the consequences and must bear the burdens. Therefore, it is the public, exclusive of the stockholders or the railroad corporations, who are the real parties in interest. In settling the question of the economic operation of the railroads and the wise determination of their sources of revenue, if any one interest demands a voice, it is surely the shipping public.

"As a practical matter, however, in the organization of the Railroad Administration staff, it is well known that the initiation and revision of rates, classifications, rules, etc., are in the hands largely of former railroad officials who heretofore have represented the interests of but one side.

"If the railroads are to be run by the government, and the active management of the details of operation placed in charge of former railroad officers (and it must be to a large extent because of their experience and qualification) and if the opposing interests of the railroads and the shippers are now to be merged in the representatives of the government, it is obvious that matters of policy and radical changes in the relations between the railroads and the public ought not to be left entirely in the hands of railroad officials, even though they have now become government officers.

"Without questioning the ability or integrity of the experts who have come from railroad management, it is but common sense to understand that their point of view is inevitably influenced by their previous environment.

"The idea does not prevail that the active operation of railroads should be carried on by other than men experienced in that particular line of work. The point made is that, there being no longer, as a practical matter, any regulating body to which shippers can appeal, before new policies are put into effect, and the operation of the railroads nevertheless remaining in the hands of the railroad officers, who governed them before, there should be assisting the Director-General, in the place where large matters of policy and radical changes are proposed and executed, some representative body whose personnel will have knowledge of and sympathy with the various conflicting interests, and not with one interest alone.

"This is a logical evolution of the management of the railroads by the government, and its effect upon the functions and activities of the Interstate Commerce Commission and state commissions.

"This at once suggests the plan that we have outlined—that is, the organization of an administrative board, under the Director-General, composed of one member with experience on regulatory bodies, another chosen from among the railroad officials and another to represent the shippers. Such a board could be composed of the Assistant Director-General in charge of traffic, the Assistant Director-General in charge of public service and accounting, and the third member to be chosen upon the recommendation of the shippers. This, we respectfully submit, would be an ideal arrangement and would meet with hearty response from the shipping public."

CAR SUPPLY—GOVERNMENT HAY

Regional Director Aishton, in circular No. 35, says: "Under an arrangement effective September 25, the Chicago office of the Inland Traffic Service of the War Department will handle all orders for cars to be loaded with hay and straw for government account. Orders for cars required in this service will be placed by that office direct with the railroad, original going to the agent at the point of loading, with copies to the transportation department, to the contractor, and to this office.

"Shipments at present are falling below daily requirements at various army camps. To correct this situation the car supply available for hay and straw loading will be furnished in preference on government orders placed as above by the Inland Traffic Service. No cars will be furnished for commercial hay or straw loading until government requirements on each line are fully met. Cars so furnished may be consigned only to the United States government as prescribed in General Order No. 38, dated July 24, issued by the Director-General of Railroads. Cars so consigned are not subject to reconsignment except on instructions of an officer of the War Department who may properly represent the original consignees, and then only to the United States government at some other point or destination. 'Shipper's order' consignments will not be accepted.

"U. S. W. D. or Car Service Section orders will continue to be effective on shipments destined to restricted points as provided in Circular C. S-3, Feb. 25, 1918, and War Department Order No. 2, issued Feb. 18, 1918, and amendments thereto."

The Open Forum

A Department for the Discussion by Patrons and Friends of THE TRAFFIC WORLD of Transportation Questions of Interest to Traffic Men Who Keep in Touch With the Times—Contributions are Welcomed

CLAIMS ON GRAIN

Editor The Traffic World:

We hand you herein copy of a letter just received from T. S. Walton, freight claim agent of the Missouri Pacific Railway. This letter was written by Mr. Walton personally in reply to a personal letter that we wrote him in reference to his claim department refusing to pay claims where the shipments of grain reached us leaking through or over the grain doors and where the shipper had applied the grain doors. These shipments originated at Omaha, Kansas City, St. Joe and St. Louis, where official weights at shipping point and official railroad weights at Arkadelphia were presented with the claims.

If the railroads of this country can maintain this stand we are either going to have to buy our grain on basis destination weights or refuse to buy grain from grain concerns doing their own cooping of cars, or we are going to have to hold shippers responsible for leaks through or over grain doors. Personally, we don't believe the railroads can maintain any such stand. In the first place, we think it is the duty of the railroads to coopeer cars, but, admitting it isn't, we can't believe that the railroads can justify their position, for the reason that, even though the grain doors may be properly applied at shipping point, the car can have such rough handling and the grain shifted so often that the shipment may arrive either leaking through or over the grain doors. We have had cars to arrive at Arkadelphia handled in such a way that two-thirds of the grain was in one end of the car. The fact that the grain arrives under original seal is no evidence that the railroads are not responsible for the leakage in transit.

It seems to us that this stand taken by the railroad is going to have a far-reaching effect and that the grain trade, the Grain Dealers' Association, the American Corn Millers' Federation and the Flour Millers' Federation should take this matter up at once; for, if this proposition is maintained by the railroads, the grain dealers and millers who formerly bought their grain from terminal markets are going to have to get away from terminal markets and buy from the country, where they can buy on destination weights. It means there can be very little trading between terminal markets, as the grain dealer in St. Louis could not afford for a half cent or for one cent per bushel to buy grain in Omaha on Omaha weights and rates and take a chance of leakage in transit.

This is not a question of weights at Arkadelphia, but, as we understand it, is a position taken by all the railroads that they will not be responsible for any grain where the car has reached destination under original seals unless the equipment they furnish is in bad shape. A large per cent of the claims arises from leakage over or through grain doors, and this position, if maintained, means an enormous tax on the grain industry of this country, not only for the length of the war, but permanently; for, if the railroads can maintain this position under government control, they will be fortified to maintain the position after the war. We think this is a serious matter that should be given immediate attention by all interested.

Following is the letter from Mr. Walton:

"I have your letter of September 19, returning papers in the above numbered claims, which have been declined by my office.

"I have examined the papers in these claims and find that the statements made by my investigator as to condition of the cars and seal records are in accordance with the facts.

"Regardless of what has been done in years gone by, we are not now paying anyone claims for loss of grain where the records are clear, as in these cases, and have not done so for some time; neither are we paying claims for

losses arising out of leaks through grain doors where the grain doors are placed in the car by the shipper, as was the case in some of these claims.

"I note you state we are paying claims for shortages between Omaha and Kansas City and between Omaha and St. Louis. This is not a fact, for, as already stated, we are not paying any of these claims where the records are clear, or where the grain was lost because of leaks through grain doors which were placed in the car by the shipper.

"I can only reiterate my investigator's declination of these claims and I am returning the papers which reached me with your letter."

Arkadelphia Milling Co.,
W. N. Adams, Manager.

Arkadelphia, Ark., Sept. 27, 1918.

IRON ORE INCREASE

Editor The Traffic World:

An inaccuracy has crept into the report of the iron ore increase modification as published on September 28, page 662, which you may desire to correct, although it is in reality not of prime importance, but is somewhat misleading.

There is no fourth section violation involved in the rate adjustment from Starbuck to Rockwood, when considered with the Middlesboro rate, even though the distance Starbuck to Middlesboro, Ky., is 8 miles less than to Rockwood, Tenn., where the rate has been 30 cents greater.

This traffic moves in either case over the same rails from the mine at Starbuck to Knoxville, and from that point the distance to Middlesboro in a northerly direction is 69 miles, while to Rockwood the distance from Knoxville is 61 miles in a westerly direction.

Prior to June 25 the rates were to Middlesboro \$1.10 and to Rockwood \$1.40. The increase of 30 cents named in General Order No. 28 made these rates to Middlesboro \$1.40 and to Rockwood \$1.70.

In ordering the reduction in the Rockwood rate down to \$1.50 there is no indication that the basis of 30 cents advance made pursuant to General Order No. 28 is in any manner interfered with, as might be inferred from the article above mentioned, but the inference from correspondence is that in granting the adjustment to \$1.50, it is a partial correction of a previous maladjustment.

The Railroad Administration have manifested a disposition to correct, if only partially, an unjust condition and when the tonnage is increased, as is now contemplated, to reasonable proportions, the matter will again be presented to the proper authorities with the view to securing the full measure of justice.

Right now it is the business of the mine to get out more ore to make iron. There is an attractive continuity of purpose attending the production of ore at this time. Ore makes iron; iron makes shells; and shells, bursting at a proper time and place and accurately directed, make dead Huns. I am sure we all want, need, and must have, more dead Huns than any other particular thing in this world to-day. That thought is one of the pleasures of producing iron ore in North Carolina.

It was with the idea of making a frank acknowledgment of the partial relief from a most distressing condition which led to advice being given you of the adjustment secured.

This matter may not be of general interest or of news value, but it is inaccurate to say that this ore rate was advanced only 10 cents per ton while all other rates were advanced 30 cents, when the facts appear to be that the adjustment merely corrects, partially, a previous injustice.

Your statements are usually so particularly precise that I can only account for the erroneous impression which

might be taken from your article by believing that my information to you had not been as full and complete as the circumstances warrant.

Oct. 1, 1918.

G. L. Forester.

PRIVATE EQUIPMENT

Mr. T. J. Norton, Attorney,
A. T. & S. F. Ry. System,
Chicago, Ill.:

I have read with a great deal of interest your letter to the editor of *The Traffic World*, under date of September 5, on the subject of "Private Equipment." There is one feature, however, which I think you have misstated quite positively, where you say in the next to the last paragraph, as printed in *The Traffic World*, issue of September 14:

"That when the shipper delivered in wooden barrels the carrier had some show to get a return load in its car, whereas it never gets a return load in the present-day tank car."

This statement is not correct, as borne out by the facts developed in the investigation, which showed that tank car loaded mileage is on an average 55 per cent of the total, which would indicate that a considerable proportion of tank cars are loaded in both directions. In this company's business our per cent of loaded mileage is greater than 55 per cent, as the nature of our business enables us to load cars in both directions in many territories. As a fair example of this, we have during the past season shipped considerably over 100 cars of oil to the Pacific coast from Ohio River territory, every one of which, with one exception, have been returned loaded from San Francisco or Seattle to Chicago or points east with vegetable oils, and that one car was not loaded because the railroad company erroneously sent it east empty, when they had orders to place it for loading.

Your positive statement that the cars "never get a return load in the present-day tank car" is far from accurate. I do not write this to raise any question or argument, but merely to correct what seems to be a wrong impression in your mind.

The American Cotton Oil Company,

E. C. Page, Car Accountant.

Sept. 26, 1918.

AMBULATORY PERSONALITY

Editor *The Traffic World*:

From early childhood the railroad has fascinated me. As a small boy at Binghamton I knew on intimate terms the engineers, firemen and brakemen, and more distantly the dignified and brass-buttoned conductors. Perhaps the greatest event of my boyhood was a ride on the engine to Albany with Mr. Croker, father of Frank Croker, who later became New York's heroic fire chief, and Sime Cook, Mr. Croker's fireman. My uncle, Alexander Andrews, was for years judge of the City Court, and his kindly justice made him deeply loved. We boys, of course, were the favorites of all the cops and the railroad men, and had some acquaintance with the canal boat captains and the sturdy pilots of the log rafts that were floated down the rivers in the spring to the Williamsport boom.

Binghamton was a little gem of a city, built on all three angles of the confluence of the swift and beautiful Chenango with the stately Susquehanna, and its people had a tremendous sense of civic pride which we boys felt to the utmost. I used to doubt if grander scenery really existed than the view from the Court Square of the lovely surrounding green hills, of which I knew every nook and dell, or if the Mississippi were indeed more splendid than my own Susquehanna, which was certainly much bigger than my other standard of rivers, the Chenango. I knew them both and loved them so well that I would defend them against all comers. But the wonder of wonders was in the railroads. I knew the time of every passenger train, and perhaps as much as the superintendent himself of the time of the freight trains. Probably my first venture into rhyme celebrated truthfully the record of the great New York express on the Erie—Number eight is always late.

There was mighty little safety for trainmen in those days. All was hand braking and hand coupling. Three ideals of manhood strove mightily in my boy heart—Mr. Flynn, the splendid chief of police, L'Amoreaux, the in-

comparable drum-major of the Forty-fourth Regiment Band, and my friend Sharp, the eagle-eyed and sure-footed brakeman. Coal used to run through on the Erie, Lackawanna and Delaware & Hudson in long trains of little side-dump cars of a few tons' capacity, which wobbled and ambled over the rails, and sometimes off the rails to the profit of the residents alongside. Those dump cars had a character of their own, a motion surely, and their occasional spills when going through "the patch," the poor quarter of the town, was a boon to the residents and which seemed to imply a human quality in the cars.

"Ambulatory personality"—the Commission has said it, and is responsible for having again started working in my head reminiscent wheels anent the freight car. Our supreme traffic tribunal (51 I. C. C. 1—a good start, by the way, for a new volume) has "found" that a railroad car is "ambulatory personality," and I, for one, am deeply grateful. Months ago something got me going on a freight car memory-ramble which *The Traffic World* inflicted upon its large reading clientele, and now I am off again.

Has a freight car a personality? Absolutely and incontrovertibly, yes! The Commission goes one step further and declares that the car is a personality, and not even the Supreme Court may reverse the finding of fact. Big Bill Devery would have defined ambulatory as "touch-in' on and appertainin' to amblin'," and that is good enough for me. Surely my friends of years ago, the little coal dumps, ambled and performed other gymnastic feats, but whether the mighty battleship or high-sided gondola of to-day may be said to amble—well, the Commission says, yes.

It may have been partly the romance of railroading, which I have always felt very strongly, that headed me for that line of work. I have always worked for the railroads, for some years on their pay-roll, and later on other pay-rolls, helping the railroads to get the shippers' viewpoint. A very early accomplishment of mine in railroading was superintending the loading of a lot of pig lead. After an hour or so the general foreman came to see how his tenderfoot assistant was getting on. Fine! I was loading the car to its visible, I might say, its audible, capacity, as its sills were bending and creaking under my preposterous loading. The foreman's language was unfit for polite society. Even thus early I was an advocate of intensive loading.

With all its manifold sins and occasional corruption and oppression that have been all too evident, the American achievement in railroad building and operation is to my thinking the outstanding industrial romance of our glorious country; and in spite of our superb limited passenger trains exercising command of the right-of-way with all the power and splendor of their authority, the real romance, as I see it, rests with the clumsy, graceless freight double-header, which has humbly backed off on a passing track to yield to the imperious majesty of the limited; and the individual freight car, whether box, tank, reefer or open-top, is the very embodiment of this romance.

And to-day, only think of the superlative importance of the freight car. Marechal Joffre, who beat back the Hun at the Marne and saved civilization, has said that transportation will decide the war. If money is the sinews of war, the freight car represents the arterial system and the locomotive the lungs of the machine which serves the incomparable soul of America and the world—the man at the front.

I started out to have a little respectful fun with the Commission's new name for my life-long friend, the freight car, but my feelings have led me a little beyond my purpose, because, while it is a play on the dual meaning of the word, there is indeed something very close to personality, as I mean it, in this almost sentient burden-bearer for humanity.

Only the other day I was at Washington, seeking assistance from my friends of the Car Service Section, always so intelligently rendered by that fine body of railroad men. Even if I do not thus address him, I shall certainly sometimes hereafter think of my friend Warren Kendall as manager, Ambulatory Personality Service Section, Division of Transportation, United States Railroad Administration, fully convinced that the enormous title rather under than over describes the importance of the job so admirably held down by its incumbent.

Ambulatory personality, salutamus!

Charles H. Tiffany.

Boston, Mass., Sept. 27, 1918.

STATE RATES RESTORED

The Circuit Court for Baker County, Oregon, has dealt with the question of the effect of General Order No. 28 rates on an intrastate carrier which was relinquished after the rates ordained by the Director-General had become effective. It holds that when the railroad was returned to its owners, the higher rates caused by General Order No. 28 disappeared and the rates established by the Public Service Commission of Oregon became the only legally collectable ones. It held that the seizure of the railroad by the government had the effect of suspending the state rates and return of the property restored the state-made rates.

This decision was made in *Baker White Lumber Company vs. Sumpter Valley Railway Company*. The lumber company sought an injunction forbidding the railroad company to collect the rates that were put into effect while the railroad, a narrow gauge, was in possession of the Railroad Administration.

The court declined to grant the injunction on the ground that the complainant has an adequate remedy by appearing before the Public Service Commission. The Oregon statute, so the court's opinion says, directs that the "prosecution thereof (suits to prevent violation of the Commission's orders) shall be inaugurated in behalf of the state by the Public Service Commission." It was not shown that the Commission had declined to bring suit to prevent the collection of the rates established by the Director-General. Therefore, "so long as it is not shown that such remedy has been refused, the court of equity is without jurisdiction to issue injunction."

There was no dispute about the facts. In 1912 the Oregon commission established rates on the road. Some time before No. 28 was issued, that body authorized the Sumpter Valley road to make a fifteen per cent addition to its rates. It did not do so. Instead, it filed a tariff with the Interstate Commerce Commission adding twenty-five per cent to the rates. It sent a copy of the tariff to the Oregon commission "for its information." That act was in conformity with No. 28.

At the argument it was contended that the Oregon commission had refused the remedy provided in the Oregon statute because it had not suspended the tariff making the twenty-five per cent increase in rates. Nor had it sought to prevent the collection of the increased charges. The lumber company protested against the payment of the increased rates but the railroad would not accept its shipments unless it agreed to pay the higher ones. It, therefore, paid about \$700 more than the Oregon rates would have totalled and came before the court asserting it would be required to pay still more unless it issued its injunction. The court said the state commission could not suspend a tariff sent to it for "information only," because it has judicial duties and no court can take a paper given to it for one purpose and use it for another.

However, the state commission, July 5, did enter an order in which it said: "It is to be understood that the 25 per cent general increase in freight rates is not, in the opinion of the Commission, applicable to or in effect on the lines of the Sumpter Valley Railway Company." It did not, however, enter suit to enforce its view, as the circuit court, by inference, held to have been its duty.

In discussing the weight of the Oregon commission's statement with regard to the No. 28 rates the Sumpter Valley has been collecting, the effect of the Oregon commission's statement in respect thereto, and the effect of the taking over and relinquishment of the railroad by the government, the court said:

"The expression of the commission is more than mere opinion or advice. So long as no hearing has been had before the commission and no order made by it changing the rates made by its order (in 1912) as heretofore mentioned, it inevitably follows that no rate other than that fixed and determined by the commission is legal or authorized when the railroad is under private control. When the government took control of and operated the road and established the rate it could collect, the state authority over the road and the state rate were suspended merely, and when control and operation of the road was restored to the private owner, then, necessarily, it became subject to the laws of the state and the rates fixed by the state

authority under the provisions of the statutes of the state, the only legal rates. Any other conclusion, it appears, would be directly contrary to the express directions of the federal authorities, the statutes of the state, and the orders of the Public Service Commission."

The court took judicial notice of the fact that Director-General McAdoo, in his explanation for the rates ordained in No. 28, said that if there was a surplus resulting from them, it would go into the United States treasury and not inure to the benefit of the owners of the railroad. It took the orders of the Director-General as showing that the railroads, when returned to their owners, would not have the right to collect the rates established by him. On that point it said:

"Neither the federal statute nor the general order issued by the authority of the statute undertook to prescribe or establish rates for carriers not under federal control. There is to the mind of this court a clear distinction. The government has made clear the reason and purpose for directing the increase of 25 per cent of rates to be collected by the government while the railroad is controlled and operated by the government. It was to provide funds for the running expenses of the roads, to pay to the owners for the use of the road and equipment, and, if then there was a surplus, that became merely a part of the government's revenues. Not only does this official utterance expressly preclude the idea that the government intended that the rates it thus put into effect for and in behalf of the government while operating the roads and collecting the revenues should operate to authorize the same rates to the private owner when it operated the road and collected the rates for itself, but, taking notice of the fact that the state controls the rate-making for roads operated by private owners within the state, the official circulars and instructions to the managers of the roads, while under federal control, expressly cautioned them that the tariff, as established by the government for roads under federal control should be 'filed' with the Interstate Commerce Commission and not with the Public Service Commission of the state, but that a copy be merely sent to that commission for 'its information,' which appears to this court to disclose and express an intention to not suggest any change or effect upon the state regulation of a road when in control of the private owner. If the increase made by the government, and if the filing of its tariff with the Interstate Commerce Commission and sending copy thereof cancelling the rates established by the state so as to make the government rates the rates to be collected by the private owner when it resumed control and collection of the rates in its private capacity and not for the government, then that would be doing the very thing which the government, through its official circulars and instructions, expressly stated should not occur."

STIR AMONG SHIPPERS

The Traffic World Washington Bureau.

An unusual stir was created among representatives of shippers September 21 by a telegram from O. O. Calderhead, rate expert for the Washington utilities commission. It said that Attorney Finnerty, for the Great Northern, at the hearing at Portland, Ore., before Commissioner Aitchison on the complaints of the Washington commission against the Santa Fe and the American Railway Express company, alleging that rates on fruits and vegetables and on fresh fish, the former resulting from General Order No. 28, were unreasonable and otherwise unlawful, had asked that the hearing be adjourned to Washington "to permit Chambers to review testimony taken here (Portland) and offer his testimony, if he so desired." He also stated that he would advise Commissioner Aitchison to submit to Chambers the testimony in this case before taking any action in the matter.

Shippers became agitated because, to them, Finnerty's request was taken as meaning that, in complaints against President-made rates, part of the hearings might have to be held in Washington so as to enable Director Chambers to offer his justification for the advances. They thought they could see in such an arrangement great additional expense in that the complainants and their witnesses would have to travel to Washington for part of the hearing and then go to Washington again for the argument.

Commissioner Aitchison ruled that no necessity for a continuance had been shown up to the time Mr. Finnerty made his request. He told Mr. Finnerty he could have until 10 o'clock the next day to find out from Mr. Chambers as to what evidence would be forthcoming should adjournment be granted. He said nothing about the suggestion that he should submit the testimony taken at Portland to Mr. Chambers or any representative of the Railroad Administration before he or the Commission took action on the complaints. The rule before judicial and quasi-judicial bodies is that when they hold hearings or take testimony every one interested has an opportunity to be present and be heard. Notice had been given to the Railroad Administration and Mr. Finnerty was present and, presumably, in charge of the case, with power to produce whatever witness, Mr. Chambers or whoever else might be considered necessary, to give testimony needed to justify the advances made as a result of General Order No. 28.

R. Walton Moore, assistant general counsel for the Railroad Administration, in charge of cases before the Commission, after consultation with Director Chambers, made it clear that the request was not to be taken as indicating a desire for the creation of a precedent under which the Commission would adjourn to suit the convenience of the Director-General, or submit to Director Chambers the testimony taken, so that he might determine whether he should undertake to say anything in justification of the advances. The fact with respect to this case is that neither Mr. Chambers nor any of his assistants had had time or opportunity to prepare testimony in support of the advance ordered by No. 28. Mr. Moore wired to Portland that if adjournment were taken, not necessarily to Washington, either Director Chambers or some one from his office, would take the stand and explain why the advances in rates made by No. 28, were ordered.

The two cases raise the query as to whether the fruit and vegetable shippers of the north Pacific coast shall be required to contribute to the support of railroads in other parts of the country. The roads that serve them are in good financial condition. They are not in need of additional revenues, in the sense that need could be translated or used by the eastern carriers.

O. O. Calderhead, the rate man who prepared the complaints, drew them with a view to having the Railroad Administration answer the question as to whether the shippers in the northwest are expected to pay higher rates so as to enable the Director-General to pay a rent to the owners of eastern and southern roads which, during federal control and under the old rates, cannot be expected to earn enough to pay the guarantee. For weeks before and after the filing of the complaints he worked on the financial reports of the railroads involved in the hauls under the challenged rates with a view to showing, at the hearing Commissioner Aitchison was conducting at the time Mr. Finnerty asked for an adjournment to Washington, that the fruit and vegetable growers in that part of the country had been paying enough, before No. 28 was issued, to enable the Director-General to pay the guaranteed return to the railroads involved.

TO PREVENT AN INJUNCTION

The Traffic World Washington Bureau.

The Commission is going to suspend its order in National Tube Company vs. Lake Terminal Company et al., so as to make it unnecessary for the United States court at Cleveland to issue an injunction enjoining its enforcement. That arrangement was made at Cleveland, September 17. On that day arguments were made on the bill of complaint of National Tube Company et al. vs. United States, asking for a restraining order against the Commission's order directing the trunk lines to cease paying divisions to the industrial common carriers.

In its decision in the complaint of the National Tube Company against the Lake Terminal, the Commission, in effect, reversed itself and the Supreme Court in the matter of divisions and allowances to industrial roads. The complaint was a demand for reparation for the period between April 1, 1914, and April 14, 1915. During that period of thirteen months the trunk lines refused to pay the industrial lines anything for the services performed by them. They canceled their tariff arrangements.

That resulted in the creation of the so-called Industrial Railway case, in which Commissioner Harlan tried to have his colleagues agree with him that industrial lines are not common carriers and are not, therefore, entitled to anything out of the through rate for the services they render.

While the case was pending the Supreme Court decided the Tap Line case, and the Commission felt that that decision made untenable the ground on which the trunk lines had declined to pay divisions. It then decided that the trunk lines might pay divisions. The trunk lines, therefore, restored divisions. Then the common carrier industrial lines owned by the same interests that own the National Tube Company and other subsidiaries of the United States Steel Corporation, asked for reparation on shipments made during the thirteen months after the cancellation of allowances or divisions to the industrial lines.

On that demand for reparation the Commission, in an opinion by Commissioner Harlan, went back to its old position and directed the trunk lines to quit paying divisions or allowances.

It was against the enforcement of that order that the tube company and the Lake Terminal asked an injunction. The case was heard before Judges Killitts, Westenhaver and Knappen, Blackburn Esterline appearing for the United States, Dr. Needham for the Commission, Senator West of Ohio for the Pennsylvania Company and the Wheeling & Lake Erie, C. S. Belsterling, A. C. Dustin and E. A. Severance for the Lake Terminal and the tube companies.

Dr. Needham took the position that the terminal railroad performed no part of the line haul service and that it should therefore look to the shipper for compensation. The attorneys for the shippers called attention to the fact that there is no such division in rates in the United States as there is in England, except in the case of iron ore, and that that is an arbitrary distinction made by the Commission and having no part in this case at all. They took the position that the Commission, in issuing the order, went outside the record and made statements of fact not borne out by the record.

The judges agreed with them and indicated that they would grant the restraining order, *pendente lite*. Dr. Needham said the Commission would rather postpone the effective date of its order than to have it enjoined and he undertook to have it do so. Under such suspension of the Commission's order the matter can be taken to the Supreme Court for a third attempt to settle the question as to whether the Commission has power to shut off divisions and allowances to a railroad because the money that built it came from the same pocketbook as the money used in establishing the industry or industries that ship over its rails.

PREVENTION OF ACCIDENTS.

Director-General McAdoo September 21 sent the following message to the National Safety Council Congress meeting in St. Louis:

"Conservation of the lives and health of our people is an imperative national necessity. To arouse leaders of all industries and to awaken all workers to this necessity is a work of vital importance. The old maxim, 'The safety of the people is the highest law,' has new importance in these days of human wastage. Never before have enlightened men realized the world importance of safeguarding in a higher degree than ever before the broad interests of human beings and the right of all, even the humblest, to live in freedom and in security, not only from oppression, but also from injury resulting from controllable causes. Your organized influence and your vigorous work for the protection of the lives and the safety of economic workers has the complete indorsement of all far seeing men. To-day man power means so much to the safety of the nation that the conservation of the health and the promotion of safety, not only of the workers on our railroads, but in all industries, stands as a patriotic duty as well as an economic necessity. Effective accident prevention work on all railroads under federal control is therefore one of the important activities of the United States Railroad Administration. Please be assured of my earnest interest and sympathy in the important work you are doing and of my best wishes for a fruitful outcome of your deliberations."

SHORT LINE CONTRACT

The Traffic World Washington Bureau.

As a result of the intervention of southern senators in behalf of the short lines, negotiations between the American Short Line Railroad Association and the Railroad Administration were resumed September 30. Senator Smith, of South Carolina, chairman of the Senate Interstate Commerce Committee; Senators Underwood and Bankhead, of Alabama; Fletcher, of Florida, and Simmons, of North Carolina, called on Director-General McAdoo September 27 and represented to him that they considered it essential that a contract should be made between the government and the short lines, and they hoped he would exert himself in behalf of more liberal terms than his advisers seemed to be willing to make with the committee representing the short lines.

The next day, in accordance with an arrangement between the Director-General and the senators, the short line committee, composed of Bird M. Robinson, W. M. Blount, B. B. McCain and T. F. Whittelsey, had a talk with Director-General McAdoo, Director Chambers, and E. C. Niles, chief of the short line section in Director Prouty's division.

They went over the whole subject, the short line men pointing out that they could not continue to operate unless they receive assurances of a respect for routing instructions, an adequate car supply, fair divisions, the right to buy materials and supplies at prices quoted to the federal-controlled roads, and, above all, the right to solicit freight for hauling over the rails of these pioneer roads. They said the contract offered them by Mr. McAdoo's advisers was too ambiguous on the points covered, not to mention the points not covered in it, to be accepted by them. They contended that the proposed contract was not as liberal to the little fellows as to their big trunk line connections.

It is the belief of the short line people that, ultimately, a contract will be offered to them that will enable them to live, perhaps not so comfortably as the prosperous trunk lines, but to live so that at the end of the war they will be able to resume their struggle to grow out of the class of short lines. The form of contract rejected by them, they have argued, would not assure them divisions of joint rates as favorable as those obtained by them from the trunk lines before the latter were taken under Government control. In other words, it would not assure them an operating revenue as great as it was before wages, supplies, and materials took the huge upward spurt.

INDUSTRY TRACKS

The Railway Administration has put forth what is believed to be another effort in a determination to make the shipper pay an unpublished charge for the delivery of freight on so-called private side tracks. The basic attempt in that matter, which many consider a deliberate move to circumvent the Supreme Court's decision in the Los Angeles switching case and to disregard the decisions by the Commission in the matter of efforts to impose charges on delivery on other than public team tracks, was made in General Order No. 15. Since its issuance two or three constructions have been issued. The latest to come to notice is that put out by Regional Director Bush, in Circular No. 102, cancelling No. 41.

That circular, dated September 28, is believed to have been written on account of facts common in the Southwest. It puts part of the cost of maintaining tracks on the railroad right of way on shippers whose own land is so located as to enable him to use the company tracks as economically as if he had laid tracks for himself on his own property.

The principle enunciated in the Los Angeles case is that all side tracks, no matter about the propriety title, constitute part of the terminals of the carrier and that compensation for the use of such tracks is carried in the rates stated in the tariffs. General Order No. 15, in the view of shippers who went to the expense of providing themselves with tracks or of buying land where they could use tracks of the company, is an effort to make them pay, not only the tariff rates which the Commission and the courts have said contain compensation for the use of the terminals, but additional compensation not provided for in tariffs. The objecting shippers do not raise the question of good faith,

although many of them made investments in lands adjacent to tracks of the railroad company larger than they would have made had they known that by the indirect means of General Order No. 15 they would be penalized for having thus taken steps favorably to locate themselves.

Director Bush's Circular No. 102 is as follows:

"In regard to construction to be placed on General Order No. 15, you are advised as follows:

"A track or portion of a track on railroad right-of-way used wholly or partly for the purpose of loading freight from and to cars, to and from an industry, and not in use at the same point as a public delivery track, is to be regarded as an industry track within the meaning of General Order No. 15, and the cost of maintenance thereof shall be borne by the industry, except that where the track or portion of track so used by the industry is also used for passing cars to and from other industries or other tracks of the carrier, the expense of maintenance should be apportioned between the carrier and the industry or industries affected, in proportion to the amount of use of the track for the industry and the passage of cars for other purposes.

"Where the conditions are such that it can be known that a percentage division will operate to produce substantially this result of division of the expense in proportion to the amount of the use of the track for the industry and the passage of cars for other purposes, such percentage division may be adopted by agreement, provided the agreement clearly shows that the percentage merely represents the above basis of division and it is to be modified from time to time, if and when it appears that conditions have changed so as to make the agreed percentage no longer produce the result originally intended. Some method should also be adopted in such cases for periodically checking the accuracy of the agreed percentage as a means of arriving at the division above provided for, and when it appears that it is no longer accurate for that purpose, it should be discarded for the future and readjusted for the past so far as necessary to cure any unreasonable discrimination and so far as practicable.

"The general plan of the instructions is to provide for division of the expense of maintenance of tracks used for industry tracks, but not solely for the purpose of a single industry, and at the same time, to avoid discriminations in connection with the maintenance of such tracks. Of course, the instructions will have to be applied with reference to the operating conditions existing in the several cases.

"The question has been raised as to whether in cases where the traffic involved does not justify the expense of track construction up to the clearance point, the track may not be put in at sole expense of the industry. It is felt that under existing conditions if there is not sufficient justification for a side track to warrant the railroad in paying the expense up to the clearance point, the track should not be built at all."

BRICK RATE COMPLAINT

The Traffic World Washington Bureau.

The general complaint against the failure of the southwestern lines to publish joint through rates on brick has been filed by the Fort Worth Freight Bureau and the Texas Brick Manufacturers' Association against the Director-General, the Abilene & Southern, and other railroads operating in the southwest. The Texans aver that the railroads publish and maintain rates and charges on brick and other clay products from points in the Little Rock-Fort Smith territory to destinations in Oklahoma, Texas and Louisiana; from points in Oklahoma to destinations in Little Rock-Fort Smith territory and points in Texas; and from points in Kansas to destinations in Arkansas in the Little Rock-Fort Smith territory and Oklahoma, which are lower, mileage considered, than the rates and charges applied for like and contemporary service on like traffic from Texas points of origin to the same destinations, or for like distances moving interstate from Texas under substantially similar circumstances and conditions. They charge that what the railroads are doing constitutes unjust discrimination against Texas and gives undue and unreasonable preference and advantage to competing clay product manufacturers in the Little Rock-Fort Smith territory and in Oklahoma, Louisiana and Kansas, all in violation of the second and third sections of the act to regulate commerce.

As illustrating the disadvantage under which Texas brick manufacturers are trying to do business, the complaint shows that on building brick from Muskogee, Okla., to Fort Worth, a distance of 253 miles, the rate is 11 cents, whereas the northbound joint rate from Fort Worth to Muskogee is 12½ cents over the same line, that of the Missouri, Kansas & Texas. The single-line rate for this distance between points in Texas and between Shreveport and Texas points, also locally between points in Oklahoma, is 11.2 cents. On face brick from Tulsa to Fort Worth, a distance of 305 miles, single-line M. K. & T., the rate is 13 cents, whereas the charge in the reverse direction is 16 cents over the same rails.

The single-line rate for this distance between points in Texas on the one hand and between Shreveport and Texas points on the other, also locally between points in Oklahoma, is 12.7 cents per 100 lbs. The combination of locals is applicable to certain points via certain routes in Louisiana, although to other points in Louisiana via other routes the through class rate applies in some instances and through commodity rates in others. For example, on shipments moving from Bennetts, Tex., on the Texas & Pacific to destinations on the Sunset-Central Lines in Louisiana via Fort Worth or any other Texas junction no through rates are applicable, although from the same point of origin to destinations on the L. R. & N. in Louisiana through commodity rates apply.

These are only a few of what the Texans believe to be absurd rate situations. They also assert that the commodity descriptions and mixture rules applying on the different kinds of brick and articles relating thereto are broader and more favorable, resulting in lower rates and charges to shippers of these commodities from points in Kansas, in Oklahoma and the Little Rock-Fort Smith territory; also from points in Arkansas to points in Oklahoma and Texas, and also locally between points in Oklahoma. These commodity descriptions and mixture rules result in lower charges for substantially similar services in Texas.

The great and distinct point made in the complaint is that the Southwestern lines' traffic committee did not obey the instruction for the application of General Order No. 28, which says: "Rates as increased by Section 2, Paragraph a, General Order 28, should be applied to the through movement of commodities except grain and its products. Where the increase is on the percentage basis the result will be the same whether applied to combinations or through rates, but where a flat or maximum increase per ton or hundred pounds is made some adjustment will be necessary to apply the increase to the through movement. This should be accomplished where possible by publication of specific through rates or by use of proportional rates. Use this basis as far as practicable in publishing tariffs effective June 25."

The complainants ask for through rates increased by 25 per cent maximum 2 cents per hundred pounds. They suggest that if in the opinion of the Commission, as a temporary war measure, any advance over the 2-C. scale of rates is necessary on brick and related articles in this territory, the advance be limited, as before suggested, to 25 per cent with 2 cents as the maximum. They also ask for a mixed carload shipment rule reading:

"Any one or more of the articles taking building brick rates, named in Item No. 1420 of Tariff I. C. C. 51, may be shipped in mixed cars with any one or more of the articles taking fire brick rates named in Item No. 1430 of Tariff I. C. C. 51, at the rate and minimum weight applicable on fire brick and other articles named in Item No. 1430 of the said Tariff I. C. C. 51." They also ask for reparation amounting to \$1,291.96."

The complaint was prepared by Ed. P. Byars and is, so far as can now be recalled, the first to challenge the acts of the tariff publishing agents in failing, as the Texans believe, to carry out the instructions issued in connection with General Order No. 28.

REPORT ON CIRCUS WRECK

The Traffic World Washington Bureau.

The circus wreck at Ivanhoe, Ind., June 22, in which 67 circus employees and one employee of the Michigan Central were killed, was caused by an engineman who went to sleep while on duty and ran past automatic signals set at caution and stop, and a flagman armed with lanterns and

a burning fusee. He reported to officials of the Michigan Central that he was asleep and did not see the circus train until within eighty or ninety feet of it. He thinks he set the brakes and shut off steam. Other trainmen testified that the engine was working up to the time it hit the circus train, which had stopped on account of a blazing hot box.

These are the essential facts set forth in a report to the Commission by W. P. Borland, chief of the Bureau of Safety. The answer to the query raised by the facts in this case, Borland thinks, is the installation of automatic devices that will take control of the train out of the hands of employees, who fail at critical times to heed block signals. On that point he said:

"This collision is another example of that class of accidents which a modern system of signaling is powerless to prevent. It has been repeatedly pointed out in reports of other accidents investigated by this bureau that the only known way to guard against such accidents is the use of some form of automatic device which will assume control of the train whenever the engineman fails to obey the stop indication of a signal. Frequently as an accompaniment of such accidents there are unfavorable weather conditions such as fog, an obstructed view of signals, insufficient braking distance between signals, or excessive speed, but at Ivanhoe none of these conditions existed; on the contrary, everything was favorable for the second train to stop except the one failure that no signal system can guard against, namely, the failure of the man.

"Since July, 1911, when this bureau began the investigation of accidents, it has reported on 50 accidents, or approximately 10 per cent of the total number of accidents investigated, resulting in the deaths of 270 persons and injuries to 1,405 others, in which the primary cause was the disregard of signal indications. In a number of these investigations it has been shown that the best signal systems, installed according to the latest engineering knowledge on the subject and maintained to a very high standard, will not prevent accidents. Employees of the highest class, with long records for faithful performance of their every duty, have failed at the critical time. It must be apparent, therefore, that there is some weakness in our system of railroad operation that has not been overcome by the best engineering talent of to-day or by careful selection and training of employees. With such a list of accidents, to refer only to the more recent ones, as Tyrone, Milford, Amherst, Bradford, Mount Union and North Vernon, all occurring on roads where modern signaling is in use, the lesson of the urgent need of some further safeguard cannot be overlooked. It is for this purpose that the automatic stop has been devised, and devices of this kind have now been sufficiently developed to warrant service trials on an extensive scale.

"In this connection it is noted that ordinary locations of automatic signals will permit a much closer spacing of trains than will give a flagman time to get back a sufficient distance to protect his train, and, under such conditions, protection by flag cannot be relied upon if for any reason an engineman disregards a stop signal indication."

REPORT ON TRAIN WRECK

The Traffic World Washington Bureau.

Apparently forgetfulness on the part of Engineman Kennedy, who was killed, caused the death of himself and 100 persons in the head-on collision between passenger trains on the Nashville, Chattanooga & St. Louis near Nashville, Tenn., July 9. Eighty-seven passengers and 14 employees were killed and an equal number of passengers and employees were injured.

Kennedy was drawing a local passenger train leaving Nashville in daylight hours. He had been on that run for four years and had the reputation of being a careful man. He and his conductor talked about No. 1 passenger train, because it had not arrived. Yet Kennedy ran into it, just as if he had forgotten the existence of such a train.

These facts were brought out in a report to the Commission by W. P. Borland, chief of the Safety Division. He said that apparently Conductor Eubank relied entirely on the other members of his crew to identify and keep track of No. 1. He said he passed a train in the yards between Nashville and Shops, a local station within the

switching limits, and thought it was No. 1. He did not identify it, being busy collecting tickets.

From the report it is obvious Borland thinks there are too many trains on that part of the road to be handled in the way they have been. In his report he said:

"The records show that during the month of June, an average of 23 trains daily were operated into and from Nashville over this division, and the number of yard movements materially increased the density of traffic between Nashvills and Shops.

"Under these circumstances it is absolutely essential to safety that some means be provided for supplying to outbound crews definite information regarding opposing superior trains, as, for example, by the maintenance of a train register at Shops, or by issuing orders to outbound trains at Shops giving definite notice of the arrival at that point of superior trains which had not arrived at Nashville at the time of departure of the outbound trains.

"This accident would have been prevented, beyond question of doubt, by a properly operated manual block system on the single-track line north of Shops, for which all necessary appliances and facilities were already available. The time table indicates that between Nashville and Hickman, Ky., a distance of approximately 172 miles, there are 27 train-order offices, of which 14 are continuously operated. On this line there are 4 scheduled passenger trains in each direction, and a total of 12 scheduled freight trains. With this volume of traffic, and in view of the universally recognized features of increased safety afforded by the block system, there can be no valid excuse for the failure or neglect on the part of the railroad company to utilize existing facilities for the purpose of operating a block system on that line."

GREAT DEMAND FOR STEEL

The Traffic World Washington Bureau.

Essential and important as railroads are, there is little prospect of any net addition to either road or equipment of any railroad in the United States for the next eight months or year. New rails, new cars, and new engines will be put into service, but the grand total will not be increased materially, if at all.

The demand for steel for war purposes has become so great that the War Industries Board now must balance the question as to whether it would be better to allow the laundries of the country to use pulp shirt boards or pins to keep the ironed shirts from becoming rumpled in delivery. At present it is allowing pulp board mills to continue the manufacture of such boards, as side runs, because the use of the boards saves the metal that would otherwise be used in making pins!

That may sound like an exaggeration to enforce the point that steel, in relation to the demand, is scarce, but it is a solemn fact, set forth in a bulletin by the War Industries Board, in which it was said: "Restricted use of shirt boards by the laundries will be permitted because their use in preventing crumpling and holding the shape of the shirt saves the use of pins, with the result there is conservation of steel."

To add still farther to the supply of steel for essential purposes, the War Industries Board has forbidden the manufacture of many non-essential things, such as car-burner heaters, hand wheel heaters, intake heaters, fluting irons, egg boilers, stew pans, waffle irons, hosiery forms, peanut roasters, bookbinding appliances, fudge warmers, foot warmers, curling irons, corn poppers, and a long list of the things the prohibition of which would tend to provoke smiles and ridicule except for the fact that the War Industries Board is dealing with a serious matter in a serious manner. Still further to conserve steel, the number of styles and sizes of chafing dishes, percolators with faucets, hot water kettles, ovens, hair driers, nursery water heaters, teapots, flatirons, and other like things has been cut down and ornamentation and nickel plating are to be altogether eliminated. Nearly 700 styles have been forbidden.

Similar restrictions have been put on the use of cast-iron pipe, tanks and accessories in buildings and structures, including railroad water tanks. These restrictions go so far as to forbid the use of gas pipe in houses for lighting where electricity is available. Gas pipe for cooking and heating purposes may be used only in cases where the extreme extension of distributing mains is less than

1,000 feet. That is to say, if a man can find all the building materials needed for the construction of houses without calling on the railroads to haul anything for him, he may install gas pipes for cooking or heating, much less lighting, if his bunch of houses is more than 1,000 feet from the end of a gas main.

Restrictions are also put on the use of cast-iron pipe in the sanitary arrangements in houses. A code has been issued for the regulation of such things. State or municipal regulations on that subject are to be disregarded by those who obtain permits to carry on construction of any kind. The restrictions on new construction, announced September 27, forbid the construction of any new building, without a permit, except for farm purposes. Farm buildings costing not more than \$1,000 may be built without permits. Repairs or extensions may be made without a permit, if the cost does not exceed \$2,500.

There is hardly a usual activity that may be carried on without asking the federal government for a permit. The right of a shipper to demand transportation disappeared long before the United States entered the war, when the British Admiralty, commanding most of the ships, said it would not allow ships to carry anything other than essential war materials under permits from the British government. That forced American railroads to install the permit-to-ship system and permits to ship to ports were granted only after the British consul-general in New York had been consulted. Since that time the embargoes, restrictions and other limitations have become so great in number that no one, having anything else to do, would even try to enumerate them, the embargo on lumber into Official Classification territory being the most recent and striking example.

Much of the paper work of railroad general office men is the preparation of circulars for the guidance of shippers, that amount to cancellations of parts of tariffs in which the various carriers offer, for so much money, to perform such and such service. For instance, under date of September 27, regional directors put out a circular pertaining to dressed poultry, L. C. L., quoting a rule issued by the Food Administrator, forbidding the shipment by freight of ice-packed dressed poultry for more than 100 miles, in less than carload lots. The tariffs hold out that the carrier will transport L. C. L. shipments of such poultry at such and such rates, for unlimited distances. The Food Administrator comes along and forbids such retail business for distances greater than 100 miles. In the same way the Food Administrator has made ducks and drakes of the carload minima on various food products by forbidding licensees to ship, for instance, less than 60,000 pounds of sugar, although the tariffs state minima as low as 24,000 pounds. These restrictions reserve cars for maximum service.

These restrictions are mentioned for the purpose of showing how unreasonable it would be for shippers to expect any material improvement in the supply of equipment until after the supreme war needs have been met. The aggressive attitude taken by General Foch explains the extraordinary call for steel. Every day steel that would probably build 100,000 cars is being shot away on various fronts. Every year, at the present rate of warfare, the United States alone is shooting away the value of all the railroads in the country, plus probably fifty per cent, counting the railroads as worth sixteen billions and the war expenses not more than twenty-four billions.

Another evidence of the great demand for steel in comparison with the supply, is the fact that President Wilson, on October 1, asked the War Industries, the War Trade and the War Risk boards and the Food and Fuel administrators if they could move their offices from Washington without hampering their war work. There are too many human beings in Washington. There are not houses enough to accommodate them. The condition has been made worse by Congress. It passed a resolution giving the occupant of a house or of rooms, engaged in war work, the right to occupy the house or rooms so long as he paid the rent and committed no breach of the peace laws.

That resolution has assured places to abide for some of the war workers, but it has closed the doors to newcomers. The risk of having a personally obnoxious war worker placed in a room has caused householders who are not in the business of renting rooms to close their doors to government employees. The other kind of Wash-

ingtonians long ago put up their prices and are continuing to reap a harvest at the expense of those who came to Washington, often to duplicate the work that others were doing, but under the firm impression that they were like unto either Moses or Joan of Arc.

The government thought, after Congress passed the resolution taking the property of one citizen for the use of another, that it would build houses and dormitories for its employees. Now, however, the War Industries Board frowns on the use of cars and steel for anything other than purely war purposes. Therefore, if some of the bureaus can be moved to other cities, the situation will be somewhat relieved. But other cities are also congested, war having drawn workers to the cities of the east, and moving government bureaus to the cities where there is no congestion might slow up the work so much as to make that expedient not worth considering.

LOADING OF COAL

The Traffic World Washington Bureau.

A report was made to Director-General McAdoo September 21 by the Car Service Section on the quantity of coal of all kinds loaded by roads for week ended Sept. 7, 1918, as compared with the same period of 1917. A summary of the report follows:

	1918.	1917.
Total cars bituminous.....	191,962	168,683
Total cars anthracite.....	32,234	32,908
Total cars lignite.....	3,307	3,200
Grand total cars all coal.....	227,603	204,791

A summary of reports for the week ended Sept. 14, 1918, based on actual reports from most roads, but with the results of some roads estimated, follows:

	1918.	1917.
Total cars bituminous.....	219,046	187,603
Total cars anthracite.....	40,699	42,065
Total cars lignite.....	3,087	3,889
Grand total cars all coal.....	262,832	233,557

Increase of 1918 up to and including week ending September 14 over same period of 1917, 569,302 cars.

A summary of the report made September 28 for the week ended September 14 follows:

	1918	1917
Total cars bituminous.....	219,505	188,435
Total cars anthracite.....	40,699	42,065
Total cars lignite.....	3,626	3,380
Grand total cars all coal.....	263,830	233,880

A summary of reports for the week ended Sept. 21, 1918, based on actual reports from most roads, but with the results of some roads estimated, follows:

	1918	1917
Total cars bituminous.....	219,166	182,243
Total cars anthracite.....	36,859	37,294
Total cars lignite.....	3,270	2,665
Grand total cars all coal.....	259,295	222,202

Increase of 1918 up to and including week ending September 21, over same period of 1917, 607,070 cars.

LOADING OF COAL STEAMERS.

H. W. McMaster, general manager of the Wheeling & Lake Erie, at Cleveland, reports to Eastern Regional Director A. H. Smith that the steamer Col. J. M. Schoonmaker was cleared from the docks of that railroad with a cargo of 14,767 tons of Pittsburgh No. 8 coal, in addition to its own fuel, amounting to 406 tons, or a total burden of 15,173 tons. According to the Coal and Ore Exchange, this is the largest cargo of coal ever loaded on the Great Lakes. The lake shipping is under control of the eastern region of the Railroad Administration and special measures have been taken for maximum loading of the coal steamers bound for the northwest.

MISSISSIPPI RIVER SERVICE

Service on the lower Mississippi was inaugurated September 28 by the departure in the afternoon of a towboat and three barges from St. Louis with 2,200 tons of grain and package freight.

The press announcement September 27 was as follows:

"Director-General McAdoo announced to-day that a towboat and three steel barges carrying 2,200 tons of grain and miscellaneous freight will leave St. Louis Saturday, September 28, at 5 p. m., for New Orleans.

"This will signalize the initial departure of the gov-

ernment service on the Mississippi River with the temporary equipment which has been found available and which at present consists of five towboats and thirty steel barges.

"Weekly departures from both St. Louis and New Orleans are contemplated, although the capacity of the carriers is very limited at present. The permanent fleet which is being planned will have much greater capacity."

CONFERENCE ON WATER ROUTE.

Director-General McAdoo has authorized G. A. Tomlinson, director of inland waterways, to confer with owners and operators of boats engaged in general traffic on the inside water route between Philadelphia and Trenton, and Beaufort, N. C., with the object of securing greater coordination and efficiency of operation. As a result, Mr. Tomlinson will hold such a conference in Washington Friday, October 11, to which will be invited these owners and operators of boats and also representatives of the chambers of commerce of the cities along these waterways. Interested shippers in this region will be welcome to this meeting, if they desire to attend, it is announced.

RATES ON NEWSPAPERS

The Traffic World Washington Bureau.

There was a conference before the fifteenth section board October 1 on the application of the American Railway Express Company for a permit to file increased rates on newspaper parcels. The company, when it wrote its application, July 29, regarded itself as subject to the jurisdiction of the Commission and filed a fifteenth section application. In the recent letter of Director-General McAdoo to the Commission, the inference is that Mr. McAdoo regards the express company as part of the "systems of transportation" under federal control. Therefore, instead of asking the permission of the Commission to increase rates, he merely asked it which would be the better way to obtain the money, leaving the inference that when it had answered that question he would decide what method should be used in making the increase.

At the conference on the application for permission to change rates on daily newspapers from a commodity to a class basis and increase the charge about 100 per cent, so the newspapers aver, the express company was represented by T. B. Harrison as attorney and George S. Lee, general manager, as witness. The newspapers were represented by Perry S. Patterson and Walter E. McCornack.

Mr. Lee had no figures on the tonnage of the daily newspapers. His principal figure seemed to be that the magazines distributed from New York in July paid a revenue of \$11,788. Mr. Patterson said that the newspaper tonnage amounted to 44,000,000 pounds per annum. In discussing the proposal of the express company Mr. Patterson said:

"On a short informal hearing the carriers are attempting to strike out a commodity rate which has been in existence for fifty years and establish a class basis. They are trying to change a blanket rate and establish a small zone or distance basis, substituting thousands of rates for one rate. They are attempting to place us on a class basis when we do not belong there. In short, they are attempting to consummate a revolution in a brief moment. The volume of the daily newspapers moving by express, without mentioning any of the other important things spoken of before, would justify a commodity rate. The volume, roughly estimated, amounts to 100,000,000 pounds per year. They have commodity rates on milk and cream and perhaps on many other commodities, and for the same reason they have and should give commodity rates to newspapers. The Commission would establish a commodity rate if we did not have one, and surely they will not take it away when the carriers for years and, voluntarily, have given us one."

WAR DEPARTMENT GRAIN.

Regional Director Aishton has instructed northwestern railroads, under date of October 1, that, effective immediately, U. S. W. D. transportation orders will be required on bulk grain destined New Orleans proper, and on both bulk and sacked grain destined New Orleans, when for export, when shipped for account of the U. S. War Department.

SALE OF RAILROAD TICKETS

The Traffic World Washington Bureau.

As illustrating the enormous tax on railroad facilities at the present time, a report has been made by Director-General McAdoe, showing that on the two days preceding Labor Day, 1918, a larger number of railroad tickets were sold in Washington than ever before. In order to provide for the expected heavy business, extra ticket windows and clerks were arranged for at the Union Station. Including sales both at the Union Station and at the consolidated ticket office, a total of 13,636 tickets were sold on Friday, August 30; these tickets aggregating \$97,411.31. On Saturday, August 31, a total of 23,013 tickets were sold, for sums aggregating \$127,503.94. Tickets for the two days, therefore, aggregated 36,649, for which \$224,915.25 was collected. The greatest number of sales made on any previous day was on December 22, 1917, when a total of 13,417 tickets were sold, aggregating \$78,605.20.

The increased sales are believed to be due largely to the fact that 100,000 war workers have come to Washington, many of them rich or well to do men. Government salaries, too, especially for young typists and stenographers, have gone up from a maximum of \$900 to about \$1,800.

DIVERSION IN TRANSIT

Regional Director Alshon, in Circular No. 36, has issued the following instructions to govern where carload freight is diverted en route to direct routes or because of embargoes, or congestions:

"(1) The following notation, either in ink or by rubber stamp, should be made on waybills:

Routing changed at by direction
R. H. Alshon, Regional Director, under authority
Director General's Order No. 1.....

Agent.

"(2) Postal advice card should be sent to consignee, using form as follows:

Form of Postal Card

UNITED STATES RAILROAD ADMINISTRATION
W. G. McAdoe, Director-General
North and South Railroad
..... Car No. containing
..... billed from on 19..
..... via has been diverted to
route via from
....., 19... Agent R. R.

"(3) On arrival at destinations of shipments which have been diverted in transit agents, in addition to notifying consignee, will notify agent of the line via which shipment was originally routed, as indicated on the waybill. This is necessary to insure against delay where consignee or consignor has placed instructions for delivery or re-consignment in advance of arrival of car with line over which it was expected shipments would move.

"(4) Attention is directed to Circular No. 101 of May 7, 1918, providing for protection of rates applicable via routes specified by shippers, when shipments are diverted by carriers."

EXPIRATION OF EXPORT LICENSES

The War Trade Board announces, in a new ruling (W. T. B. R. 241), that on and after Sept. 30, 1918, export licenses shall be deemed to have been used within the period of their validity—

(a) If the through export bill of lading is issued and signed on or before the expiration date of the license and subsequent to Oct. 9, 1917; or

(b) If the ocean bill of lading is dated on or before the expiration date of the license; or

(c) If the dock receipt is dated on or before the expiration date of the license and the ocean bill of lading covering the same shipment is dated not later than 30 days after the expiration date of the license; or

(d) If the railroad notice of arrival issued at the port of exportation is dated on or before the expiration date of the license and if the ocean bill of lading covering the same shipment is dated not later than ten days after the expiration date of the license, provided that the provisions of this paragraph (d) shall apply only when the merchandise is exported on vessels loaded at railroad docks where dock receipts as provided in paragraph (b) cannot be issued by the vessel or its agents; or

(e) If the shipment is on a lighter which arrives on or before the expiration date of the license alongside the vessel upon which the shipment is to be loaded, and if the shipment is in fact loaded on that vessel and ocean bill of lading is signed not later than thirty days after the expiration date of the license.

The railroad agent issuing a through export bill of lading (combination rail and steamship bill covering goods to destination) will forward to the Bureau of Exports, War Trade Board, Washington, D. C., one copy of such bill of lading after there has been noted thereon the port of exit through which the shipment will pass.

These regulations supersede those announced in W. T. B. R. 152, made public June 29, 1918.

COTTON EXPORTS TO SPAIN

The War Trade Board announces in a new ruling (W. T. B. R. 240) the withdrawal of W. T. B. R. 149, issued June 26, 1918, and the adoption of the following regulations governing the ocean freight rate on raw cotton exported to Spain:

"This new ruling provides that all licenses issued for the exportation of raw cotton to Spain are valid only upon the condition that the cotton exported pursuant thereto shall be carried at a freight rate not exceeding \$7 per hundred pounds gross weight, including primage, for high-density bales, and \$9 per hundred pounds gross weight, including primage, for standard bales. It is provided, however, that licenses for the exportation of cotton in standard bales shall not be issued after a date to be fixed by the War Trade Board and announced later.

"On every shipment of raw cotton to Spain the shipper's export declaration which accompanies the goods to the customs inspector on the dock shall have attached thereto the original dock permit, or a true copy of the same, bearing an indorsement signed by the steamship company to the effect that the rate of freight to be paid on that particular shipment will not exceed \$7 per hundred pounds if in high-density bales and \$9 per hundred pounds if in standard bales.

"Customs inspectors will not allow any raw cotton destined to Spain to be delivered at any dock against license dated June 28, 1918, or later, unless a dock permit indorsed as prescribed above is presented to them. Such indorsed dock permit thereafter is to be made a part of the records of the War Trade Board."

EXPORTS TO SWEDEN

The War Trade Board announces the adoption of the following regulations governing the procedure with respect to the issuance of licenses for the exportation of commodities to Sweden. Previous announcement with respect to such regulations (W. T. B. R. 191, Aug. 9, 1918) is withdrawn.

1. Exporters should apply for licenses to the Bureau of Export supplemental information sheets concerning the commodity as are required.

2. Exporters in the United States, before filing applications for export licenses, must obtain from the prospective importer in Sweden advice that there has been issued by an appropriate importing association, or by the Statens Handels Kommission, a certificate covering the proposed consignment. The number of the certificate should be forwarded by the importer in Sweden to the American exporter. This number should be specified on Supplemental Information Sheet X-104, which must be duly executed and annexed to the application for an export license.

3. Applications for licenses to export to Sweden commodities for which an importing association certificate or a Statens Handels Kommission certificate is required will be considered only in the event that the said certificate has been issued subsequently to June 28, 1918. Certificates issued prior to that date will be treated as void, and exporters in the United States

should not apply for licenses to export to Sweden on the basis of import certificates issued prior to June 28, 1918. The correct serial numbers of certificates issued subsequently to June 28, 1918, will be higher than 10832.

4. In filing applications for license to ship commodities which are controlled by an import association, the shipment must be consigned to the association that issued the certificate, and exporters are required to state on the application the name of the person or firm in whose favor the import certificate was issued; as, for example:

(13) Consignee. Wool Import Association, Stockholm, Sweden.

(14) Purchaser abroad. (Here state person or firm to whom certificate was issued. Address of such person or firm.)

5. The import certificates for commodities which are not controlled by Swedish Import Associations will be furnished by the Statens Handel's Kommission, and the goods may be consigned directly to the importer.

6. Commodities to be exported to Sweden may be shipped only on vessels flying the Swedish flag.

7. The War Trade Board further announce that no purchases for export to Sweden, nor arrangements for the manufacture of any article for export to that country, should be made before an export license has been secured.

8. The War Trade Board have been advised that the following import associations in Sweden will accept, on behalf of the Swedish importer actually interested, consignments of the articles mentioned below. Other import associations may be formed in the near future, in which case due announcement will be made.

- (1) Wool Import Association.—Wool and other raw material for the wool industry.
- (2) Cotton Import Association.—Cotton and cotton yarn, excluding sewing cotton.
- (3) Jute and Hemp Manufacturers' Import Association.—Jute, hemp, manila, flax, sisal and other soft and hard fibers, binder twine, coconut yarn and similar commodities.
- (4) Textile Import Association.—Sewing cotton, silk yarn, textiles of silk, wool, cotton and other materials, and sundry manufactures of hair and leather, manufactures of bone and horn, other manufactures from vegetable materials (excluding tanning materials), and similar commodities.
- (5) Corkwood Import Association.—Cork and manufactures thereof.
- (6) Leather Trade Import Association.—Hides and leathers, furs, manufactures of hides and leather, tanning material, chrome, alum, chrome sulphate, bichromate of sodium and potassium for tanning purposes, and similar commodities.
- (7) Metal Import Association.—Mica, graphite, metals not worked, metal manufactures, lead, tin, tin plate andterne plates, graphite crucibles, aluminum, nickel, and similar commodities.
- (8) Raw Phosphate Import Association.—Raw phosphates.
- (9) Brush Makers' and Horse Hair Spinners' Raw Material Import Association.—Hair and feathers, bast, bamboo, rattan, cane, rice-root, and similar commodities.
- (10) Margarine Manufacturers' Raw Material Import Association.—Edible oil and fats for the manufacture of margarine.
- (11) Wine and Spirits Import Association.—Wines and spirits.
- (12) Tobacco Import Association.—Tobacco.
- (13) Chemical Industries Import Associations.—Technical oils, camphor, paraffine wax, other waxes, varnishes, fats and tallow for technical use, asbestos waste, dyes, wood pulp, paper, stone and clay (excluding mica and coal), phosphates, rosin, soda anodes, paints, antimony sulphide, sulphur, and similar commodities.
- (14) Rubber Import Association.—Rubber and rubber goods.
- (15) Oil Manufacturers' Import Association.—Linseed, rape seed, beet seed, linseed oil, rape seed oil.
- (16) Swedish Medical Board.—Drugs, medical and surgical supplies.
- (17) Swedish Victualling Commission.—Live animals, food-stuffs from animals, bread, cereals and products of Colonial produce (excluding tobacco), fruits, garden plants, saltpeter, seeds (excluding rape seed, linseed, beet seed), oil cakes, and similar commodities.
- (18) Lubricating Oil Import Association.—Lubricants, vaseline and similar commodities.

RATES ON ONE DAY'S NOTICE

The Western Freight Traffic Committee, in circular No. 36, to chairmen of district committees and freight traffic officers of carriers under federal control in western territory, says:

"Referring to Special Permission No. 44844 of the Interstate Commerce Commission, dated January 12, 1918, to which reference is made in Circular 1-A, issued by the Director, Division of Traffic:

"Some misunderstanding seems to prevail as to the extent of the authority granted by this permission and to clear same up you are advised as follows:

"The authority referred to is not intended to grant permission for one road or route to publish rates on one day's notice that are in effect via another road or route, but it is intended that where a line has a rate in effect via a specific route from one point of origin to a destination and it has through routes via which the rates published do not apply,

it can extend that rate on one day's notice to the other route.

"For illustration: The Union Pacific Railroad publishes a rate from Denver to Chicago in connection with the C. & N. W. R. R., but that particular rate does not apply via the Union Pacific and the C. M. & St. P. R. R. They could, under Permission No. 44844, extend the rate published in connection with the C. & N. W. R. R. so that it would apply in connection with C. M. & St. P. R. R., but it does not mean that the Union Pacific Railroad could publish, on one day's notice, via any of its routes, a new rate from Denver to Chicago. This would not be a case of establishing additional routes via the lines that have not had the rates in effect, but would simply be meeting the rates published by another line, and in the latter case a Freight Rate Authority must be secured."

WESTERN COMMITTEE HEARING.

The Western Freight Traffic Committee has docketed the following subject and a general hearing on it has been set for October 22:

No. 1144. Readjustment export and import rates between points in Western territory and Gulf and Atlantic ports. General Order No. 28 provided for advance to domestic basis export and import rates and required that fixed differentials be preserved as far as practicable. For convenience rates on export and import through Gulf ports were increased 25 per cent; readjustment to be made later. Hearing is for purpose of determining reasonable and proper rates between points in Western territory and Gulf and Atlantic ports.

OCEAN FREIGHT INSURANCE

The Traffic World Washington Bureau.

Water rates having gone as high as all-rail rates, Director Chambers, in freight rate authority No. 1480, has authorized the coastwise steamship lines to become insurers of freight in their possession instead of requiring shippers to take out insurance against marine risk, by amending their terminal tariffs and circulars. Loss or damage is to be computed on the basis of the value of the property at the time and place of shipment. The change is to be made on one day's notice without change in rates.

FINANCIAL OPERATIONS

The Traffic World Washington Bureau.

A statement of the financial operations of the Railroad Administration since April 1, given the public October 1, says:

"Since April 1, 1918, the Director-General has advanced to all railroad companies the sum of \$294,845,170, exclusive of the current earnings of the roads applied directly by the individual roads to their current expenses and corporate needs. This amount went to 85 different roads or systems. The disbursements for the month of September aggregated \$52,993,750.

"Of the total sum disbursed to October 1, \$209,347,910 was taken from the \$500,000,000 revolving fund, and \$85,497,260 came from the surplus earnings of various roads which were turned over to the Director-General by the limited number of roads whose receipts for the period exceeded their requirements.

"The total amount of money turned over to the Director-General for the common fund from April 1 to October 1, by roads reporting surplus earnings was \$113,000,000. To this should be added \$10,419,944 received from the new American Railway Express Company, making the total receipts from railways and express companies for the period \$123,419,944.

"Of the \$113,000,000 turned over by the roads, \$64,507,660 went back to roads temporarily making the deposits with the Director-General, these same roads subsequently calling upon the Railroad Administration for advances considerably in excess of the deposits which they had thus temporarily turned over.

"The only railroads which have made deposits for the common fund during this period which have not asked for the return of any portion of the funds thus deposited by them were the following:

"Atlantic Coast Line and Louisville & Nashville, \$10,650,000; Duluth, Missabe & Northern, \$6,400,000; Atchison, Topeka & Santa Fe, \$4,600,000; Duluth & Iron Range,

\$2,900,000; Northern Pacific, \$2,500,000; Elgin, Joliet & Eastern, \$2,500,000; Bessemer & Lake Erie, \$2,000,000; Delaware, Lackawanna & Western, \$2,000,000; Central Railroad Company of New Jersey, \$1,500,000; Pere Marquette, \$1,500,000; Pullman Car Lines, \$1,000,000; Fort Worth & Denver City, \$900,000; Spokane, Portland & Seattle, \$600,000; Lehigh & New England, \$550,000; El Paso & Southwestern, \$500,000; International & Great Northern, \$450,000; Grand Rapids & Indiana, \$100,000; Staten Island Rapid Transit, \$100,000; Texarkana & Fort Smith, \$100,000; total, \$40,850,000.

"The railroad lines to which advances were made during the month of September by the Director-General were the following:

"Union Pacific, \$5,000,000; St. Louis-San Francisco, \$4,490,000; Southern Pacific, \$3,700,000; Pennsylvania Railroad Lines, \$3,300,000; Chicago & Northwestern, \$3,300,000; Baltimore & Ohio, \$3,000,000; Chicago, Burlington & Quincy, \$2,700,000; New York Central Lines, \$2,620,000; Erie Railroad, \$2,500,000; Southern Railway, \$2,000,000; Norfolk & Western, \$2,000,000; Chicago, Rock Island & Pacific, \$1,700,000; New York, New Haven & Hartford, \$1,500,000; Delaware & Hudson, \$1,500,000; Illinois Central, \$1,325,000; Chesapeake & Ohio, \$1,300,000; Seaboard Air Line, \$1,100,000; Chicago, Milwaukee & St. Paul, \$1,000,000; Western Maryland, \$1,430,000; Chicago & Alton, \$800,000; Missouri Pacific, \$800,000; Boston & Maine, \$550,000; Western Pacific, \$430,000; Minneapolis, St. Paul & Sault Ste. Marie, \$350,000; Kansas City Southern, \$350,000; Georgia Railroad, \$309,000 Terminal Railroad Association of St. Louis, \$300,000; Monongahela Railway, \$300,000; Denver & Rio Grande, \$200,000; Chicago & Junction Railway, \$200,000; Bangor & Aroostook, \$300,000; Midland Valley Railway, \$270,000; Chicago & Eastern Illinois, \$250,000; Gulf, Mobile & Northern, \$200,000; Chicago, Peoria & St. Louis, \$200,000; Ann Arbor Railroad, \$158,000; Chicago, St. Paul, Minneapolis & Omaha, \$150,000; Portland Terminal, \$150,000; Belt Railroad of Chicago, \$135,000; St. Louis Southwestern, \$130,000; Rutland Railroad, \$116,000; Baltimore & Ohio Chicago Terminal, \$100,000; Chicago & Western Indiana, \$100,000; Maine Central, \$100,000; Florida East Coast, \$100,000; Richmond, Fredericksburg & Potomac, \$60,000; Alabama & Vicksburg, \$50,000; Chicago, Terre Haute & Southeastern, \$50,250; Western Railway of Alabama, \$35,000 Norfolk Southern, \$30,000; Ulster & Delaware, \$20,000; Louisville, Henderson & St. Louis, \$17,500; Tennessee Central, \$15,000; total, \$62,993,750.

"The amounts advanced to all railroad companies April 1 to October 1, 1918, were:

"New York, New Haven & Hartford, \$48,464,000; Pennsylvania Railroad Lines, \$43,600,000; New York Central Lines, \$42,920,000; Chicago, Milwaukee & St. Paul Railway, \$36,725,000; Baltimore & Ohio Railroad, \$16,500,000; Illinois Central Railroad, \$13,775,000; Erie Railroad, \$10,900,000; Chicago, Rock Island & Pacific Railway, \$7,700,000; Southern Pacific Lines, \$7,500,000; Southern Railway Lines, \$5,910,000; Chicago, Burlington & Quincy Railroad, \$5,800,000; St. Louis-San Francisco Lines, \$5,608,000; Seaboard Air Line, \$5,450,000; Chesapeake & Ohio, \$5,050,000; Union Pacific Railway, \$5,000,000; Denver & Rio Grande, \$4,400,000; Missouri Pacific Railway, \$3,550,000; Lehigh Valley, \$3,500,000; Delaware & Hudson, \$3,500,000; Chicago & Northwestern, \$3,300,000; Wabash Railroad, \$3,225,000; Missouri, Kansas & Texas Lines, \$2,645,000; Buffalo, Rochester & Pittsburgh, \$2,600,000; Norfolk & Western, \$2,000,000; Philadelphia & Reading, \$1,400,000; Chicago & Alton Railroad, \$1,400,000; Minneapolis & St. Louis, \$1,350,000; Chicago, St. Paul, Minneapolis & Omaha Railway, \$1,350,000; Chicago, Indianapolis & Louisville, \$1,325,000; Western Maryland Railway, \$1,099,509; Hudson & Manhattan, \$1,000,000; Kansas City Southern, \$850,000; Terminal Railroad Association of St. Louis, \$825,000; Central of Georgia, \$750,000; Indiana Harbor Belt, \$720,000; Wheeling & Lake Erie, \$700,000; St. Louis Southwestern Railway, \$630,000; Grand Trunk Western Lines, \$621,000; Florida East Coast, \$600,000; Norfolk Southern Railroad, \$570,000; Boston & Maine, \$550,000; Chicago Great Western, \$507,660; Hocking Valley, \$500,000; Chicago Junction Railway, \$500,000; Western Maryland, \$500,000; Ann Arbor Railroad, \$488,000; Western Pacific, \$430,000; New York, Ontario & Western, \$400,000; Gulf, Mobile & Northern, \$400,000; Minneapolis, St. Paul & Sault

Ste. Marie, \$350,000; Georgia Railroad, \$309,000; Bangor & Aroostook, \$300,000; Central New England Railway, \$300,000; Kansas City, Mexico & Orient Railway, \$300,000; Belt Railway of Chicago, \$290,000; Central Vermont Railway, \$285,000; Chicago, Terre Haute & Southeastern, \$279,451; Midland Valley Railroad, \$270,000; Chicago & Eastern Illinois, \$250,000; Detroit, Toledo & Ironton Railway, \$238,775; Chicago & Western Indiana Railway, \$215,000; San Antonio & Aransas Pass, \$200,000; Chicago, Peoria & St. Louis, \$200,000; Atlanta, Birmingham & Atlantic Railway, \$189,000; Illinois Southern Railway, \$160,000; Duluth, South Shore & Atlantic, \$150,000; Portland Terminal, \$150,000; Vicksburg, Shreveport & Pacific, \$136,000; New York, Chicago & St. Louis Railroad, \$132,275; New Orleans Great Northern, \$120,000; Rutland Railroad, \$116,000; Pittsburgh & Shawmut Railroad, \$110,000; Maine Central, \$100,000; Baltimore & Ohio Chicago Terminal, \$100,000; Old Dominion Steamship Company, \$95,000; Alabama & Vicksburg, \$63,000; Richmond, Fredericksburg & Potomac, \$60,000; Washington, Brandywine & Pt. L. Railroad, \$50,000; San Antonio, Uvalde & Gulf Railroad, \$45,000; Colorado & Southern Railway, \$41,000; Franklin & Pennsylvania Railway, \$35,000; Western Railway of Alabama, \$35,000; Ulster & Delaware, \$20,000; Louisville, Henderson & St. Louis, \$17,500; Tennessee Central, \$15,000; total, \$294,845,170.

"In addition to the above sums advanced the railroad companies directly, the Director-General has advanced, on account of orders placed by him for locomotives and cars now under construction, the further sum of \$30,660,255.

"The payments shown in the above tables are exclusive of very large amounts which were taken from the earnings of the roads between Jan. 1, 1918, and July 1, 1918, by the various railroad companies to meet their interest and dividend requirements and for other corporate purposes. The total funds therefore which the railroad corporations have received since January 1 from the Director-General and from the operation of the properties and current balances will reach approximately (\$1,000,000,000) one billion dollars.

"The current operating expenditures and taxes of the railroad lines which the Director-General has also paid during the same period is estimated at between \$3,000,000,000 and \$3,500,000,000."

INTEREST ON RAILROAD FUNDS

The Traffic World Washington Bureau.

In circular No. 59, Director-General McAdoo says:

"All banks and trust companies in which funds of the Railroad Administration or of the various federal treasurers are deposited will be notified that in future they will be required to pay interest at the following rates: On deposits payable by check on demand, 2 per cent per annum; on time deposits payable after thirty days from date or after thirty days' notice, 3 per cent per annum. These rates will apply to all railroad deposits in all banks except in special cases where, because of the smallness of the account or the particularly fluctuating character of the balance, it may be considered proper not to require the payment of interest.

"An investigation recently made shows that the rates of interest allowed by banks which pay interest on railroad deposits has ranged all the way from 2 per cent to 5 per cent per annum, and the higher rates paid have been used by some banks as an excuse for excessive rates charged to customers.

"The Director-General expects banks designated as railroad depositaries to observe faithfully the interest laws of their respective states and not to charge rates of interest in excess of those permitted by law.

"It is of great importance to the public welfare, to the financing of the war, and to the commerce of the nation that interest rates throughout the country shall be kept at a moderate level or within a reasonable range."

FINANCE AND PURCHASES.

In circular No. 4, Chairman H. B. Spencer of the Finance and Purchases Committee announces the establishment of the Forest Products Section of that committee. The new section is attending to the committee's cross-tie, lumber, and kindred forest products' business, and correspondence relating thereto should be addressed to M. E. Towner,

Southern Railway building, Washington, D. C., who is in charge of this section.

In circular No. 3 he announced the appointment of the following district managers of the Procurement Section: J. G. Stuart, Chicago district, headquarters Chicago, Ill.; W. A. Hopkins, St. Louis district, headquarters, St. Louis, Mo.; Oscar V. Daniels, Pittsburgh district, headquarters, Pittsburgh, Pa.; W. F. Jones, Eastern district, headquarters West Albany, N. Y.

BUY LIBERTY BONDS

The Traffic World Washington Bureau.

Director-General McAdoo, September 26, sent the following message to all regional directors:

"Please bulletin the following message to all officers and employes:

"The campaign for the Fourth Liberty Loan begins September 28 and ends October 19.

"The government must borrow from the people six billion dollars, for which it gives its obligation in the form of Liberty Bonds bearing interest at 4½ per cent per annum.

"The government needs this money to enable our brave army and the brave armies of our allies to keep up the push against the Germans now so auspiciously begun.

"We cannot lick the Kaiser without this money, and the sooner we get this money and the sooner we convert it into the necessary munitions and supplies for our heroic boys, who already have the Huns on the run, the sooner they will finish the dangerous job we have intrusted to them.

"I earnestly urge every railroad officer and employe who loves his country to go the limit of his means to lend to the government by purchasing Liberty Bonds."

NEW CANADIAN FREIGHT RATES

(Consul Felix S. S. Johnson, Kingston, Ont., in Commerce Reports.)

New tariffs have been filed by the railways, to become effective October 7 next, advancing the rates per 100 pounds by one-half cent for carloads and less than carloads at all cartage points. The minimum charge of 25 cents for shipments of 300 pounds and under, and 35 cents for shipments weighing over 300 pounds, remain unchanged. A similar advance was made in March last. According to officials of the railways, they have been compelled to make the additional charge on account of the advance in wages, recently granted the teamsters and men employed in the cartage sheds.

The new tariffs add a number of articles to the list of so-called "exceptions" on which the published cartage rates do not apply. The following is a list of articles added to the "exceptions" in the new tariffs: Ash sifters, bakers' ovens, cereals and popcorn (straight shipments), churns, cork, cotton batts, cotton wadding, cream separators, elevators and parts, electric light bulbs, globes, glass, hats, machines and machinery (all kinds), portable buildings, stoves, furnaces and parts, garden utensils and washing machines.

PETROLEUM RATE INCREASE.

The Commission, September 21, by means of special permission No. 47201, authorized the railroads to commute the twenty-five per cent advance in rates on petroleum and its products to 4.5 cents per 100 pounds specific, by means of what might be called sticker supplements, instead of supplements in regular form setting forth the increase in each rate, as provided in rules 4 (l) and 9 (e) of tariff circular 18-A. The twenty-five per cent advance was made by these irregular supplements. They are now to be displaced by the also irregular supplements naming 4.5 cents per 100 pounds instead of twenty-five per cent as the amount of the increase.

GRAIN EMBARGO PRIMARY MARKETS

Hale Holden, regional director, directs Central Western railroads, in Supplement No. 2 to Circular No. 161, as follows:

"Owing to the confusion and duplication resulting from present rule permitting application for permit to be made

either by shipper at point of origin or by consignee at destination, it has been decided to confine to shippers only. Therefore, please change Section 1 of Circular No. 161 to read as follows:

Application for permit may be made only by shipper at point of origin. It must be in writing and on prescribed form and must be transmitted by railroad agent at point of origin to Grain Control Committee at destination.

"Also cancel all of Section 2 and the third paragraph of Section 7."

BLAST FURNACES AT WORK

Director General McAdoo September 24 received a report showing that in the Pittsburgh District 130 blast furnaces of a total of 134 are in blast. This is the greatest number that has been in operation at any one time since last December; in fact, the greatest number in blast at any one time in this territory for many years. No furnaces in the territory, he says, are banked or out of blast for the lack of coke or other causes within the control of railroads, while only four furnaces are out of blast for relining and repairs.

On February 7 of the present year in this district there were only 82 furnaces in blast, while on the same date, 38 furnaces were banked or out of blast for want of coke, 14 furnaces being out of blast for relining and repairs.

FREE TRANSPORTATION

In instructions to northwestern railroads, Supplement 6 to Circular 20, Regional Director Aishton says:

"We are in receipt of a great many suggestions and complaints from the traveling public as to the extent to which free transportation is being issued to employes and their families.

"In view of the urgent nation-wide appeal being made that travel be confined to necessary business requirements, it is considered no more than just and proper that employes should materially restrict their travel to that which is really necessary.

"Specific instances have been brought to our attention from which it appears that pay passengers have been obliged to stand due to the fact that holders of free transportation were occupying seats.

"While we have no desire to place any restrictions other than those at present in effect on the issuance of free transportation, at the same time the Railroad Administration has the right to expect the earnest co-operation of the employes in this respect, at least to the extent that they discontinue the practice of traveling for pleasure.

"It is to be hoped that by placing this important matter before the employes the inconsistency of a condition which makes it necessary to deny to pay passengers accommodations which they have purchased and the absolute necessity for a reduction in travel will be apparent and will result in an immediate response on the part of the employes and those of their families who are entitled to the courtesy of free transportation."

MISUSE OF REFRIGERATOR CARS

Regional Director Bush in his order No. 83 says:

"To maintain refrigerator equipment in suitable condition for the preservation of perishable freight, care must be exercised to avoid its abuse, which frequently occurs in some of the ways outlined below:

"1. An efficient refrigerator car requires dry insulation and it is a physical impossibility to construct or mechanically waterproof insulation that will withstand moisture from ice loaded in the body of the car. The use of refrigerator cars for the hauling of ice should be restricted to cars unfitted for the transportation of perishable freight, whenever it is practicable to do so.

"2. Present tariff permits ice to be packed in the shipment of certain commodities, such as lettuce or spinach, which are permitted by tariff and will have to be continued, but should not be allowed unless specifically authorized in this manner.

"3. When refrigerator cars are unloaded, all refuse, particularly decayed fruits and vegetables, should be removed. Shippers and consignees often fail to do this; in fact, it is claimed that refuse from platforms and ware-

houses has been loaded in the cars. After a long journey, such cars become so badly contaminated that it requires days and, in some cases, weeks to properly restore to suitable condition for the shipment of food products. Consignees should be required to completely clean out the cars, and if damage, which results from this bad practice, is brought to their attention, it should not be difficult to secure their proper co-operation.

"4. Hides, oils, bones, or other offensive and contaminating articles must not be loaded in these cars. Considerable scrubbing and fumigating is required to remove stains and odor. Water used will necessary get to the insulation.

"5. Shippers must not be permitted to drive nails or spikes through the sides and floor of the car in the placing of bracing, as this will puncture the insulation and form a channel for moisture to penetrate and cause damage."

TRAFFIC CLUBS

(The following list of traffic clubs will be published from time to time. We ask that readers notify us of any errors or of any changes or additions of which they have knowledge.)

Akron Traffic Association. Alvin Hill, Pres.; E. L. Morgan, Secy.

Baltimore Traffic Club. Paul Gessford, Pres.; C. C. Kallier, Secy.

Boston, Mass.—The Association of Railway and Steamboat Agents of Boston. O. M. Chandler, Pres.; W. M. Macomber, Secy.—Treas.

Brooklyn Traffic Club. P. L. Gerhardt, Pres.; C. A. Schleicher, Secy.

Buffalo Transportation Club. H. B. Loucks, Jr., Pres.; G. C. Wilson, Secy.

Chicago Traffic Club. R. C. Ross, Pres.; C. B. Signer, Secy.

Chicago Transportation Association. W. C. Siegrist, Pres.; T. P. Hinchcliffe, Secy.

Cincinnati.—Traffic Club of the Chamber of Commerce. H. M. Freer, Chairman; E. H. Smith, Secy.

Cleveland Traffic Club. C. M. Andrus, Pres.; J. B. Sanford, Secy.

Columbus, Ohio.—Traffic Club of the Columbus Chamber of Commerce. J. E. Harris, Pres.; J. G. Young, Secy.

Dayton Traffic Club. J. W. Cobey, Pres.; W. E. Boyer, Secy.

Dearborn (Mich.) Traffic Club. J. M. Richardson, Pres.; F. W. Ludwig, Secy.

Denver Commercial Traffic Club. G. H. Work, Pres.; R. E. Patterson, Secy.

Detroit Transportation Club. J. A. Sullivan, Pres.; G. A. Walker, Secy.

Erie Traffic Club. H. R. Landers, Pres.; M. W. Elsmann, Secy.

Flint (Mich.).—Traffic Club of the Flint Board of Commerce. A. V. Marti, Pres.; A. Nelson, Secy.

Fort Worth Transportation Club. E. C. Price, Pres.; E. E. Wyatt, Secy.

Freeport, Ill.—Greater Freeport Traffic Club. W. H. Jenner, Pres.; F. F. Pepperdine, Secy.

Grand Rapids Traffic Club. Arnold Greenbaum, Pres.; L. M. MacPherson, Secy.

Houston Traffic Club. Clint Hollady, Pres.; F. A. Leflingwell, Secy.

Indianapolis Transportation Club. M. Wolf, Pres.; L. E. Stone, Secy.

Jackson (Mich.) Traffic Club of the Jackson Chamber of Commerce. H. H. Chandler, Pres.; J. R. Gibbs, Secy.

Jacksonville Traffic Club. J. C. Burrows, Pres.; W. L. Waring, Jr., Secy.—Treas.

Jamestown, N. Y.—Traffic Club of the Jamestown Board of Commerce. J. H. Dasher, Pres.; H. W. Chapman, Secy.

Kansas City Traffic Club. G. I. Tompkins, Pres.; Alfred A. Wild, Secy.

Los Angeles Traffic Association. E. L. Lewis, Pres.; H. C. Smith, Secy.

Louisville Transportation Club. R. H. Morris, Pres.; G. A. Perry, Secy.

Memphis Traffic and Transportation Club. J. M. Beley, Pres.; L. E. McKnight, Secy.—Treas.

Milwaukee Traffic Club. H. W. Ploss, Pres.; F. T. Fuhs, Secy.

Minneapolis Traffic Club. C. M. Boyce, Pres.; W. W. Gibson, Secy.

Newark Traffic Club. C. H. Gulick, Pres.; E. E. Burkhard, Secy.

New England Traffic Club, Boston. A. H. Van Pelt, Pres.; C. A. Anderson, Secy.

New York Traffic Club. W. L. Woodrow, Pres.; C. A. Swope, Secy.

New York, N. Y.—Traffic Club of the Queensboro Chamber of Commerce. E. J. Tarof, Pres.; P. W. Moore, Secy.

Norfolk Traffic Club. R. S. Gale, Pres.; Hege Terrell, Secy.—Treas.

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Omaha Traffic Club. B. J. Drummond, Pres.; John P. Byrne, Secy.

Peoria Transportation Club. C. H. Gillig, Pres.; Arthur Maedel, Secy.

Philadelphia Traffic Club. F. E. Snively, Pres.; W. H. Montgomery, Secy.

Philadelphia.—Commercial Traffic Managers of Philadelphia. W. B. Grieves, Pres.; T. Noel Butler, Secy.

Pittsburgh Traffic Club. J. J. Monks, Pres.; F. A. Layman, Secy.

Pittsburgh Traffic and Transportation Association. R. M. Sisk, Pres.; F. G. Wood, Financial Secy.

Portland Transportation Club. E. M. Burns, Pres.; W. O. Roberts, Secy.

Providence, R. I.—Traffic Club of the Providence Chamber of Commerce. E. E. Salisbury, Chairman; E. C. Southwick, Secy.

Rockford Traffic Club. J. H. Miller, Pres.; L. E. Golden, Secy.

Salt Lake City Transportation Club. A. R. McNitt, Pres.; R. E. Rowland, Secy.

San Francisco Transportation Club. W. E. Amann, Pres.; Frederick Birdsall, Secy.

San Francisco Traffic Club. W. T. Bozeman, Pres.; L. N. Bradshaw, Secy.

Seattle Transportation Club. F. W. Graham, Pres.; E. W. Mosher, Secy.-Treas.

South Bend Traffic Club. F. S. Montgomery, Pres.; G. S. Hess, Secy.-Treas.

Spokane Transportation Club. V. G. Shinkle, Pres.; R. W. Franklin, Secy.

St. Joseph Traffic Club. R. A. Ferguson, Pres.; T. J. Slattery, Secy.

St. Louis Traffic Club. F. C. Reilly, Pres.; J. R. Bell, Secy.

Syracuse Traffic Efficiency Club. S. D. Rice, Pres.; W. J. O'Neil, Secy.

Toledo Transportation Club. H. S. Bradley, Pres.; Harry S. Fox, Secy.

Topeka Traffic Association. O. B. Gufler, Pres.; W. S. Barton, Secy.-Treas.

Washington Traffic Club. J. C. Williamson, Pres.; W. B. Peckham, Secy.

WOMEN RAILROAD WORKERS

Application has been made by Regional Director Smith of the Director-General's declaration that he is opposed to the employment of women in railroad work that is too heavy for them or that is unsuitable on account of the surroundings. Director Smith has put out a circular forbidding the employment of women as section laborers and truckers at freight stations and warehouses. He says: "The Director-General is opposed to the use of women as section laborers and as truckers in freight depots and warehouses."

"He feels that this is not at all proper work for women, and that it will not only be viewed with disfavor by the public, but that, in view of the wages now paid for this work, it should be possible to secure men, and the women should be transferred into some class of labor suitable to their strength and with proper regard to their health."

"Will you please, therefore, not employ women as section laborers and truckers at freight stations and warehouses?"

EFFECTIVE DATE POSTPONED.

The Commission has further modified its order of May 22 in case 9311, the Great Falls Gas Co. vs. C., B. & Q. R. R. Co. et al., and case 9311, Sub-No. 1, Great Falls Sewer Pipe & Tile Co. vs. Same, so as to become effective November 16 instead of October 2.

R. R. EMPLOYES AND CORPORATIONS.

In a letter on the relation of Railroad Administration employees to railroad corporations, Regional Director Smith on September 28 said:

"In order to make clear that a uniform policy is pursued, you are advised that federal managers and general managers, and their subordinate officers ought not to act as officers or directors of any railroad corporations or of any subsidiaries of such railroad corporations. This ruling applies to terminal companies as well as to other

corporations owned or controlled by one or more railroad corporations. The ruling also applies to terminal companies and other corporations whose property is used by the Railroad Administration, but which are not owned or controlled by railroad companies."

CALIFORNIA FRUIT SHIPMENTS

Shipments of California fresh fruits this year have broken all records, and the 1918 season will go down in history as exceeding them all, both before the war and during the war to the present time, says a statement issued October 1 by Director-General McAdoo. This year's shipments amount to 15,004½ cars to September 15 against 11,719½ last year. This means that to September 8 the excess of shipments this year amount to 3,285 cars. A fourth more grapes and nearly twice as many peaches as last year have been shipped. The comparative statement issued by the California fruit distributors gives the following figures:

	1917.	1918.
Cherries	295	351
Apricots	403	440½
Pears	4,111½	3,991½
Peaches	2,238	3,036½
Plums	2,598½	2,478½
Grapes	2,062½	4,683
Miscellaneous	11½	23½
Totals	11,719½	15,004½

FRUIT AND VEGETABLE INFORMATION.

The Bureau of Markets, U. S. Department of Agriculture, issues daily bulletins on the principal fruits and vegetables during the main shipping or marketing season. These bulletins show the prevailing prices in the large markets of the United States. They also show the carlot shipments of the various states, receipts in each of the large markets, as well as the f. o. b. prices in the heavy shipping areas. Thus, the grower and dealer are able to keep abreast of the market. These bulletins are free and may be had by writing to the Department of Agriculture, Bureau of Markets, 139 Clark street, Chicago, Ill.

COMMISSION ORDERS.

The Commission has changed the effective date in No. 8354, Kansas City Millers' Club et al. vs. A., T. & S. F. et al., from October 1 to November 1, and in No. 8857, Natchez Chamber of Commerce vs. Y. & M. V. et al., from November 1 to December 1. It has dismissed No. 8507, Swift & Co. vs. St. L. & S. F. et al., at the request of the complainant.

Digest of New Complaints

No. 9093—Petition for rehearing in Northern Potato Traffic Association vs. A. T. & S. F. et al.

No. 10200—The Refinite Co. vs. C. & N. W. Ry. Co. Alleges that through rate of 29 cents on crude clay, in bulk, from Buffalo Gap, S. D., to Des Moines, Ia., in so far as it exceeds combination of local rates in effect at time shipments moved, to be unjust, unreasonable and discriminatory and in violation of sections 1 and 4 of the act.

No. 10215—In re Southeastern Refrigeration Charges. Application filed by Southern Freight Rate Committee seeking authority to increase refrigeration charges on berries, melons, domestic fruits and vegetables from points of origin south of Ohio & Potomac rivers and east of the Mississippi to all points in the United States and Canada.

No. 10226—In re Michigan Railway Company Rates. Investigation by Commission on its own motion into and concerning the rates, fares, charges, rules, regulations and practices contained in certain freight and passenger tariffs of the above carrier.

No. 10227—In re Electric Railway Mail Pay. Investigation by Commission with a view to publishing an order fixing rates for the transportation of mail matter by urban and interurban electric common carriers and service connected therewith, and the method for ascertaining such rates.

No. 10228—Wattis Coal Co. vs. Utah Ry. Co. Alleges unjust, unreasonable and discriminatory rates of \$3 per car with minimum of \$10 per hour for switching service on coal from Wattis, Utah, to Wattis Junction, Utah, in violation of sections 1 and 3.

No. 10254. Monarch Paper Co., Kalamazoo, vs. Canadian Pacific et al. Against rates of 22c and 17.2c on kaolin or china clay from Montreal Wharf to Kalamazoo as unjust and unreasonable because in excess of 13.1c on clay in packages, C. L., there being no differences in conditions of transportation. Asks for reparation down to the basis of 13.1c on twenty-four car-

POSITIONS WANTED OR OPEN

GOOD TRAFFIC MEN ARE MORE THAN EVER IN DEMAND and **THE TRAFFIC WORLD** is the logical medium for getting the men and the positions in touch with one another. The rates for classified advertisements are as follows: Five cents per word first insertion, three cents per word second insertion and two cents per word for each additional insertion, payable in advance. Answers to keyed advertisements forwarded free and all correspondence held in strict confidence. **THE TRAFFIC WORLD**, 418 South Market Street, Chicago, Ill.

WANTED—Experienced freight rate man to audit freight bills in traffic department of well-known industrial concern in mid-west which is doing considerable Government work at present. Also have need for stenographers with traffic experience. State age, experience and salary expected. Dayton, care of *The Traffic World*, Chicago.

POSITION WANTED—An assistant traffic manager with large experience. Have had ten years' experience handling carload traffic. "Quebec," care of *The Traffic World*, Chicago.

TRAFFIC MANAGER is seeking desirable opening, sixteen years' experience, railroad and industrial. Thoroughly familiar with I. C. C. regulations and procedure; rates and efficient handling of claims. Capable of assuming charge or organizing traffic department. Married. Address "Manager," care of *The Traffic World*, Chicago, Ill.

FOR SALE—To the highest responsible and satisfactory bidder, the services of an experienced transportation expert, who has, during the past year, saved, by means of proper rate adjustments, a sum in excess of \$150,000, for an association, and recently by an adjustment under General Order No. 28, a sum of \$28,000 on one contract, for one firm, with which he is now associated. Address draft age. Correspondence with firms with appreciable tonnage invited. Address AAA1, care *The Traffic World*, Chicago.

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TRAFFIC ORGANIZATIONS

THE NATIONAL INDUSTRIAL TRAFFIC LEAGUE.—Object: The object of this league is to interchange ideas concerning traffic matters, to co-operate with the Interstate Commerce Commission, state railroad commissions and transportation companies in promoting and securing better understanding by the public and the state and national governments of the needs of the traffic world, to secure proper legislation where deemed necessary, and the modification of present laws where considered harmful to the free interchange of commerce; with the view to advance fair dealing and to promote, conserve and protect the commercial and transportation interests.

Headquarters—Tacoma Bldg., 5 North La Salle St., Chicago.

G. M. Freer President
Manager Traffic Department, Cincinnati Chamber of Commerce and Merchants' Exchange.

W. H. Chandler Vice-President
Manager Transportation Department, Boston Chamber of Commerce.

Oscar F. Bell Secretary-Treasurer
T. M. Crane Company, 836 South Michigan Avenue, Chicago, Ill.

E. F. Lacey Assistant Secretary
5 North La Salle Street, Chicago, Ill.

MANUFACTURERS' ASSOCIATION, in Charge of Traffic of Industries Located at Sterling and Rock Falls, Ill.

A. N. Bradford President
P. W. Dillon Vice-President
W. J. Burleigh Secretary-Treasurer
W. E. Long Traffic Manager

All correspondence relative to movement of traffic to or from Sterling and Rock Falls, Ill., should be addressed to the Traffic Manager, General Offices, Lawrence Building, Sterling, Ill.

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SAN FRANCISCO, **324 Sansome St.**

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CHICAGO, 647 Marquette Bldg.
SACRAMENTO, P. O. Box 72
NEW YORK, 71 Broadway

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IDEAL STENCIL MACHINE CO.

20 Ideal Block **BELLEVEILLE, ILL.**

Sale offices in principal cities

loads, the lower basis having been made effective on August 4 on kaolin.

No. 10255—J. D. Hollingshead Co., Chicago, vs. McAdoo, Adirondack & St. Lawrence et al.

Unjust and unduly discriminatory rates on staves, C. L., from Crowder, Miss., to points in C. F. A. territory; in favor of Charleston and Greenwood, Miss. Asks for joint through rates.

No. 10256—Beaumont (Tex.) Chamber of Commerce vs. McAdoo, Beaumont, Sour Lake & Western et al.

Against a rate of 25 cents on clean rice from Beaumont to New Orleans as unjust and unduly discriminatory as compared with a rate of 19 cents from Lake Charles to New Orleans. Asks for just and reasonable rates.

No. 10257—Orange (Tex.) Rice Milling Co. vs. McAdoo et al. Against a rate of 73 cents on rice bran from Welsh, La., to Childress, Tex., as unjust and unreasonable. Asks for a published combination of 32 cents and reparation.

No. 10258—Anson G. Betts, Asheville, N. C., vs. McAdoo and L. & N.

Unjust and unreasonable charges on iron ore from Barkwood, Ga., to Middlesboro, Ky. Asks for reparation.

No. 10259—Beaumont (Tex.) Chamber of Commerce for Paggi Bros. vs. U. S. R. R. A. and G. C. & S. F. et al.

Against a rate of 65 cents on a car of oil well machinery from Oil City, La., to Saratoga, Tex., as unjust and unreasonable. Asks for a published rate of 44 cents and reparation.

Docket of the Commission

Note.—Items in the Docket marked with an asterisk (*) are new, having been added since the last issue of The Traffic World. Cancellations and postponements announced too late to show the change in this Docket will be noted elsewhere.

October 8—Argument at Washington, D. C.:

American Ry. Express Co. suggesting method of advancing express rates.

October 9—Argument at Washington, D. C.:

1. & S. Docket 1118—Live stock loading and unloading charges. 9977—Chicago Live Stock Exchange vs. A. T. & S. F. Ry. Co. et al.

October 10—Argument at Washington, D. C.:

8834—Kettle River Co. vs. Mo. Pac. Ry. Co. et al. 9146—McGowen-Foshee Lumber Co. vs. F. A. & G. R. R. Co. et al.

9797—Robert Abeles et al. vs. Alex. & Western Ry. Co. et al. 9907—Commercial Club of Omaha vs. B. & O. R. R. Co. et al.

October 10—Washington, D. C.—Examiner Hillyer:

10253—E. E. Musick vs. N. & W. Ry. and W. G. McAdoo, Director-General of Railroads.

October 11—Argument at Washington, D. C.:

9798—Portsmouth Assn. of Commerce vs. S. A. L. Ry. Co. et al.

9955—Rowland Lumber Co. et al. vs. S. A. L. Ry. Co. et al. 9752—E. I. Du Pont de Nemours & Co. vs. M. D. & S. R. R. Co. et al.

9752 and Sub. Nos. 1, 7, 9, 27, 28, 30, 33, 35, 44, 53, 58, 64, 65, 69, 76, 77, 81, 86, 95, 97, 98, 102, 104, 108—E. I. Du Pont de Nemours & Co. vs. Sou. Ry. Co. et al.

9752 and Sub. Nos. 8, 32, 55, 59—E. I. Du Pont de Nemours & Co. vs. C. & W. C. Ry. Co.

9752 and Sub. Nos. 6, 10, 13, 24, 49, 56, 59, 60, 67, 68, 73, 79, 87, 90, 92, 96, 100, 103, 109—E. I. Du Pont de Nemours & Co. vs. A. C. L. R. R. Co. et al.

9752 and Sub. Nos. 3, 5, 12, 25—E. I. Du Pont de Nemours & Co. vs. Georgia R. R. Co. et al.

9752 and Sub. Nos. 2, 4, 21, 22, 38, 40, 57, 61, 71, 72, 107—E. I. Du Pont de Nemours & Co. vs. C. of Ga. Ry. Co. et al.

9752 and Sub. 11—E. I. Du Pont de Nemours & Co. vs. G. F. & A. Ry. Co. et al.

9752 and Sub. Nos. 14, 28, 39, 41, 106—E. I. Du Pont de Nemours & Co. vs. A. & W. P. R. R. Co. et al.

9752 and Sub. Nos. 15, 52—E. I. Du Pont de Nemours & Co. vs. G. S. & F. Ry. Co. et al.

9752 and Sub. No. 16—E. I. Du Pont de Nemours & Co. vs. Ga. Nor. Ry. Co. et al.

9752 and Sub. Nos. 17, 45—E. I. Du Pont de Nemours & Co. vs. M. D. & S. R. R. Co. et al.

9752 and Sub. No. 18—E. I. Du Pont de Nemours & Co. vs. Gainesville Mid. Ry. Co. et al.

9752 and Sub. No. 31—E. I. Du Pont de Nemours & Co. vs. Ga. & Fla. Ry. Co. et al.

9752 and Sub. No. 34—E. I. Du Pont de Nemours & Co. vs. Norf. Sou. R. R. Co. et al.

9752 and Sub. Nos. 36, 42, 43—E. I. Du Pont de Nemours & Co. vs. W. Ry. of Ala. et al.

9752 and Sub. Nos. 37, 85—E. I. Du Pont de Nemours & Co. vs. L. & N. R. R. Co. et al.

9752 and Sub. Nos. 19, 46, 47—E. I. Du Pont de Nemours & Co. vs. Wrightville & Tennille R. R. Co. et al.

9752 and Sub. Nos. 48, 62, 83, 84—E. I. Du Pont de Nemours & Co. vs. A. B. & A. Ry. Co. et al.

9752 and Sub. No. 51—E. I. Du Pont de Nemours & Co. vs. Ga. S. W. & G. R. R. Co. et al.

9752 and Sub. No. 66—E. I. Du Pont de Nemours & Co. vs. Union & Glen Springs R. R. Co. et al.

9752 and Sub. No. 75—E. I. Du Pont de Nemours & Co. vs. N. W. R. R. Co. of S. C. et al.

9752 and Sub. No. 78—E. I. Du Pont de Nemours & Co. vs. Bennettsville & Cheraw R. R. Co. et al.

9752 and Sub. No. 95—E. I. Du Pont de Nemours & Co. vs. Orangeburg Ry. Co. et al.

9752 and Sub. Nos. 62, 105—E. I. Du Pont de Nemours & Co. vs. Lancaster & Chester Ry. Co. et al.

9849 and Sub. Nos. 4, 7, 8—E. I. Du Pont de Nemours & Co. vs. L. & N. R. R. Co. et al.

9849 and Sub. No. 1—E. I. Du Pont de Nemours & Co. vs. W. Ry. of Ala. et al.

9849 and Sub. Nos. 2, 6, 16, 17, 18, 21—E. I. Du Pont de Nemours & Co. vs. A. C. L. R. R. Co. et al.

9849 and Sub. Nos. 3, 5, 14, 19—E. I. Du Pont de Nemours & Co. vs. S. A. L. Ry. Co. et al.

9849 and Sub. Nos. 9, 12—E. I. Du Pont de Nemours & Co. vs. C. of Ga. Ry. Co. et al.

9849 and Sub. No. 10—E. I. Du Pont de Nemours & Co. vs. A. & W. P. R. R. Co. et al.

9849 and Sub. No. 11—E. I. Du Pont de Nemours & Co. vs. M. D. & S. R. R. Co. et al.

9849 and Sub. No. 13—E. I. Du Pont de Nemours & Co. vs. Norf. Sou. R. R. Co. et al.

9849 and Sub. No. 15—E. I. Du Pont de Nemours & Co. vs. F. R. & N. E. R. R. Co. et al.

9849 and Sub. No. 20—E. I. Du Pont de Nemours & Co. vs. N. & W. Ry. Co.

9933—Rowland Lumber Co. et al. vs. S. A. L. Ry. Co. et al., previously published as Case No. 9955, in error.

October 12—Argument at Washington, D. C.

9878—Ida S. Granstein vs. B. & M. R. R. Co. et al. 7893-7894—Royal Milling Co. vs. G. Nor. Ry. Co.

October 14—Argument at Washington, D. C.

9887—St. Louis Elect. Term. Ry. Co. et al. vs. C. C. C. & St. L. Ry. Co. et al.

10026—Armour & Co. vs. E. P. & S. W. et al. 10026 Sub. No. 1—Swift & Co. et al. vs. E. P. & S. W. Co. et al.

10026 Sub. No. 2—Wilson & Co. Inc. vs. E. P. & S. W. Co. et al.

10048—Pneumatic Scales Corp., Ltd., vs. A. & R. R. R. Co. et al.

October 15—Argument at Washington, D. C.:

10101—Hite & Rafetto vs. C. R. R. of N. J. 10103—Steinhardt & Kelly vs. Erie R. R. Co.

10134—Keystone Warehouse Co. vs. Pa. R. R. Co. 10141—Shane Bros. & Wilson Co. vs. Pa. R. R. Co.

October 16—Argument at Washington, D. C.:

10150—James J. Redmond vs. Adams Express Co. 10167—Sioux City Live Stock Exchange vs. Chicago & Northwestern Ry. Co. et al.

10026 Sub. No. 3—Morris & Co. vs. E. P. & S. W. Co. et al. 10147—Northern Potato Traffic Assn. vs. C. & N. W. Ry. Co. et al.

10167—Sioux City Live Stock Exchange vs. C. & N. W. Ry. Co. et al.

October 17—Argument at Washington, D. C.

Valuation Docket No. 4—In the matter of valuation of the property of the K. C. S. Ry. Co., Maywood & S. C. Ry. Co., Ponteau Val. R. R. Co., Ark. Western Ry. Co., Ft. Smith & V. B. Ry. Co. of Tex. & Ft. S. Ry. Co., K. C. S. & G. Ry. Co., K. C. S. & G. Term. Co., Port A. C. & D. Co., Glen's Pool Tank Line.

October 22—Hearing at Chicago, Ill.:

10204—Consolidated Classification case—Petroleum interests.

October 23—Hearing at Chicago, Ill.:

10204—Consolidated Classification case—Petroleum interests.

October 24—Hearing at Chicago, Ill.:

10204—Consolidated Classification case—Rubber interests.

October 25—Hearing at Chicago, Ill.:

10204—Consolidated Classification case—Furniture interests.

October 26—Hearing at Chicago, Ill.:

10204—Consolidated Classification case—Furniture interests.

October 28—Hearing at Chicago, Ill.:

10204—Consolidated Classification case—Packers and poultry and dairy interests.

November 4—Washington, D. C.—Examiner Brown: 9200—Railway mail, pav.

November 4—Hearing at Chicago, Ill.:

10204—Consolidated Classification case—Stove and range interests.

November 5 to 8 inclusive—Hearing at Chicago, Ill.:

10204—Consolidated Classification case—Miscellaneous subjects.

November 6—Chicago, Ill.—Examiner Disque: * 10204—Consolidated Classification case (miscellaneous interests).

November 8—Chicago, Ill.—Examiner Disque: * 10204—Consolidated Classification case (miscellaneous interests).

November 12—Chicago, Ill.—Examiner Disque: * 10204—Consolidated Classification case (for such interests as may desire to be heard).

November 12—Hearing at Washington, D. C.:

10204—Consolidated Classification case—For such interests as may desire to be heard.

THE TRAFFIC WORLD

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Saturday, October 12, 1918

CONSERVATION OF PAPER

In the interest of both patriotism and necessity, THE TRAFFIC WORLD is complying by every means in its power with both the spirit and the letter of the regulations of the War Industries Board with respect to the conservation of paper. There is to be no curtailment in the amount of material furnished to our subscribers, but the change in the appearance of the magazine, due to the more solid arrangement of the type and the more economical use of headlines, is attributable to the enforced economy in the use of white paper. To this cause is also due the fact that we are discontinuing all exchange arrangements with other publications and the giving of free copies, except the permitted one copy to each advertiser for checking purposes.

A MERCHANT MARINE

Joseph J. Slechta discusses elsewhere in this issue the question of whether the United States shall have a merchant marine after the war. The problem is among those that will arise with the termination of the world conflict, and, like the others, should have immediate and serious consideration. Mr. Slechta's remarks are timely and very much to the point, and his conclusion impresses us as wise. He points out that after the war we shall have a vast amount of tonnage released from war service. The problem will be what to do with it and how to accomplish with it what it is thought desirable to do. He points out that a charterer will not, out of patriotism, pay more to an American owner than to a foreign owner. He could not

if he would. Competition would prevent his doing it and making a living at the same time. How, then, can this tonnage be so treated as to come within the reach of those seeking to charter ships, or should it be junked, or sold, or kept in idleness? In a word, shall we have a merchant marine?

A FOUR-MINUTE TALK

We all agree that the war should be fought to the end, that money with which to fight it should be raised by the sale of Liberty Bonds, that the bonds are a good investment, and that if we do not buy them the cause in which we are enlisted will fail. So there is no use in wasting time discussing those things. Let us get down to "brass tacks"—in other words, to the question, "Why don't you buy more bonds?"

The reply one usually hears to this question is: "I have bought all I can afford to buy." It is accompanied by explanations of how much more it costs to live than it did a year, or two years, or three years ago, and that there is nothing left out of one's salary after paying necessary expenses. In many cases this is not true. You have something left. Buy Liberty Bonds with it. But in the cases where it is true and where the income cannot be increased—by persuading your employer, for instance, that the increased cost of living justifies an increased salary—the answer is that the expenses must be reduced. Don't say you can't do that—that you are on the ragged edge now. You can do it.

Suppose your salary were suddenly cut in half or reduced one-third? Would you starve or would you go on living? You would go on living, of course, but your standard of living would be lowered. That is what you must do now—lower your standard of living. It is not much to ask. The soldiers in the trenches are not only offering their lives and giving up business prospects, but they have altered their standard of living, haven't they? If they can live in the mud and eat rough food out of a mess tin—to say nothing of the danger of being shot while they are eating—you can make some change in your mode of life. It is ridiculous to say you can't do it and yellow not to do it if Uncle Sam needs the money.

Do you pay seventy or eighty dollars a month rent? Move into a cheaper neighborhood and pay forty or fifty? Do you drive an automobile? Dispose of it or put it up for a time. Do you belong to a club that is more or less expensive? You could resign, couldn't you? Were you planning the usual outing for yourself and family next summer? Lots of people don't have summer outings and they manage to live and be happy. Were you thinking

of buying a new dress suit this winter? Don't buy it. If the old one won't do, you can stay away from places where dress suits are necessary. They oughtn't to be necessary anywhere now. Were you going to spend fifty or a hundred dollars at Christmas time? Cut out the Christmas presents—except for the children—or, if you must buy them, give Liberty Bonds or War Savings Stamps. Planning to go to a banquet? You can save five iron dollars by staying at home. Wife getting an expensive party gown or a set of furs? She doesn't need them. You don't have to go to the theater every Saturday night, or at all.

Don't say you can't buy Liberty Bonds when you are spending money in these or a hundred other unnecessary ways, as long as our army fights the Hun and as long as it is necessary to keep it in food and arms and ammunition. Look yourself square in the face. What do you think of a man who says he can't afford to buy Liberty Bonds when he is paying a hundred dollars a month rent, driving an automobile, sending his daughter to private school, and keeping two maids? And the same thing goes for you who don't live on such an elaborate scale because you haven't the income to do it on. The man with the larger income can come down to your present standard of living and you can go down a peg. The fellow who was on that peg can move still lower. There is no bottom. Everyone who doesn't buy and who doesn't make some sacrifice in order that he may buy, is a slacker.

PRESIDENT-MADE RATES

To a layman—one, too, who has not seen a complete report of the discussion and whose knowledge of it is necessarily limited to a more or less condensed account—it would seem that the argument of railroad attorneys before the Commission in the Willamette Valley lumber case to the effect that the Commission has no right to pass on a rate that, since the complaint was made, has been changed by order of the President, through his Director-General, has not even a technical justification. Indeed, we had supposed that the question had been settled beyond all doubt by the arrangement to add the Director-General as a party defendant in all such cases. As such party he would be entitled to offer evidence, we suppose, but we do not understand that he desires to do so in this case and the argument did not turn on his right to do so. It is not urged, as we understand it, that any attempt is being made to deprive him of the right to be heard.

Without even this technical justification, the position of counsel for the railroads, as it appears from our news reports, is not understandable. It

amounts to contending that the Commission has no authority to change a rate that has been made by the President under the power conferred on him by the federal control law, though that law expressly gives the right of recourse to the Commission against such a rate. Besides, in the case at issue, the rates attacked are not President-made rates in any but a technical sense. They were complained against before General Order No. 28, increasing them by a certain definite percentage, was issued. Now the attempt seems to be to hold that they are President-made rates merely because the President applied an increase to them, as he did to all other rates.

The whole action of the railroad attorneys seems to be inspired by a feeling of awe for anything on which the Railroad Administration has laid its hands. Their awe may be understood, perhaps, for the Railroad Administration is now their master, but it is not the master of the shipper nor of the general public, nor can those affected adversely by its acts be expected to accept them merely because of the atmosphere of sanctity with which it is sought to surround them. The Railroad Administration, in General Order No. 28, increased freight rates generally, because it needed the money. Granted that its course was justified. It certainly does not assume—or at least Mr. McAdoo himself does not assume—to know just what effect is worked in every locality by every change in rates thus caused. It does not assume that no injustice has been worked and that no correction is necessary. In fact, it has admitted the contrary. It is for the Commission to say what the facts are and what justice is and it is for everybody to realize that in cases of this sort the Railroad Administration merely stands where the railroads formerly stood—not to be dealt with, perhaps, exactly as the railroads were, for it is presumably acting in the interest of the public and not selfishly—but to be dealt with on the theory that it is not infallible and that it and its servants must respect the rights of those who use the carriers in their business in so far as consideration of the needs of shippers is consistent with the public welfare with respect to the winning of the war.

JOINT RATES ON COAL

The Traffic World Washington Bureau.

The Railroad Administration is putting in joint rates on coal that result in short hauling such as would not have been thought of ten months ago. Five rate authorities issued October 5 result in giving mines on different systems joint rates instead of combinations as heretofore. The most important of these, apparently, is No. 1515, immediately establishing rates from mines on the C. & O. to N. & W. stations south and east of Lynchburg, Va., from Illinois Central mines in western Kentucky to Frisco stations south of Memphis, and from L. & N. mines in eastern Kentucky to southern stations between Asheville and Murphy.

Current Topics in Washington



Feeling Between Shippers and Administration.—A better feeling exists now between representatives of shippers on the one hand and officials of the Railroad Administration on the other than was the case a few months ago. They understand each other better. The shippers, so far as their sentiments are reflected by the men they send to Washington, is that, sooner or later, they will have to go to the mat, to use a wrestling expression, with the Administration officials on the fundamental question as to

whether a President-made rate is beyond criticism and beyond change. The shippers have become convinced that the Railroad Administration lawyers, perhaps unconsciously, are attributing to the President, during the war, at least, the powers of an absolute monarch. They do not believe that either the President or Director-General McAdoo know the extreme position taken in the arguments last week. They cannot make themselves believe that either the President or the Director-General can subscribe to the proposition that, because the rates now in effect were prescribed in the name of the President, they are beyond the reach of the Interstate Commerce Commission, as being absolutely or relatively unreasonable. They cannot believe that either thinks that even during the war Congress has made it possible for either of them to say, with regard to anything "L'etat! C'est moi." They are willing to admit that, for many purposes during the war, Congress has converted the United States into a paternal form of government, such as prevails in continental European countries under various forms. Therefore their disagreements are as to the meaning of the law, with the representatives of the shippers feeling that the commissioners have not subscribed to the proposition that, because of Order No. 28, present rates have become sacred. That helps create the better feeling mentioned. The Commission and the courts ultimately will have to decide what the law means.

Demurrage Action Helps Also.—Acceptance of the Commission's reversal of itself on the Procter and Gamble decision (as shown in its order to have the demurrage code changed so as to make it show that a private tank car standing on the sidetrack of the owner is exempt from demurrage) also tends to improve the feeling between the controllers of transportation, on the one hand, and the users, on the other. The Commission did not order the change. It merely expressed an opinion that was inconsistent with what it had ordered in the Procter and Gamble case. The Railroad Administration took note of that fact and directed a change in the demurrage code. It might have stood pat and continued to collect demurrage, forcing the Commission itself to say that it had come to a different idea and desired that a change be made in the demurrage rules. The idea that the Supreme Court approved the Commission's decision is erroneous. It merely reversed the Commerce Court. That latter body had decided that it had jurisdiction to review a negative order of the Commission, such as the Commission's order was in the Procter and Gamble complaint. It merely held that to assent to such a construction of the act creating the Commerce Court would be destructive of the idea in the act to regulate commerce—namely, a body to enforce additional rights for shippers.

Sentiment Toward Express Company.—One of the obvious facts at the hearing October 8 on the express rate matter was that the express companies have lived down the hostility that was once one of the most patent things in the realm of railroad regulation. It is only a few years ago that the practices of the express companies were such that no hearing before the Commission could be conducted without someone losing his temper and blurted out denunciation of some practice. Those were the days when the express companies insisted that the ship-

per whose goods were wholly lost should pay the rate for their transportation from the point of origin to destination just as if the work that the company had done in getting the shipment away from its point of origin were a service for the shipper. Those were also the days when it was not uncommon for the express company to charge tariff rates or some other on Christmas presents at both ends, simply because the recipient would not remark to the sender that he would have appreciated the gift more if the express charges had been prepaid. As a matter of fact, of course, practically every Christmas package had been prepaid, but some student of psychology, without much regard for honesty, discovered that that was easy graft. One high official of an express company, in a circular letter, covertly called attention to the increase in income the employee would receive during the Christmas season by reason of the reluctance of the recipient to look his gift horse in the mouth. The reformation that took place during the general express investigation was thorough and the efforts of the present officials of the companies now consolidated, it is believed, will be able to cash in, some day, on what they did when they took charge. Up to this time, however, the companies have not realized.

Advantage of Mileage Scales.—The probabilities are, it is believed, that while some shippers view with alarm the announcement that mileage class scales are to be used throughout the country, when the change has been made, there will be general satisfaction over the fact. The class scale in Official Classification territory has always been a rock on which everybody interested in railroad rates could place his feet and feel sure of something. The various scales in the southwest have also been of great use in that part of the country as starting points for something else. There is hardly any doubt about distance being the greatest factor in the making of rates. The New York-Chicago scale is the oldest of general authority in the country. It has been an extremely useful yardstick. In undertaking to make yardsticks for use throughout the country, Director Chambers follows the example of the Commission. In every case in which it has undertaken to make a general revision of rates over a considerable section of country it has used a mileage scale. There are so many Commission mileage scales that their mere enumeration would be a big task. It has made so many that at times it has mixed its pickles. For instance, the live stock rates in the second Shreveport scale differed from those prescribed in an earlier case for application in the same territory. The manufacture of a few scales for general use, it is pointed out by those who are more inclined to consider the proposal on its merits than on the fact that the scales are put forward at a time when war work is supposed to be the only essential human effort, will after the war enable the railroads, no matter who controls them, to make the work of readjustment comparatively easy. If, as many believe will be the case, they are merged into a comparatively few big systems corresponding roughly to the present federal control regions, then the scales will be particularly valuable because they will fit the territory without change of any kind. That the scales will increase the rates of some communities is obvious. No reasonable change could be made that would have only reductions. The very object of making a scale is to place all rates on a foundation that can be defended. Low rates now used by favored communities furnish points of attack against rates that are just about right. The ground of attack always, in such cases, is that the low rate was voluntarily established and should therefore be considered as a good measure for rates to and from the complaining community. Nearly every low rate, as a matter of fact, is evidence of an old common carrier favoritism, or evidence of a competition that has disappeared.

Purpose of Class Rate Scales.—The aim of the Railroad Administration in making class rate scales for application in each of the three great classification territories is to bring about uniformity, at least during the war, with rates as inflated by General Order No. 28 as the maximum. There is no thought, as far as can be learned, that the scales will do for normal times, although it would not surprise some of the men who have been formulating

them if they proved so satisfactory that they would serve as the foundation for normal time rates.

There is less uniformity in Southern Classification territory than in any other. The Commission, in many decisions, has pointed out the chaotic condition resulting from the fact that that part of the country, for rate-making purposes, is practically an island, with many navigable streams penetrating the interior to complicate a scheme of rate-making.

No one engaged in the formulation of the scales, from Director-Chambers down to the humblest clerk, is ready to say that the physical situation of the Southern territory may not cause, when normal conditions return, a revolution in the situation of uniformity which they hope to bring about by the preparation of the scale for making class rates. They are willing, however, to try for uniformity, the war affording them an opportunity which ordinary times did not grant. A class scale for the Southern territory, in ordinary circumstances, has been regarded as an impossibility. Now, however, that everything in a commercial and transportation sense is at sixes and sevens, a try is to be made for a condition that, in theory at least, would be ideal. Distance is the only real factor, hence the possibility of trying a mileage scale without much danger of killing the patient.

With regard to Western Classification territory, the situation is somewhat different. The Railroad Administration traffic officials recognize the fact that there is a difference in transportation conditions between Arkansas, Oklahoma and Texas, considered as a whole, and Iowa, Kansas and Minnesota, considered as another entity, and the mountain and intermountain country as a third. Therefore, the proposal is to have a scale for the southwest that will be the 100 per cent mark, with scales for the middle west below it and another for the mountain and intermountain country that will be higher than the one for the southwest.

Not a dollar is to be added to the revenues as a result of deliberation. If the proposed scales add a dollar, the addition will be not by design, but a surprise to those who have worked on this phase of uniformity. Naturally, there will be some increases, and those asked to bear them will object. There will also be reductions. Those who obtain them, being human, will not be as prominent in singing praises as those who are asked to bear increases will be in their lamentations.

A. E. H.

INCREASES IN PAY

The Traffic World Washington Bureau.

Additional increases in pay were ordered October 5 in addendum No. 2 to supplement No. 4 to General Order No. 27, as follows: Effective Sept. 1, 1918, and as provided for in section 1-C of article II of supplement No. 4 to General Order No. 27, the following rates of compensation for certain classes of employees specified herein in the respective shop crafts who have heretofore received a rate in excess of the established minimum rate and rates of compensation for classes of employees named in sections 5 and 6 of this order which were not included in supplement No. 4 are hereby ordered.

ARTICLE I.

Boilermakers.

Sec. 1. For flangers and layers out, establish a rate of two and one-half (2½) cents per hour above the minimum rate established for boilermakers, at point employed.

Blacksmiths.

Sec. 2. For hammersmiths working out of heavy furnaces and frame fire blacksmiths, establish a rate of two and one-half (2½) cents per hour above the minimum rate established for blacksmiths, at point employed.

Carmen.

Sec. 3. For cabinetmakers, coach and locomotive carpenters, upholsterers, planing mill men, millwrights, patternmakers, passenger train steel car body builders and repairers, air brake rack men, coach and locomotive painters employed to perform varnishing, surfacing, lettering or decorating; silver and nickel platers and buffers; oxy-acetylene, thermit and electric welders, on work generally recognized as carmen's work, who were on Jan. 1, 1918, receiving less than fifty-five (55) cents per hour, establish

a basic minimum rate of fifty-five (55) cents per hour, and to this basic minimum rate, and all other hourly rates of fifty-five (55) cents per hour and above in effect as of Jan. 1, 1918, add thirteen (13) cents per hour, establishing a minimum rate of sixty-eight (68) cents per hour.

Freight Train Steel Car Builders and Repairers.

Sec. 4. For freight train steel car body builders and repairers, who on Jan. 1, 1918, were receiving less than fifty (50) cents per hour, establish a basic minimum rate of fifty (50) cents per hour, and to this basic minimum rate, and all other hourly rates of fifty (50) cents per hour and above in effect as of Jan. 1, 1918, add thirteen (13) cents per hour, establishing a minimum rate of sixty-three (63) cents per hour.

Car Department Employees.

Sec. 5. Include stock keepers (car department), as carmen helpers, with the rate established for helpers of shop crafts.

General.

Sec. 6. For piece work inspectors and routers, apply section 4, article III of supplement No. 4 to General Order No. 27.

Miscellaneous.

Sec. 7. On some of the railroads and at certain main shop points of certain other railroads, boilermakers, classified and performing the work of boiler inspectors, and those of the shop crafts designated in supplement No. 4 to General Order No. 27, engaged in operating oxy-acetylene, thermit and electric welding appliances, received a rate in excess of the recognized standard or going rate of the mechanics; where this practice was in effect, establish a rate of two and one-half (2½) cents per hour above the minimum rate established for the mechanic in supplement No. 4 to General Order No. 27.

Application.

Sec. 8. The application of this order shall not in any case operate to establish a less favorable rate or condition than provided for in supplement No. 4 to General Order No. 27.

Sec. 9. For application of the provisions of this order see articles IV, V and VI, supplement No. 4 to General Order No. 27, excepting therefrom such provisions as relate to its effective date.

An interpretation issued at the same time is as follows:

"Employees in any department, performing the classes of work specified in supplement No. 4 to General Order No. 27 and addendum No. 2 thereto, shall receive the rates of pay and be governed by the conditions of employment provided for therein.

"If their present pay-roll classification does not conform, they shall be given correct classification."

To remove certain inequities resulting from the application of section 2, article III, of supplement No. 4 to General Order No. 27, and as a substitute therefor, it is ordered, effective Sept. 1, 1918, in amendment No. 1 to supplement 4, that—

"For helpers in the basic trades specified in supplement No. 4 to General Order No. 27, who, on Jan. 1, 1918, were receiving less than thirty-two (32) cents per hour, establish a basic minimum rate of thirty-two (32) cents per hour; to this basic minimum rate, and all hourly rates of thirty-two (32) cents per hour and above in effect as of Jan. 1, 1918, add thirteen (13) cents per hour, establishing a minimum rate of forty-five (45) cents per hour."

APPLICATION OF WAGE INCREASE.

Regional Director Aishton has written to northwestern railroads as follows:

"Seemingly reliable reports are being made that wage orders, particularly supplement Nos. 4, 7 and 8 to General Order No. 27, are not being literally applied and in a number of instances classifications are being changed. Example: Men who have been working as helpers have been given full mechanics' rates and paid back time on the higher basis. No authority for departure from the provisions of General Order 27 and supplements thereto have been issued. Please personally satisfy yourself that the orders have been properly applied and report to me any cases handled otherwise, as an investigation will be conducted of all reports of casts not conforming to the requirements of the order."



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Decisions of Interstate Commerce Commission

REFRIGERATION CHARGES

CASE 7960 (51 I. C. C., 34-70)
NATIONAL POULTRY, BUTTER AND EGG ASSOCIATION VS. BALTIMORE & OHIO SOUTHWESTERN RAILROAD COMPANY ET AL.

Submitted June 9, 1918. Opinion No. 5367.

Upon rehearing class rates for the transportation in Official Classification territory of dressed poultry, butter, eggs and cheese, in any quantity, found not to have been sufficiently reduced to include refrigeration during the period from March 20, 1915, to June 1, 1917, when an extra charge for service was made. Finding in original report, 43 I. C. C., 392, that the class rates plus the separate refrigeration charge for the combined services of line haul and refrigeration during the period mentioned had not been justified accordingly reversed, and claims for reparation in the amount of the icing charge on shipments that moved during that period denied.

DANIELS, Chairman:

The proposed report of the examiner in this case was served upon the parties, exceptions were filed, and the matter was argued before the Commission. With certain changes as are indicated hereinafter the report of the examiner is approved and adopted as the report of the Commission.

In the original report herein, 43 I. C. C., 392 (The Traffic World, April 7, 1917, p. 722), we found that carriers in Official Classification territory had not justified as reasonable the class rates plus separate refrigeration charges for the transportation of dairy products, and required that the separate refrigeration charges be canceled and the traffic carried, under refrigeration, at total charges not to exceed the class rates then effective. Prior to March 20, 1915, no charge above the class rates was made for refrigeration. The tariffs providing for that charge in addition to the class rates on the date mentioned were not suspended, and our finding which resulted in the disapproval of the combined charge was made in a proceeding upon complaint. The old basis, with the class rates as maxima for the two services of line haul and refrigeration, was accordingly restored, as a result of our decision, June 1, 1917. Following the decision in the original proceeding complaints were filed for reparation, in the amount of the separate refrigeration charge, on shipments that moved between March 20, 1915, and June 1, 1917, hereafter referred to as the reparation period. When those cases were set for hearing the original proceeding was reopened.*

*The other complaints filed in the original proceeding were: No. 1280 (Rate No. 1); Kansas City Cattle & Horse Shippers' Assn. vs. Missouri R. R. Co. et al.; No. 1281 (Rate No. 2); Merrell-Soule Co. vs. Erie R. R. Co. et al.; No. 1282, Cheese Dealers' Assn. Co. vs. B. & O. R. R. Co. et al.; and No. 8268, Hanford Produce Co. vs. Same. The subsequent complaints for reparation are: No. 9531, Swift & Co. vs. Aberdeen & Rockfish R. R. Co. et al.; No. 9581, Morris & Co. vs. Same; No. 9582, Live Poultry and Dairy Shippers' Traffic Assn. et al. vs. Same; No. 9717, Wilson & Co., Inc. vs. Ahnapco & Western Ry. Co. et al.; No. 9747, Cheese Shippers' Traffic Assn. et al. vs. Same; No. 9753, Armour & Co. et al. vs. Ahnapco & Western Ry. Co. et al.; No. 9755, National Poultry, Butter and Egg Assn. et al. vs. Aberdeen & Rockfish R. R. Co. et al.; No. 9771, George Blunt & Co. et al. vs. B. & O. R. R. Co.; No. 9787, The Omaha Packing Co. vs. Ahnapco & Western Ry.

Co. et al.; No. 9814, Indianapolis Chamber of Commerce et al. vs. Pittsburgh, Cincinnati, Chicago & St. Louis R. R. Co. et al.; No. 9848, Live Poultry and Dairy Shippers' Traffic Assn. vs. A. T. & S. P. Ry. Co. et al.; No. 9855, Phenix Cheese Co. vs. Adirondack & St. Lawrence R. R. Co. et al.; and No. 9904, William J. Moxley et al. vs. B. & O. R. R. Co. et al.

Not only the claims for reparation, but the reasonableness of the charges during the period noted, as well as for the future, are therefore presented for consideration.

Of the dairy products dressed poultry is rated first class, butter and eggs second class and cheese third class. The class rates apply on shipments in any quantity, but the exclusive use of the car is permitted for shipments of 15,000 pounds or more from one consignor to one consignee, and in this sense the rates will be referred to as carload and less-than-carload rates. The separate refrigeration charges in issue are \$2.50 a ton for ice used on carload shipments and a varying scale of rates in cents per 100 pounds on less-than-carload shipments. The average cost of icing a car is shown in the original report and on this record to be about \$16. The tonnage in question is divided about equally between carload and less than carload.

In the original proceeding the carriers, on whom was the burden of proof to justify rates increased after January 1, 1910, directed their efforts mainly to showing that the separate refrigeration charge was reasonable in itself, rather than, as they now realize they should have done, to showing that the combined charge for the two services of line haul and refrigeration was reasonable. They now accept in part the responsibility for this limited presentation, but state in extenuation that the general character of the original hearing seemed to suggest that it was the separate refrigeration charge that was really in issue. In the present proceeding they supplement the data of the other case, with respect to the reasonableness of the separate refrigeration charge, by bringing the figures down to date, and devote their main efforts to the contention that the class rates have been and are low enough for the line-haul service without refrigeration.

The theory of the carriers as to the reasonableness of the same rates for both carload and less-than-carload shipments is that the rates should be somewhere between the appropriate levels of normal rates for carload and less-than-carload shipments, respectively—that is, that they may properly be as much above a reasonable rate for a carload shipment as they are below a reasonable rate for a less-than-carload shipment.

It may be said that the general theory upon which the defendants largely proceed is that if the refrigeration charge cannot be held to have been taken into consideration in making the classification originally, and during the early years of its operation, any subsequent increases in rates, carload minima for the exclusive use of cars, car loading, average length of haul, car revenue, etc., made from time to time, are immaterial to the issue and affect only the reasonableness of the rate for the line haul; while the theory of the complainants is that all these things, regardless of the question of strict classification, which tend to

increase total charges under the class rates, should be taken into consideration in determining whether the class rates are now sufficiently high to include refrigeration.

The evidence offered by the carriers in this reopened proceeding, may be roughly classified under four heads:

1. An amplified history of the adjustment under which, for many years, charges in excess of the class rates for both line haul and refrigeration were not assessed.

2. The so-called wastage exhibits, which purport to show that prior to March 20, 1915, when no extra charge was made for refrigeration, wasteful use was made of the icing privilege by instructions from shippers to ice to capacity; that from that date to June 1, 1917, when the expense of icing fell upon the shipper, the amount of ice ordered was much less; and that since the latter date, when the shipper was again relieved of the cost of icing, the pendulum has begun to swing back toward the extravagant use of ice.

3. An elaborate showing as to the cost of handling less-than-carload freight, in its bearing upon the alleged inadequacy of the class rates for even the line haul on less-than-carload shipments.

4. General comparisons of carload rates on dairy products and other articles moving both in refrigerator cars and in box cars.

History of the Classification and Rates

The more important statements and contentions of the carriers on this subject are as follows:

Prior to 1887 separate classifications were in effect in central freight association territory, trunk line territory, New England territory, and from central freight association territory to trunk line territory. These were merged in that year into the official classification for the combined territories. The ratings prior and subsequent to the consolidation are shown in the following statement:

	Butter.		Cheese.	
	L.C.L.	C.L.	L.C.L.	C.L.
New York, Lake Erie & Western ^{1,2}	2	..	3	4
New York Central ^{1,2}	2	..	3	4
Pennsylvania ^{1,2}	2	..	3	4
Middle and western states No. 16 ⁴ ...	2	3	3	4
Official eastbound No. 21 ⁵	3	..	1	..
Official Classification No. 1.....	2	..	3	..

	Eggs.		Dressed poultry.	
	L.C.L.	C.L.	L.C.L.	C.L.
New York, Lake Erie & Western ^{1,2}	2	4	1	3
New York Central ^{1,2}	2	4	1	3
Pennsylvania ^{1,2}	2	4	1	3
Middle and western states No. 16 ⁴ ...	2	4	1	..
Official eastbound No. 21 ⁵	3	..	2	..
Official Classification No. 1.....	2	..	1	..

¹ Butter and cheese at owner's risk in these classifications.

² Applied locally on these lines, in both directions, in New York, New Jersey and Pennsylvania, in present Trunk Line territory.

³ At owner's risk. If at carrier's risk, one class higher.

⁴ Approximately Central Freight Association territory locally but not to and from seaboard.

⁵ Central Freight Association territory to seaboard.

In 1875 the rate for refrigerator car service, which was given in connection with passenger-train movement, from Chicago to New York, was reduced from \$2 to \$1.50 per 100 pounds. At that time the rates of the fast freight lines, without refrigeration, for the first three classes from Chicago to New York were \$1.50, \$1.10 and 85 cents, respectively. These were reduced in 1878 to \$1.20, 90 cents and 70 cents; in 1881, to \$1, 85 cents and 70 cents; and in 1887, when the official classification was promulgated, the 75-cent scale was established. The latter scale remained in effect until increased in 1915 to 78.8 cents. In 1917 the 90-cent scale was established and this in turn under the United States Railroad Administration was supplanted by the present \$1.125 scale.

The first attempt at refrigeration was made about 1867 by the Pennsylvania lines, which refitted 30 box cars with double sides, roofs and floors, and packed the interstices with sawdust. Ice boxes were placed just inside the doors after the cars were loaded. Later an ice box was suspended in each end of the car. Other railroads, private car companies and large shippers of perishables took up the idea and constructed cars. Gradually the type of car improved and the volume of tonnage increased, though slowly. In the early seventies only one car a day from Chicago to New York was required by the New York Central, and in 1884, nearly 20 years after the refrigeration service was established, only about 77 tons a day moved between those points over the Pennsylvania. In

the early years the service and cost of refrigeration were therefore not great, and not called sharply to the attention of the carriers as encroachments upon their revenues under the class rates; and later, as the traffic increased, the class rates were made to cover both line haul and refrigeration to stimulate the use of the service. But the granting of the refrigeration service free was a gratuity rather than the result of the class rates being considered high enough to include the service. That this is true is shown by the fact that, although when the official classification was formed, the ratings on traffic from central freight association to trunk line territory were increased one class, that is to the basis effective in other parts of the present official classification territory, the rates per 100 pounds were reduced, which resulted in a net reduction in charges paid, and by the further fact that the development of the refrigerator car traffic was greatest during the period of a constantly falling class-rate level.

It is further said that throughout the period of the development of this dairy refrigerator car traffic there was no uniformity of practice among the carriers regarding the inclusion of the service and cost of icing in the class rates. Certain illustrations are given, and attention is invited to correspondence on the subject between the chairman of the official classification committee and certain of the carriers, two of which register objections to the proposal to change from "may" to "will" the wording of the rule, referred to in the original report, regarding the obligation of the carriers to ice free of charge.

The Wastage Exhibits

These were elaborate and were filed by several of the defendants. Figures taken from tables purporting to show the percentage of excess in 1914, when the carrier iced free, over 1916, when the extra charge was made, in the amount of ice used, under instructions from the shipper, are shown in Appendix 1. The percentages range as high as 179.6 per cent in average weight of ice furnished per car forwarded and as high as 125.6 per cent in average weight of ice furnished per car iced. In one instance there is a slight decrease in the percentage of the average weight of ice furnished per car iced. Percentages are given in Appendix 2 of the number of cars in 1914 compared with 1916 as to which instructions were to ice to capacity; to limit icing; not to re-ice; and as to cars with no icing instructions from the shipper. The table in Appendix 2 brings the figures for the Michigan Central up to 1917, when the former basis of the class rates as maxima for both line haul and icing was restored, and purports to show the tendency on the part of shippers to revert to the former practice of giving instructions for extravagant icing.

The comment of the complainants is that the exhibits of this character prove nothing inasmuch as the argument of the carriers based thereon would be equally forceful if the icing and transportation charges were merely stated separately, subject to the class rates as the combined maxima, to which method of publication complainants have no objection.

Cost Figures

These represent the results of two studies of the cost of handling less-than-carload freight over station platforms. One of them covers 14 origin stations on the Cleveland, Cincinnati, Chicago & St. Louis Railway in Indiana and Ohio, and a New York Central destination station in New York; the other, 12 origin stations on the Pittsburgh, Cincinnati, Chicago & St. Louis Railway in Indiana, Ohio and Illinois, and a Pennsylvania destination station in New York and two Pennsylvania destination stations in Philadelphia.* Actual costs of performing the

*In the C. C. C. & St. L.-N. Y. C. study the points of origin were Crawfordsville, New Ross, Pittsboro, Parker City, Farm-land, Winchester and Union City in Indiana and Versailles, Sidney, Rushsylvania, Laru, Marion, Gallion and Delaware in Ohio; and the destination station was St. John's Park station in New York, where perhaps 90 per cent of the New York Central's dairy freight for Manhattan Island is received.

In the P. C. C. & St. L.-Pennsylvania study the points of origin were Vandalla, Brownstown and St. Elmo in Illinois; Knightstown, Cambridge City, Columbus, Shelbyville and Rushville in Indiana; and Piqua, St. Paris, South Charleston and London in Ohio; and the destination stations were Pier 28 station in New York and Dock Street station and Spruce Street Stores station in Philadelphia.

services of (1) platform handling, (2) clerical work, and (3) switching were secured, the three items were added

together, and the figures for origin and destination stations combined to get actual costs of the two terminal services. The sum was then divided by the operating ratio, taking the average of the preceding 5-year period for each line, of the carriers making the test, in order to increase the sum to an amount to include general overhead expense, taxes and profit, and thereby make the sum represent the level of a reasonable return for the service. The resulting figure is said to represent the reasonable return for performing the two terminal services alone in connection with a five-mile haul, which is the lowest mileage block in the average class-rate scale. As a reasonable addition for the line-haul service for this distance, the difference between the normal rates for the 5 and 10 mile blocks in the scale is taken, upon the theory that this difference must represent the sum attributable to line haul, since, regardless of the length of haul, the terminal costs remain constant. Upon comparison of the resulting figure with a normal scale of class rates in the territory affected, it was asserted by the defendants that the then effective ratings of first, second and third class on dairy products were too low and should be increased at least to $1\frac{1}{2}$ times first, first and second class respectively, to secure minimum rates of an adequate revenue yield. The comparison is set forth in Appendix 3. This comparison is between the five-mile line haul and terminal figure and a composite class rate for five miles which reflects the percentages of the total volume of movement of all dairy products throughout the affected territory as a whole represented by the different classes of those products; that is, these percentages, furnished by the complainants, 15 for dressed poultry, 75 for butter and eggs, and 10 for cheese, are taken of the respective first, second and third class rates and the results added together to get the composite rate. The composite class rate figured in this way on the basis of the first, second and third class rates is 13.575 cents, and on the basis of $1\frac{1}{2}$ times first, first and second class, 16.95. The average of the five-mile line haul and terminal figures 15.947 and 17.722 shown in this comparison, is 16.835 cents.

This composite rate computation is based upon the scale of class rates prescribed for application in central freight association territory in C. F. A. Class Scale Case, 45 I. C. C., 254 (The Traffic World, July 14, 1917, p. 57), as the normal peace time scale. It has since been increased by 15 per cent. At the time of the original hearing herein the rates in central freight association territory were lower than those prescribed in the case cited. The use of this scale the defendants state is proper not only as to shipments within central freight association territory, but also as to shipments from that territory to trunk line territory, inasmuch as the propriety of the relationship between the scales for the two classes of shipments was recognized in that case. The confining of the showing to the five-mile haul the defendants also say is proper and of controlling force, because the proper rate of progression for the Central Freight Association scale was there fixed. That the alleged five-mile line haul and terminal figure is not compared with the composite class rate for October and November, 1917, in the foregoing comparison is said to be proper because the higher rates in these months, which reflect increases made in the Fifteen Per Cent Case, 45 I. C. C., 303 (Daily Traffic World, July 2, and Traffic World, July 14, p. 70, 1917), do not represent normal peace time rates.

The two cost studies described relate only to less-than-carload freight, and only to freight handled over station platforms by employees of the carriers. No station at which the shipper performs in whole or in part the service of loading or unloading was included in the test. The costs obtained were for the handling at the respective stations of all less-than-carload freight. The only relation that the studies have to dairy freight exclusively is that they were made at representative dairy shipping stations on days of the week on which the dairy refrigerator cars were run.

The study undertaken by the Cleveland, Cincinnati, Chicago & St. Louis and the New York Central was for the months of May, 1916, and May and October, 1917. It was not made separately, in the ascertainment of tonnage handled, for each of the days in these months, however. Two days in October were selected, and it was assumed that the amount of tonnage handled on the other days would be the same as that for the two typical days. The ton-

nage figure was therefore constant, and to this figure was applied the actual varying items of cost of platform handling, clerical work, and switching, as ascertained by a check of the station records for each of the days in these months.

Because such a limited period as two days would hardly be representative of this phase of cost, the figures for maintenance of equipment were based upon a longer period—those for May, 1916, for the average of the 12 months ending May, 1916, and those for May, 1917, for the average of the first five months of the calendar year 1917.

The two-day study described was at points of origin, on the Cleveland, Cincinnati, Chicago & St. Louis. The terminal study at the St. John's Park station of the New York Central in New York was for six days in October, and the result of the study was raised to a monthly basis by dividing by six and multiplying by the number of working days in the month.

The study undertaken by the Pittsburgh, Cincinnati, Chicago & St. Louis and the Pennsylvania covers the months of March, 1916, and May and November, 1917. With the exception of the three Illinois points the figures for March, 1916, are based upon a study for the whole month, made in a previous investigation. The figures for the three Illinois stations for March, and for all of the origin stations for May and November, are based upon a two-day study in November, the result of which is spread over the entire May and November periods by the process of multiplication described in connection with the study of the New York Central.*

*The figures in detail for the C. C. C. & St. L.-N. Y. C. study are found in Appendix 4, and for the P. C. C. & St. L.-Pennsylvania study in Appendix 5. These are the figures shown in the exhibits as originally filed. Certain corrections were later made, but the original exhibits will answer the purpose here in view of showing in detail the manner in which these costs were computed. The corrections and other suggestions made at the hearing have all been incorporated in the final general result shown in Appendix 4.

The formula for the study and the forms thereunder, distributed to station agents for use in making the study, are made a part of the record, but owing to their comprehensive character will not be here reproduced. The formula is the outgrowth of a development of previous formulas used in other cases before the Commission, including the Missouri River-Norfolk Cases, 40 I. C. C., 291; Railroad Commission of Louisiana vs. A. H. T. Ry. Co., 41 I. C. C., 83; and C. F. A. Class Scale Case, supra. It is said to be much more complete than the formulas used in those cases. The studies under the formula are also said to be more thorough in this case than in the others, because they include more stations.

The formula at the present stage of its development is now printed and used as the permanent formula of the carriers in the ascertainment of transportation costs. It can be adapted also to use in determining the cost of handling carload freight.

In the complainants' view a fairer presentation would be made by merely doubling the costs at the 26 origin stations instead of charging all less-than-carload dairy freight with the expensive terminal costs of such cities as New York and Philadelphia, which by no means attract all of the dairy traffic. It is also said that such a basis of computation would tend to counterbalance the fact that on through traffic from west of the Mississippi only one terminal service is performed by the Official Classification lines, and the further fact that on all of the traffic in dairy products of the larger packers between plants or branch houses, or between different branch houses, the service of both loading and unloading is performed by the shipper. The terminal and five-mile line haul figures computed on the basis suggested would be, according to the complainants, 15.74 cents for May, 1917, and 16.21 cents for October and November, 1917, compared with the 16.835 cents found by the defendants for May, 1917, and March and May, 1916.

Carload Revenue Comparisons.

Sprague exhibits 13 and 13-A express the defendants' final comparison of gross ton-mile and of car-mile yields on dairy products and box car traffic. They are set out in full in Appendixes 6 and 7.

The rates used in this comparison were those in effect during the reparation period, from March 20, 1915, to June 1, 1917, when the shipper bore the cost of icing. An empty mileage of 84.6 per cent of the loaded mileage is taken into account on the dairy or refrigerator car traffic, and an empty mileage of 49 per cent of the loaded mileage on the box car traffic. The former percentage is taken from one of the complainants' exhibits, which is a re-

production of an exhibit filed in In the Matter of Private Cars, Docket No. 4996. The latter is taken from an exhibit filed in C. F. A. Fresh Meat Case, 38 I. C. C., 665, and covers the performance of the Wabash; Cleveland, Cincinnati, Chicago & St. Louis; Pennsylvania; and Pittsburgh, Cincinnati, Chicago & St. Louis railways.

Considerable importance is attached by the defendants to these two Sprague exhibits, which they state "should be taken by the Commission as the most valuable evidence in the record on the question of the propriety of the any quantity rates as applied to carload business." They represent, as the defendants state, the point at which the complainants and defendants come nearest to agreement on the proper basis of comparison. This is shown by the conflicting contentions and the counter exhibits that characterized each step in the evolution of these final exhibits.

Thus the start was made with Sprague Exhibit 7, which was a comparison of car-mile earnings. As a counter exhibit O'Hara's Exhibit 1 was introduced, which supplied an alleged deficiency in the Sprague exhibit in the form of the inclusion of the tare weight of the car, added a column showing gross ton-mile earnings, and increased the average weight of dairy products, computed from exhibits of the defendants, from 20,000 to 21,282 pounds. This exhibit made no allowance for the empty return of the refrigerator car used in the transportation of the dairy products, as the Sprague exhibit had done. Thereupon Sprague Exhibits 12 and 12-A were introduced to show the car-mile and gross ton-mile yields respectively, and was made to reflect the empty return items of 84.6 per cent for the refrigerator cars of the dairy traffic, and 49 per cent for the box cars of the other traffic, derived from the sources stated. The weight of 20,000 pounds was again used for the dairy traffic. To meet the objection of the complainants that, while the average tare weight used was of the railroad owned refrigerator cars the percentage of empty return used was of both railroad owned and privately owned refrigerator cars, and in order to correct certain mathematical errors in the two previous exhibits Sprague Exhibits 13 and 13-A were introduced which also reflect the increased average weight of 21,282 pounds of the dairy products, as contended for by the complainants in O'Hara Exhibit 1.

One of the complainants' criticisms of the Sprague Exhibits 13 and 13-A is that the empty mileage figure of 84.6 per cent for the refrigerator cars is excessive. The exhibit taken from the private car inquiry, from which the empty mileage data were taken, shows that on the eastern railroads, the Chicago & Erie, the Erie, the Pennsylvania, the Pennsylvania Company and the Pittsburgh, Cincinnati, Chicago & St. Louis, the average loaded mileage was 51.6 per cent and the average empty mileage 48.4 per cent for private car lines owned or controlled by shippers, and 71 per cent and 29 per cent, respectively, for private car lines owned or controlled by railroads.

Another typical comparison offered by the defendants was of the car-mile yields of dairy products and other perishable refrigerator car food products, which represents a refiguring of the second table on page 408 of the original report, but reflects in the table the actual average loading on the Pennsylvania lines of the articles other than dairy products during three months of 1916, instead of the minimum weights used in the Commission's table. The complainants, contending that the gross ton-mile basis, which includes the weight of the car, affords a fairer comparison, present a revised table, which also substitutes the average loading of 21,282 pounds for the 20,000 pounds used for dairy products. The results of these various presentations are shown in Appendix No. 8.

The foregoing discussion has been only of the more important exhibits stressed by the defendants upon the rehearing and in their brief. Others were filed in profusion, which need not be analyzed in detail here. They include all sorts of revenue statements and comparisons, and deal also with the cost of icing.

The Complainants' Evidence

Numerous exhibits and data were also submitted by the complainants, in addition to those already referred to as having been introduced in rebuttal of certain of the defendants' exhibits. These will not be analyzed in detail. Certain of the exhibits, having to do mainly with increases in rates and car revenues in recent years, stressed in the

complainants' briefs, are set forth in full in Appendixes 9 to 14, inclusive.

Conclusions

Considerable importance seems to be attached by both parties to the record to the history of the ratings on dairy products, in its bearing upon the question whether the service and cost of refrigeration were taken into account in establishing the original classification. But whatever may be the fact in that regard is not controlling, for the matter cannot be viewed wholly as one of classification in a strict sense. That is to say, assuming even that this service and cost were not then taken into account, it does not necessarily follow that, regardless of changed conditions affecting the transportation of these products and the revenues derived therefrom, the original ratings, in their relation to the service and cost of refrigeration, continue to be reasonable.

The great development of the tonnage in dairy products, the increasing tendency to ship in carloads, the increase in the average weight of the carload and in the average length of haul, and the better preparation, from precooling and in other ways, of the products for transportation, have been described in the original report, where reference is also made to the increase from 10,000 to 15,000 pounds in the minimum loading required for the exclusive use of a car, and to the increase in the class rates permitted in the Five Per Cent Case, 31 I. C. C., 351-363 (Daily Traffic World, Aug. 3, 1914). And since the issuance of the original report the class rates in Central Freight Association territory have been further increased in the C. F. A. Class Scale Case, already referred to; and 15 per cent has been added to the rates as thus increased, as a result of the Fifteen Per Cent Case, also previously referred to. In addition, a minimum loading of 24,000 pounds for carload shipments of butter and of 30,000 pounds for carload shipments of cheese has since been required by the Food Administrator. The former minimum loading required for the exclusive use of a car was 15,000 pounds, not only on these but on all the dairy products, as previously explained.

Considerable stress is also laid by the defendants upon the cost figures submitted. These are comprehensive and interesting and entitled to serious consideration, though not free from criticisms or differences of opinion as to their accuracy and underlying formula. They purport, of course, to reflect at best merely approximate cost.

Reserving for the moment the matter of rates for the future, the final question is whether, upon a consideration of all the foregoing and other facts of record, the revenues derived from the transportation of these products under the class rates are to be viewed as having been during the reparation period sufficiently remunerative to include the service of refrigeration, without extra charge to the shipper. The conclusion should be that they were not. Doubtless the finding herein reached would have been made in the original report had the carriers made upon the original hearing the presentation that they now make upon the rehearing. The previous finding, which was merely that the carriers had failed to meet the burden of proof which was upon them, stands upon the rehearing subject to the reversal here suggested upon the required presentation now made of that proof.

It follows that reparation on shipments that moved during the period from March 20, 1915, to June 1, 1917, when the separate refrigeration charge was made in addition to the class rate, should be denied.

It is proper to observe that in their presentation of the case initially the defendants proceeded upon the mistaken assumption that practically the only question involved was the reasonableness per se of the added charges for the refrigeration service, separately considered, whereas the Commission stated in its report that the separate and additional imposition of the charges for refrigeration service was tantamount to an increase in the line haul rates. Upon rehearing, therefore, the defendants have addressed themselves rather to the reasonableness of the total charges imposed for the total transportation services, and, to use their own words, are "in the position of asking the Commission to decide the case anew on the basis of a modified record which corrects the mistakes and supplies the omissions in their evidence at the original hearing." The case having been presented anew, and the carriers having now proceeded upon the statement in our original

report that the separate and additional imposition of the charges for the refrigeration service was tantamount to increasing the haulage charges, the question before us is the reasonableness of the aggregate charge paid by the shippers for the total transportation services performed, and their right to reparation in the event that the charges are found to have been unreasonable.

The study of terminal costs made by defendants seems to indicate that the charges paid by complainants were not excessive, certainly with respect to less-than-carload traffic. Defendants arrive at a figure of 16.835 cents for the terminal services and a five-mile haul. The composite rate on dairy freight for the initial distance, obtained by taking a weighted average of the first, second and third class rates on the basis of the actual volume of movement under each class, was 13.575 cents, indicating that the rates for a five-mile haul were not high enough to pay the cost plus the usual profit for handling the traffic. In this connection it is proper to observe that there was in effect in part of Central Freight Association territory during the reparation period a scale of class rates beginning with 7.9 cents first class, known as the C. F. A. scale. The rates on the first three classes under that scale for distances up to 85 miles were as follows:

Miles.	Class.			Miles.	Class.		
	1	2	3		1	2	3
5	7.9	7.9	7.4	50	12.6	12.1	11.0
10	7.9	7.9	7.4	55	13.7	13.1	12.1
15	7.9	7.9	7.9	60	15.2	13.7	12.6
20	7.9	7.9	7.9	65	16.3	14.7	13.7
25	7.9	7.9	7.9	70	17.9	15.8	14.2
30	7.9	7.9	7.9	75	18.9	16.8	15.8
35	8.9	8.9	8.4	80	20.5	19.4	17.9
40	10.0	10.0	9.5	85	22.1	20.0	17.9
45	11.0	11.0	10.5				

It will be noted that the first-class rates are less than the defendants' terminal and initial distance figure of 16.835 cents until a distance of 70 miles is reached; and that the second-class rates and third-class rates are lower up to 80 miles. These rates were in effect when the shipments in question moved and are the basis upon which certain of the claims for reparation are predicated. There seems to be no escape from the conclusion that if the rates on dairy freight for relatively short distances were actually less than the cost of the service performed with the usual profit, then the rates for the longer distances must also have been inadequate; for if the initial composite rate of 13.575 cents is increased for the various mileage blocks at the rate of progression adopted by the Commission in the C. F. A. Class Scale Case, the rate at each step will necessarily be too low because the initial rate is too low.

That the rates paid by complainants, including the separate charges for refrigeration service, were not excessive is further indicated by comparing the aggregate rates actually paid with the rates prescribed by the Commission for application in Central Freight Association territory in C. F. A. Class Scale Case, which was decided June 29, 1917, less than one month after the reparation period. The rates there established were later increased 15 per cent, but that increase is not included in the following comparisons. The distance from Chicago to Buffalo is slightly less than 500 miles, and the haul is plainly typical of long distance hauls in Central Freight Association territory. The first, second and third class rates from Chicago to Buffalo during the reparation period, plus the less-than-carload refrigeration charges, were 52.3 cents, 46 cents and 36.5 cents. The rates prescribed by the Commission for that distance, without including the 15 per cent advance, were 34 cents, 46 cents and 26 cents. Similarly, the total charges for the haul from Chicago to Indianapolis were 38.6 cents, 34.4 cents and 28.1 cents, whereas the rates prescribed by the Commission were 39 cents, 33 cents and 26 cents. These comparisons indicate that the rates paid by complainants in Central Freight Association territory were not excessive.

Apparently there is no good reason for maintaining rates on dairy freight moving, as it does, almost invariably in refrigerator cars and in expedited service, which yield lower earnings than the rates on first and second class commodities moving in box cars. The following table, taken from one of the defendants' exhibits, compares the earnings on the two classes of traffic based on the rates applicable during the reparation period:

Commodity.	Distance, miles.	Weight, pounds.	Car-mile earnings, cents.	Ton-mile earnings, mills.
Rubber boots and shoes	991	25,087	18.81	14.99
Rubber boots and shoes	991	22,107	16.57	14.99
Rubber boots and shoes	991	23,751	17.81	14.99
Shoes	1,138	18,612	12.07	12.97
Shoes		18,345	11.90	12.97
Shoes	1,116	17,640	11.66	13.22
Shoes	1,116	21,370	11.13	13.22
Shoes	1,116	20,370	13.47	13.22
Surgical dressing	507	14,000	13.06	18.66
Automobiles	320	10,000	13.37	26.75
Automobiles		11,200	14.98	26.75
Automobiles	270	11,200	17.75	31.70
Automobiles		10,000	15.85	31.70
Automobiles	292	10,000	14.66	29.32
Auto bodies and parts	320	10,000	12.15	24.31
Broom corn	1,177	20,160	12.73	12.62
Rubber boots and shoes	1,005	23,873	18.77	15.70
Flannel shirts	164	20,288	52.40	51.90
Dry goods	957	28,814	17.00	11.80
Leather boots and shoes	1,424	30,815	32.90	21.40
Leather boots and shoes	1,424	33,589	35.90	21.30
Flannels	957	11,700	11.00	19.00
Hosiery	807	23,057	24.70	21.60
Typewriters	1,002	28,040	22.10	15.80
Typewriters	1,002	27,721	22.60	15.80
Typewriters	1,002	17,810	14.00	15.70
Millinery goods	1,002	18,100	16.20	18.10
Pianos	291	14,585	21.80	29.80
Felt	1,002	20,700	18.60	18.50
Surgical goods	778	95,600	53.45	22.30
Dressed poultry	896	21,282	*18.70	*17.60
Butter and eggs	896	21,282	*16.20	*15.30
Cheese	896	21,282	*12.47	*11.71

*Does not include icing charge or empty return haul.

Comparisons between the rates on dairy freight and the rates on fruits and vegetables stressed by complainants and shown in Appendix B are not particularly helpful because of differences in transportation conditions. Potatoes and apples, for example, are fifth-class commodities, frequently moving in ordinary box cars and without refrigeration. It is to be expected that the earnings on these commodities would be substantially lower than those on dairy freight. Oranges and lemons ordinarily move much greater distances than dairy freight, and on commodity rates that are blanketed over a large section of the country. It is not probable that there is an appreciable movement of oranges, lemons or bananas on the class rate shown in Appendix 8. With respect to peaches and berries we said in *Platts vs. N. Y. N. H. & H. R. R. Co.*, 39 I. C. C., 690 (*The Traffic World*, July 1, 1916, p. 16), at page 694:

Peaches and berries, other than cranberries, are rated first class in carloads and one and one-half times first class in less than carloads, but the carload minimum on peaches is 20,000 pounds and on berries 17,000 pounds. It does not appear that the defendants have ever offered free icing on peaches and berries.

In comparing the rates on dairy freight with the rates on fruits and vegetables the Commission may not properly overlook the fact that dairy products are high-grade commodities, and that the freight rates are a relatively small item in the selling price. One of the exhibits of record shows the percentage relation between the Chicago-New York rates in 1915 and the average wholesale price in New York to have been as follows:

Article.	Relation of rate to selling price, per cent.	Article.	Relation of rate to selling price, per cent.
Butter	2.41	Watermelons, 100 to car	31.80
Eggs	3.96	Peaches	19.96
Cheese	3.47	Bananas	22.33
Dressed poultry	4.48	Lemons	14.49
Apples	30.79	Pineapples	27.34
Pears	17.73	Cabbage	16.96
Muskmelons	10.63	Celery	16.29
Cranberries	9.02	Onions	17.53
Oranges	12.36	Potatoes	17.56
Quinces	12.96	Tomatoes	9.86

It should be added that during the reparation period the value of the commodities involved increased substantially, and that the prices at the end of that period were much higher than they were in 1914.

It may fairly be said that the only rate comparisons of record seeming to indicate that the rates attacked were relatively high are those between dairy freight and fresh meats. The latter, however, move in very large volume and the comparisons may indicate that they were somewhat low rather than that the rates on dairy freight were unreasonably high. In *Platts vs. N. Y. N. H. & H. R. R. R.*

Co., *supra*, the complainants, who there sought reparation because of the separate imposition of icing charges on shipments of oysters from the Atlantic seaboard to western points, based their allegation of unreasonableness in part on comparisons with the rates on other food products, including fresh meats. In our report in that case, where we held that the defendants had justified the separate imposition of icing charges on shipments of oysters, we said, at pages 693 and 694:

They show, for example, that bananas are rated third class in carloads and first class in less than carloads; that butter is rated second class, any quantity; fresh dressed meat, first class, any quantity, with much lower rates published by individual lines for the movement in carloads; cheese, third class, any quantity; fish, fresh or frozen, third class in carloads and first class in less than carloads; and live lobsters, third class in carloads and first class in less than carloads.

Some of these commodities, however, are so dissimilar to shucked oysters that the comparisons are not helpful. It is not shown that bananas are fairly comparable with oysters. Fresh meat moves in large volume eastbound and competition with live stock is said to have been in part responsible for the lower rating on that commodity. Butter and cheese differ from oysters in that they are produced in different parts of the country, and move extensively in carload quantities throughout the year. The third-class rating on live lobsters, in carloads, is said to have been established to permit them to move in mixed carloads with clams, fish and other sea food.

While defendants seek to show that with respect to a large part of the traffic involved the complainants here before us did not ultimately bear the transportation charges, but passed them on to consignees in the form of increased prices, that fact would not preclude an award of reparation to the claimants. *S. P. Co. vs. Darnell-Taenzer Lumber Co.*, 264 U. S., 531.

Reverting to the issue of rates for the future raised in the original complaint, we are of opinion that no finding need be made in this report. For the reparation period, it is evident that no extra charge has been paid by the shippers for refrigeration service, and clearly no demand for undercharges can be asserted by the carriers. For the period subsequent to June 25, 1918, the rates applicable to this traffic were those initiated by the Director-General and cannot be passed upon unless specifically complained of. It may well be that in the time following the reparation period and up to June 25, 1918, the higher level of class rates would, under all the circumstances, be sufficiently remunerative to cover both the line-haul service and the refrigeration service; and this report is not to be construed as indicating that, irrespective of the level of class rates, a separate additional charge for refrigeration service is warranted. Another reason for making no finding for the period between June 1, 1917, and June 25, 1918, is that there is pending before the Commission in Docket No. 8469, *Kansas Carlot Egg Shippers' Assn. vs. B. & O. R. R. Co.*, a petition for the establishment of a carload rate on dairy products. If, as the outcome of that case, such a carload rate should be established, the question might independently arise whether upon the less-than-carload traffic separate additional charges for the refrigeration service should be assessed. In view of the fact that for the period specified, from June 1, 1917, to June 25, 1918, a specific finding as to reasonable rates on this traffic would in no wise affect either carrier or shipper, and in view of the fact that the question of replacing the any-quantity system of charges by a carload rate is to be determined in another case, no specific finding upon the issue originally raised as to rates for the future is here made.

Upon careful consideration of the whole record, including the exceptions filed to the examiner's report and the oral argument thereon, we find and conclude that the aggregate rates paid by the complainants for line haul and refrigeration during the reparation period are shown to have been reasonable for the total service performed. The report of the examiner, as qualified herein, is adopted by the Commission.

An order will be entered dismissing the complaints.

HARLAN, Commissioner, concurring:

In a brief expression of my individual views accompanying the original report of the Commission in this proceeding, 43 I. C. C., 392, 410, I directed attention to the inconsistencies, inequalities and discriminations resulting from the inclusion in the stated rates of carriers of compensation both for the line haul and for refrigeration, and I there noted a protest against the Commission's

order, requiring the defendants to restore rates of that character, because the necessary result would be to impose a refrigeration charge throughout the entire year on shippers of eggs and cheese, although the record showed that during the winter months they did not require or actually use a refrigeration service. I noted my protest also because the restoration of the defendants' rates so required by the Commission would necessarily put upon shippers of poultry during the winter months a charge for refrigeration 100 per cent greater than the refrigeration service actually required by such shippers or actually furnished to them by the carriers. These objections are in nowise met by the foregoing supplemental report of the Commission. On the contrary, a rate adjustment which results in charging some shippers for refrigeration not needed or used by them, and others for refrigeration much in excess of the service actually rendered, is perpetuated by the supplemental report, for the time being at least, and no suggestion is offered in the report for lifting these unjust burdens from such shippers for the future. To that extent I am unable to concur in the supplemental report, and I again venture to express the conviction that the burdens of transportation can never be equitably distributed until the charges for refrigeration and other similar special services are required by the Commission to be stated by the carriers separately from their line-haul charges, as was obviously contemplated by the Congress under section 6 of the act to regulate commerce as amended. *I. C. C. vs. Stickney*, 215 U. S. 98, 104. Only the shippers who require and actually enjoy the benefit of such special services should be called upon by the carriers to pay for them; and when compensation for such services is included in the rates exacted of shippers that do not require and do not actually receive the benefit of the services a manifest injustice is done them.

In now denying the reparation that was awarded under its original report the Commission in my judgment puts itself on sound grounds; I also concur in the general conclusions now announced by the Commission as to the reasonableness of the charges attacked in the complaint.

Commissioner Meyer did not participate in the disposition of these cases.

(Pages 52-70 are taken up with the appendix.)

SCALES BEING CONSIDERED

The Traffic World Washington Bureau.

Scales covering live stock, fresh meats and packing-house products for state and interstate application in the whole of Oklahoma, Louisiana, Arkansas and Texas, in New Mexico east of Deming and Albuquerque, and from those territories to Wichita, Kan., are under consideration by Director Chambers and may be promulgated at any time.

The scales now lying on Director Chambers's desk are intended to supersede rates now in existence in the southwest. When the government took over the railroads there were two scales in effect. The first was one which the Commission had prescribed years before in attempts to settle live stock and meat rates in Texas and Oklahoma and the other was one prescribed as part of the effort to settle the Shreveport case. They did not agree. The live stock and fresh meat interests preferred the older scale and efforts were under way when the government began making rates to bring them into harmony.

General Order No. 28 made the confusion greater than ever. The drouth in Texas created a situation that, in theory, had to be met instantaneously. In fact, it took six weeks or more to fix up the scale that was adopted, after a mix-up in blue-prints. The scales now before the director are intended to smooth out everything and when they have been mulled over by the railroad officials, Director Chambers is expected to make them effective.

CASES REINSTATED.

The Commission has reinstated on its docket No. 9759, *E. I. Du Pont De Nemours Powder Co. et al. vs. Philadelphia & Reading et al.*, and No. 9759, sub No. 1, *Same vs. Same*. They were erroneously dismissed because the railroads had refunded an admitted overcharge. The complainant, however, when it received notice of dismissal said it was surprised to notice the Commission's declaration in the order of dismissal that the complaint had been satisfied. It said it had not—hence the reinstatement.

The Commission's Powers and Function

Changed Status and Authority of the Federal Regulating Body in View of New Conditions Discussed in Connection With Argument on Willamette Valley Lumber Case.

The Traffic World Washington Bureau.

At one time on October 3 the Railroad Administration officials in charge of the management of cases before the Interstate Commerce Commission were reported to be on the point of moving the dismissal of all cases before the Commission in which no testimony had been taken since the issuance of General Order No. 28. The day was the one on which railroad attorneys argued before the Commission that it could not make a decision in the Willamette Valley lumber case, because discrimination cannot be alleged as a challenge to a rate made by the President, and because no testimony had been taken since the issuance of General Order No. 28.

There was discussion among the lawyers of the Railroad Administration, before the arguments were begun, as to whether they should not bluntly contend that the federal control act wiped out all causes of action under the act to regulate commerce and that a new set of complaints must be filed, if the complainants desired to continue. It is a fact that such discussion took place, notwithstanding the admission by R. Walton Moore in the July conference of the Commission that any defect that might have been put into the pleadings by the federal control act, might be cured by the addition of Director-General McAdoo's name to the list of defendants.

The fact that there has been discussion of that kind is regarded as throwing an interesting sidelight on the question as to whether shippers have any remedy other than appeal to Director-General McAdoo, who, personally, knows little, if anything, about the intricacies of rate complaints and who is generally represented in such matters by the men who caused the situations against which complaints have been made.

Joseph N. Teal and other representatives of shippers hardly believe that the men who are placing the Director-General in the attitude of denying the efficacy of the act to regulate commerce for the correction of what shippers believe to be unjust and unreasonable rates and rate situations, are really speaking for him. They do not want to believe that, after such a free discussion as took place on July 24, the Director-General is now desiring to contend that, by implication at least, the act to regulate commerce has been repealed and there is no remedy after somebody, acting in the President's name, has made an adjustment of rates that will seriously hurt a particular shipper or cause some particular commodity or community to disappear, simply because the rate that causes that effect was stated in the name of the President instead of in the name of some railroad company.

No fewer than eighteen complaints were amended October 7, on motion of the complainants, making Director-General McAdoo an additional defendant. The contention of the Railroad Administration lawyers that the record in the cases is not sufficient to enable the Commission to make any orders respecting rates made by the President—which, of course, means any line-haul rate, because all such rates were increased on federal-controlled roads by General Order No. 28—has not, apparently, caused any change on the part of complainants. They think, notwithstanding the fact that the President has changed the rates, that they still have a cause of complaint.

Not one complaint in hundreds charges that a given rate is unreasonable in and of itself. Ninety-nine and nine-tenths per cent of the complaints allege that a rate is unjust and unreasonable in relation to some other rate. In other words, the measure of the rate is not a thing that now concerns shippers to any extent. Commodities move regardless of the rate, although the volume may be reduced. Nearly every producer of a particular commodity can turn his attention to something else, if necessary, to take the place of the commodity that, by reason of a high rate, is not moving in the customary volume.

In the Willamette Valley lumber case, on which the arguments as to the power of the Commission were incidentally

based, the complainants said the adjustment was bad prior to June 25 and, naturally, they contend that the addition of twenty-five per cent to the rates has not improved them. The fact, unofficially stated, is that the Railroad Administration, because the government needed some of the lumber producer in the Willamette Valley, opened the Portland gateway so as to allow it to be delivered at destinations on the northern transcontinental routes. That, however, does not satisfy the complainants. They desire the gateway opened to them, not to make it possible for them to meet a demand created by the war, but to enable them at all times to compete with lumber manufacturers in other territories equally distant from the points of consumption. In fact, they averred in the argument that, from a transportation point of view, it is easier to move lumber from the Willamette Valley to destinations west of St. Paul on the northern transcontinental lines, than to move lumber from the Puget Sound country. They declared that the only reason for the closing of the Portland gateway is the policy of the northern transcontinental lines, which is to force lumber to move from points on their rails to destinations thereon and to keep the lumber from mills not on their rails away from destinations that could be served by mills on the northern transcontinental lines. They did not want to enter into a partnership with the Southern Pacific to bring lumber from mills on the rails of the Southern Pacific, down in the Willamette Valley to destinations, for illustration, on the rails of the Northern Pacific.

The complaining lumbermen cannot see that the change in control throws a sanctity around the policy of the northern transcontinental lines simply because the rates, made by adding the President's twenty-five per cent, results in a rate made by the President, when the foundation is the rates made by the northern lines. They cannot see that being shut out of given markets by an act of a government official is any sweeter than when the exclusion is the result of an act by a railroad official.

Powers of the Commission.

The resignation of Commissioner Anderson, who is to become a circuit judge in Massachusetts, and the declarations about the powers of the Commission, made in arguments on complaints that took place the week ending October 5, have afforded opportunity for speculation as to what some commissioners may think are the prospects of the body of which they are members, and as to whether the lawyers who did the talking for the Railroad Administration in the arguments are really voicing the thoughts of Director-General McAdoo. There has been an inclination on the part of a good many persons to suggest that Commissioner Anderson, in tendering his resignation, had in mind the old precedent of rats deserting a sinking ship.

Interstate commerce commissioners and state commissioners are giving much consideration to the words spoken in the course of the arguments by Stanley Moore, attorney for the Northwestern Pacific; R. Walton Moore, assistant general counsel for the Railroad Administration, and T. J. Norton, of R. Walton Moore's staff, and formerly attorney for the Santa Fe. They are also considering the words of Joseph N. Teal, attorney for the Willamette Valley lumbermen, who are asking that the Portland gateway be opened so that they may market their products in the territory along the northern transcontinental lines, west of the Twin Cities.

Stanley Moore denied the power and jurisdiction of the Commission to make any order respecting rates made by the Director-General on any of the testimony submitted prior to the making of the rates decreed by General Order No. 28. Mr. Norton was not quite so pointed and emphatic, but his language, it is believed, comes to the same end. R. Walton Moore's language did not raise any question of jurisdiction or power. In fact, he said he did not desire to raise any such question, but he contended that "it would be a most extraordinary situation in which the Commis-

sion would feel that it could, looking at the evidence which was taken a year and a half ago, say that that evidence would not lead to the conclusion under the terms of the federal control act that the rates in issue are either too high or that they stand in the wrong relationship to some other rates.

"I think I have said enough to indicate that we simply have here a question as to what conclusions are fairly deducible from the evidence before the Commission—not a question as to the jurisdiction of the Commission, not a question as to the power of the Commission, not the question as to the form of any order that the Commission may make, but a question as to where the evidence will get the Commission in finally considering the case."

Answering a question by Commissioner Aitchison, Mr. Moore agreed that Mr. Aitchison was correct in his conclusion that he, Moore, was trying to say that the testimony in none of the cases that have been completed could result in a determination in favor of the complainant, even after the Railroad Administration has stipulated the testimony into the record.

In other words, he contended that the complainants, who have elected to stand on the record as made, have nothing on which they can win, simply because the Director-General has made new rates, thereby merely continuing the discriminations that existed when the railroads were taken over, and that testimony showing the existence of discriminations is rendered nugatory by the fact that all the rates involved have been raised.

Stanley Moore, after being questioned by Mr. Teal as to whether he spoke for the Railroad Administration or the Northwestern Pacific, said: "I stand entirely upon the federal control act, and I shall contend, when it comes to my portion of the argument, that there no longer exists any such ground of challenge to a rate as discrimination, or that shippers have been subjected to undue prejudice and disadvantage, which was the finding of the attorney-examiner in the tentative report in this case."

"Furthermore, I shall contend that this Commission is without power or jurisdiction at this time to adjudicate this case, in view of the rate instituted by the President in General Order No. 28, and in view of the provisions of the federal control act, which explicitly states that no such rate shall be disturbed by the Commission until after the full, final and complete hearing concerning the justness and reasonableness of that rate, at which hearing there shall be considered the facts and circumstances surrounding the inauguration of the same."

At that point Mr. Teal interrupted to inquire for whom Mr. Moore was speaking. His first answer was the Northwestern Pacific. His second was that he hoped he was representing the Railroad Administration. Mr. Teal wanted to know if Mr. Moore did not know. He said, "Yes, sir," and that what he had stated was the Administration's attitude, "so far as it is within my power to state it." Answering Commissioner Aitchison, Mr. Moore said he had power to speak for the Administration. He assented to Commissioner McChord's conclusion that he, Moore, was trying to claim that the federal control law was conclusive, and the act to regulate commerce of no virtue at all.

"All laws and the constitution and everything else are wiped out by that, so far as this case is concerned?" asked McChord, just as if he were asking for another pinch of salt. Mr. Moore as calmly went on to say that other statutes have been repealed by implication, thereby falling foul of Mr. Teal's question as to whether he did not know that statutes are not repealed by implication.

In the discussions that have been had by friends of the Commission since the colloquies between the commissioners and Mr. Teal on one side and the railroad lawyers on the other, there has been agreement that there is no conflict among the railroad lawyers, who are now the lawyers for the Railroad Administration, which claims to represent the public and therefore is the mouthpiece of the shippers as well as the railroads. It was the general thought that Stanley Moore and Mr. Norton had said. Walton Moore, but that the latter meant just about what Stanley Moore and Mr. Norton had said.

The questions asked by the commissioners, including Mr. Anderson, who wrote the federal control law and pushed it through Congress, as the representative of Director-General McAdoo, gave the impression that the railroad lawyers are wrong in thus claiming, by indirection, that the act to

regulate commerce has been repealed and that shippers have no place to go other than the Railroad Administration traffic committees.

Mr. Teal quoted at length from Mr. McAdoo's justification of General Order No. 28 to show that the Director-General regarded the Commission as the haven to which buffeted shippers might go for relief. He also read into the record a letter from the San Francisco traffic committee saying it could not adjust the rate matter about which he had been complaining because the subject was in the hands of the Commission. Mr. Teal said he did not believe Mr. McAdoo desired to be placed in the attitude of "passing the buck" like that and denying relief to shippers.

The questions asked by the commissioners indicated that they do not believe the Commission is a sinking ship. On the contrary the implication from their questions was strong that they consider themselves still endowed with plenary powers over rates made, whether by the Director-General or by the railroads operated by him.

Argument in Lumber Case.

In the argument, October 3, on No. 9395, Pacific Lumber Co. et al. vs. Northwestern Pacific et al.; No. 9536, Willamette Lumbermen's Association vs. Southern Pacific et al., and No. 9524, Lumbermen's Association of Chicago et al. vs. Ann Arbor et al., T. J. Norton, counsel for the carriers, laid down the proposition that the record in the first mentioned case is insufficient for the Commission to issue an order upon, because the Director-General has not been heard, and that the testimony fails to disclose conditions as they are now.

"I understand this case proceeded to the argument upon the stipulation that the complainant desired to introduce no more testimony and that the Director-General had put in all he desired when he put in the President's certificate, issued in connection with General Order No. 28, that more revenue was needed," suggested Commissioner Aitchison. Mr. Norton admitted that such was the fact, but he said the stipulation was subject to the exceptions taken to the report, and did not pretend to cover what Joseph N. Teal should do, as attorney for the complainants, to bring the record down to date.

Prior to that contention, while Stanley Moore, attorney for the Pacific Northwestern, was arguing, Commissioner Aitchison insisted on his saying whom he represented. Mr. Moore said the Railroad Administration and then Mr. Aitchison wanted to know whether it was the contention of the Railroad Administration that it represents the public. Mr. Teal said he thought he represented at least a part of the public—namely, lumbermen paying rates they consider unduly discriminatory.

"If the Railroad Administration represents the public then the Commission might as well adjourn and representatives of shippers quit trying to point out what they consider violations of the act to regulate commerce," said Mr. Teal. He spoke always of the Railroad Administration as standing in the place of the railroad corporations, the property of which it has in its control.

Commissioner Anderson, who helped draft the federal control bill and represented the Director-General in the fight to get it through Congress by asking a question in the interchange of views, seemed to indicate that it was his view that the Director-General's duty, in regard to a challenged rate, is the same as that which the act to regulate commerce places on the railroad—that of defending or justifying the rate.

"The old parties to this record have disappeared," said Mr. Norton, "and the new one has not been heard."

"Are you suggesting that the Director-General has testimony to put into the record?" asked Mr. Aitchison.

"I am suggesting that this record has not been brought down to date," answered Mr. Norton. "There is nothing to show the changes in routing of traffic, or that the Government has forbidden the use of the lumber carried on the rates against which this complaint has been made. The Southern Pacific and the Santa Fe, the owners of the stock of the Northwestern Pacific, are not doing anything. They have no money. They could not obey any order this Commission might issue. The treasurer of the Santa Fe has been designated acting treasurer of the Railroad Administration. Where has this Commission anything on which to base an order directing the President of the United States to change his rates?"

"You say we have not the power to order changes in rates?" asked Mr. McChord.

"No, you have the power," answered Mr. Norton, "but not the testimony."

He said he supposed the certificate of the President about the need of additional revenue had been stipulated to the record. Mr. McChord then wanted to know if it was not all the Director-General desired to put into a record, why he should not come before the Commission and submit the facts. He asked if it was not to be assumed that the Director-General desired the Commission to have all the facts on which to base a judgment.

Mr. Aitchison wanted to know whether it was to be understood that the Director-General had something in his mind on the subject which he did not desire to disclose.

Mr. Anderson wanted to know whether the Director-General did not stand, in this matter, in the shoes of the shippers. He said he did not know anything about the case, but he was interested in learning what Mr. Norton thought about the part of the federal control law that seems to require the Director-General, or whoever was acting for the President, to assume the burdens of the carriers and to obey orders that might be made.

"As one New England man to another," said Mr. Norton, who is a Vermont man, "I ask you upon what testimony in this record would you issue an order requiring the reduction of the rates?"

George T. Bell, the attorney examiner who made the narrative report on which the argument was proceeding, pointed out that the suggestion to the Commission is for an alternative order requiring the removal of a discrimination; that the Northwestern Pacific could either reduce its rates from the Humboldt Bay (Cal.) lumber region to the east, or raise the rates to the San Francisco Bay district.

Stanley Moore got into trouble with Commissioner Aitchison by arguing that the Commission should treat the Northwestern Pacific as an independent road representing the most expensive construction in the world—about \$112,000 a mile—although the stock is owned by the Southern Pacific and the Santa Fe, and allow it rates high enough to assure a return on the investment. It was at that point that Mr. Aitchison insisted on being enlightened as to whom Mr. Moore represented because that is exactly the reverse of the position taken by Attorney Finnerty, also employed by the Railroad Administration, in the hearings on the complaints of the North Pacific coast states against the rates on fruits and vegetables.

The Railroad Administration in that hearing objected to the introduction of testimony tending to show that the northern transcontinental lines were not in need of revenue. It insisted that that was not the way to test the reasonableness of rates at the present time because the railroads are under unified control now and the only test is as to whether the income of the unified system is a reasonable one; that the money raised in the Northwest may be needed in the Southeast, and therefore the question of whether the returns on the northern transcontinental lines were large or small had nothing to do with the question.

The rate situation against which the complaint on which arguments were being made when this discussion of the new state of affairs took place was made, is that to points west of Denver the rates on lumber from the Humboldt Bay district are five cents above rates from branches of the Southern Pacific and Santa Fe and to points east of Denver the differential is ten cents over. The attorney-examiner, in his report, said the Southern Pacific and the Santa Fe had consistently applied a policy of blanket rates on lumber from branch line points, except in the Humboldt region. Therefore, he held they had waived their right to charge more from the Humboldt region and recommended the issuance of an order directing the removal of the discrimination. It was the effort of Messrs. Moore and Norton to show that the Commission should not do anything of the kind, even if the record was such as to cause it to feel warranted in issuing an order.

At the afternoon session R. Walton Moore and Mr. Teal got into an argument, right at the close of the discussion of the complaint of the Willamette Association, the gist of which was that the northern transcontinental roads, by refusing to make joint rates from Willamette Valley points

on lumber, shut the members of the association out of markets between their mills and the Missouri River because the combination of locals is too high for any lumber shipper to pay in a competitive market, the aggregate of the locals being from four to eleven cents higher than the joint rates. Early in the argument Mr. Moore said it would be rare when a question of relationship would be found of great importance because the demand for all commodities had become so great that anyone who has anything to sell has no question to answer other than whether he can get his goods to market.

In closing Mr. Teal said that Mr. Moore had said relationship was of no importance.

"No," said Mr. Moore, interrupting. "I said it had become of diminished importance. My contention is that these rates made by the Director-General are surrounded with the strongest presumption that they are just, reasonable and right that has ever been thrown around any rates. It is a tremendously strong presumption. Therefore, it should not be overturned by this Commission except on a strong affirmative showing."

"To say there is any sanctity attaching to this presumption in favor of these adjustments is to carry the implication of law farther than I am willing to go," said Mr. Teal. "The talk about the Director-General having made any rates is a joke. We know he has not. For one, I am willing to say that he does not know about this adjustment which closes the gates to the northern lines in the face of the Willamette Valley and that when he does learn about it he will not tolerate it."

"I think I am fairer to the Director-General than these gentlemen who speak for him. In connection with the issuance of General Order No. 28 he said there doubtless would be adjustments needing change and that it would be his effort to restore relationships and 'concurrently' remove discriminations of long standing. This is a discrimination of long standing. The Willamette Valley lumber industry has been trying to have it removed ever since there has been an industry. The Commission has saved it from destruction time and again. This exclusion of the Willamette Valley lumbermen from the markets on the northern transcontinental lines is the result of deliberate policy on the part of the traffic managers who have told the Willamette lumbermen to preserve their forests to a later day and that then both the lumbermen and the railroads would receive more money for their work."

"At present it is merely a question of divisions. The men who made the policy to which I have referred are still in control of these railroads and the adjustment is defended, not by an attorney speaking particularly for the Southern Pacific, which has not been so intolerant as the northern lines, but by an attorney speaking for the northern roads."

The attorney to whom Mr. Teal referred was B. W. Scandrett, a brother of H. A. Scandrett. He devoted a good deal of time to a discussion of the federal control law, holding that the words, "just and reasonable," as used in it, are not to be taken as meaning the same as they do in the act to regulate commerce, but as in relation to the public interest of winning the war. He said that if Congress had intended them to mean the same it would have employed language to make its intent clear.

"You appear to be arguing that the act to regulate commerce has been repealed," suggested Commissioner Meyer. "If Congress intended repeal, might it not have used such apt language as you suggested with regard to the words 'just and reasonable?'"

Commissioner McChord wanted to know whether the use of the words in the control law gave them a special sanctity and Commissioner Aitchison wanted to know whether their meaning was to be ascertained by consulting judicial decisions or by taking their ordinary meaning. He suggested that they are used in the statutes of about forty-eight states. Mr. Scandrett said the idea was that they were to be read as meaning just and reasonable in view of the public interest in the winning of the war.

COMMISSION ORDER.

On October 8 the Commission, on petitioning carriers' request, discontinued proceedings in case 10117, Colo. Nut Coal Rates, and fifteenth section applications 3710 and 4521.

DEMURRAGE CODE AMENDED

The Traffic World Washington Bureau.

The Railroad Administration October 5 ordered amendments to the demurrage code so as to give effect to the Commission's rescission of its rule in the Procter & Gamble case. That rule was that until the owner of a private tank car unloaded that car, even when that car was standing on the private track of the owner, he was subject to the demurrage rule.

In fifteenth section order No. 900, October 9, the Commission ordered non-government controlled roads to change their demurrage rules so as to make them identical with the rules of the controlled roads, and do it on five days' notice. This is to make them conform to the Commission's reversal of itself in the Procter & Gamble case.

In supplement No. 1 to General Order No. 7, the Director-General, as of September 28, ordered that the demurrage code and instructions concerning its application shall read as follows:

Rules

Rule 1.—Section C together with instructions, explanations, and the notes published in connection therewith are amended to read as follows:

Section C-1.—Private cars on private tracks when the ownership of the car and track is the same.

Definitions

Private Car.—A car having other than railroad ownership. A lease of a car is equivalent to ownership. Private cars must have the full name of owner painted or stenciled thereon or must be boarded with full name of owner or lessee.

Private Track.—A track outside of carrier's right of way, yard, and terminals, and of which the carrier does not own either the rails, ties, roadbed or right of way; or a track or portion of a track which is devoted to the purposes of its user either by lease or written agreement.

Section C-2.—Empty private cars stored on carrier's or private tracks, provided such cars have not been placed or tendered for loading on the orders of a shipper.

Note.—Except as otherwise provided in paragraph 1: (a) Private cars while in railroad service, whether on carrier's or private tracks, are subject to these demurrage rules to the same extent as cars of railroad ownership; (b) empty private cars are in railroad service from the time they are placed by the carrier for loading or tendered for loading on the orders of a shipper. Private cars under lading are in railroad service until the lading is removed and cars are regularly released.

Rule 5.—Section A together with instructions and explanations published in connection therewith are amended to read as follows:

Rule 5.—Placing Cars for Unloading

Section A.—When delivery of a car consigned or

Instructions and Explanations

Section C-1.—Private cars while held under constructive placement for delivery upon the tracks of their owners are subject to demurrage charges after expiration of forty-eight hours' free time. (See Rules 5 and 6.)

Section C-2.—Empty private cars stored on tracks not owned by the owners of such cars, and switched by carriers, taken for loading without order or requisition from shipper, and without formal assignment by carrier's agent, shall be recorded as placed for loading when actual loading is begun.

Private cars which have been loaded on the tracks of their owners, received from such tracks and held by this railroad for forwarding directions, are subject to demurrage charges from the first 7 a. m. after they are received until proper forwarding directions are furnished with no free time allowance and without notice.

Section A.—This will apply to such cars as consignees located on switching line are unable to receive and

ordered to an industrial interchange track or to other than a public delivery track cannot be made on account of the inability of the consignee to receive it, or because of any other condition attributable to the consignee, such car will be held at destination or, if it cannot be reasonably accommodated there, at the nearest available hold point, and written notice that the car is held and that this railroad is unable to deliver will be sent or given to the consignee. This will be considered constructive placement.

Under this rule any railroad delay in making delivery shall not be computed against the consignee.

Rule 9 together with instructions, explanations, and the notes published in connection therewith are amended to read as follows:

When a consignee enters into the following agreement, the charge for detention to cars, on all cars (except cars subject to Rule 1, section C, paragraph 1) held for unloading by such consignee, shall be computed on the basis of the average time of detention to all such cars unloaded and released during each calendar month; such average detention and charge to be computed as follows:

Section A.—One credit will be allowed for each car unloaded and released within the first twenty-four (24) hours of free time. After the expiration of forty-eight (48) hours' free time, one debit per car per day, or fraction of a day, will be charged for each of the first four days. In no case shall more than one credit be allowed on any one car, and in no case shall more than four credits be applied in cancellation of debits accruing on any one car. When a car has accrued four debits a charge of \$6 per car per day, or fraction of a day, will be made for each of the first three days thereafter, and for each succeeding day, or fraction of a day, the charge will be \$10. After a car has accrued four debits, the charges named herein will apply on all subsequent Sundays and legal holidays.

Section B.—At the end of the calendar month, the total number of credits will be deducted from the total number of debits and \$3 per debit will be charged for the remainder. If the credits equal or exceed the debits, no charge will be made for the detention of the cars and no payment will be made to consignee on ac-

which, for that reason, the switching line is unable to receive from carrier line. The carrier line will advise the switching line of point of shipment, car initials and number, contents and consignee, and if transferred in transit the initials and number of the original car; the switching line will notify consignee and put such car under constructive placement.

Application for agreement provided for in Rule 9 will be forwarded to the —*, and when executed instructions will be furnished the agent as to the method of reporting.

*Note. — "Demurrage manager" or official in charge of demurrage under the organization in effect on each road.

count of such excess of credits; nor shall the credits in excess of the debits of any one month be considered in computing the average detention for another month.

Section C.—A consignee who enters into this average agreement shall not be entitled to cancellation or refund of demurrage charges under section A, paragraphs 1 and 3, or section B of Rule 8.

Section D.—A consignee who enters into this average agreement may be required to give sufficient security to the carrier for the payment of balances against him at the end of each month.

Agreement

— Rail — Company:

Being fully acquainted with the terms, conditions, and effect of the average basis for settling for detention to cars as set forth in —, being the car demurrage rules governing at all stations and sidings on the lines of said rail — company, except as shown in said tariff, and being desirous of availing (myself or ourselves) of this alternate method of settlement (I or we) do expressly agree to and with the — rail — company that with respect to all cars which may, during the continuance

of this agreement, be handled for (my or our) account at — (station) (I or we) will fully observe and comply with all the terms and conditions of said rules as they are now published or may hereafter be lawfully modified by duly published tariffs, and will make prompt payment of all demurrage charges accruing thereunder in accordance with the average basis as therein established or as hereafter lawfully modified

by duly published tariffs.

This agreement to be effective on and after the — day of —, 19—, and to continue until terminated by written notice from either party to the other, which notice shall become effective on the first day of the month succeeding that in which it is given.

Approved and accepted —, 19—, by and on behalf of the above-named rail — company by —.

EXPRESS RATE HEARING

The Traffic World Washington Bureau.

It is the thought of the state railroad and public utility commissioners who attended the hearing of the Interstate Commerce Commission October 8 called to consider Director-General McAdoo's request for advice as to the best way to provide additional money for the American Railway Express Company, that the Director-General himself could furnish the money needed to enable the company to advance wages. He could do that by changing the terms of the contract between himself and the company. Under that contract he takes 50.25 per cent of the gross revenue of the express company as pay for the service of transportation. The express company has to pay all other costs and look for its profit out of the remaining 49.75 per cent of the gross revenue.

That thought was indirectly expressed, first by Commissioner Graham, of the Idaho commission, in the form of a question directed to J. W. Newlean, comptroller for the express company. Later it was developed by Charles E. Elmquist, representative in Washington of the National Association of Railway and Utility Commissioners. Indirectly Commissioner Clark, by means of a question, suggested that perhaps that was not as easy a way as might be imagined. He asked Mr. Newlean if the express company, during negotiations with the Director-General, did not obtain as much money for its services as was possible. Mr. Newlean did not answer that query, possibly believing the answer was made by the fact that the negotiations ran for about seven months.

The proceeding was without illumination on the question as to whether, under the federal control law, the President has the same control over express rates he has over freight rates. No question of jurisdiction was raised, either directly or indirectly, unless it be held that Mr. Elmquist raised it indirectly by calling attention to the fact that when the Commission allowed the ten per cent increase in July Director Prouty wired a request to the state commissions asking them to allow the same rates for state business as had been prescribed for interstate and then asking whether the same practice could not have been followed in this case. Mr. Elmquist wanted to know whether the fact that five states had not complied with that request had had the effect of embarrassing the express company.

The proceedings were begun in the most ordinary way, Chairman Daniels stating the purpose of the hearing and then calling on T. B. Harrison to say whatever might be said in behalf of the express company. Mr. Harrison added no new fact to the record made by the correspondence between the Director-General and the Commission, but he asked Comptroller Newlean to take the stand. The comptroller had nothing material to add other than that the deficit for the year ending June 30 was about \$3,000,000. He said it had been figured that about \$24,000,000 of gross revenue would be needed to yield the net required for the increases in wages that would have to be made to keep men in the service of the express company, and to pay the higher cost of supplies.

Under cross-examination by H. H. Cleland, assistant attorney general for Washington, Mr. Newlean said various ways of figuring on how to place the burden where the cost of service was greatest had resulted in the determination to suggest that the greatest increase should be laid on the first zone where the cost of doing business is highest both actually and relatively.

Commissioner Graham of the Idaho commission also asked questions, and in one of them he suggested the possibility of obtaining the money by having the Director-General forego the collection of 50.25 per cent of the gross revenue as his share of the joint enterprise. He wanted to know if the revenue to be derived from the application of the rates decreed in General Order No. 28 was not enough to pay the cost of operating all the trains run by the Railroad Administration. Assuming that the revenue so derived was enough, he wanted to know if the cost to the public of making the increase in the wages of express company employees could not and should not be held down by changing the percentage of division between the Director-General and the express company.

His thought seemed to be that the public had already been asked to pay and is paying the whole cost of operating the trains on which the express tonnage is carried and that, instead of asking for revenue for the Director-General, the express company should be asking only for money to pay the higher wages needed to keep men in the express company's service.

At the request of the state commissioners, George C. Taylor, president of the express company, took the stand to tell about the economies that will be accomplished by the consolidation. He mentioned the restriction of pick-up and delivery service at many places; fewer general officers; the elimination of competition, one of the items in which is the saving of \$500,000 a year for paint, because now all the express vehicles are painted battleship gray, which is cheaper than the brilliant reds, blues and yellows with which the rival companies used to paint their wagons so as to advertise their services; through routing of cars so as to eliminate costly cartage in New York on traffic from New England and at Chicago on traffic destined to the northwest, and a lot of other things.

Answering questions by Mr. Elmquist, Mr. Taylor said the full effect of the increase of ten per cent, which went into effect on July 15, was not reflected in the July statement. It ought to be shown in the August statement.

"Is it your purpose to file intrastate rates with the state commissions?" asked Mr. Elmquist.

"I think they will be filed."

"Will they be for their approval?"

"I think so."

"Did you make any representations on that point to the Director-General?"

"I know that there have been many delays on account of state commissions not acting," said Mr. Taylor.

Then Mr. Elmquist had him admit that all the state commissions, except five, had followed the recommendation that they allow the ten per cent advance in state rates. Mr. Taylor said the failure of those five states to allow the increases had had a considerable effect on the revenues, but he did not say the company had been embarrassed by their failure.

Answering Mr. Graham, Mr. Taylor said it would not be a general policy to curtail the amount of pick-up and delivery service, but that there had been a restriction of it. The company had no thought of making a general reduction in that kind of service, he said.

J. H. Henderson, attorney for the Iowa commission, said that Iowa, Nebraska and South Dakota had held a conference on Friday and instructed him to come to Washington to represent the commissions of those states to protest against the proposed increase in Zone 3 rates. He also said that at that conference they had agreed to institute the ten per cent increase. U. G. Powell of the Nebraska commission's staff had been deputed to prepare figures to show that the increase should not be put on the middle west. Mr. Henderson said he had expected to meet Mr. Powell in Washington, but he himself had just got in on a belated train and was not able to say whether Mr. Powell had or had not arrived. He suggested that Mr. Powell might also be riding on a train that had fallen behind its schedule and that perhaps if the Commission could wait until after lunch he would appear.

Chairman Daniels, however, had received a telegram from the Nebraska commission saying that Mr. Powell had been detained so that he could not arrive on time. Therefore it desired to protest against the increase on Zone 3 rates as not justified. It said they were too high now. The chairman also read a protest from the commission for the second district of New York, objecting to an increase on the first zone, saying that the factors

which caused the Commission in the first instance to prescribe the zone rates operate now and call for the distribution of increases pro rata.

Mr. Elmquist read a protest from the Minnesota commission, which also maintained that Zone 3 should not be subjected to an advance. The Minnesota protest contained tables showing increases in the first class scale running from 15 to 30 per cent and on second from 22 to 29, with the percentage of advance on food rates averaging probably 30 per cent.

Chairman Daniels asked if arguments were desired. Mr. Harrison said the express company had nothing to say unless the Commission asked for illumination on a particular phase of the subject. Mr. Elmquist said the states would certainly waive the right to be heard in argument if the express company had nothing to say.

"I would like merely to remark that this is a novel proceeding," said he. "The express company has not filed an application for authority to make an increase, shippers have not complained, and the Commission has not initiated a proceeding of its own. It is a proceeding under the eighth section of the federal control act. We have no figures showing anything other than an estimate that \$24,000,000 will be needed to produce a net of \$10,000,000 or \$12,000,000 to pay an advance of \$9,000,000 in wages.

"The purpose of General Order No. 28 was to raise revenue to pay the operating expenses of the carriers. Their July report shows the gross revenue was about \$44,000,000 higher than it had ever been in that month. It seems to us that the advance in wages could be taken out of the revenues of the railroads without seriously impairing them, and that is why we suggest a change in the contract so as to enable the higher wages to be paid without placing a further burden on the public."

TERMINAL CHARGES

The Traffic World Washington Bureau.

Arguments were made October 9 on one of the big questions before the Commission, that of allowing carriers to make terminal charges in addition to their line haul rates. The question arises in this instance on the complaint of the Chicago Live Stock Exchange against the Atchison and others, No. 9977, alleging that the imposition of a charge of twenty-five cents for loading and unloading live stock at Chicago is unjust, unreasonable and illegal because it is the duty of the carriers to unload.

It is a triangular fight, with the line haul carriers on one side, the shippers on another, and the Union Stock Yards, as a railroad, on the other. The shippers claim there is an identity between the line haul and terminal carriers that cannot be destroyed by the fiction that the services performed by the terminal company are services for the shippers, rather than for the carriers.

Those participating in the discussion were: Harry C. Barnes for the complainant, Ralph M. Shaw for the Union Stock Yards and Terminal Company, Samuel H. Cowan for live stock shippers, T. J. Norton and K. F. Burgess for the defendants generally, and D. P. Connell for the New York Central specifically.

Mr. Barnes treated the whole matter in the simplest possible way, directing attention to the fact that since 1865 the line-haul carriers have made no pretense of maintaining separate stations for the loading and unloading of stock; which he said a long line of cases in the courts shows it is their duty to do. Since that year they have employed the Union Stock Yards and Transit Company, a corporation of their creation, as their joint agent for doing that work.

It takes, on an average, a minute and a half to unload a car of stock. He said it was a misnomer to say the Union Stock Yards merely loads and unloads live stock. It weighs cars, checks the lading to find out how many of the animals are dead or crippled, guarantees freight bills, and collects them. All those are carrier services performed by the stock yards company and not services for the shipper. The latter is not interested in keeping a record of the weights, or the condition of the stock beyond knowing the facts for himself when the time comes for making a settlement with the line-haul carrier.

Mr. Shaw said that at every other primary market the line-haul carriers pay for loading and unloading. His con-

tention was that the contest in this case was between the carriers and their agent for the performance of a carrier service in which the shippers have no voice because, unless the line-haul carriers propose to advance their rates, they are not called on to do anything.

"The stock yards company made a mistake, a blunder, in filing this tariff and it asks for the privilege of cancelling the tariffs," said he. "It has filed its cancellation tariff and it is that which is suspended and creates I. and S. No. 1118. Connecting carriers did not publish tariffs showing what they charge each other for trackage rights or for the further carriage of freight."

Mr. Cowan called attention to the fact that in the latest tariff the stock yards company said it published the increased charges for loading and unloading "as agent for the carriers." He claimed that the collection of 25 cents additional, not absorbed by the line-haul carriers, is without tariff authority. He said Attorney-Examiner Thurtell's conclusion that it is not the duty of a carrier to load and unload live stock was beyond him and that the whole case was absurd. The railroads, he said, may have the right to collect more as a through charge for their service, but they have not done so, and when they have, that raises the question as to whether the proposed charges are reasonable or otherwise.

Messrs. Burgess and Norton, in their discussion of the case, made it clear that they consider the absorption of the loading and unloading charge at Chicago and other "primary" markets an undue discrimination in favor of the live stock receivers at such markets. They said the carrier duty is to provide facilities for loading and unloading, but that is where their duty ends. Mr. Norton said that the carriers have not made the Union Stock Yards stations on their lines, as might be inferred from what the attorneys for the stock yards company and the other attorneys had said. Mr. Norton was at particular pains to point out that the Santa Fe in particular has live stock loading and unloading stations in Chicago; that while they might not be adequate to load and unload all the live stock received at that market, they have thus far been adequate for all the live stock offered for loading and unloading at points other than the Union Stock Yards. He said the unloading at the Omaha Packing Company's plant in Chicago is done at the cost of the shipper; that that shipper had appealed to the Commission and that the Commission said there was no reason why the carriers should bear the cost.

"These men come here talking about 'primary' markets," exclaimed Mr. Norton. "They mean 'powerful' markets—markets at which Armour, Swift, Morris, and Cudahy do business. Ninety per cent of the loading of live stock is done at the expense of the shipper and there is not a case in all the books in which a court or a commission has said it is the duty of the carrier to load or unload. It must furnish facilities and that is what they have done at all the stations where the smaller and independent packer does business.

"Out in Iowa, where there is no man big enough to walk into the office of the vice-president of a railroad and tell him where to get off, the shipper bears the cost of loading or unloading. It is only at the 'powerful' markets where the cost is borne by the carriers.

"This outfit (Union Stock Yards and Junction Railroad Company), being a carrier, is bound to maintain unloading docks. It is the delivering carrier and it filed its tariffs because the Supreme Court in 1912 said it was a common carrier. Now it is demanding to be allowed to get from under government control under pretense that the cost of loading and unloading is an operating cost. They mean it would be an operating cost if they could get the line haul carriers up on a table such as they propose erecting, but it would be an operation of a different kind they would perform if they could get the line-haul carriers at their mercy, as their agent, to exact from them whatever they pleased."

Mr. Norton asked the Commission to adopt Mr. Thurtell's report, but to make changes in its language so that in proceedings elsewhere the language used would not prejudice the case, as not fully considered language in the Kansas City stock yards case, he said, had caused the Santa Fe to lose that fight.

A Merchant Marine for America

(By Joseph J. Shulz, Traffic Manager, Gaston, Williams & Wignam Steamship Corporation.)

If my deductions appear pessimistic, or should I depart too far from conventional war-time optimism, I ask that it be attributed to my zeal in searching out the truth rather than to the absence of patriotic fervor.

Human nature being fundamentally selfish, man's interest is primarily in himself. Those who lend their labor, brains or capital to any business enterprise, and shipping is no exception, invariably ask but this one really vital question, "What is there in it for me?"

Let no one suppose that Americans will adopt the seafaring life in peace time merely to sustain the glory of the flag, or in response to the thrills of romance popularly associated with the seaman's life. Men of England, Scandinavia and Germany go to sea in large numbers because it frequently offers the only means for livelihood. In this country, on the other hand, the industry and commerce ashore offer opportunities which quite eclipse those open to seamen. This is an admitted fact.

Men with executive ability and competent to direct the affairs of shipping concerns will not accept smaller salaries than offered in other lines, nor will American capital seek employment in shipping unless the return offered is as great, if the risk be equal, as in other enterprises.

It is improbable that comparative standards of living in the industrial nations will be greatly changed as a result of the war. The conditions which have in the past enabled owners of British, Scandinavian, German, Japanese and other foreign tonnage to build and operate cheaper than can be done by owners of American tonnage, are certain to have a similar effect after the war.

Seamen's wages on British vessels, as true of every line, have increased materially. The cost of constructing and operating tonnage under the British flag, for example, is now more than double that ruling before the war, while the ration of increase has been quite as large, if not larger, for American tonnage. First-class steel cargo carriers are now being contracted for by British builders at \$120 per ton of cargo capacity, against a cost of from \$55 to \$65 per ton before 1914. American yards cannot now produce similar vessels for less than \$200 per ton and probably the average cost is nearer \$215 per ton. Ship repairing, always excessive in cost here, is now fully 80 per cent higher in American yards than in England, Holland or France.

If the program now framed by the Shipping Board is carried out an accomplishment wholly contingent upon the duration of hostilities—America will have upon the high seas at the end of 1920 a total of about 20,000,000 tons deadweight of overseas carriers (consideration is not given in these estimates of tonnage to inland or coastwise carriers).

It is not likely that during the same period British yards can exceed their present average output, and the same is true of other European builders. In view of the very heavy losses to which submarines have subjected British tonnage, it is doubtful if the total deadweight capacity of Britain's shipping, other than coastwise carriers, will exceed the figure mentioned above. Probably the total available to the rest of the world will not much exceed another 20,000,000 tons. It is possible, therefore, that we may, within the next two or three years, possess American tonnage equal to one-third of the total merchant fleets of the world.

The total tonnage of vessels of the types used normally in international shipping will not be much, if any, less than the total available when the war broke out in August, 1914, or about 60,000,000 tons deadweight. But the changes in the relative totals of tonnage owned by the respective maritime powers will be sweeping indeed after the war, especially in America and Great Britain. Of the total before the war, Great Britain controlled approximately 40 per cent, and the United States less than 5 per cent. At the end of 1920, should war continue to July, 1920, Great Britain is not likely to control more than 30 per cent, with the United States in possession of almost an equal amount.

Assuming that ship building continues to gather momentum in this country for at least two years more, the

supply of tonnage available for overseas transportation will then be approximately equal to that in existence in 1914. Any anticipation of the probable course taken by the government in operating or turning the Shipping Board fleet over to private control, must take into consideration the probable demand for tonnage, in proportion to that which prevailed before the war.

The period immediately following demobilization will not witness a commercial interchange of commodities in any degree commensurate with war-time traffic in merchandise and armies. The complete disorganization of peaceful industries, the uncertainty and doubt which are bound to limit activities in all but absolute necessities, must perforce affect profoundly the volume of international trade for years to come. With a tonnage supply at least equal to that in use before August, 1914, the demand for space in ocean carriers will not be as great when demobilization is completed as in the years immediately preceding the war.

The volume of purchases abroad by any nation is distinctly limited by the per capita purchasing power of that nation's population. Wealth alone can give purchasing power, and the war has destroyed a large part of the world's wealth. Renewal of purchasing power can therefore be effected only by recreation of wealth. Every nation whose resources have been depleted by war must seek to rebuild its national wealth by the utilization of its own undeveloped resources. There will be a large demand for raw materials, but each nation will strive to use its own. A revival of international exchange of manufactured products in any degree approaching that which existed before the war is improbable.

Even among those nations whose wealth has not been seriously affected by war, there must be a relatively decreased power to purchase by reason of the greatly increased cost of production. It has become apparent that wages in all the industrial nations will have advanced to a degree unprecedented. That there will be adjustment downward eventually is perhaps inevitable, but the process will require many years. In the meantime, the demand for manufactured goods in South America, Asia and Australasia will be lessened by the inevitable consequences of prices higher than those which ruled before 1914.

The writer is therefore convinced that the volume of world trade after the war will be less than before it began. But granting that it will not be less, we are still confronted with the fact that there will be, in all probability, as great a tonnage for its transportation as was then found necessary. What may we reasonably expect the earning power of ocean tonnage to be? Unquestionably it will be determined by the competition of owners, as before. In early 1914 the time charter rates for cargo carriers ruled at about \$1.20 per deadweight ton per month. This rate represented a moderate return on tonnage which cost not to exceed \$75 per deadweight ton to build, fully equipped.

After peace has come and tonnage is released from war service, will earning power be determined by the cost of tonnage, or will the value of tonnage depend upon its earning power? Because an American owner holds tonnage at book values of \$250 per ton, will a prospective charterer pay him more for it than for a Dutch or Swedish steamer if he can secure the latter at a lower figure? I think not. A second factor which will determine tonnage values then, as before, is the replacement cost. No prospective purchaser will pay the U. S. government \$250 per ton for a used vessel, if he can place an order with a British or Swedish builder at \$200 per ton for a new vessel. No shipper of American exports can be expected to engage space at \$20 per ton in an American vessel if the British carrier is offering it for \$15 under equality of circumstances.

This country must choose one of two alternatives if public policy demands our large participation in the ocean carrying trade. First, we must reconstruct the entire body of our laws which apply to merchant ship operation, and formulate a policy designed to treat shipping as an enterprise wholly unaffected by the economic and industrial factors which control all purely domestic activities. Second, we must in some way place upon the public

exchequer the financial burden of maintaining ships upon the high seas in competition with owners of foreign vessels whose costs of construction, maintenance and operation will assuredly be less than those to which owners of American tonnage will be subjected.

If the first alternative is adopted, American capital must be allowed to buy or build in such markets as afford the best bargains. Operators must be privileged to hire their labor without restriction from labor organizations or legislation designed to protect them. America may properly control and modify conditions for the employment of labor on American ships, but it cannot control either the economic or political conditions which affect the operation of competing ships. To attempt to do so would assuredly arouse the enmity of our international friends no less than of our enemies.

To further place American tonnage on an equality with foreign vessels in cost of operation, opportunity must be given owners to import free of duty ships' parts and building materials required for both construction and repair. We must go further! When it is apparent that subsidies in whatever guise are offered to foreign owners by their respective governments, thus tending to place American owners at disadvantage, equivalent subsidies or bonus must be allowed by this government to American owners.

If the second alternative be chosen, the government must determine the difference in cost of maintenance and operation due to higher wages, costlier material and provisions, higher prices for American built tonnage and other disadvantages beyond the control of owners, and provide the necessary revenue by taxation to so subsidize American shipping as to place it on at least an approximate equality with the foreign tonnage providing the most severe competition on the world's trade routes.

No middle ground or compromise is possible, unless we shall be content to keep the vast fleet, accumulating to meet the present emergency, without business to occupy it. This nation is now confronted with a situation which may be fraught with humiliating disillusionment.

The writer freely commits himself to the prediction that unless one or the other of these provisions is adopted, the

government will be compelled to sell the tonnage to the highest bidder, be he American or competitor. There would be retained such tonnage as the public interest require as a necessary feature of any well ordered program of national defense.

The operation of a great fleet of cargo carriers in world trade is similar to a gigantic chess game, with a greater number of complexities involved in the successful manipulation of the "pieces," which consists of the world's map of trade routes.

If an owner of large fleets wishes to avoid losing his "pieces" by unsuccessful competition, he must follow closely the trend of the world's markets for leading commodities, the crops and production in various countries, and the consequent course of demand and supply. He must also be able to anticipate these factors correctly for months in advance. When he has done this he is still doomed to an early "checkmate" if he cannot meet the quotations made by competitors for transportation on the routes which he may choose for his vessels.

It may be that the old order is now to disappear, and that our greatest competitors must henceforth share domination of the high seas with America.

Such a wholly to be desired outcome of present developments is not to be had merely by the creation of a preponderance of tonnage. The one indisputably certain cause of our previous failure to acquire a large merchant marine was our inability to compete with other nations. In the absence of conditions making a renewal of such competition profitable, our newly born fleets will disappear as quickly as they are coming into being.

If the American government does not wish to sail an uncharted sea in its formulation of policies for an American merchant marine, it will not neglect to give first consideration to the prime prerequisite to success, which is the assurance of a fair profit.

There is reason to believe that the men of large experience directing the activities of the Shipping Board fully appreciate the difficulties to be encountered, and it is to be expected that they will face them without equivocation or evasion of the issues.

Traffic Lesson No. XLVII

Commission Procedure—Forty-seventh in the Course of Fifty-two Lessons Written for the Traffic World by Grover G. Huebner, Ph.D., Assistant Professor of Transportation and Commerce, University of Pennsylvania, and Published Bi-weekly—(Copyrighted)

Since the outline of this course of traffic lessons was announced an excellent series of articles by Mr. Edgar Watkins on "How to Try a Case Before the Commission" was published in *The Traffic World*. It is therefore not necessary to repeat the established rules of practice of the Interstate Commerce Commission, nor to attempt further explanation of the various kinds of proceedings conducted before the Commission. The reader is referred to the issues of Sept. 22, Oct. 6, Oct. 20 and Nov. 3, 1917. It is also advisable to obtain a copy of the "Rules of Practice Before the Commission in Cases and Proceedings Under the Act to Regulate Commerce," issued in pamphlet form by the Commission.

As the established rules of procedure before the Commission have been changed somewhat by recently enacted statutes and orders, it is purposed in this lesson to state briefly the principal changes that have occurred.

After the federal railroad control act went into effect and certain orders were issued by the Director-General, various questions arose as to the status of cases pending before the Commission prior to the initiation of rate advances by the Railroad Administration. It was then announced by the Commission on June 20, 1918, that:

In certain cases the Commission can make lawfully effective orders in proceedings brought prior to such Federal initiation of rates. Thus any pending complaint, where the complainant desires to use the findings of the Commission as a possible

basis for a suit at law for reparation, will be disposed of on the present record so far as that matter is concerned. The same is true of cases pending in so far as they seek reparation for damage from rates unlawfully exacted. Allegation of discrimination may, in certain cases, be judged of on the records now before us. We do not fore-judge the question which has been raised whether by amendment to pleadings in pending cases the United States Railroad Administration may be made a party against which a lawfully effective order may be entered.

Question also arose as to the line of procedure in case of rates initiated by the Director-General. In this connection the Commission announced that it would continue its practice of endeavoring to settle difficulties between carriers and complainants informally and, failing in such endeavors, formal cases would, on complaint, be conducted under section 10 of the federal control act. Formal proceedings in case of rates initiated by the Director-General are, however, contingent on the making of a complaint as required by law, the Commission being barred from taking formal action in such rate cases on its own initiative as it may against rates that were not initiated by the Railroad Administration. The Commission announcement was specifically as follows:

The Commission has always lent its active assistance to the settlement of complaints and difficulties between carriers and shippers through informal adjustment. Thousands of complaints and difficulties have been thus disposed of. There seems every reason why under Federal control this policy should be continued with reference to complaints involving rates initiated

by the United States Railroad Administration. Such action on our part would seem to be mandatory under Section 8 of the Federal Control Act, and we intend to accord our advice, assistance and cooperation to that end wherever possible. We understand that the Director General is in accord with this plan of composing difficulties as regards rates initiated by the United States Railroad Administration.

During such effort to compose difficulties or settle causes of complaint informally, the Commission is required under Section 10 of the Federal Control Act upon complaint to enter upon a hearing concerning the justness and reasonableness of so much of any order made thereunder as establishes or changes any rate, fare, charge, classification, regulation or practice of any carrier under Federal control. Save for the applicable provisions of this statute the jurisdiction of the Commission remains what it has been in the past. The Commission has not made and cannot make any commitment which will preclude its full exercise of the jurisdiction vested in it.

Change Incident to Amendment of Aug. 9, 1917.

The Commission had, since the enactment of the amendment of June 18, 1910, been able to suspend advances in proposed changes by carriers either on complaint or on its own initiative. Unless specifically suspended by the Commission, however, proposed rate advances went into effect after the legally required number of days had passed, provided the tariffs were properly filed and published. This procedure was changed by an amendment of Aug. 9, 1917, which provided that until Jan. 1, 1920, "no increased rate, fare, charge or classification shall be filed except after approval thereof has been secured from the Commission."

The Commission interpreted this to mean that when a rate advance is proposed the approval of the Commission must be obtained before the new tariff is filed with the Commission. It announced that, "as to increased rates, fares, charges or classifications contained in tariffs that are issued or forwarded for filing on or after Aug. 15, 1917, the approval of the Commission to the increased rate, fare, charge or classification must be secured before the tariff is forwarded for filing, and as to all such tariffs that are issued on or after Aug. 25, 1917, the title page must bear reference to the serial number and date of the Commission's approval."

In view of the large number of individual rate advances proposed in recent years, this requirement does not mean that the Commission examines each application in detail for the purpose of establishing finally the absolute or relative reasonableness of the proposed rates. It does not tie the hands of the Commission or of shippers as regards subsequent complaints and orders.

The railroads were taken over by the Director-General not long after this provision became effective. The far-reaching rate advances initiated by the Director-General are well known, and under war conditions it is not likely that the Commission would endeavor seriously to thwart his activities. It was expected, however, that the Railroad Administration, except in emergencies, would obtain the approval of the Commission when it so indicated rate advances. On June 10, 1918, for example, Division No. 2 of the Commission approved an "application under section 15 of the Act to regulate commerce as amended Aug. 9, 1917, for approval for filing of an increased rate, fare, charge or classification" in the following manner: "The United States Railroad Administration having requested the Commission's approval for filing, by all carriers subject to its jurisdiction, schedules establishing joint rail-and-water, water-and-rail, rail-water-and-rail, and all-water rates on the same level as the all-rail rates between the same points, the said rates to include marine insurance, it is ordered, that carriers be, and they are hereby, authorized without formal hearings, to file schedules increasing the said rates," subject to certain restrictions and requirements specified in the remainder of the Commission's order.

Additional changes occasioned by the amendment of Aug. 9, 1917, are those incident to the organization of the Commission into divisions. As was stated in Lesson No. 45, the Commission's cases have been assigned to divisions consisting of groups of commissioners. The act provides that "any order, decision, or report made or action taken by any said division . . . shall have the same force and effect and may be made, evidenced and enforced in the same manner as if made or taken by the Commission, subject to rehearing by the Commission as provided in section 16-A hereof for rehearing cases decided by the Commission."

Changes Incident to the Order of Jan. 19, 1917.

Although hearings and examinations have, under the

Commission's established "rules of practice" long been conducted by attorney-examiners employed by the Commission for that purpose, these rules were supplemented on Jan. 19, 1917, by an order directing that cases allotted to commissioners may at the conclusion of the hearings be argued before the attorney-examiner in charge; that briefs may likewise be filed if desired, and that the examiner is then to prepare a tentative report and serve it on the parties interested. The latter are in this way acquainted with the report that the examiner makes to the Commission. They may proceed to file exceptions, and the Commission or the divisions which have since been created are then in a position to render a decision on the basis of the examiner's report and such exceptions as may have been filed.

Extensive oral argument has frequently been made before the Commission, and this practice continued even after opportunity was afforded for argument before the attorney-examiner in charge at the close of hearings. Much time was frequently wasted in needlessly expounding facts and principles with which the members of the Commission were already familiar. In August, 1917, therefore, the Commission urged the conserving of its time. It urged that the above-mentioned report of the examiner and the exceptions filed be used so far as possible as the basis for the argument, that facts stated in the report be not repeated, and that the argument "be directed as far as possible to the conclusions suggested by the attorney-examiner." The portion of the statement limiting the extent of oral argument is as follows:

Much expenditure of time and money will be obviated if the parties on the same side of a controversy agree in advance upon the person or persons who shall come to Washington and make oral argument. Their interests can be more effectively presented in 60 minutes by one or two counsel than by half a dozen speaking 10 minutes each. Hitherto it has not been customary to apportion the time among those desiring to be heard until after they presented themselves on the morning of the day set. Hereafter, Mr. Franck C. Stratton chief of the Commission's Docket Division, should be advised at least ten days before the day set of the selection of counsel and the time needed.

From and after resumption of arguments in October the time allotted will ordinarily not exceed one hour in minor cases and three hours in major cases, except as exceptional complexity or importance may in the judgment of the Commission warrant exceptional treatment.

The effective preparation and presentation of a rate case before the Interstate Commerce Commission depends in part on the evidence of claims which are not in line with the law and the principles accepted by the Commission. This phase of procedure will be discussed in lesson No. 48, which deals with the "Rate Theories of the Interstate Commerce Commission."

McADOO APPRECIATES BANKERS

The Traffic World Washington Bureau.

In authorizing an announcement October 4 with regard to the extension of certain notes of the Baltimore & Ohio Railroad, Director-General McAdoo took occasion to express his appreciation of the public spirit and patriotism of American bankers generally, and particularly of the attitude of the two New York banking firms through whose co-operation the extension in question was arranged. In speaking of the matter, he said:

"My duties as Secretary of the Treasury and Director-General of the Railroads, involving as they do the raising of enormous sums of money, have been greatly lightened by the reliance that I have come to feel upon the wholesome public spirit of the American banking fraternity. With but few exceptions, they have shown themselves willing and eager to help in distributing the financial burden of the war that is now being carried with an ease that surprised the world.

"They have helped to educate the financial community to a broader vision and to widen the field of investments in this country and in so doing have been themselves benefited, for from being American bankers they have become world bankers with all the duties and opportunities that the description implies."

The particular incident which evoked this comment was an announcement by the Division of Finance and Purchases of the United States Railroad Administration, reading as follows:

"This office was advised a short time ago that the

[illegible][illegible][illegible][illegible]

The following is a list of the names of the persons who have been
 elected to the office of the President of the United States, and
 the names of the persons who have been elected to the office of
 Vice-President of the United States, for the year 1880.

22222 001212 1600 75

1897 11 14 11 20 11 20 11 20

THE UNIVERSITY OF CHICAGO

The first of these is the fact that the majority of the population of the United States is of European descent. This is a result of the fact that the United States was founded by people of European descent, and the majority of the population of the United States is of European descent. This is a result of the fact that the United States was founded by people of European descent, and the majority of the population of the United States is of European descent.

[illegible][illegible]

Further to being able to take of each month the American Railway Express Company will furnish to each line under contract a statement of the amount of reduced income according to it for that month's business. It is a prior receipt of this statement the estimated express revenues received and the express company's account.

LIBERTY BOND PURCHASES

The Clerk of the Court of Sessions.

Director General, London announced, October 3, that in a letter dated September 29, 1941, a British and employee of the American Commission in Washington had indicated a lack of interest in the North Atlantic Pact.

A report from the Bureau Regional Director of the Central Western Region, for the period ending October 3, shows that 65 per cent of the railroad employees of that region had subscribed a total of \$11,577,346, an average of \$80 per employee.

A report from R. H. Ashton, Regional Director North western Region, for the period ending with the close of business on June 3, showed that 12,500 employees in that region, or 66.2 per cent of all employees, had subscribed a total of \$11,200 to an insurance fund consisting of 1,000

B. L. Vaneck, Regional Director, Southern Region, and word that General Superintendent, Manager of the Kentucky & Indiana Terminal Railroad, Louisville, Ky., had reported that the Liberty Loan Committee under his direction, beginning work at 7:00 a. m. September 18, had at 1:00 o'clock the same morning secured subscriptions from all of the 1,322 employees of the Terminal.

The Director-General received word that the Atchafalaya
Tongue & Santa Fe Railroad Corporation had decided to
subscribe \$5,000,000 to the Fourth Liberty Loan; that the
Pennsylvania Railroad Corporation has decided to subscribe
\$5,000,000, and that the New York, New Haven & Har-
ford Railroad Corporation had decided to subscribe
\$1,000,000.

Loss and Damage Decisions

Cases Recently Decided by State and Federal Courts

(Digest taken from Reports and Digest of National Reporter System, published by West Publishing Co., St. Paul, Minn. Copyright, 1934, by West Publishing Co.)

DELAY IN TRANSPORTATION OR DELIVERY

Delay.
 (270 U. S. 442, 443.) When a contract carries any penalty for delay in delivery, the penalty is not waived by the fact that the carrier has delayed the goods at the expense of the plaintiff's expense of delay. *Wells v. Union*
 (270 U. S. 442, 443, 75 Sup. Rep. 395.)

Measure of Damages.
 (270 U. S. 442, 443.) When a carrier negligently fails to deliver goods within a reasonable time, it is liable for the actual damages arising from the plaintiff's contract of carriage to the extent that the plaintiff has suffered actual loss. It is not the duty of the carrier to deliver the goods at the expense of the plaintiff's expense of delay. *Wells v. Union*
 (270 U. S. 442, 443, 75 Sup. Rep. 395.)

When a carrier has a long time to deliver goods, it is liable for the actual damages arising from the plaintiff's contract of carriage to the extent that the plaintiff has suffered actual loss. It is not the duty of the carrier to deliver the goods at the expense of the plaintiff's expense of delay. *Wells v. Union*
 (270 U. S. 442, 443, 75 Sup. Rep. 395.)

Measure of Damages.
 (270 U. S. 442, 443.) It is not the duty of the carrier to deliver the goods at the expense of the plaintiff's expense of delay. *Wells v. Union*
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Measure of Damages.
 (270 U. S. 442, 443.) It is not the duty of the carrier to deliver the goods at the expense of the plaintiff's expense of delay. *Wells v. Union*
 (270 U. S. 442, 443, 75 Sup. Rep. 395.)

LOSS OF OR INJURY TO GOODS

Carrier's Responsibility.
 (270 U. S. 442, 443.) A carrier is not liable for the loss of goods if the carrier has exercised reasonable care. *Wells v. Union*
 (270 U. S. 442, 443, 75 Sup. Rep. 395.)

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 (270 U. S. 442, 443, 75 Sup. Rep. 395.)

Miscellaneous Traffic Decisions

Cases Recently Decided by State and Federal Courts

(Digest taken from Reports and Digest of National Reporter System, published by West Publishing Co., St. Paul, Minn. Copyright, 1934, by West Publishing Co.)

REGULATION OF COMMON CARRIERS

Practical Effect.
 (270 U. S. 442, 443.) In a prosecution under an act to regulate common carriers, the act is not violated by the fact that the carrier has delayed the goods at the expense of the plaintiff's expense of delay. *Wells v. Union*
 (270 U. S. 442, 443, 75 Sup. Rep. 395.)

When a carrier has a long time to deliver goods, it is liable for the actual damages arising from the plaintiff's contract of carriage to the extent that the plaintiff has suffered actual loss. It is not the duty of the carrier to deliver the goods at the expense of the plaintiff's expense of delay. *Wells v. Union*
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 (270 U. S. 442, 443, 75 Sup. Rep. 395.)

Shipping Decisions

Cases Recently Decided by State and Federal Courts

(Digests taken from Reporters and Digests of National Reporter System, Published by West Publishing Co., St. Paul, Minn. Copyright, 1918, by West Publishing Co.)

Limitation of Liability:

(District Court D, Mass.) Where the petitioner for limitation of liability, as owner of a vessel, was in no way misled in the presentation of its case by the statement of the amount of damages contained in the libel, and in no way altered its position in reliance thereon, the damage claimant's motion to amend should be allowed.—In re Great Lakes Dredge & Dock Co., 250 Fed. Rep. 916.

Interest or Award:

(District Court D, Mass.) In collision cases, the allowance of interest on the award rests in the discretion

of the court; but, where there are no special circumstances affecting the matter, the general rule should be applied.—In re Great Lakes Dredge & Dock Co., 250 Fed. Rep. 916.

In collision cases, the general rule is that interest on the damages eventually awarded should be computed from the date of the collision, or from the dates when payments for the necessary repairs were actually made.—Ibid.

In collision cases, interest on demurrage should be computed from the time the vessel returned to service.—Ibid.

Legal Department

In this department a legal expert answers simple questions relating to the law of interstate transportation of freight. Readers desiring special service by immediate answer may obtain privately written answers to their inquiries by the payment of a small fee.

Address Legal Department, The Traffic Service Bureau, Colorado Building, Washington, D. C.

Curing Defects in Pleading.

Minnesota.—Question: When a claimant files suit against a railroad company and there is a technical error in the papers, does this invalidate the claim entirely? We should think that all it would be necessary for the claimant to do would be to refile his suit, making out the papers correctly. However, in the case which we have in mind the two years' time limit in which suit may be brought has expired and the papers were not corrected within the time limit. It seems to us, from a common-sense standpoint, the consignees should not lose the amount of their claim simply because in making out their form of complaint they used the words "initial carriers" in the place of the words "final carrier."

Answer: The foundation of an action in court may be called by the name of declaration, complaint, petition or statement. On it the plaintiff must recover, or not at all. In it the plaintiff must state in a logical and legal form the facts which constitute his cause of action. The law of pleading deals both with the matter which the pleading must contain and with the form in which the matter must be set forth. The rules or forms prescribed differ in the various states, but all courts hold in effect that pleadings must have substantially all material facts, and that the names of the parties plaintiff and defendant are essential. Where there has been a defect in this particular, the codes of mostly all states either provide for or imply the right of the pleader to amend his pleading without leave of court, or in the sound discretion of the court, except where the statute of limitations might operate as a bar. While the amendment in the pleading in question is one that would ordinarily be allowed as a matter of course, yet as the time within which to bring an action has since intervened, it would seem that it would not be unconscionable for the court to grant it, unless the code of the state wherein the action is brought, or the rules of practice of the courts therein, provide otherwise.

Time Within Which to File Claims.

Ohio.—Question: We have before us a bill of lading dated June 21, 1917, covering a car of commercial slag from Jackson, O., to Portsmouth, O., which has never reached the consignee. On July 30, 1918, shipper filed a claim against the carrier, but it was declined under

section 3, paragraph 3 of the uniform bill of lading, which provides that all claims for loss and damage or delay must be presented in writing to the carrier within six months after a reasonable time for delivery has elapsed. I believe I have seen something in the columns of The Traffic World covering cases of this kind, but cannot locate the item. Will you please give us your opinion through the columns of your weekly issue?

Answer: The shipment appears to be an intrastate one, and, assuming that the courts of Ohio have not held to the contrary, the law is, as amended by the act of Congress, June 29, 1906, that the shipper, consignee, or lawful holder of the bill of lading must within six months file with the agent of the carrier, either at the point of origin or at point of delivery, or with the general claims department of the carrier, a claim or a written notice of intended claim, if the loss occurred while in transit. See our answer to "California," published on page 598 of the March 16, 1918, issue of The Traffic World. If, however, the loss was due to delay or damage while being loaded or unloaded, or damaged in transit by carelessness or negligence of the carrier, then no notice of filing of claim is required as a condition precedent to recovery. See the case of J. Van Lindley Nursery Co. vs. Sou. Ry. Co., 96 S. E. Rep. 221, cited on page 302 of the Aug. 10, 1918, issue of The Traffic World.

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Proceedings Involving Rates, Regulations, Etc.

Illinois.—Question: Please advise through the columns of The Traffic World if I can do anything to have packing requirements of a certain commodity changed and how to proceed. Also, can I do anything to have rating on same commodity lowered in carload lots? It is physically impossible to load minimum weight by using full cubic capacity of car.

Answer: You may address an informal letter to E. P. Eyman, chairman, at Chicago, of the Chicago western district, of the Western Freight Traffic Committee, of the U. S. Railroad Administration, setting forth in detail the present requirements for packing a certain commodity, how this operates unfairly and unreasonably to those shipping the same, and the changes that should be made in the present packing requirements so as to afford the most convenient, practicable and safest means for packing. A similar statement in writing to this committee regarding the rate and manner of loading this commodity should be made, showing how they are unjust and unreasonable, and what should be substituted instead, if they in anywise arose under General Order No. 28.

If you prefer you could make an informal complaint to the Interstate Commerce Commission. The Commission has always, and still does, lend its active assistance to the settlement of complaints and differences between the carriers and shippers through informal adjustments. This policy will be continued even with reference to com-

plaints involving rates initiated by the U. S. Railroad Administration.

Again, you might institute a formal proceeding before the Interstate Commerce Commission in the same manner as are all other complaints brought before that body.

Shipper May Sue for Consignee.

Ohio.—Question: A makes a shipment of wine in bottles to B, and when the shipment reaches destination one-half of the number of bottles in the shipment are broken and the contents gone. B pays the express charges on the entire shipment. B pays A one-half of the invoice price for the goods, but does not deduct one-half of the express charges from his bill, but sends all the necessary papers to A, so that A can present claim against the express company. A presents claim against the express company for one-half of the invoice price and one-half of the express charges which cover the amount lost.

The express company returned the claim to A, stating that they will pay him one-half of the invoice price, but will not pay him one-half of the express charges, since the papers do not show that B deducted one-half of the express charges when making settlement with A. B is a foreigner and does not understand how to file claims, and it has always been customary for A to handle the claims for B. We contend that the express company is liable for one-half of the express charges, and it should be immaterial with them whether they paid this amount to A or B.

Answer: The Interstate Commerce Commission, in rule 510, Conference Rulings Bulletin 7, said that either the shipper, consignee, or the lawful holder of the bill of lading may file with the agent of the carrier a claim or a written notice of intended claim; that is, regardless of whether he is the owner or holder of the bill of lading, the shipper may file the claim. This ruling is based on the rule or law which allows the shipper, as the party who made the contract of carriage with the carrier, to sue for its breach, though the recovery would inure to the benefit of the real owner of the goods. *Sou. Ry. Co. vs. Maddox*, 67 S. E. 838; *O. & M. R. Co. vs. Emerich*, 24 Ill. App. 245, and many other cases in support of this doctrine.

STATEMENT OF OWNERSHIP, ETC.

OF THE TRAFFIC WORLD, published weekly at Chicago, Ill., for October 1, 1918.
State of Illinois, } ss.
County of Cook, }

Before me, a notary public, in and for the state and county aforesaid, personally appeared William C. Tyler, who, having been duly sworn according to law, deposes and says that he is the secretary-treasurer of THE TRAFFIC WORLD, and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management, etc., of the aforesaid publication, for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 443, Postal Laws and Regulations, printed on the reverse of this form, to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are:

Publisher, The Traffic Service Bureau, 418 S. Market St., Chicago, Ill.

Editor, Henry A. Palmer, 326 Glenzie Pl., Chicago, Ill.

Managing editor, None.

Business manager, E. C. Van Arsdell, 4432 Evans Ave., Chicago, Ill.

2. That the owners are: E. F. Hamm, 1542 Sherwin St., Chicago, Ill.; Wm. Eastman, Evanston, Ill.; William C. Tyler, La Grange, Ill.; and C. J. Fellows, Cleveland, Ohio.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company, but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

WILLIAM C. TYLER, Secy.-Treas.

Sworn to and subscribed before me this 8th day of October, 1918.

(Seal) E. C. Van Arsdell.

(My commission expires February 16, 1920.)

Help for Traffic Man

This department is conducted by a traffic man of long experience and wide knowledge. In it he will answer questions relating to practical traffic problems. We do not desire to take the place of the traffic man, but to help him in his work. We reserve the right to refuse to answer any questions that we judge it unwise to answer or that involve situations that are too complex for the kind of investigation contemplated. Questions will be answered as promptly as possible. No answers will be given by mail except for a fee.

Address "Help for Traffic Man," The Traffic Service Bureau, Colorado Building, Washington, D. C.

Application of Advances in Rates.

Q.—At the present time we are having some difficulty in adjusting rates on the 25 per cent advance and also on the 2 per cent advance under Director-General's order. The railroads in this district seem to be somewhat confused in regard to this matter; for example, a car shipped from points in Kansas to Cleveland on plaster, taking Chicago the cheapest combination, they are assessing a charge of 2 per cent to Chicago and 2 per cent from Chicago to Cleveland.

Our contention is that the maximum charge on this shipment using combination rates as through rate should be 2 cents; in other words, the rate prior to June 25 was 15 cents to Chicago and 12 cents from Chicago to Cleveland, and the through rate on this shipment should be 29 cents, carriers claiming rate of 31 cents. The same may be said of the 25 per cent advance on less-than-carload shipments to Jacksonville, Fla., using Cincinnati as combination; they assess 25 per cent advance to Cincinnati and 25 per cent beyond, making a double advance. Our contention is that, according to the interpretation of the ruling, the advance should be no more than 25 per cent on the through combination. We would appreciate if you will advise us legal authority on this matter.

A.—Answering the first query, the Director-General has held in a number of specific instances that the flat advance in cents per 100 pounds should be added to the through rate or the combination of locals or intermediates which together make up the through rate. In other words, the rate from the Kansas points to the destination named being prior to June 25, 27 cents, the increased rate should now be 29 cents. In other words, the advance of 2 cents is attached to the entire charge and not to each particular factor of the through charge. If it were otherwise one city might possibly have an increase in the rate of 4, 6 or 8 cents according to the number of local rates which were used to make up the through total charge for transportation, whereas a neighboring city having a through rate might have the advantage of paying but the 2 cents advance. This question, however, has been settled by the Director-General in a number of cases, one of which is particularly cited in another answer in this column.

Regarding the second query, it must be evident to the inquirer that when a percentage advance has been ordered, the result will be the same, whether the 25 per cent is calculated on each factor or on the combination making up the through charge. For instance, if the local rate to Cincinnati is 16 cents and the rate beyond Cincinnati to Jacksonville is 24 cents, the total rate would be 40 cents; 25 per cent of 40 cents is 10 cents, making the total advanced charge 50 cents; 25 per cent added to 16 cents, the first factor, makes a rate of 20 cents; 25 per cent added to the 24 cents, the second factor, makes 30 cents, or a total advanced rate of 50 cents. It is only in cases where the advanced rate is prescribed in cents per 100 pounds or in specific figures that any difference would occur in the method of calculating the advances as above shown. If the carriers persist in the above instance, or in any other instance, in adding the advance to each factor of a combination rate, the matter should be called to the attention of the Director-General, and the carriers will receive instructions in accordance with the above.

Coal Rate Advances on Combination Rates.

Q.—Please advise how you draw your conclusion, as stated in Volume 22, No. 7, page 350 of *The Traffic World* for August 17, under "Help for the Traffic Man," that Mr. McAdoo intended that the specific coal increases

be applied to the through charge as it existed on May 25, 1918, whether based upon a joint through rate or upon a combination of rates?

A.—The answer as given to the query as set out in The Traffic World under date of August 17 was made upon specific information regarding the rulings made by the Director-General. The Legal Department of the Traffic Service Bureau had occasion to test this matter before the federal Railroad Administration in two cases and the express holding of the Director-General was to the effect that the advance ordered in General Order No. 28, when applied to the transportation of coal, should be based upon the through rate as it existed prior to June 25, 1918, or if there were no through rate, then the advance should be computed upon the total or the local rates forming the combination of rates or total charge.

For instance, as illustrative of the principle: One of the cases referred to above presented the following situation: On the shipment of coal from point of origin to final destination there were two local rates, one of 30 cents per ton to the junction point and the other of 60 cents per ton from the junction point to destination. Under section 2 of General Order No. 28, as construed by the railroads in that case, the advances were to be 15 cents per ton on the rate of 30 cents and 20 cents per ton on the rate of 60 cents, making an advance of 35 cents per ton on the through or total charge of 90 cents for the transportation of the coal. When this case was presented to the Director-General he ruled specifically that the advance should be only 20 cents per ton, since the through rate made by the combination of locals was but 90 cents per ton, and that this advance should be upon the rates as they existed prior to the taking effect of General Order No. 28, which took effect on June 25, 1918.

Increased Export Rates to Cuba Via New Orleans Due to Closing of Atlantic Ports.

Q.—Based on export rate quoted through Baltimore, Md., by the steamship line, we closed deal for approximately twenty-five cars material for Cuba. Immediately upon receipt of order we applied for G. O. C. permit, but were advised by the steamship people that permit had been refused by the Export Control Committee, owing to the fact that they desired to avoid congestion at the north Atlantic ports, they having divided the United States into certain districts. They agreed, however, to allow us to forward shipment through the Gulf, via which route the rate is approximately 9 cents per hundred pounds higher than through Baltimore.

Will you kindly advise through your columns if the government can legally force us to forward a shipment via a route where the lower rate cannot be protected? Am of the opinion that we should be allowed to forward shipment through Baltimore at the lower rate.

A.—It is apparent that this shipper quoted price on the material mentioned before ascertaining if he could ship by the route selected; that is, through the Baltimore gateway, and afterward made the discovery that this route was not available without a permit from the Export Control Committee, which permit was declined.

There is no doubt as to the authority of the government at this time to close any route by reason of war necessity to avoid congestion at any port. While it is true that there is no congestion at present at the port of Baltimore, it is also true that it is free from this congestion only because of the action taken by the government in closing the route to certain non-essential traffic.

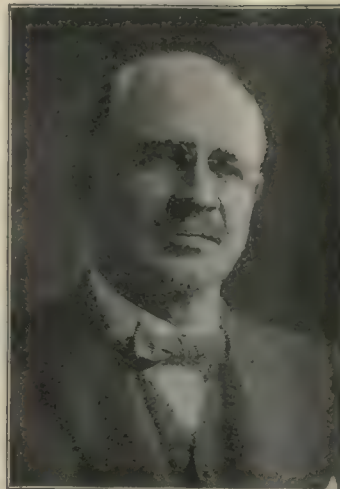
DOINGS OF THE TRAFFIC CLUBS

The Traffic Club of Cleveland held its monthly noonday luncheon at the Hohenden Hotel, September 26, and was addressed by O. P. Van Sweringen, president of the Union Terminals Company and the Nickel Plate Road, and by C. E. Stage, on the subject of the location of the Union Station to be built in Cleveland for the handling of all lines diverging from the city.

The Traffic Club of New England will begin its activities for fall and winter season Monday evening, October 14, at the American House, Boston. After dinner the speaker of the evening will be M. F. Roesti, assistant cashier, National Shawmut Bank of Boston, who will ad-

dress the club on the subject, "Our Opportunities in Foreign Trade."

Personal Notes



James C. Davis was born in Keokuk, Iowa, where he lived for many years, and was engaged in the general practice of law. During his residence there he held the office of city solicitor and was mayor of the city from 1885 to 1887. Jan. 1, 1903, he received the appointment as Iowa attorney for the Chicago & Northwestern Railway Company and removed to Des Moines. April 22, 1918, he was appointed general solicitor of the Chicago & Northwestern Railroad and removed to Chicago. Oct. 1, 1918, the Chicago, St. Paul, Minneapolis & Omaha

law department was also put under his jurisdiction, he being appointed general solicitor of that road.

J. J. Byrne, general eastern agent of the Delaware, Lackawanna & Western, with office at New York, has been appointed assistant general freight agent; A. B. Wallace, assistant general freight agent, has been appointed chief of tariff bureau, and T. J. McGeoy has been appointed foreign freight agent, all with headquarters at New York.

O. A. Constans, freight traffic manager of the Baltimore & Ohio, western lines, with office at Chicago, has been appointed assistant traffic manager (freight); S. T. McLaughlin, assistant freight traffic manager, at Cincinnati, O., has been appointed assistant to traffic manager, and Edward Hart, Jr., western general freight agent, at St. Louis, Mo., has been appointed assistant general freight agent.

The Atchison, Topeka & Santa Fe Railroad, Kansas Southwestern Railroad, and Grand Canyon Railroad announce the following appointments: W. G. Barnwell, assistant freight traffic manager, San Francisco, Cal.; J. R. Koontz, general freight agent, Topeka, Kan.; R. G. Merrick, assistant general freight agent, Topeka, Kan.; J. C. Burnett, assistant general freight agent, Topeka, Kan.; B. F. E. Marsh, assistant general freight agent, Topeka, Kan.; D. L. Meyers, assistant general freight agent, Chicago, Ill.; F. H. Manter, assistant general freight agent, Chicago, Ill.; F. C. Maegly, assistant general freight agent, Chicago, Ill.; A. G. Sheer, assistant general freight agent, Chicago, Ill.; C. L. Seagraves, agricultural agent, Chicago, Ill.; A. M. Reinhardt, assistant general freight agent, Los Angeles, Cal.; C. C. Dana, assistant general freight and passenger agent, Amarillo, Tex.; F. P. Cruice, assistant general freight and passenger agent, Phoenix, Ariz.; W. T. Treleven, live stock agent, Kansas City, Mo.; T. B. Gallaher, division freight and passenger agent, Amarillo, Tex.; P. N. Montgomery, traveling freight and passenger agent, Amarillo, Tex.; J. F. Thompson, division freight agent, Chicago, Ill.; A. A. Robertson, traveling freight agent, Chicago, Ill.; E. R. Leis, division freight agent, Denver, Colo.; B. F. Williams, traveling freight agent, Denver, Colo.; W. R. Brown, division freight and passenger agent, El Paso, Tex.; W. A. Cameron, traveling freight and passenger agent, El Paso, Tex.; J. W. Munsell, division freight agent, Fort Madison, Ia.; G. W. Smith, traveling freight agent, Fort Madison, Ia.; C. A. Walker, division freight agent, Hutchinson, Kan.; M. C. Burton, traveling freight agent, Hutchinson, Kan.; E. L. Jansen, division freight agent, Joplin, Mo.; P. E. Taylor, traveling freight agent, Joplin, Mo.; G. E. Roe, division freight agent, Kansas City, Mo.; H. R. Teasdale, division

freight agent, Oklahoma City, Okla.; C. B. Ludington, traveling freight agent, Oklahoma City, Okla.; F. W. Myers, division freight agent, Pueblo, Colo.; J. J. Devereux, traveling freight agent, Pueblo, Colo.; R. M. Bachelder, division freight and passenger agent, St. Joseph, Mo.; R. B. Cunningham, division freight agent, Topeka, Kan.; K. Burnett, traveling freight agent, Topeka, Kan.; F. M. Williams, division freight and passenger agent, Trinidad, Colo.; G. W. Vetter, division freight agent, Tulsa, Okla.; E. C. Bell, traveling freight agent, Tulsa, Okla.; R. E. Torrington, division freight agent, Wellington, Kan.; F. W. Peppard, traveling freight agent, Wellington, Kan.; G. R. Piper, division freight agent, Wichita, Kan.; J. G. McCabe, traveling freight agent, Wichita, Kan.

J. B. Yohe has been appointed federal manager of the Pittsburgh & West Virginia and West Side Belt railroads.

Regional Director Alston announces that Roy W. Norris is appointed supervisor of telegraph and telephone service, northwestern region, to supervise, co-ordinate and unify railroad, telephone and telegraph facilities.

Hale Holden, regional director, announces that W. T. London is appointed terminal manager, with office at Alton, Ill., with jurisdiction within the Alton switching district, including the area lying between Godfrey, Ill., Glassy Lake, Ill., East Alton, Ill., and West Alton, Mo.

The jurisdiction of C. G. Burnham, federal manager, Chicago, Burlington & Quincy Railroad, is extended over the Paducah & Illinois Railroad.

HENRY THURTELL

Henry Thurtell, recently appointed Chief Examiner for the Commission, is a college professor. His friends, however, do not hold that against him. According to his



own declaration he was educated, in a mild form, in the Agricultural College and in the State University of Michigan. He began his career as a professor in 1891, when he was appointed professor of mechanics and mechanical drawing in the State University of Nevada. Five years later he became professor of mathematics and mechanics in the same institution, and in 1900 he became dean of the university.

From 1905 to 1907 Mr. Thurtell served Nevada as state engineer. In 1907 he was appointed a member of the railroad commission of the state and served in that capacity until January, 1911, when he was appointed an examiner for the Interstate Commerce Commission. During his service as railroad commissioner for Nevada he appeared before the federal regulating body as a witness in several intermountain cases. His familiarity with questions arising out of the long-and-short-haul part of the fourth section caused him to be placed in charge of fourth section work by the Commission and he served as chairman of the fourth section board until 1916, when he was appointed an attorney-examiner.

In his work for the Commission he has heard and prepared reports in the following important cases: Fourth section violations in the southeast, western advanced passenger rate case, transcontinental cases, the Shreveport case, and the cotton cases. The final settlement of the transcontinental fourth section cases, which resulted in the application of the rigid long-and-short-haul rule as to that traffic, was made on the reports submitted by Mr. Thurtell.

GEORGE M. CROSLAND

Born in Bennettsville, S. C., in 1867, George M. Crosland came to the Interstate Commerce Commission in January, 1889, a few days after he reached his majority, to accept a clerkship in the Bureau of Tariffs. For twenty-three years he remained in that bureau and, during the latter part of that period, he was senior clerk in charge of the file room, where are found the many millions of schedules containing the freight rates which have been filed with the Commission since April 1, 1887.



In January, 1912, Commissioner Clark, who has charge of the Bureau of Tariffs, tendered Mr. Crosland the position of confidential clerk to him and Mr. Crosland continued to act in that capacity until early in 1915, when he was appointed assistant chief examiner, which position he held until appointed chairman of the Commission's Board of Reference and Board of Suspensions, the latter board being continued as the

Fifteenth Section Board after the amendment of Aug. 9, 1917, to the act to regulate commerce. Mr. Crosland was also made chairman of the Released Rate Committee after the passage of the second Cummins amendment. John M. Jones, who was then chief of the Bureau of Tariffs, served on all of these inter-office boards with Mr. Crosland and the two were close personal friends and worked shoulder to shoulder on many of the important matters which came before those boards before they were presented to the Commission.

After the death of Mr. Jones Mr. Crosland was made acting chief of the Bureau of Tariffs during the interim before the reassembling of the Commission. At the first conference held after the recess the Commission appointed him chief of the bureau. It is probably the Commission's most important bureau, because around the lawful tariff center most of the activities of the Commission.

For thirty years Mr. Crosland has made the study of tariffs and the Commission's regulations and rulings his vocation.

REPAIRS TO FREIGHT CARS

In Circular No. 20 Director Gray defines the limit of cost of repairs to freight cars belonging to railroads under federal control, as follows:

1. Freight cars in need of general repairs will be thoroughly inspected, all defective parts noted, and estimate made showing cost of repairs to place car in general good condition for two years' service barring accident and running repairs. Cars referred to in this circular are cars which are eligible for interchange under the MCB rules.

2. Limit of cost for making repairs:

WOODEN FREIGHT CARS WHICH HAVE NOT BEEN REBUILT AND IMPROVED BY APPLICATION OF METAL DRAFT ARMS EXTENDING BEYOND BODY BOLSTER, CONTINUOUS STEEL DRAFT ARMS, STEEL CENTER SILLS, OR STEEL UNDERFRAME.

(A) In Service 20 Years or More—All Freight Cars
Limit of cost of
Repairs in Kind, Labor
and Material.

If equipped with 40,000-pound capacity trucks or less	\$ 25.00
Over 40,000-pound, but less than 60,000-pound capacity	75.00
60,000-pound capacity trucks and over	100.00

(B) Cars in Service 10 Years and Less Than 20 Years
Limit of Cost of Repairs

	In Kind	With Betterments
	All Cars Except Refrigerator	All Cars Except Refrigerator
Equipped with 40,000-pound capacity trucks or less	\$25	No Betterments to be applied
Over 40,000-pound, but less than 60,000-pound capacity	100	No Betterments to be applied
60,000-pound capacity and over	200	500

3. Cars in service over 5 years and less than 10 years and cars found equipped with metal draft arms extending beyond body bolster, continuous steel draft arms with transom draft gear or steel center sills or all steel underframe.

All cars having trucks 60,000-pound capacity and over will be repaired unless total cost of repairs, including cost of betterments, plus scrap value, exceeds 75 per cent of value of new car.

If cost of repairs exceeds 75 per cent of new car, it will be dismantled and good parts reclaimed for use in repairing cars of similar types. This will apply to existing equipment only.

4. Cars in Service 5 Years and Less.—All cars having trucks 60,000-pound capacity and over will be thoroughly repaired at cost necessary.

5. Cost of application of safety appliances, wheels, journal bearings, and couplers will not be considered in estimate cost of repairs.

6. All wooden freight cars with trucks 60,000-pound capacity and over, receiving general repairs, not equipped with metal draft arms extending beyond body bolsters, with steel underframes or steel center sills will have consills, steel underframe or transom draft gear, will be equipped with either cast steel draft arms extending beyond body bolsters, steel draft arms extending full length of car, steel center sills or steel underframe. Cars equipped

steel draft arms extending full length of car, steel center tinuous cover plates riveted to the top or bottom of sills, preferably to top.

7. When the cost of repairs in kind exceeds amount allotted to be expended, and betterments are not to be applied, the federal manager, or the general manager on roads having no federal manager, may authorize in writing that the car will be dismantled. Should cost of repairs in kind exceed the amount allotted, and betterments, described in rule 6, are to be applied; if material is not available, car may be sent to owners.

8. When cars are dismantled or sent home to owners for rebuilding, a detailed statement will be made showing the estimated cost of repairs in kind, by items, and forwarded to owners, showing disposition, and copy retained by handling road.

9. To estimate detailed cost of repairs, add 35 per cent to the sum of applied labor and material.

OKLAHOMA RATE SETTLEMENT

The Traffic World Washington Bureau.

A settlement of the trouble created in Oklahoma by the application to the Shreveport class scale of the advance ordered by G. O. No. 28, has been reached by Director-General McAdoo and Chairman Humphrey and Commissioner Russell of the Oklahoma commission. Director-General McAdoo's announcement, October 7, is as follows:

"Director-General McAdoo, convinced of the necessity of making some revision in the class rates applicable within the state of Oklahoma, has promulgated a new schedule to become effective on ten days' notice. This schedule was decided upon after several conferences with Chairman Humphrey and Commissioner Russell of the Oklahoma Corporation Commission; also Senator Owen and Congressmen Ferris, Thompson, Carter, Chandler, Morgan, McClintic, McKeown and Hastings, together with W. V. Hardie, manager of the Oklahoma Traffic Association, and is fully satisfactory to them.

"Oklahoma's trouble lay in the fact that the application within the state of the so-called Shreveport scale of class rates constituted in itself a considerable advance over the corporation commission's scale previously in effect and, with the additional 25 per cent increase provided for in General Order No. 28, resulted in rates about 60 per cent higher than formerly in effect, and considerably in excess of the interstate rates from Kansas, Missouri and Arkansas into Oklahoma, the latter having been increased but 25 per cent.

"The new schedule represents approximately an average of the rates in a number of southwestern states. It does not fully equalize Oklahoma with interstate competitors, but in the opinion of the Oklahoma representatives will provide the needed temporary relief from a condition which was affecting Oklahoma's industries to a material extent.

"For the present the interstate rates from states to the north and east into Oklahoma, which are lower than the new Oklahoma schedule, are to remain in effect; but further consideration is being given by the Railroad Administration to a more comprehensive revision and equalization of conflicting schedules in the southwest."

LUMBERMEN TO PROTEST.

A meeting of interested lumber manufacturers and dealers was held in Houston, Tex., September 27 to consider the changes in lumber rate adjustment proposed by the Railroad Administration which will be considered in conference with the Dallas District Freight Traffic Committee at Dallas, October 15. It was the consensus of opinion that the changes proposed would work undue hardship on the lumber industry of Texas if made at this time and that an effort should be made to induce the Railroad Administration to allow the present rate adjustment to continue. A committee representing the lumbermen was appointed to work in conjunction with the committee already appointed by the Texas Industrial Traffic League, this committee consisting of W. T. Hancock, Houston, chairman; J. Frank Keith, Beaumont; Oscar S. Tam, Orange; Philip A. Ryan, Lufkin; J. K. Warren and John F. Grant, Houston. R. C. Fulbright of Houston was selected as attorney to assist in preparing such evidence as may be required in connection with the case.

Efficiency in Traffic

New Devices, Suggestions, and Methods for Increasing Efficiency
in Freight Handling and Other Branches of Traffic Work

RURAL EXPRESS AND OUR HIGHWAYS

(By F. W. Penn, National Motor Truck Committee.)

It has been said that when things have grown so old that they are almost forgotten, they again become new and are adapted to meet our present-day needs. Transportation over the highways is one of them. It comes to us from the misty past. We have always held to the highways, in a sense, but in our endeavor to modernize things we have neglected highway transportation to our detriment and almost, I might say, to our peril. In a way this neglect has not been intentional, for the reason that in these days of rapid progress we have not had a proper medium to use over them until the advent of the motor truck.

County, state and nation had not considered it necessary to build permanent highways, as no great demands had been made for their use as lanes of commerce.

We have witnessed the opening up of the west by the prairie schooner. We have seen how the waterways have assisted in building up a mighty nation, and how the railroad has transformed distance and has made us a homogeneous nation.

It is all in the march of events, and now, after centuries of neglect, we again turn to the highways for the proper solution to our transportation problems of to-day.

Rome could never have attained her pristine greatness without the aid of her highways. She could not have aspired to imperial domination of the world had it not been for the great military highways she had constructed, which brought remote parts within easy reach of the seat of empire, and which made the old saying, "all roads lead to Rome," a true one.

Her highways were so well built that they have weathered the lapse of time and to-day stand as a monument to her everlasting credit.

We should build as she built—a system of highways that will bear the burden of war when need be, and carry the commerce of the world without a break.

After this war is over we are going to be called upon to supply the needs of the entire world, and we must not fall down on our duty. We entered the war because we knew it was our war as well as France's, England's or Belgium's war, and after we see it safely to a finish we must go on and do our part in the rebuilding and take the place we have earned in the commerce of the world.

Rails will carry just so much and no more, but the highways with the motor transport and an efficient system of rural motor express can and will bear any burden thrust upon it, for the highways are the natural arteries, while the motor truck is the transportation medium that will bind us all together as a nation.

THE RURAL MOTOR EXPRESS

(Adopted by the Highways Transport Committee of the Council of National Defense.)

The transportation burden on the railroads and highways of the country has been tremendously increased by the war. There is a larger load to be carried, of manufactured goods, raw materials and foodstuffs. Not only has production of manufacturers' raw materials and farm products increased, but it is now necessary to transport a much larger proportion of these goods over long distances.

The burden is further increased by the fact that we have removed across the sea, 3,000 miles away, a considerable part of our population, which must be provisioned and maintained. These men were in our army camps last winter. This year there are other men in these camps, and we must handle goods and foodstuffs

not only to these 30 new cities but to a great population 3,000 miles away.

It is absolutely necessary to utilize our facilities to the maximum and to extend the use of the highways by the more efficient use of motor vehicles which can operate independent of fixed lines or terminals where congestion of traffic is likely to occur. The motor truck can help the railroad by reducing the short-haul load, and also act as a feeder line in sections far removed from market.

Added to the increased loads of goods to be transported is the fact that man power must be conserved. Heretofore the farmer has done his own hauling to market, but adoption of the rural motor express will enable him to delegate his hauling and to devote his own time to farm operations. An enormous waste of time and labor of both men and teams can be prevented by consolidating the small loads from a number of farms into a single load to be carried by a motor truck.

In many localities local food supplies are in need of development. A better use must be made of agricultural lands in the immediate vicinity of population centers. It improves the business of the local community and adds to the total food supply of the country. The improvement of marketing facilities through the opening of regular daily traffic to market centers and shipping points is a most effective agency in encouraging food production.

We have, therefore, three outstanding facts that demand especial attention be given to the increased use of the highways for rural transportation:

1. The increased volume of foodstuffs to be hauled.
2. The need for more labor on farms.
3. The need to encourage local food production.

The Purpose of Rural Motor Express.

The motor truck has demonstrated its adaptability to the hauling of farm products. It is dependable wherever the roads are capable of carrying its load. The use of the motor truck for farm transport is growing rapidly and in the vicinity of many cities regular routes are now maintained. The purpose of the organization of rural express on a national scale is to bring to agricultural communities throughout the country an understanding of the greater benefits to be derived from regular daily service over the main highways from farm to city and from city to farm.

By "Rural Motor Express" is meant the use of the motor truck in regular daily service, over a fixed route, with a definite schedule of stops and charges, gathering farm produce, milk, live stock, eggs, etc., and delivering them to the city dealer and on the return trip carrying merchandise, machinery, supplies, etc., for farmers and others along the route. This service amounts to a collection and delivery that comes to the farmer's door with the same regularity that the trolley car passes over its tracks.

The Plan of Organization.

The Council of National Defense adopted the following resolution on March 14, 1918:

The Counsel of National Defense approves the widest possible use of the motor truck as a transportation agency, and requests the State Council of Defense and other state authorities to take all necessary steps to facilitate such means of transportation, removing any regulations that tend to restrict and discourage such use.

The highways transport committee of the Council of National Defense is charged to carry out the purpose of this resolution. The several state councils of defense have been asked to appoint highways transport committees, or to delegate the organization of rural express to some committee which will have charge of the development of the work within the state. These state commit-

tees will in turn further the work through local organizations.

Indorsements of Rural Express.

The Council of National Defense approved the widest possible use of the motor truck in its resolution of March 14, 1918.

The Post Office Department has demonstrated the value of motor truck transportation through experimental lines of parcel post trucks now in operation in several of the eastern states.

The United States Food Administration has approved the plan in the following statement by the Food Administrator:

The development of the rural motor express idea, in my opinion, is in the line of progress and should redound to the benefit of the producer, the consumer, and the railroads. This means of transportation should facilitate delivery, conserve labor, conserve foodstuffs, and should effect delivery of food in better condition.

The United States Department of Agriculture, through its bureau of markets, has inaugurated an investigation of the efficiency of motor truck transportation in the marketing of farm produce.

The United States Department of Labor, through its employment service, urges the adoption of motor truck transportation facilities in order to conserve the time of men in farming neighborhoods during the period of planting, cultivation, and harvest, so as to relieve the farm labor shortage.

The preliminary surveys by the highways transport committee in sections of Maryland and Virginia have shown that farmers and merchants enthusiastically indorse the plan and wherever rural motor express lines have been properly developed they have received the support of the communities which they serve.

Present Development of Rural Express.

The rural express is in successful operation in the vicinity of many of the larger cities. The development of this system of transportation has been particularly rapid in Maryland and a survey of existing routes in this state has been made by the highways transport committee and shows the general possibilities of the idea.

A detailed survey was made of 22 routes, leading from agricultural sections into Baltimore, Md., and Washington, D. C. On these routes 30 trucks were found in operation; the total capacity of these trucks was 73 tons; the mileage traversed daily was 1,574 miles; the average length of the routes was about 50 miles for the round trip. Most of these routes are operated by truck owners living at the outer terminal, making daily round trips into the marketing center. Many of these routes are operated by farmers who first learned the advantages of motor truck transportation by using trucks for their individual needs.

These lines have been developed on a sane, practical basis without any special promotion or encouragement from any state or national organization. The trucks start at a small town, gather the produce of farmers and merchants along the road to the city, deliver it at the market, secure a return load from city merchants, including orders by farmers, and return to the country terminal, delivering the orders along the route. These lines have developed chiefly on the roads of the state road system where the condition of the roads facilitate the use of trucks. Many farmers living short distances away from the rural express route bring their milk and produce to a point on this route with horse-drawn buggies and wagons, and these constitute feeders to the lines.

A preliminary survey for the state of California has been made, showing an extensive use of motor trucks for passenger, freight, and express hauling throughout that state. Over 136 separate lines were found, some traversing routes as long as 125 miles on daily trips. Large quantities of farm produce are handled, and charges are made according to published rates. The excellent highways of California made it possible for these lines to develop rapidly.

The detailed survey among patrons of a number of these routes discovers the fact that there are three great economic advantages in this method of transportation:

1. Food production is stimulated, since the regular output to market encourages many farmers to expand production, which they would not be justified in doing if they were obliged to transport their own produce to market.

2. Shortage of labor is greatly offset from the fact that the system leaves the farmer on the farm and his time is not consumed in trips to market.

3. There is immediate improvement in the efficiency of the farm, since supplies, machinery and repairs can be secured promptly from city distributors of fertilizers and farm machinery.

From the national standpoint these routes aid in several ways:

1. They relieve the railroads of local freight, which permits carload lots of materials and foodstuffs from distant points to enter the terminals.

2. They help to avoid the necessity for local freight embargoes.

The need for the system of carrying goods to market without requiring men and teams is generally recognized by farmers, and where production of the individual farmer has justified the purchase of a motor truck, the adoption has been very rapid during the past few years. On many farms, however, the quantity of production is not sufficient to justify the investment in a truck by the individual farmer, if he must maintain his teams for farm power. The use of the rural express with its greater speed enables the farmer to operate the same or an increased acreage with fewer horses, making more land available for food production, which was previously needed to grow grain and hay for teams. In many instances the introduction of rural express has enabled farmers to engage in the production of milk, which requires daily marketing.

The rural express greatly aids the country merchants in carrying more complete stocks of goods; in filling special orders promptly, and in avoiding temporary shortage of staples due to delayed shipments or embargoes on the railroad. In many instances the country merchants have reported that their business has been greatly improved because of the daily delivery service from wholesale centers.

Expansion to a National System.

The success of existing lines of rural express is convincing evidence that the expansion of the system is an immediate necessity, both for its value in meeting the present emergency and as a means of permanently improving rural transportation. What has already developed becomes an integral part of our national transportation system.

The present strain on our transportation facilities has emphasized our need for improved means of internal communication, not only between cities, but also reaching out into every agricultural community.

The rural motor express is not, however, a development to meet an emergency only, but rather an expansion of transportation facilities to meet the growing demands, to bring the consumer in closer touch with the producer, to relieve the producer of the burden of marketing his produce and permit him to remain on the land, where his labor is of highest value to the community.

The Organization of New Routes.

The state highways transport committees are organizing local committees in all communities where there appears to be the need for improved rural transportation. The local committee first secures co-operation of the local press and leading organizations interested in transportation and food supplies. Among the various groups who might be interested are the following: Chambers of commerce, boards of trade, merchants' associations, local food administrators, farmers' clubs, county agricultural agents, dealers in farm implements, feed, fertilizers, grain, and other farm produce.

Meetings of the representatives of these organizations are held to explain the plan of rural express and to make general survey of local needs. Among the facts that are brought out at such meetings are the following:

1. Experience of existing motor truck lines in the locality.
2. Instances of localities now lacking such facilities.
3. Conditions of highways in such localities.
4. Labor shortage among farmers.
5. Transportation facilities of country merchants from wholesale centers.

After a general survey of the country or district has been made the local committee conducts an intensive survey by means of mailed questionnaires or personal visits

among farmers and merchants along route of prospective lines. Lists of names of farmers and merchants are secured through county agricultural agents or their local organizations.

When the desirability of establishing a new route for a certain section has been determined the committee proceeds to consult owners of trucks, farmers and other private owners to locate a man to establish the route. Questions of scale of charges, the schedule of the trips, character of produce to be carried, etc., are worked out by the committee on the basis of experience of existing lines in the same community, or other lines which have been surveyed by the state committee.

Detailed suggestions on conducting these local surveys, methods of making surveys through questionnaires, questions concerning roads, charges, etc., will be furnished by the highways transport committee of the Council of National Defense through the state committees. The plan of organization is to adapt the service as perfectly as possible to local requirements, utilizing at the same time the experience of communities throughout the country as gathered by state and national committees.

AGRICULTURAL CO-OPERATION

The Traffic World Washington Bureau.

Director-General McAdoo, October 7, authorized the following:

"The Railroad Administration, through the agricultural section of the Division of Traffic and through other departments in co-operating with the Food Administration and the Council of National Defense in state campaigns to reduce the number of live stock killed by trains. On one railroad last year the value of claims paid for live stock killed was \$600,000. Campaigns are already under way in several of the southern and southwestern states, where these losses principally occur, to secure the co-operation of owners of stock in keeping them off the right-of-way and to secure a better enforcement of stock laws. As a result of these efforts, a large conservation of food supply and of leather has been obtained.

"Several of the principal railroads in the southern region, through the agricultural departments, have sent their live stock agents to drought-stricken section of Texas to assist southeastern purchasers in selecting suitable cattle for bringing into the southeastern states for breeding purposes and for fattening.

"The railroads, through their agricultural departments, are co-operating with the War Department and Red Cross in the collection of fruit pits and nut shells for making charcoal for gas masks for our soldiers. They have taken the matter up with canning plants, hotels, local agents and others and are giving all the help possible to this important work.

"The agricultural section of the Railroad Administration is also co-operating actively with the state agricultural authorities in Missouri in an energetic campaign to increase the number of silos. The railroads in Missouri are sending out circulars and pamphlets, showing the great advantage to farmers of using silage."

CHANGES IN DOCKET.

The arguments set for Washington, October 10, in dockets 8934 and 9797 have been postponed to November 8.

The Commission, October 5, announced the postponement of the argument set for October 11, at Washington, D. C., in case No. 9752, *E. I. Du Pont De Nemours & Co. vs. M. D. & S. R. R. Co. et al.*; 9752, subs 1, 7, 9, 27, 28, 30, 32, 33, 44, 53, 58, 64, 65, 69, 76, 77, 81, 86, 95, 97, 98, 102, 104 and 108, Same vs. Sou. Ry. Co. et al.; case 9752, subs 14, 28, 39, 41 and 106, Same vs. A. & W. P. Ry. 9752, subs 6, 10, 13, 24, 49, 56, 59, 60, 67, 68, 73, 79, 87, 90, 92, 96, 100, 103 and 109, Same vs. A. C. L. R. R. Co. et al.; case 9752, subs 3, 5, 12 and 25, Same vs. Ga. R. R. Co. et al.; case 9752, subs 2, 4, 21, 22, 38, 40, 57, 61, 71, 72 and 107, Same vs. C. of G. Ry. Co. et al.; case 9752, sub 11, Same vs. G. F. & A. Ry. Co. et al.; case 9752, subs 14, 28, 39, 41 and 106, Same vs. A. & W. P. Ry. Co. et al.; case 9752, subs 15 and 52, Same vs. G. S. & F. R. Co. et al.; case 9752, sub 16, Same vs. G. Nor. Ry. Co. et al.; case 9752, subs 17 and 45, Same vs. M. D. & S. R. R. Co. et al.; case 9752, sub 18, Same vs. Gainesville Mid. Ry. Co. et al.; case 9752, sub 31, Same vs. G.

& Fla. Ry. Co. et al.; case 9752, sub 34, Same vs. Nfk. Sou. Ry. Co. et al.; case 9752, subs 36, 42 and 43, Same vs. W. Ry. of Ala. et al.; case 9752, subs 37 and 85, Same vs. L. & N. R. R. Co. et al.; case 9752, subs 19, 46 and 47, Same vs. Wrightville & Tennille R. R. Co. et al.; case 9752, subs 48, 62, 83 and 84, Same vs. A. B. & A. Ry. Co. et al.; case 9752, sub 51, Same vs. Ga. S. W. & G. R. R. Co. et al.; case 9752, sub 66, Same vs. Union & Glen Springs R. R. Co. et al.; case 9752, sub 75, Same vs. N. W. R. R. Co. of So. Car. et al.; case 9752, sub 78, Same vs. Bennettsville & Cheraw R. R. Co. et al.; case 9752, sub 95, Same vs. Orangeburg R. R. Co. et al.; case 9752, subs 62 and 105, Same vs. Lancaster & Chester R. R. Co. et al.

W. F. T. COM. DOCKET

The Western Freight Traffic Committee has docketed the following subject and announces that interests desiring to submit their views can do so in writing, or, if conference is desired, date will be arranged therefor:

No. 234, October 3: Rates on sugar, New Orleans and Colorado to Texas points versus rates from California. Proper relationship to be determined and readjustment if necessary.

No. 809, October 7—Stone, crushed, ground and rubble, Falling Springs, Columbia, Vallmeyer, Alton and other nearby points to East St. Louis, establishment of proper rates and relationships between quarries. Hearing on this subject Tuesday, October 15, 10 a. m., Transportation Building, Chicago, Ill.

1659, October 7—Velvet bean meal, copra meal and cake, also soya bean meal from New Orleans, also points in Texas to points in Kansas, Nebraska, Missouri, Iowa, Colorado, etc., establishment of proper rates to permit movement to cattle feeding territory.

No. X745, October 7—Cottonseed oil, bean oil, vegetable oil, etc., between points in the state of Oklahoma. Establishment of uniform carload minimum weight; also proper additional charge for privilege of refining, reconditioning, etc., in transit.

LUMBER PERMIT OFFICES

An office authorized to lift the lumber embargo was established at Boston, October 7, in charge of S. E. Dewey, at South Station. This makes seven places where the embargo against lumber going into or moving inside of Official Classification territory may be raised. The other places and the men in charge are: H. B. Sargent, Union Central Building, Cincinnati; W. L. Barnes, Burlington Building, Chicago; Domestic Section, Freight Traffic Control Committee of North Atlantic Ports, 141 Broadway, New York; Freight Traffic Control Committee, Broad Street Station, Philadelphia; Freight Traffic Control Committee, Baltimore & Ohio Central Building, Baltimore, and Freight Traffic Control Committee, Southern Railway Building, Washington, D. C.

Subject to change, the territorial limits within which the embargo-lifting agents may issue permits for the movement of lumber in Official Classification territory are as follows: Cincinnati—State of Ohio; Chicago—Illinois, Wisconsin, Michigan and Indiana; Boston—Whole of New England; New York—Port of New York, Baltimore, Port of Baltimore; Philadelphia—Allegheny region; Washington—Allegheny region. One may apply at either Philadelphia or Washington, as suits his convenience.

LOSS AND DAMAGE CLAIMS

The Traffic World Washington Bureau.

In Circular No. 3, dated September 13 but not promulgated until October 9, John Barton Payne, general counsel, United States Railroad Administration, says:

"In view of the economic conditions of the country, generally and particularly the operation of the railroads, your attention is drawn to the enormous amount of money (running well into the millions) expended annually for loss and damage freight and personal injury claims. Money paid out in this connection has no economic value, a situation that must be corrected by taking such remedial steps as are necessary toward the prevention as well as the settlement of claims.

"There has heretofore been no uniformity as to the jurisdiction of loss and damage freight and personal injury claims; therefore, it has been considered wise to place the responsibility of handling such claims directly upon the Legal Department. The general solicitor will be held responsible for the results and is requested to take such

steps as will bring the claim organization to the highest efficiency.

"The Claims and Property Protection Section was established to co-ordinate under one head the entire subject, and to exercise supervisory jurisdiction, aiding to the fullest extent those coming in direct contact with the subject.

"From time to time orders through the office of the Director-General will be issued with reference to the uniform and economical settlement of both loss and damage freight and personal injury claims.

"The conservation of life and limb, as well as food products, clothing material and other necessities, vital to the winning of the war, will be studied by this section with a view toward a nation-wide campaign in the way of prevention of this loss.

"Full and hearty co-operation with this work is expected from all officers and employees. Claim agents are expected to co-operate to the fullest extent in connection with the prevention of claims, as well as the settlement thereof."

A SAMPLE OF POOR ROUTING

Editor The Traffic World:

On August 21 there was shipped to us, from New York City, on a Lackawanna bill of lading, car G. T. No. 20391 containing coffee. It did not reach us within any reasonable time and we started tracing the car. We found out that the routing was changed from the Lackawanna line to the Lehigh Valley, and turned over to the Lehigh Valley Transportation Company at Buffalo, pulled across the lake on a boat, supposedly delivered to the C., B. & Q. Railroad September 12, in car U. P. No. 125071. We were finally wired that the car left Chicago September 28 and reached Denver over the C., B. & Q. Railroad October 5, being forty-five days in transit from New York City.

What we cannot understand is why the supposedly wise traffic man grabbed this car from the Lackawanna, turned it over to the Lehigh Valley, and sent it across the lake, where it had to have two extra handlings, as this is a commodity which is subject to considerable loss if the sacks become torn; and we have been unable to get any reason given us for the necessity of such a roundabout routing, with two additional handlings. The ways of some of these traffic routing experts are past all understanding.

Denver, Colo., Oct. 8, 1918.

R. Flickinger.

WILL LEND TO RAILROADS

The Traffic World Washington Bureau.

Director-General McAdoo, October 7, made the following announcement:

"Believing that it will be for the general welfare and a factor in beneficially stabilizing money rates, the Director-General announces that as to all railroad mortgage bond issues which may mature between the present time and July 1, 1919, where railroad companies may find it impracticable to obtain money for the renewal of their maturing bonds at a rate of interest which the Director-General may feel warranted in approving, he will lend to all such railroad companies on safe and reasonable security at the rate of 6 per cent per annum such funds as may be necessary to pay off their maturing issues of mortgage, equipment or debenture bonds.

"The aid thus rendered by the Director-General to maintain on a moderate basis the rates of interest which railroads may be required to pay on loans must not be interpreted by them as relieving them of the duty and responsibility of using their best efforts to provide for their own financial needs as occasions arise, but is intended to give them assurance that the money required for their legitimate needs, and for which they can offer satisfactory security, can be obtained without their being required to pay exorbitant or unreasonable rates or commissions.

"While the co-operation which the government has received and is receiving from the bankers, capitalists and investors of the country generally, in the huge task of financing the war and of providing the vast credits imperatively demanded for our requirements and for our allies, has been admirable, at the same time there has been a tendency on the part of some bankers and money lenders to demand exorbitant rates on railroad loans

which are fully protected, and for which there is no justification.

"Through the War Finance Corporation, Farm Loan Banks, and in other ways, the powers of the government have been exercised for the stabilization of interest rates and the prevention of excessive charges for the use of money. There is sufficient capital and credit in this country at present to meet legitimate needs, if carefully conserved and used, and there is no reason why excessive rates should be demanded where the security afforded is sound and condition and character of the borrower entitle him to credit.

"The manner in which interest rates on the London market have been regulated and kept within reasonable bounds furnishes an interesting study, and has been a potent factor in the successful financing of Great Britain's war necessities."

DAYLIGHT SAVING ORDER

The Traffic World Washington Bureau.

On the recommendation of the committee on transportation of the American Railway Association the following instructions, in connection with changing the hands of the clocks and watches on Sunday, Oct. 27, 1918, at 2 a. m., as provided in the federal law "To Save Daylight and to Provide Standard Time for the United States" were issued on October 5, in General Order No. 45:

"First—At 2 a. m., present standard time, Sunday, Oct. 27, 1918, all clocks and watches in train dispatchers' offices, and in all other offices open at that time, must be turned back one hour, to indicate 1 a. m.

"Employees in every open office must, as soon as the change has been made, compare time with the train dispatcher. Clocks and watches in all offices at the first opening, at or after the time the change becomes effective, must be turned back to conform to the new standard time, and employees, before assuming duties in such offices, must, after the change is made, compare time with the train dispatcher.

"Second—Each railroad will issue necessary instructions and arrange for such supervision and check of the watches of its employees as to insure that they have been properly changed to conform to the new standard time.

"Third—Regular trains must be held to conform to schedules after change in time.

"Fourth—Owing to the varying conditions which will prevail on the railroads of the United States, it is not advisable to issue a uniform rule or order to cover other details involved in the movement of trains at the period the change in standard time becomes effective. Therefore, each railroad must adopt such measures as may be necessary to properly safeguard the movement of its trains on the road at the time of the change."

ADMINISTRATION SURRENDERS

The Traffic World Washington Bureau.

The Railroad Administration, October 4, in No. 9382, American Window Glass Co. vs. Western Maryland, made a partial surrender. It conceded, in arguments before the Commission, that the Baltimore & Ohio, as a transporter of window glass sand from the Hancock and Berkeley districts, should give the complainant as low rates on glass sand for its plant at Belle Vernon as the Pennsylvania sand district rates to other points in the Pittsburgh district.

"That is not an unconditional surrender," remarked W. Ainsworth Parker, who appeared for the railroads.

"Why shouldn't there be unconditional surrender?" asked Commissioner McChord. "Perhaps I should say why should not the Administration do the right thing?"

The surrender, it is suspected, was not unconditional because the railroads do not desire to be mulcted for reparation, as recommended in the tentative report of the examiner.

Richard Townsend, attorney for the complainant, appeared in the uniform of an army captain. He apologized for appearing before the Commission's bar, but said he had not been able to put this part of his practice into other hands. The importance of the case to his clients constrained him to appear, notwithstanding the fact that he is now in the military service.

RATES ON FRUITS AND VEGETABLES

The Traffic World Washington Bureau.

The complaint of Washington against the increased rates on apples, fruits, and vegetables, caused by General Order No. 28, is on the point of compromise. The complainants have approved the suggestion of the Portland Traffic Committee, which is that the increase in apples be 25 per cent with a maximum of \$1.10.

The rate on apples is the big thing in the complaint. Unless a limit were put on the increase, the maximum to New York and other eastern destinations would be \$1.25. That would have the effect, the Washington and Oregon apple interests claim, of shutting them out of the eastern markets and allowing the eastern apple growers to increase the price of their product by the exclusion of the western apples.

To the southeast the maximum increase possible under No. 29 would be \$1.375. The maximum, it is proposed, shall also apply to that part of the country, for the same reason.

WAR RISK INSURANCE

The Traffic World Washington Bureau.

Director-General McAdoo issued the following statement October 8:

"From the number of inquiries received, it is quite evident that there is not a general understanding as to the inclusion of war risk insurance by the Railroad Administration, to cover the movement of traffic by the coastwise steamer lines, particularly in the case of shipments diverted to these lines by the Railroad Administration, for the relief of the rail lines over which it may have been routed by the shipper.

"The rates of the coastwise lines under federal control will include war risk insurance and the tariffs will so provide. These lines are under the jurisdiction of H. B. Walker, federal manager, New York, and comprise the Old Dominion S. S. Company, Clyde Line, Ocean S. S. Company, Merchants & Miners Transportation Company, Southern S. S. Company, Mallory Line and Morgan Line (Southern Pacific).

"To remove any uncertainty as to the assumption of war risk by the government, the following notation is to be placed on bills of lading covering coastwise waterborne traffic:

Rates include war risk and marine insurance subject to the provisions of the tariffs on file with the Interstate Commerce Commission, notwithstanding any condition to the contrary in this bill of lading.

"Federal Manager Walker will furnish any detailed information needed by shippers using these lines. Of course, where the traffic is routed by the shipper and arbitrarily diverted by the Railroad Administration for its purposes, the rates and charges via the shipper's route will be protected, and in all cases of this kind, where a shipment is diverted from a rail route to a water route, the movement over the water route will be protected by both marine and war risk insurance."

HELP FOR COMMITTEES

The Traffic World Washington Bureau.

The determination of the Railroad Administration to make the Eastern Trunk Line and Central Freight Association committees bodies intermediate between the freight traffic committee and the district freight traffic committees, in the eastern region, is regarded by shippers as a good move, because the committees have been overworked. That is to say, there are more irritating situations of minor importance, so far as the whole country is concerned, but of prime importance to the shippers involved, than the committees can handle with expedition. Much of the complaint now is not so much of the bad adjustment itself as of the inability of shippers to estimate how long it will take to change what is practically conceded to be bad. So long as there has been no decision one way or another everything must be held in suspense. An adverse decision, if final, would at least enable the shipper to come to the conclusion that he must perma-

nently retire from a certain market, or take his complaint formally before the Interstate Commerce Commission.

By giving the Central Freight and Eastern Trunk Line committees power to hear what shippers have to say, and to make recommendations thereon, there is improvement at least to the extent that shippers can get their complaints started toward Director Chambers.

STATE LAWS GOVERN

The Traffic World Washington Bureau.

A. H. Smith, eastern regional director, has sent a circular letter to federal managers, general and terminal managers in his region, concerning the duty of railroads under federal control in respect of state laws, which it is suspected was prepared by the Railroad Administration for the guidance of all regional directors. It was not, however, given out by the Railroad Administration officials in Washington. It is as follows:

"The Railroad Administration has received a complaint from the Public Service Commission of a state in the eastern region that stops of a passenger train at a certain regular station have been discontinued by a railroad under federal control without first obtaining the consent of the commission, although the law of the state requires that such consent must be secured before regular stops of passenger trains may be discontinued.

"It should be understood by all concerned that carriers under federal control are subject to all laws and liabilities as common carriers, whether arising under state or federal laws, or at common law, except in so far as may be inconsistent with the provisions of the federal control act or with any orders issued by the Director-General, to whom the powers conferred upon the President by the act have been delegated.

"If there should be any instances where it is thought that strict compliance with a federal or state law or an order issued by any duly authorized individual, commission or public body pursuant thereto will result in undue loss of efficiency or will place unreasonable burdens on the railroads under federal control, an effort should be made to obtain a satisfactory settlement of the propositions involved by dealing directly with the federal or state authorities; failing which, the matter should be submitted to this office for a ruling before any arbitrary action is taken."

RATING ON EMPTY MINE CASES

The Traffic World Washington Bureau.

An empty mine case—one that is to be filled with TNT or something equally elevating prior to its placement in front of German naval bases—for transportation purposes, is to be rated the same as iron or steel tanks, United States Standard Gauge No. 11, and all carriers are to assess rates applicable to empty iron or steel tanks. Instructions to that effect have been sent to all carriers by the Railroad Administration and the fact communicated to all kinds of naval officers and field traffic officers, by H. P. Anewalt, Inland Traffic Manager for the Navy Department.

Mr. Anewalt took up the question of the proper classification because carriers were having difficulty in properly classifying these empty containers and obtained a ruling from the Railroad Administration, as follows:

"After taking up the matter of freight classification on empty mine cases with the three classification committees, we have concluded that these cases, which are made of ½ metal, are analogous to iron or steel tanks, United States Standard Gauge No. 11, and should be so classified. All carriers will be instructed accordingly."

AGRICULTURAL DEVELOPMENT

A meeting of the heads of the agricultural development work of the federal railroads in the Eastern and Allegheny Regions was called by J. L. Edwards, manager Agricultural Section of the Division of Traffic at Washington, at the office of Regional Director A. H. Smith in New York for Friday, October 11. The meeting was for the purpose of working out plans for more thorough co-operation with the work of the United States and State Departments of Agriculture and the United States Food Administration, and for a general discussion of the development work in hand and plans for future work.

CONTRACT WITH WIRE COMPANIES

The Traffic World Washington Bureau.

Agreements between the American Telephone and Telegraph Company, the Western Union, and the Independent Telephone Company of Kansas City, and Postmaster-General Burleson have been signed. According to statements issued by President Vail of the first mentioned and President Carleton of the second, the contract is absolutely satisfactory to them. They believe it guarantees the payment of the usual dividend, the upkeep of the property during the period of federal control, and the payment of all fixed charges.

In other words, they believe the contract assures that during the continuance of the war the government substitutes itself for the company, in respect of the public and the stockholders, so the former will receive service and the latter dividends as hitherto. It is distinctly provided that acceptance of the contract shall not be taken as indicating that in the event the government desires to acquire the property, the value of the property has been set by the acceptance of the dividends hitherto paid and which are to be continued by the government.

There is only one form of contract. It varies only as to names, amounts and differences in the functions performed by the company; that is to say, the contract with the Western Union is not literally the same as that which governs the relation between the Postmaster-General and a telephone company.

The Bell system, of which the American Telephone and Telegraph Company is the head, was treated as a unit. The contract between it and the Postmaster-General governs all the companies controlled by it. The agreement between the independent company at Kansas City must be made with 6,000 non-Bell companies. The head of the organization in which the non-Bell companies are banded together is satisfied with the agreement. All are expected to sign as fast as the papers can be prepared. With regard to the agreement and its features, President Vail of the American Telephone and Telegraph Company said:

"First, any compensation fixed for the period of control was to be considered as compensation for an emergency period and not in any way considered as establishing a value for the property.

"Second, the operation of the property is to be continued on a basis of efficiency relatively equal to that of the past.

"Third, the property is to be fully maintained so as to be turned back to the company as good as when received.

"Fourth, appropriation from current revenue for maintenance, depreciation and obsolescence to be the same as the past—an average of 5.72 per cent on the fixed capital—amortization of intangible capital to be relatively equal to the past. All unexpended balances from both to be invested in the plant of the system. Charges against the depreciation reserve to be in accordance with the rules of the Interstate Commerce Commission.

"Fifth, employees' pensions, disability benefits and death benefits now in operation to be continued.

"Sixth, all taxes, municipal, state or federal, to be paid, or reimbursed if paid by the companies, by the government.

"Seventh, the license and rental contracts between the American Telephone and Telegraph Company, and the license companies to be continued and the American Telephone and Telegraph Company is to give such advice and assistance as the Postmaster-General may require, is to maintain its scientific, technical and engineering departments, its patent protection for the benefit of the property in the same manner as heretofore. The Postmaster-General to have the benefit during the period of control, in the operation of the wire system, of all inventions, discoveries, and ideas, which may now or hereafter be controlled by the Bell system.

"These provisions are for the protection of the property, the service and the art, and provide for the continuation of the service and for the continual development of the art as well as the protection of the developed situation, and are for the full protection of the public in its service and the proprietors in the property and development.

"For the security holders is provided (A) payment of the interest and existing amortization charges on all outstanding securities or obligations of the Bell system in the hands of the public, including the 6 per cent convertible bonds issued Aug. 1, 1918.

"(B) Payment of dividends at the existing rate upon the share capital of the Bell system outstanding in the hands of the public.

"(C) Payment of any charges, interest, dividends or other costs on new securities or share capital issued in discharge, conversion or renewal or extension of present obligations.

"For extensions to property—

"As provided above, unexpended depreciation shall be invested in property of the system.

"American Telephone and Telegraph Company surplus shall be invested in its property.

"Surplus profits from operation may be invested by the Postmaster-General.

"If securities or capital can be issued at fair terms the Bell system will issue its securities if desired, but the nominal value of the securities shall not exceed 80 per cent of the amount expended in the property.

"Extensions to its property made with the approval of the Bell system by money furnished by the Postmaster-General shall be paid for in installments of 5 per cent per annum after the period of control ceases.

"Extensions by the Postmaster-General to meet abnormal conditions and made without the approval of the system shall be appraised by the Interstate Commerce Commission at the end of the period of control and their value to the system as appraised shall be paid for in installments of 5 per cent per annum.

"The whole basis of the negotiation on both sides was to ask no more than was right, to grant all that was right, and to protect a great property and a great service to the public in every possible way.

"The public should bear in mind that we are in the midst of very abnormal times. Scarcity of labor, high costs of living and great increases in demands on the service which are congested and not well distributed, will create conditions which it will be difficult for the telephone systems to meet no matter how much charges and 'wages' are increased, and some consideration must be given before criticism is indulged in."

The contract is as follows:

The.....Telephone Company in behalf of itself and its subsidiary, the.....Telephone Company, which also joins herein, both being hereafter referred to as Owner, hereby offers to accept a just compensation for the supervision, possession, control and operation of the telephone system of the Owner taken by the President of the United States under a joint resolution of the Senate and House of Representatives, dated July 16, 1918, which supervisions, possessions, control and operation commenced at twelve (12) o'clock midnight on the 31st day of July, 1918, and is referred to as Federal Control, to be fixed as follows:

Sectional. The Owner's telephone system of which the President has taken such supervision, possession, control and operation, includes:

(a) All of the telephone property operated by the Owner as parts of its telephone system, whether owned or leased, and all additions, including those through consolidation and purchases made thereto during the period of Federal control, except that the Owner reserves the right to use during Federal control such portions of office buildings owned by it and now occupied in the operation of its telephone system as may be reasonably necessary to provide accommodations for its corporate organization and such use of the Federal Telephone system on such terms to the corporate officials as the Postmaster General may prescribe.

(b) All materials and supplies on hand at midnight, July 31, 1918. As soon as practicable a separate inventory of said material and supplies shall be made and authenticated for him by the signatures of such person or persons as the Postmaster General may designate for that purpose, and for the Owner by the signature of the President or a Vice-President of the Owner, which inventory when so authenticated shall constitute a part of this proposal.

(c) The net balance as of Midnight, July 31, 1918, in the accounts shown on the books of the Owner and under the Uniform System of Accounts for telephone companies, prescribed by the Interstate Commerce Commission as follows: (1) Number 115, Employees' Working Funds, (2) number 118, Due from Subscribers and Agents, (3) number 119, Accounts Receivable from System Corporation,

(4) number 120, Miscellaneous Accounts Receivable, and
(5) number 123, Other Current Assets.

(d)Dollars, (\$))
in cash for working capital, the use of which the Postmaster General is to have during the period of Federal Control without interest, which amount is the amount of working capital which the Owner had on hand August 1, 1918.

Section 2. During the period of Federal control, the operation of the property of the Owner shall be continued at a standard of efficiency relatively equal to that of the past.

Section 3. (a) During the period of Federal control, through current repairs and maintenance, the property of the Owner shall be maintained by the Postmaster General up to a standard relatively equal to that prior to July 31, 1918, so that its state of repair and operating condition will be relatively the same at the expiration of the period of Federal control as its beginning.

(b) In order to make the provision for depreciation and obsolescence relatively equal to that of the past, during the period of Federal control the Postmaster General shall set aside in each year (and at the same rate for each fraction of year) (1) the sum ofDollars, (\$) ; and (2) an amount equal to per cent of the cost of each addition to the property of the Owner during the period of Federal control, including additions made through consolidation and purchases, but excluding Intangible Capital, Right of Way or Land; provided, however, that for the purpose hereof said depreciation charge to be set aside as aforesaid shall be conclusively presumed to be adequate and the straight line method for computing same to be assumed; and all compensation defined and provided for hereunder is and shall be based upon the assumption that said depreciation charges are adequate. But should the United States at the close of the period of Federal control acquire the ownership of the property, it is understood that the adequacy of this depreciation charge shall be regarded as an open question.

The Postmaster General shall further make provision for the amortization of Intangible Capital, Right of Way and Land and Debt Discount, including additions to these accounts because of additions as aforesaid to the property during the period of Federal Control, upon a basis substantially equal to the established practice of the Owner prior to Federal control.

The amounts so set aside shall be credited in monthly installments in accordance with the present established practice of the Owner.

The charges affecting construction, maintenance, depreciation, reserves for accrued depreciation and amortization of Landed and Intangible Capital and for the amortization of Debt Discount shall during Federal control be made according to the system of accounts prescribed by the Commission.

The reserves for amortization of Intangible Capital for Right of Way and Land and for the amortization of Debt Discount, set up as aforesaid, together with any balance remaining in the Depreciation Reserve (set up and created as aforesaid), shall first be expended by the Postmaster General for additions, approved by the Owner, to the property as and to the extent needed. If such expenditure does not absorb all said reserves and balance, then the Postmaster General may divert and use such remaining portion for such purpose as he sees fit and the United States shall thereupon and thereby become obligated to pay an amount equal to the sum so diverted and used, to the Owner at the end of the period of Federal control, without interest.

Section 4. The Owner shall have the right to inspect its property at all reasonable times during the period of Federal control and the Postmaster General shall provide reasonable opportunities for such inspection, but such inspection shall not interfere with the operation of the property.

Section 5. (a) During the period of Federal control, and until the Postmaster General shall inaugurate a different plan, the Owner's plan or practice for compensating employees on account of injury, disability and death shall be continued. The Postmaster General shall, until the inauguration of such new plan, pay the expense of continuing and administering the present plan or practice, and shall pay any and all amounts upon the terms pro-

vided in the present plan or practice for compensating employees as aforesaid.

(b) The Owner shall, before they become delinquent, pay all taxes, license fees and charges, and the expense of suits in respect thereof, which can or may be lawfully imposed during the period of Federal control or other governmental authority upon any part of the property described in paragraph (a) of Section 1 hereof, and also such other taxes, license fees and charges as during the period of Federal control become the obligations of the Owner.

The Owner shall render bills to the Postmaster General for such taxes, license fees and charges as the same are paid, which bills shall be accompanied by receipts of the proper tax collecting officials, and shall be paid by the Postmaster General within five days after their rendition, except that said bills shall not include and the Postmaster General shall not pay to the Owner, the portion of such taxes, license fees and charges properly apportionable to property not taken under Federal control and to the revenue from said last mentioned property.

If any such tax, license fee or charge is for a period which begun before July 31, 1918, or continues beyond the period of Federal control, such portion of such tax, license fee or charge as may be apportionable to the period of Federal control shall be paid by the Postmaster General and the remainder shall be paid by the Owner.

Whenever a period for which a tax, license fee or charge is imposed cannot be definitely determined, so much of such charge as is payable in any calendar year shall be treated as imposed for such year.

(c) During the period of Federal control, the Postmaster General shall pay all rentals for property used in the operation of the property of the Owner.

(d) Said taxes and rentals shall be allocated between the expenses of operation and capital accounts in accordance with the accounting rules prescribed by the Commission.

Section 6. (a) For the use of the Postmaster General the Owner shall, out of the proceeds of securities to be issued by the Owner or otherwise, loan to the United States from time to time upon reasonable notice during Federal control, without interest, a sum not exceeding Dollars (\$)) in any one year, to be repaid to the Owner at the end of Federal control. Provided, however, at the option of the United States, that upon the return of the property at the end of Federal control said debt may be considered paid and satisfied to the extent, if any, that the United States may have contributed to the cost of additions made with the Owner's written approval.

(b) Such additions to the telephone property of the Owner's system as may be desired by the Postmaster General and approved in writing by the Owner as necessary in order to reasonably provide for the public requirements, giving priority to such requirements for purposes directly relating to the prosecution of the war (including in the word additions those made by consolidations and purchases) shall be made, item (1), by investing the reserves set up for amortization and the unexpected balance of the reserves for accrued depreciation and after said funds have been exhausted, item (2), by investing the proceeds of the issue and sale of securities by the Owner (other than those issued by the Owner in securing all or any part of the loan referred to in paragraph (a) of this Section), if such sale can be made at reasonable prices. Provided, however, that in case of expenditures made for such additions from funds received from the sale of securities, only of the cost of such additions shall be paid from such funds, the Postmaster General agreeing to provide the remaining of such cost, or, item (3), wholly out of funds furnished by the United States.

The title to all such additions made in accordance with items (1) and (2) above, shall immediately vest in the Owner.

(c) Any amounts which the Postmaster General may contribute to or pay for the cost of such additions shall be repaid to him by the Owner in twenty (20) equal annual installments; payable, one at the expiration of one year after Federal control and one at the end of each year thereafter until all are paid, with interest from the date of the end of Federal control at the rate of per cent (%) per annum, payable annually upon all unpaid balances.

(d) The character, plan and design of such additions

shall be approved by the Postmaster General and the Owner; the Postmaster General shall render to the Owner on the 15th day of each month accurate statements of the cost of all material and labor furnished by him for account of the Owner for such construction during the preceding month, which statements shall be based upon and in accordance with the accounting rules and classifications prescribed for the Owner by the Commission and in force July 31, 1918, as from time to time amended. Upon such accounts there shall be credited any amounts then due and unpaid from the Postmaster General on account of the reserves provided for in paragraph (b) of Section 3, and the balance remaining shall be paid to the Postmaster General on or before the 15th day of the succeeding month.

(e) The Owner shall not be required, in the first instance, to furnish for such additions not approved by the Owner. At the end of Federal control, the value of each addition not approved by the Owner, for the future use of the Owner, shall be appraised by the Commission and at the end of Federal control, but not prior thereto, the title to each of such additions shall pass to the Owner and the amount so determined to be its value shall be paid to the Postmaster General by the Owner in twenty (20) equal annual installments, payable, one at the expiration of one year after Federal control and one at the end of each year thereafter until all are paid, with interest from the date of the end of Federal control, at the rate of per cent (%) per annum, payable annually upon all unpaid balances.

Section 7. (a) The Postmaster-General shall pay to the Owner for each year and pro rata for each fractional part of a year during the period of federal control, an amount equal to the sum of the following four items: Item (1) the annual interest on all outstanding securities and obligations of the Owner in the hands of the public; item (2) Dollars; item (3) the annual charge for interest and dividends and other costs of securing necessary additional capital for such expenditures as may be made at the request of the Postmaster-General; item (4) the annual charge for such interest and dividends as the Owner may be required to pay on new securities, obligations or share capital issued for the discharge, conversion or renewal of present obligations, and for additional interest and charges to secure extensions of existing securities or obligations.

Any securities or obligations issued by the Owner and purchased by and in the hands of Trustees shall be treated as outstanding in the hands of the public.

It is hereby provided, however, the Owner shall not declare and pay to its stockholders any dividends in excess of per cent, annually, during the period of federal control.

(b) The amounts provided for under subdivision (a) hereof shall be paid to the Owner in monthly installments on the last day of each calendar month during the period of Federal control, except that installments which have accrued prior to the acceptance of this proposal shall be payable at the date of such acceptance; such payments to the Owner to fully satisfy and discharge all claims of the Owner on account of the amounts so paid.

Section 8. (a) All amounts received by the Postmaster-General under paragraph (a) of section 1 hereof, and all other amounts, whether received from the Owner in cash or collected or realized by him from prepayments and current operating assets belonging to the Owner or arising from telephone operations prior to midnight of July 31, 1918, shall be credited by him to the Owner; and the Postmaster-General shall, to the extent of the cash so received or realized, pay and charge to the Owner all expenses arising out of its telephone operation prior to Aug. 1, 1918, and unless objected to by the Owner, may pay and charge to such Owner any of such expenses in excess of the cash so received or realized. Balances of the above accounts shall be struck monthly as of the last day of August, 1918, and as of the last day of each calendar month thereafter, within fifteen days, and the cash balance found on such adjustments to be due either party shall be then payable within five days.

(b) Telephone operating expenses and rent deductions shall be allocated with reference to the time when incurred as between the periods prior and subsequent to midnight of July 31, 1918, and between the period of federal control and the period subsequent thereto, in each instance in accordance with the present established accrual

practices of the Owner; telephone operating revenues and rent revenues shall be allocated as between the periods prior and subsequent to midnight of July 31, 1918, and as between the period of federal control, and the period subsequent thereto, in each instance in accordance with the present established accrual practices of the Owner.

(c) Items included in accounts (1) number 129, Prepaid Rents, (2) number 130, Prepaid Taxes, (3) number 131, Prepaid Insurances, (4) number 132, Prepaid Directory Expenses, and (5) number 133, Other Prepayments, which are sub-accounts of account number 128, as prescribed by the Commission, shall be allocated as between the periods prior and subsequent to midnight of July 31, 1918, and as between the period of federal control and the period subsequent thereof, in each instance in accordance with the present established practices of the Owner.

(d) There may be used for additions to the Owner's property, approved by the Postmaster-General, any of the materials and supplies taken over under paragraph (b) of section 1 hereof, or purchased by him and held for use in connection with such property, in so far as in his judgment this may be done with due regard to his own requirements. Materials and supplies so furnished shall be charged to the Owner at inventory prices in the case of those taken over and at cost in the case of those purchased.

(e) The Postmaster-General shall pay, or save the Owner harmless from, all expenses incident to or growing out of the possession, operation and use of the property taken over during the period of federal control. He shall also pay or save the Owner harmless from all judgments or decrees that may be recovered or issued against, and all fines and penalties that may be imposed upon it by reason of any cause of action arising out of federal control or of anything done or omitted in the possession, operation, use or control of its property during the period of federal control, except judgments or decrees founded on obligations of the Owner to the Postmaster-General or the United States.

(f) The Postmaster-General shall save the Owner harmless from any and all liability, loss or expense resulting from or incident to any claim made against it growing out of anything done or omitted during the period of federal control in connection with or incident to operation or existing contract relating to operations, and shall do and perform so far as is requisite during the period of federal control for the protection of the Owner all and singular the things, of which he may have notice, necessary and appropriate to prevent, because of federal control or by reason of anything done or omitted thereunder, the forfeiture or loss by the Owner of any of its property, rights, ordinance rights or franchises, or of its connecting or other contracts involving a facility of operation. The Postmaster-General shall also save the Owner harmless from any and all claims for breach of covenant heretofore entered into by it or by any predecessor in title or interest, in any mortgage or other instrument in respect of insurance against losses by

Nothing in this or in the preceding paragraph shall be construed to be an assumption by the Postmaster General of, or to make him liable on, any obligation of the Owner to pay a debt secured by a mortgage.

(g) In carrying out of the provisions of paragraph (a), (b) and (c) of this Section, the Postmaster General shall not settle any claim by or against the Owner against the objection in writing of the president or any other duly authorized officer of the Owner. The conduct of all litigation arising out of such disputed claims or out of operation prior to Federal control shall be in charge of the Owner's legal force and the expense thereof shall be paid by the Owner, but the Postmaster General shall render to the Owner all reasonable assistance in the conduct of such litigation.

(h) The Owner shall have the right at all reasonable times to inspect the books and accounts kept by the Postmaster General relating to the property of the Owner or to the operation thereof, and the Postmaster General shall during the period of Federal control furnish to the Owner periodically copies of operating reports relating to its property, and as soon as practicable after the end of each fiscal year, the statistical data for such year substantially as heretofore compiled.

(i) All payments to be made under this proposal which are not paid within five days after due shall draw in-

POSITIONS WANTED OR OPEN

GOOD TRAFFIC MEN ARE MORE THAN EVER IN DEMAND AND THE TRAFFIC WORLD is the logical medium for getting the men and the positions in touch with one another. The rates for classified advertisements are as follows: Five cents per word first insertion, three cents per word second insertion and two cents per word for each additional insertion, payable in advance. Answers to keyed advertisements forwarded free and all correspondence held in strict confidence. **THE TRAFFIC WORLD**, 418 South Market Street, Chicago, Ill.

WANTED—Position as Traffic Manager with industry or city. Twenty years' experience in technical traffic work, Interstate Commerce Commission practice. Author traffic text books on Interstate Commerce Law. Now director in large corporation. Desires to make change because of war conditions. Will exchange best references. Address K. Z. 29, The Traffic World, Chicago.

SALESMEN—Traffic men or railroad solicitors to handle our new freight rate book on full or part time. Hundreds of industrial and traffic managers and other executives stating this is the only freight rate solution. Traffic men now employed earning from \$25 to \$50 per week on their own time. No salary or commission payments. All communications strictly confidential. Give business reference when replying. Address: Transportation Bureau, Inc. Established 1894, Rochester, N. Y.

WANTED—Experienced freight rate man to audit freight bills in traffic department of well-known industrial concern in mid-west which is doing considerable Government work at present. Also have need for photographers with traffic experience. State age, experience and salary expected. Dayton, care of The Traffic World, Chicago.

POSITION WANTED—An assistant traffic manager with large experience. Have had ten years' experience handling carload traffic. "Quebec," care of The Traffic World, Chicago.

TO LEASE.

Four tank cars, as described in Boyd's Circular 6-M. B. T. Hubbert, Inc. A. J. Jones, Traffic Manager, 11 Broadway, New York.

TRAFFIC ORGANIZATIONS

THE NATIONAL INDUSTRIAL TRAFFIC LEAGUE—Object: The object of this league is to interchange ideas concerning traffic matters, to co-operate with the Interstate Commerce Commission, state railroad commissions and transportation companies in promoting and securing better understanding by the public and the state and national governments of the needs of the traffic world; to secure proper legislation where deemed necessary, and the modification of present laws where considered harmful to the free interchange of commerce; with the view to advance fair dealing and to promote, conserve and protect the commercial and transportation interests.

Headquarters—Tacoma Bldg., 5 North La Salle St., Chicago.

G. M. Freer President
Manager Traffic Department, Cincinnati Chamber of Commerce and Merchants' Exchange.

W. H. Chandler Vice-President
Manager Transportation Department, Boston Chamber of Commerce.

Oscar F. Bell Secretary-Treasurer
T. M. Crane Company, 836 South Michigan Avenue, Chicago, Ill.

E. F. Lacey Assistant Secretary
5 North La Salle Street, Chicago, Ill.

MANUFACTURERS' ASSOCIATION, in charge of Traffic of Industries Located at Sterling and Rock Falls, Ill.

A. N. Bradford President
P. W. Dillon Vice-President
W. J. Burleigh Secretary-Treasurer
W. E. Long Traffic Manager

All correspondence relative to movement of traffic to or from Sterling and Rock Falls, Ill., should be addressed to the Traffic Manager, General Offices, Lawrence Building, Sterling, Ill.

WANTED

Copies of the February 9 and 23 and the March 2, 1918, issues of The Traffic World. Will pay 50 cents per copy for any or all of the above.

THE TRAFFIC WORLD,

418 South Market St., Chicago, Ill.

WE LEASE TANK CARS

ALL STEEL MODERN EQUIPMENT

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Our Analytical Advertising Counsel and Sales Promotion Service will improve both your plan and copy, thus insuring maximum profits. Submit your literature for preliminary analysis and quotation—no obligation.

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DOCKET OF THE COMMISSION

Note.—Items in the Docket marked with an asterisk (*) are new, having been added since the last issue of The Traffic World. Cancellations and postponements announced too late to show the change in this Docket will be noted elsewhere.

October 14—Argument at Washington, D. C.
9887—St. Louis Elect. Term. Ry. Co. et al. vs. C. C. C. & St. L. Ry. Co. et al.

10026—Armour & Co. vs. E. P. & S. W. et al.

10026, Sub. No. 1—Swift & Co. et al. vs. E. P. & S. W. Co. et al.

10026, Sub. No. 2—Wilson & Co. Inc. vs. E. P. & S. W. Co. et al.

10048—Pneumatic Scales Corp., Ltd., vs. A. & R. R. R. Co. et al.

October 15—Argument at Washington, D. C.:

10101—Hite & Rafetto vs. C. R. R. of N. J.

10103—Steinhardt & Kelly vs. Erie R. R. Co.

10134—Keystone Warehouse Co. vs. Pa. R. R. Co.

10141—Shane Bros. & Wilson Co. vs. Pa. R. R. Co.

October 16—Argument at Washington, D. C.:

10150—James J. Redmond vs. Adams Express Co.

10167—Sioux City Live Stock Exchange vs. Chicago & Northwestern Ry. Co. et al.

10147—Northern Potato Traffic Assn. vs. C. & N. W. Ry. Co. et al.

October 17—Argument at Washington, D. C.

Valuation Docket No. 4—In the matter of valuation of the property of the K. C. S. Ry. Co., Maywood & S. C. Ry. Co., Ponteau Val. R. R. Co., Ark. Western Ry. Co., Ft. Smith & V. B. Ry. Co. of Tex. & Ft. S. Ry. Co., K. C. S. & G. Ry. Co., K. C. S. & G. Term. Co., Port A. C. & D. Co., Glen's Pool Tank Line.

October 22—Chicago, Ill.—Examiner Disque:

10204—Consolidated Classification case—Petroleum interests.

October 23—Chicago, Ill.—Examiner Disque:

10204—Consolidated Classification case—Petroleum interests.

October 24—Chicago, Ill.—Examiner Disque:

10204—Consolidated Classification case—Rubber interests.

October 25—Chicago, Ill.—Examiner Disque:

10204—Consolidated Classification case—Furniture interests.

October 26—Chicago, Ill.—Examiner Disque:

10204—Consolidated Classification case—Furniture interests.

October 28—Chicago, Ill.—Examiner Disque:

10204—Consolidated Classification case—Packers and poultry and dairy interests.

November 4—Washington, D. C.—Examiner Brown:

9200—Railway mail pay.

November 4—Chicago, Ill.—Examiner Disque:

10204—Consolidated Classification case—Stove and range interests.

November 5—Chicago, Ill.—Examiner Disque:

10204—Consolidated Classification case (miscellaneous interests).

November 6—Chicago, Ill.—Examiner Disque:

10204—Consolidated Classification case (miscellaneous interests).

November 7—Chicago, Ill.—Examiner Disque:

10204—Consolidated Classification case (miscellaneous interests).

November 8—Chicago, Ill.—Examiner Disque:

10204—Consolidated Classification case (miscellaneous interests).

November 8—Argument at Washington, D. C.:

* 8834—Kettle River Co. vs. Mo. Pac. et al.

* 9797—Robt. Abeles et al. vs. A. & W. et al.

November 9—Washington, D. C.—Before Division II:

* 8182 et al.—Western cement rates.

November 12—Washington, D. C.—Examiner Disque:

10204—Consolidated Classification case—For such interests as may desire to be heard.

FOR SALE.

Several cars of 6-in.x8-in.—8 ft. No. 1 standard Oak ties for immediate shipment. L. E. Pearson, Edwardsburg, Mich.

terest from the date of their maturity until paid at the rate of.....per cent per annum.

Section 9. (a) At the end of the period of Federal control all the property described in paragraph (a) of Section 1 hereof, and also all additions (including those made by consolidations and purchases) to the property of the Owner made during the period of Federal control out of unexpected reserves, out of the proceeds of securities, or otherwise, together with all repairs, renewals and replacements thereof, shall be returned to the Owner in a state of repair and in an operating condition equivalent to that of the Owner's telephone system on July 31, 1918.

(b) At the end of the period of Federal control the Postmaster General shall return to the Owner an equal quantity and quality of materials and supplies of equal relative usefulness to that of the materials and supplies which he received, and to the extent that the Postmaster General does not return such materials and supplies he shall account to the Owner for the same at prices prevailing at the end of the period of Federal control. To the extent that the Owner may then receive materials and supplies in excess of those delivered by it to the Postmaster General, it shall account for the same at the prices prevailing at the end of the period of Federal control, and the balance shall be adjusted in cash.

Section 10. (a) At the end of the period of Federal control there shall be paid to the Owner an amount of money equal to the cash working capital without interest received by the Postmaster General from the Owner, and also an amount equal to any other cash and special deposits received by him from the Owner at the beginning of the period of Federal control and not theretofore accounted for by him, together with any unpaid interest which may have accrued upon the said other cash and deposits under this proposal. There shall be paid to the Owner any funds created under the provisions of this agreement, except to the extent that such funds may have been properly used under this proposal.

Section 11. (a) In this proposal, the words "Postmaster General" are used to designate Albert S. Burleson, or such other person as the President may from time to time appoint to exercise the powers conferred on him by law with reference to Federal control; the word "Commission" is used to designate the Interstate Commerce Commission; the word "additions" as used herein shall be understood to mean additions, betterments or replacements as defined by the Commission's System of Accounts (including extensions and improvements made through consolidations and purchases), the net cost of which, under such system of accounts, is properly chargeable to fixed capital, that is to say, accounts.

No. 100—Fixed Capital installed prior to January 1, 1913.

No. 101—Fixed Capital installed since December 31, 1912.

No. 104—Construction work in progress.

(b) Wherever reference is made herein to the System of Accounts of the Commission, it shall be understood to mean the uniform System of Accounts and Rules for Class A Telephone Companies prescribed by the Commission as such system existed at midnight July 31, 1918.

(c) Any patents or licenses thereof owned or controlled by the Owner may be used by the Postmaster General without charge by the Owner during the period of Federal control, but the right to such use shall not extend beyond said period, nor shall the use of patented devices owned by other individuals or companies be construed to confer any right upon the owner herein to use or to control the use of such devices subsequent to the termination of Federal control; nor shall the use during the period of Federal control of patented devices covered by patents of the owner on property other than that of the Owner be construed to confer the right to continue such use after the termination of such period.

(d) This proposal, if accepted by the Postmaster General, shall be effective on and from midnight, July 31, 1918.

TELEPHONE REVENUES

The Traffic World Washington Bureau.

A summary issued by the Commission October 7 of the results of operations in June for the principal telephone companies shows an increase in the number of telephone stations from 7,579,469 to 7,910,717; an increase in the operating revenue from \$26,729,171 to \$28,155,589; expenses

from \$18,168,575 to \$19,789,235, and a decrease in the operating income from \$6,806,214 to \$6,370,381.

For the six months ending with June the revenues increased from \$156,112,552 to \$166,409,882; expenses from \$104,687,775 to \$115,194,928, and operating income decreased from \$41,105,631 to \$39,083,278.

QUESTIONS OF SERVICE

Regional Director Bush, in an order to roads in his jurisdiction, quotes the following letter received from Director Gray, Division of Operation:

"In order to centralize the work under one responsible head, it has been arranged that questions of service and complaints in connection therewith, particularly as regards the movement of live stock, perishable and other freight requiring special attention, will be handled through the Car Service Section.

"All such questions coming through the United States Railroad Administration at Washington will be referred to the Car Service Section for handling with the regional directors in the territories involved.

"The Car Service Section should be kept informed regarding any instructions that may be issued to the roads in your respective regions affecting changes in service, icing instructions, etc. It is also important that they be kept informed of special meetings to be held where questions of schedules are to be discussed so that they may send representatives to participate in such meetings if desirable."

DIVISIONS OF JOINT RATES.

A. C. Johnson, chairman of the Western Freight Traffic Committee, in circular No. 37 to chairmen of district committees and freight traffic officers of carriers under federal control in western territory, says:

"Please be referred to circular No. 31, dated September 3, and cancel instructions contained therein. All questions involving relations with non-controlled short lines have been referred to the various regional directors for handling. You are, therefore, instructed that all questions of divisions between controlled and non-controlled lines should be referred by you direct to the traffic assistant of the regional director having jurisdiction over the territory in which the non-controlled line is located."

LOADING OF COAL

A report was made to the Director-General, October 5, by the Car Service Section of the Railroad Administration on the quantity of coal of all kinds loaded by roads for week ended September 21, 1918, as compared with the same period of 1917. A summary of the report follows:

	1918	1917
Total cars bituminous	219,925	182,565
Total cars anthracite	36,859	37,294
Total cars lignite	4,056	3,377
Grand total cars all coal.....	260,840	223,238

A summary of reports for the week ended September 28, 1918, based on actual reports from most roads, but with the results of some roads estimated, follows:

	1918	1917
Total cars bituminous	226,238	191,185
Total cars anthracite	40,524	42,008
Total cars lignite	4,016	3,647
Grand total cars all coal.....	270,778	236,840

Increase of 1918 up to and including week ending September 28, over same period of 1917, 641,761 cars.

STOCK CAR LOADING

Regional Director Aishton, October 5, ordered that, effective immediately and continuing until November 15, stock cars must not be loaded with commodities other than live stock, live poultry or perishable freight. Any road having a surplus of either single or double deck stock cars under this regulation is ordered to report same by wire for disposition.

On October 8 the Commission modified its order of July 1 in case 8480, the Macey Co. et al. vs. P. M. R. R. Co. et al., so as to make it become effective November 15 instead of October 15.

THE TRAFFIC WORLD

A working tool for traffic men, both industrial and railroad; a national journal of important transportation news; independent as between carrier and shipper.

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Saturday, October 19, 1918

RATES AND LIBERTY BONDS

The Shreveport Chamber of Commerce pointedly suggests that the interest of the country requires the maintenance of existing rate adjustments so that business can go on as nearly as usual as the war will permit. It is, perhaps, the first business organization to take that stand, though it has often been pointed out by individuals that traffic officials of the Railroad Administration appear to have seized on the war as a good time to do things they were not able to accomplish in times of peace. It is notorious that much time has been used in fighting against things proposed by the railroad men to whom the rubber stamp of government authority was delivered when the government took over the railroads, that might have been used in a more productive way. That, however, did not seem to appeal to the railroad men as reason for refraining. They went at things with the energy of reformers, not always to bring about new things, but, in many instances, to re-enact things that were condemned years ago.

Business men in the South are nervous about the proposal to abolish the exceptions to Southern Classification, and to impose mileage scales. They are fearful about those things, although there are admitted to be good arguments in favor of the mileage scales. Director Chambers has under consideration and which are expected to be released in time for consideration in connection with the hearings on the proposed Consolidated Classification in Washington next month. But whether their fears are justified is entirely apart from the fact that the Shreveport Chamber of Commerce doubts the wis-

dom of trying to re-make the business structure based on rates and to float Liberty Bonds at the same time. That is the judgment of the business men of the commercial organization that caused a revolution to be brought about in state rate regulation by means of the famous case bearing the name of their city.

It is the judgment of many others, also, who, though they may not speak with authority of the present situation in the South or the merits or demerits of any particular thing proposed there, still insist that it is the part of wisdom to pay some attention to the goose of the golden eggs and that there ought to be very compelling reasons indeed before anything is done in any part of the country that will, in any appreciable degree, upset business or cause business men to become disgruntled, as long as the business men are the ones who are expected to put up the money to carry on the war. This is true not only because, if their money is unfairly taken away from them, such business men will have none with which to buy bonds, but also because they will not be in the proper frame of mind to be easily induced to part with that which they may yet have. The fact that Mr. McAdoo, Director-General of Railroads, and as such responsible for all that is now being done in the way of rate adjustments that are being complained of, is also Secretary of the Treasury, and as such responsible for the successful financing of the war, lends not only a double interest to the situation, but an additional wonder as to why a better degree of co-ordination and co-operation is not possible in the matter of freight rates and Liberty Bonds.

NEED FOR THE COMMISSION

Short lines and shippers would be at a big disadvantage during government control if the Commission should cease to function. The act to regulate commerce was passed for the benefit of the shipper. It gave him rights he did not have under the common law. It created the Commission as an administrative body to see to it that he had an opportunity to enjoy those rights. No court can act to enforce that law until after the Commission has rendered judgment as to whether a thing done or omitted to be done is a violation of the act. The Commission must act first. If it does not, sometimes a mandamus can make it perform, but generally the shipper is without remedy if his officially created friend goes back on him.

But the act also endowed the Commission with power to settle disputes between carriers, not because it was to be also the friend of the carriers, but because the law intended that neither arbitrary action by a carrier, nor disagreements between

them, should deprive the shipper of benefits intended to be conferred on him by the statute modifying the common law. The law commands the making of through routes and joint rates and to the end that disagreements between carriers as to divisions shall not defeat that part of the law, it authorizes the Commission to fix the divisions. If a carrier under government control, for instance, undertook to reduce a division, the short line could take an appeal to the Commission and force that body either to make a decision or to disregard its duty. It decided in the Morgantown & Kingwood case that it had jurisdiction over all rates, as to divisions, which were put in on its order or increased because of its permission. That means all joint rates are under the guardianship of the Commission for the protection of all parties thereto.

ANNOUNCING THE OBVIOUS

One who is more or less well informed about the act to regulate commerce and the decisions of the courts and the Commission thereunder, may well smile at some of the circulars and orders issued by regional directors. A recent circular, for instance, pertaining to the treatment government controlled lines are to give to the so-called short lines, after remarking that many of the short lines have been released from government control, says: "It is the desire, however, of the Administration to protect them so far as may be practicable, in the routing of traffic, supply of equipment, and in rates and divisions." A foreigner reading that language might infer that there are no laws protecting the little railroads and that they continue to live merely by the grace of the big roads that have been taken over by the government.

The regional director goes on to instruct his subordinates to respect routing instructions given by shippers "where such routing is not unduly circuitous." The act to regulate commerce protects a shipper's routing instructions. If the railroad that received the car chooses to send it by some other route, the shipper cares nothing. He is interested only in the rate. The connecting carrier is protected by the same statute and when a shipper will take the trouble to advise a short line that he has routed freight via its rails, it can enforce the payment of divisions via the route specified.

Another instruction is that "advances or reductions in the non-controlled lines' proportions of existing joint rates shall not be made without first securing authority from this office." The Commission, by authority of the act to regulate commerce, holds control over the division of joint rates. Another paragraph directs the controlled road to treat the short line, in the matter of car supply, as

if it were a shipper. Under the Esch car service law, the Commission has power to direct the supply of cars, either on its own motion or on complaint of some shipper on a short line who may not be able to ship because the trunk line is not doing its part in order to supply cars. The circular, in view of the facts with regard to the law, would seem to make it appear that the regional director's subordinates are assumed to be either ignorant or lawless.

A RADICAL SUGGESTION

The suggested supplementary order in the western cement case (No. 8182) is about as drastic a short-hauling proposal as has ever been made. It is that the mileage rates prescribed shall apply through the nearest switch connection in existence "or that may be built." That is more drastic than any of the complainants in the cases that caused the Commission to initiate the general inquiry ever suggested. They insisted, after the roads came under federal control, that the mileage scale rates should apply through the nearest switch connection, but they never suggested that any public authority should ever suggest the construction of a switch to connect the rails of formerly rival carriers so as to reduce the mileage from a given mill to a designated market or markets. That is proposing to put into effect more intense unification than any Railroad Administration official has ever yet suggested.

MINE RATING RULES

The Traffic World Washington Bureau.

The mine operators in the central Pennsylvania district have recently been told that the new mine rating rules, put into effect October 10, are the result of efforts made by J. P. Cameron, district representative for central Pennsylvania, of the Fuel Administration, or of the National Coal Association. The bulletin issued by their organization, says Mr. Cameron, had the rules put into effect in central Pennsylvania September 2. The surprising part of that bulletin is that the men who formulated the rules—members of the Fuel Administration, Car Service Section, and Division of Operations—never before heard of Mr. Cameron. They thought the rules were the result of meetings they began holding last June. They thought the Pennsylvania Railroad officials asked for and obtained permission to make the rules effective in mines along their rails in September, because they felt the need of new mine ratings right away, without waiting for the regular promulgation, which took place nearly a month later.

The rules, as a matter of fact, were made up by officials of the three organizations mentioned, and they are not the result of experience in the central or any other coal mining district. The new rules disagree, in several particulars, with those prescribed at various times by the Commission, but its rules are no longer held in force by orders, more than two years having elapsed. One rule of the Commission required each of two trunk lines serving a mine to furnish seventy-five per cent of its rated capacity of cars. The new rules require each to furnish only fifty per cent of the rated car capacity.

MILEAGE SCALE FOR SOUTH

The Traffic World Washington Bureau.

The new mileage scale for the South will be ready for distribution in a short time. The plan now is to have it put to state commissions for suggestions from them and have the Interstate Commerce Commission hold hearings, just as on the proposed consolidated classification, at the request of the Director-General, with the understanding that if the Commission does not approve it, the scheme will be dropped.

In connection with the report as to the status of the mileage scale matter, representatives in Congress, especially from Michigan, were stirred by a report October 17 that the Administration has in contemplation the abolition of all commodity rates. If any such thought has been entertained by any responsible person in the Administration, the fact is not known to men who have been doing the actual work of preparing the revisions of rates.

PROTEST FROM THE SOUTH

The Traffic World Washington Bureau.

A request that the Railroad Administration abandon its scheme to destroy state rates and classifications in the southeast by means of the proposed consolidated classification and mileage class scale, has been placed before the Railroad Administration and the Interstate Commerce Commission by representatives of southern shipping interests. It was made at a conference October 15 in which the presiding officials were Commissioner Clark, the official superior of J. C. Colquitt (the Commission's classification man who has been attending the classification hearings), Henry Thurtell, chief examiner, and Robert C. Wright, assistant to Director Chambers.

While the application for a discontinuance was made by individual trade men representing shippers, in effect it was a representation by the Southern Traffic League, the organization that has been going to the front for southern shippers, who have not been so well organized until recently as their northern neighbors. The men who made the request were: W. S. Craghton, in behalf of the Charlotte (N. C.) Shippers' and Manufacturers' Association; J. T. Slatter, the Georgia-Florida Saw Mill Association, Jacksonville, Fla.; J. T. Ryan, Southern Furniture Manufacturers' Association, High Point, N. C.; C. W. Hayward, Mordhan (Miss.) Freight Bureau; R. G. Cobb, Mobile (Ala.) Chamber of Commerce; Frank Wilby, representing the city of Savannah; A. F. Vandegrift, Louisville Board of Trade; W. D. Nelson, Jacksonville (Fla.) Freight Bureau; M. M. Caskie, transportation bureau, Montgomery Chamber of Commerce; D. A. Devane, counsel for the Florida Railroad Commission; J. H. Tench, rate expert, Florida commission; M. C. Moore, rate expert, Mississippi commission; Alexander Forward, member of the Virginia commission; and Mr. Shumate, counsel for that body.

Inasmuch as southern shippers heretofore have called on the southern senators for help when they felt the need of modifications in the orders of the Railroad Administration, the request may be set down as a demand, because they have heretofore been able, in every instance, to persuade the senators that they should back up what they have said. The idea is that they can do that again and that if the Administration and Commission do not discard the work they have done that affects southern rates another appeal to the senators will be taken.

So far as the hearings before the Commission on the unification of descriptions, rules and regulations are concerned, there will be no change. What Commissioner Clark said indicated that the Commission is going ahead with its hearings and will make a report to the Director-General, as requested by him, under the eighth section of the federal control act.

As to the mileage scales, first mentioned in *The Traffic World*, and later in the telegram Director Chambers sent to the shippers attending the Atlanta hearing, the Commission has no knowledge. It cannot take cognizance, either, of the fact that Mr. Chambers, in interviews with the objectors, said they were complaining before they were hurt when they objected to ratings, because by the time of the hearings set for Washington they would have mileage scales that would enable them to discuss rates intelligently. It must proceed on the assumption that what

is proposed is classification uniformity in descriptions, rules and objections. To such uniformity the southern shippers have not objected. Their objections have been to the elimination of the exceptions to the Southern Classification and to the ratings carried in what was supposed to be merely a uniform classification, as those words have been generally used for a long time.

In their conference October 15 the traffic managers, rate experts and attorneys went out of their way again to say that they were not objecting to that kind of uniformity. Their objection is to the incorporation of the twenty-five per cent war increase in rates, in what they contend must be intended for the permanent rate structure for that part of the country. They object to the Railroad Administration taking advantage of the war to do something that they think should be left to peace times, after Congress has decided what shall be done with the railroads.

This interview was sought as a concession to the complaint of Railroad Administration officials that the southern shippers had not given them any opportunity to correct errors or remove maladjustments, but had carried their complaints to the Capitol, as if they could not obtain fair treatment from the Railroad Administration.

The men who sought the interview did not care to discuss the quality of treatment they have received from the Railroad Administration, but they intend to have their record straight on the point made against them—that of ignoring the Railroad Administration officials.

"We are not concerned with the question as to which of the two government tribunals exercises paramount authority in prescribing freight rates," said Charles E. Cotterill, speaking to Messrs. Clark, Thurtell and Wright for the members of the committee. "At the present juncture we look to you jointly for help and guidance as responsible representatives of a single government. We are not here to deal with or discuss the perplexing problems created by the minimum charge of \$15 per car on all freight, the large increase on cotton rates, or anything of that kind. It is with reference to intended rate and classification changes in the south (announced in the press and by correspondence) that we have come here for the purpose of a frank and thorough discussion."

Mr. Cotterill reviewed the facts with regard to the Atlanta classification hearing, which eventuated in the protest to Washington against increased rates on 1,500 articles of commerce moving in the south, while the assumed object was merely to obtain a uniform classification. He did that to lay a foundation for the protest against the use of the war for accomplishing something the railroads had not been able to do in peace times, though just before the railroads were taken over they had to abandon a move on their part to accomplish something in the way of a mileage scale by appearing before each state commission separately. Cotterill said the railroads persuaded the Georgia commission to accept a scale, but that when they came to Alabama the scale they offered differed so greatly from the one put forward in Georgia that the whole move broke down. He said a mileage scale in the south would make some railroads rich and bankrupt others.

"But the increases made by the classification are not all we heard about at that Atlanta hearing," said he. "It was learned that it was proposed to establish a single mileage or distance scale of class rates which would take the place of all other class rates in the south, including those that are intrastate as well as those that are interstate. To that mileage scale of class rates there should be applied Consolidated Classification No. 1 in lieu of all other classifications, state as well as interstate. It is assumed that such basis of class and commodity rates would be intended to apply more or less strictly, only some of the more important rate relationships now existing to be preserved. Likewise, it has been intimated that such mileage scales of rates would be charged on inter-territorial traffic coming into or going out of southern territory."

"There has been no suggestion in any quarter that the government intends or desires to swell its total revenue received out of transportation in that territory. Consequently the government itself has no direct pecuniary interest in the rate changes contemplated."

"Furthermore, we must and do take it for granted that in thus changing the whole southern rate structure the government is not consciously aiding the purpose of any former railroad officials who might have conceived such

measures in their own interest, either before federal operation was realized or in contemplation that it may terminate hereafter.

"Hence we logically conclude that the suggested rate revolution derives its origin from the desire to meet what is supposed to be a public demand and that out of such reconstruction public good will come. Perhaps, too, there is some thought that during even the limited period of federal operation, rates should reflect the conditions of such operations rather than to continue a rate structure that reflects the conditions of private railroad operation.

"No doubt, here and there, the government finds itself at a disadvantage in meeting complaints against some rates that are now charged by it which could better have been or be defended by the railroads themselves were they not operating under federal control.

"But, whatever the embarrassment the Railroad Administration finds itself confronted with in meeting objections to particular rates, here and there, it can hardly serve the purpose of enlarging its powers and broadening its duties so as to embrace the responsibility of totally recasting the structure of rates either throughout the United States or in a territory so extensive as the south.

"It is, of course, incumbent on us to assign some reasons for taking the position that the program of rate changes contemplated for the south should be abandoned. Many can be given, but a few must suffice:

"Thus at this time there are indications that peace is not very far off. By the terms of the railroad control act creating the Railroad Administration the taking over of the principal lines of railway was intended and designed only as a war measure. So far as rates are concerned there was every assurance given that it was not the purpose of the Railroad Administration to use its rate-making powers except very sparingly, and only when needed to meet some national emergency. Undoubtedly that consideration prevailed on Congress when it granted such rate-making powers as the Railroad Administration possesses. It was assumed that the Railroad Administration had no interest in rates beyond the raising of a total sum of money to operate the railroads efficiently during the war.

"We, therefore, emphasize the popular impression that it was not made a part of the duty of the Railroad Administration to recast and revolutionize rate structures in this country when to do so would serve no purpose toward winning the war.

"But in addition to that we remind you that the terms of the act creating the Railroad Administration operate to repeal that law at the end of a prescribed and limited period after peace is restored. We ask, then, whether it should not be considered possible that the railroads may be restored to private operation, or, if not that, some altogether new and different scheme of rate regulation may be evolved.

"In the event of private operation again coming about on such rate basis as that contemplated for the south could continue for any length of time, since such mileage basis, in its nature, is self-destructive under the conditions of railroad operation in the south. Would it be wise, then, to institute radical changes and 'reforms' during the limited period of federal control under the present law in view of the possibility that totally different conditions may prevail in a few years that might compel another rate revolution?"

Regardless of the merits or demerits of a mileage scale basis of rates, Mr. Cotterill contended, this is not the time to undertake the revolution that would follow any attempt to make effective the rates carried in the mileage scales and ratings in the consolidated classification. He suggested that, regardless of the merits or demerits, the mere fact that there is popular opposition to a proposal is sufficient for a government that is supposed to be founded on the will of the people—in other words, that this is no time for a paternal government to say it knows better what would serve the general welfare than the creators and masters of that government.

REFRIGERATION TARIFF

The Traffic World Washington Bureau.

Shippers of fresh fruits and vegetables who have been in Washington in connection with the Washington-Oregon apple rate adjustment fear that when the Railroad Administration publishes its refrigeration tariff the cost of for-

warding fruits and vegetables will be largely increased. They fear the railroads will undertake to cut off, among other privileges, the free return of messengers sent along with fruit trains to keep the temperature in the cars at the proper point. If they are compelled to pay even the one-way fare of men sent along for that purpose, the cost will be considerably increased.

Sending messengers with fruit cars became the custom in the congestion in the winter of 1916-17. Because they had no way of taking care of fruit cars, railroads issued embargoes during the prevalence of severe weather at destinations. That is to say, if the weather at Chicago was extremely cold, fruit shippers at New Orleans or Portland were told they could not have cars to load to that point. When the weather at Chicago moderated, the embargo was lifted and loading was permitted. The result frequently was that the fruit ran into severe weather, while, if it had been loaded during the severe weather at the prospective destination, it would have arrived during the period of comparatively higher temperature.

Hundreds of fruit messengers have been sent out with shipments, the railroads having been willing, during the periods of severe weather, to accept fruit if the consignors would send along men to take such steps as necessary to prevent damage by cold. The arrangement was good for both shipper and carrier. The former could move his product on regular schedule and the piling up of shipments incident to bad weather did not take place.

For more than a year, however, there has been a tendency to eliminate the free return of caretakers. The Interstate Commerce Commission, in the Dimmitt-Caudle-Smith live stock case, held that free passage one way is all the railroads should be required to provide for caretakers for live stock. Missouri, by statute, required free transportation both ways, and that rule was held to be unduly prejudicial to interstate traffic.

There are other practices in connection with the fruit and vegetable trade, fostered by the competition between carriers, which it is feared will be eliminated, with a consequent narrowing of the destination territory to which the far western men can ship and a diminution of the amount of fruit the public will be able to buy.

No time has been set for the publication of the new tariff. The report on the matter has not been before the traffic division officials long enough to enable them to come to a conclusion as to what should be done.

SHREVEPORT CHAMBER PROTESTS

The Shreveport Chamber of Commerce doubts the wisdom of the government unsettling business by letting the Railroad Administration propose radical changes in railroad rates at a time when the attempt is being made to float liberty loans. After setting forth that they are interested, in common with all other citizens, in the successful flotation of loans, the members of the chamber, October 11, adopted the following:

"Whereas, It has come to the attention of this organization that many revisions in freight rates are contemplated or suggested readjustments are being considered which threaten to become widespread; and

"Whereas, They view with alarm the possible ultimate effect upon business, seriously crippling its ability to freely subscribe to the government's calls in future, and it seems both unwise and unpatriotic to disturb the mind of our business men with matters of this kind which absorb so much time and attention;

"Be it resolved, That Honorable William G. McAdoo, Director-General of Railroads, be requested to order the discontinuance of such proposals which may thus endanger the success of future bond or financial calls of the government.

"As concrete cases we respectfully cite the following:

Proposed readjustment of lumber rates between points in Texas, Dallas District Freight Traffic Committee Circular No. 6, including Docket No. 195—Sash, doors and blinds—docketed for hearing at Dallas, October 15, 1918.

Consideration of increasing commodity rates from St. Louis and points in defined territories to Shreveport-Texarkana group. Letter from Mr. Carl Geissow, member of New Orleans Western District Traffic Committee, dated New Orleans, September 23, File LSC30, addressed to L. F. Daspit, Traffic Manager, Chamber of Commerce, Shreveport, and Chambers of Commerce at Texarkana, Ashdown and Hope, Ark.

New mileage scales for Southern and Western Classification

territories to be given to the public soon.—The Traffic World, October 5, 1918, page 671.

"In mentioning these particular cases it is not our desire to bring into question their merits, but merely as a appeal of what we believe will tend to unsettle business conditions and imperil that confidence necessary to the maintenance of financial integrity so desirable at this time.

"Nor do we wish to question any further blanket increase that may be justified, nor object to the correction of specific maladjustments which may have been caused by General Order No. 28 in the manner for which provisions have been made."

WESTERN CEMENT RATES

The Traffic World Washington Bureau.

The Commission will hold a hearing, before division No. 2, November 9, in the nature of a "show cause" proceeding, in No. 8182 and related cases, in which an effort was made to settle western cement rates. The change in conditions caused by General Order No. 28, the Commission thinks, makes it necessary to consider whether some supplementary orders should not be issued. The order of the Commission, respecting the hearing, is as follows:

"It is ordered that the parties to this record be, and they are hereby, directed to show cause, if any there be, at a hearing to be held in Washington, D. C., before Division II of the Commission on Saturday, Nov. 9, 1918, why supplementary orders should not be issued herein providing in substance:

"(1) That rate scale territories I and II, as defined in said report, be consolidated upon the basis of scale II;

"(2) That in the application of said scales the shortest possible route between point of origin and point of destination shall measure the distance which shall determine the rate, such route to be

"(a) The shortest possible route via switch connections now existing; or

"(b) The shortest possible route via switch connections which may now or hereafter exist; as may be determined by the Commission after said hearing.

"(3) That an arbitrary be added for a joint-line haul subject to the shipper's right to the lowest rate within the territory traversed by the shortest possible route, the amount of such arbitrary, if any be added, to be fixed by the Commission after said hearing."

RATES ON APPLES

The Traffic World Washington Bureau.

The attitude of the state commissions of Washington, Oregon and Idaho, as disclosed in the negotiations with regard to the rates on apples from those states, is that during the war it is the duty of the shipper to pay all the traffic will bear because, even when that is done, the chances are that the resulting revenue will not be enough to pay operating costs.

The commissions for those states, when they held hearings on the rates produced by General Order No. 28, refused to entertain the complaints of shippers unable to show that the imposition of the higher rates would require them to retire from so much of the markets in which they had done business as to leave them without any business worth mentioning.

One complainant who appeared before the Washington commission complained that the high rates on carloads of apples would make it impossible for him to meet, in the Missouri and trans-Missouri territory, the competition of the carload shippers from the east. On inquiry it was found that he was really interested only in the L. C. L. rate and that in that branch of the business he had no competition. That finding caused the Washington commission to decline to have anything to do with him.

They went to the front in behalf of the shippers of apples because they had convinced them that if the twenty-five per cent increase was not held to a maximum rate of about \$1.10 or \$1.15, they would not be able to do any business east of Chicago or south of the Ohio river. The preserved and canned fruits, the three state commissions decided, could stand the full twenty-five per cent increase because so large a percentage of the product is absorbed by the government that the canners can do business no matter how high the rate may be, so long as

it remains within gunshot of what it has been for the last eight or ten years.

The complaint of the Washington commission, as filed, embraced more than apples, but at the time it was sent to the Interstate Commerce Commission there was not as clear an understanding of the situation as was developed later. It was necessary to act quickly because the fruit crops had to be moved. By the time the hearing was held by Commissioner Aitchison, the latter part of September, it became apparent that the apple crop was the only thing that needed to be considered, so the negotiations were confined to it.

The apple rate advance was, October 14, fixed at twenty-five per cent, with a maximum rate of \$1.10. This is an emergency adjustment for this year only. That adjustment will probably be followed by the dismissal of the formal complaints.

Action on the proposed compromise was postponed until October 14, when Director Prouty was expected to return to Washington. The postponement was necessary because, while the state commissions and the Portland, San Francisco and Chicago committees had agreed that the advance should be limited to a maximum of \$1.10, Director Prouty's idea was that a maximum of \$1.15 would cause the least disturbance. A personal interview with him was required to remove the confusion caused by the talk of a maximum advance of fifteen cents and a maximum rate of \$1.15.

RAILROAD HEADS PROTEST

The Traffic World Washington Bureau.

A committee from the Railway Executives Advisory Committee called on Director-General McAdoo October 14, protesting against his order allocating new cars and locomotives to various roads and directing them to pay for the equipment at present prices. Some roads do not like the types offered and all object to being required to pay for them out of their funds because the equipment was not ordered by them, is not of the type they would have ordered, and the corporations cannot obtain a benefit from them during the war other than the interest the government allows on money furnished by the corporations. The presidents claim the understanding was that, as to equipment bought during the era of inflated prices, the government should pay the cost and at the end of the period of control the roads should buy it at an appraised value, the difference being absorbed by the government as part of the cost of conducting the war.

The committee consisted of T. DeWitt Cuyler, chairman; A. P. Thom, counsel; Howard Elliott, L. F. Loree, and Julius Kruttschnitt. Carl Gray, director of operations, and Henry Walters, a director without portfolio in the Railroad Administration, called with the other railroad men, though they are on the government payroll.

The objection of the railroad presidents to the order of the Railroad Administration requiring them to pay for cars and engines ordered by the Administration is believed to be the beginning of many objections of that kind. It arises from a difference of opinion as to the duty of the railroad companies during the period of federal control. The government pays rent for the use of the property of the companies. It, however, goes farther than an ordinary tenant in that it orders equipment for the rented property. The query is as to whose duty it is to pay for the additions, especially of cars and engines of the pattern approved by the Administration but not by the railroad presidents.

There is no dispute as to whose duty it is to pay for equipment that merely replaces equipment that has become obsolete or must be scrapped. The railroad corporation may pay the bills for such equipment, but ultimately the charge falls on the government because, in the contract offered the railroads and accepted by some of them, the government undertakes to keep up the property and to return it in as good condition as it received it. But not all equipment replaces worn out engines and cars. Some engines and cars are chargeable to capital account.

The query raised by the presidents who protested against the corporations being required to pay for engines and cars of types not approved by them is as to whether cars and engines of types not approved by the corporations can be charged to capital account. The capital account, during

federal control, must come out of the rent paid by the government. The question is akin to one that would be raised by a tenant who ordered a type of kitchen stove because the one in the house when he rented it had become useless or did not meet the views of the wife of the tenant as to what should be in the kitchen. The ordinary tenant does not think of going out and buying a stove that pleases him without first consulting the landlord.

The Railroad Administration as the tenant, according to the undersanding of the contention of the presidents, has ordered kitchen stoves without consulting the landlord, and ordered the latter to pay for them out of the rent it pays to the landlord companies. To that they object on several grounds. The chief objection is that the types are not such as would be selected by the landlord were he buying for himself. Therefore, the presidents argue, the tenant should pay for them.

It is also argued that engines and cars bought at present prices are not for the benefit of the railroad corporations, as such, but for the benefit of the tenant, the government. Therefore the government should pay for them, leaving the question as to how much, if any, of the expense should be borne by the corporations to be settled at the end of the tenancy. If they are worn out by the government during its tenancy, then the landlord should pay only what it would have cost him to supply the tenant with the ordinary type engine and cars, if the cost for such engines and cars was properly chargeable to capital account. If the cars and engines bought by the tenant and worn out during the tenancy merely replaced cars and engines turned over by the landlord companies to the tenant, then no part of the cost should be charged to the landlord companies.

The rule in normal times for separating the cost of engines and equipment so that the part properly chargeable to operating expenses is charged to that account is simple. If the new engine is no more powerful and costs no more than the one it replaces, then the whole cost is charged to operating expenses. If it is more powerful and costs more than the old one, then the average is charged to capital account because the company has increased its investment by exactly the amount of the average.

At present prices are extremely high. An engine, the exact duplicate of one that is worn out, costs about twice as much. The query is as to who pays the difference. If it is ruled that the company pays it, then its capital account is increased by that much and the compensation the government pays must be increased to cover the added capital. If the government stands the increased cost, then the operating ratio is increased and during the war the rates must be high to pay the high operating costs.

If the higher cost is charged to capital account, then rates must be higher for all time to enable the railroad companies forever to receive a reasonable return on their investment.

The question of how the engines and cars the Railroad Administration designed and had built are to be paid for, it is believed, will be worked out by a committee composed of Walker D. Hines, Carl Gray, Robert S. Lovett and John S. Williams, acting as a committee for Director-General McAdoo, in consultation with the committee representing the railroad executives.

The federal control law provides two ways for the acquisition of equipment. One is for the President to buy it with money taken from the \$500,000,000 revolving fund. The other is for him to require the railroad corporations to do the buying. The latter is the way the Director-General thinks he should use, hence the objections of the railroad executives, who made, at the beginning of the negotiations, the additional point that the designs of the engines and cars are not of the kind suited for all the railroads that have been asked to pay for them.

In a way of speaking, it is merely a question as to what funds shall be used in financing the operation of acquiring cars. In the end the railroads will pay for them. If their extra cost is charged to capital account, the shippers will forever have to pay rates high enough to cover the additional capital. If the additional cost is charged to operating expense account, the additions to the rates made to cover the higher operating costs during wartime should wipe out the difference.

Before the war a freight car, for easy calculation, was said to cost \$1,000. Now a freight car costs three times

that much. If the \$2,000 added to the price is counted as addition to the capital, then the rates must be kept high enough to pay a return on the \$2,000 for each car bought during the war, even if it did no more than replace a car that was worn out. Under the Commission's accounting rules, a car that merely replaces one that is worn out is charged to operating expenses. If it is larger than the one it replaces, the difference in cost has been added to capital.

That rule worked well while the cost of cars remained practically stationary or showed an inclination to slide downward. Ever since the beginning of the war the cost has been going up. Only an analysis of what has been done by accounting officers would show how the extra cost has been disposed of. There has been practically no increase in the number of cars since the era of higher prices. In other words, the new cars, broadly speaking, have merely replaced the ones sent to the scrap heap. The only additions to capital, strictly speaking, should have been on account of the increased capacity of the new cars. It is believed, however, that the additional cost has been taken into the capital account, so that the investment, even where there has been no increase in capacity to carry freight, is shown as having been increased.

No one pretends it is an easy question to answer. The Commission in the last ten years has made changes in its accounting rules with a view to making the books accurate reflectors of the investment of the companies. In the last analysis, the Commission is the authority that will have to determine whether the difference in cost, for cars of the same size, shall be counted as capital or as operating expense to be covered with the money taken by means of the war-time rates. That will be true regardless of the decision that may be made by the Railroad Administration, because the Commission is the final authority, and when the question comes before it its decision will be the one that will bind, so far as the accounts of the carriers are concerned.

RATE CONTRACT WITH CITY

A contract, understanding, or agreement about interstate rates, between a carrier and a municipality, no matter how valuable the consideration surrendered by the municipality, is not worth as much as a scrap of paper. Because that is so the Commission has dismissed No. 9869, Cape Girardeau Commercial Club et al. vs. Illinois Central et al., and sub No. 1 of the same, Same vs. Chicago & Eastern Illinois et al., opinion No. 5377, 51 I. C. C., 105-7.

The city of Cape Girardeau, in January, 1911, by ordinance, granted a franchise in its streets to the Frisco, which it is now claimed is worth \$50,000 a year to the railroads. In consideration of that franchise, the Frisco agreed to keep the rate on coal from the mines on the Chicago & Eastern Illinois, south of Benton, to Cape Girardeau down to sixty cents a ton. In Moore vs. St. L. & S. F., 43 I. C. C., 749, the Commission held that the rates on coal to Cape Girardeau and near-by points, running from 75 to 90 cents, had not been shown to be unreasonable, but denied fourth section relief as to the 75-cent rates. Thereupon the Cape Girardeau rate was raised to 90 cents.

This dismissed complaint was filed so that complainants could tell the Commission that, in their opinion, the decision in the Moore case was unsound, because, among other things, it did not give due weight to the ordinance granting the franchise. The Commission, in this decision, said the complainants recognized that it has no power to enforce the agreement contained in the ordinance and that "we may consider the question of the reasonableness of the rate assailed only in the light of those considerations which would apply in any other case." The report further says the carriers were at liberty, in obeying the fourth section order, to increase the rate to Girardeau, if they did not thereby offend other sections of the act. It further says that in this complaint none of the accepted tests of reasonableness was submitted and further that the divisions formerly accepted by the Frisco are not determinative of the reasonableness of the rate under attack. In the rate comparisons submitted, the report remarks, were rates that are higher for shorter distances than the rate and distance under consideration in this case.

DELAYED RATE AUTHORITIES

The Traffic World Washington Bureau.

Attorneys and traffic managers for shippers in every part of the country are at a loss to find a satisfactory explanation for the delays in the issuance of freight rate authorities in instances in which Director Chambers has agreed with them that there should be a change in rates. Mr. Chambers's assistants, when asked about such matters, frequently call attention to the fact that they have no papers in the case on their desks, but that they are so busy they simply cannot get at the subject under discussion.

Early in June Director Chambers ordered that New Orleans and Galveston be kept on a parity for the exportation of cotton from northeast Texas points, like Dallas, Fort Worth and Sherman. That order has not been carried out and those who have been wiring to the Railroad Administration cannot find out why the boss's orders are not carried out, especially in instances where the orders went out before the effective date of General Order No. 34, as was the fact in regard to this situation. Some of the points of origin in northeast Texas were equalized, at the principal ones were not. On the contrary, the Chicago traffic committee has taken the report of the Dallas committee, recommending the limits of the areas from which rates to both ports shall be the same, and on it tatters, instead of following the orders of Director Chambers to continue the old readjustment, temporarily, at least.

Nearly a month ago—September 23, to be exact—agreement was reached as to the scale of rates to be applied to the drought-stricken region of Texas on live stock to southeastern destinations. A misunderstanding arose after the agreement was reached that resulted in a flare-up for a few days, but at the end of that it was understood that the scale as originally agreed on, regardless of the dispute, should be made effective. The necessary freight rate authority has not been issued, although it has been momentarily expected since October 14, and even before that.

Inasmuch as the rates were supposed to have been prepared to save the owners of the starving cattle from ruin, and also to prevent the cattle from being dumped on the market in their emaciated condition, the delay was inexplicable to Samuel H. Cowan, who was commissioned by the live stock men interested to obtain a settlement of the matter.

These are two illustrations of the situation. And there are many others. The traffic managers and attorneys feel that Director-General McAdoo cannot be expected to deal with each situation individually. But they believe there is no inclination on his part to allow matters to drag along, against the interest of the shipper, in the way the railroad men used to say the Commission allowed subjects against their interest to be pushed aside until some examiner or commissioner felt more disposed to work. The railroad men who are helping Director Chambers, everybody knows, are worked night and day and holidays, as many other men are being worked. It is suggested, however, that there is no scarcity of experienced traffic men, or shortage of men who can prepare tariffs, or publishers who can issue the tariffs. If there were shortages of that kind the traffic managers and attorneys for shippers could understand why there are delays.

GENERAL ORDER INTERPRETED

Regional Director Bush, in a circular to roads under his jurisdiction, says:

Some question has arisen with reference to the intent of General Order No. 34-A.

"For your information I beg to advise you that while the order reads: 'Carriers subject to federal control shall sell at public auction to the highest bidder, without advertisement, carload and less than carload non-perishable freight, etc.' it is not intended by this that you are prohibited in advertising if in your judgment the best results will thus be obtained. The order is intended to place you in a position where you may sell without advertisement if in your judgment it is the proper action to take."

General Order No. 34-A of the Director-General revokes General Order No. 34 and is a substitute for it. It follows:

Carriers subject to federal control shall sell at public auction to the highest bidder, without advertisement, carload and less-than-carload nonperishable freight which has been refused or is unclaimed at destination by consignees after the same has been on hand 60 days. Consignees, as described in the way-billing, shall be notified of arrival of shipments in all cases, and such notice shall contain provisions that after freight is unclaimed or undelivered for 15 days after expiration of free time at destination it will be treated as refused and will be sold without further notice 60 days from date of notice of arrival.

Consignors shall be notified when freight is refused or is unclaimed, as provided above, when the consignee can be determined from the billing or when shipments are marked with the consignee's name and address; such notice to contain provisions that unless proper orders for disposition are received on or before a specified date, not earlier than 60 days from date of arrival and notice to be construed as sufficient notice to all concerned, and a record shall be made thereof by the employee who mails the same.

Perishable freight may be sold in the discretion of the carrier whenever necessary to prevent waste, without notice except to consignee. Such reasonable effort shall be made to notify the consignee as described in the waybilling as the circumstances will permit.

Deposit in the mail of notices in accordance herewith shall be construed as sufficient notice to all concerned, and a record shall be made thereof by the employee who mails the same.

The place of sale of both perishable and nonperishable freight shall be determined by the carrier; the net proceeds, if any, after deducting freight and other legitimate expenses, will be paid to the owner on proof of interest.

Nothing herein contained shall affect the provisions for notice to consignors of unclaimed or refused shipment of explosives or other dangerous articles, or for telegraphic notice to consignees of unclaimed and refused shipments at his expense and on his request, or other special provisions for notice to consignors, where such provisions are contained in the storage rules of the carrier, or other rules contained in tariffs on file with the Interstate Commerce Commission, except that where notice of refusal is given to the consignee under such tariff rules, it shall include the notice of sale after 60 days above provided for, and notice need not be repeated under this order.

LOCOMOTIVE MAINTENANCE

The Traffic World Washington Bureau.

By means of Mechanical Department Circulars Nos. 1, 2 and 3, Frank McManamy, Director Gray's mechanical assistant, has given directions to be followed in painting freight cars, installing army field ranges in freight cars to be placed in troop trains, and the maintenance of locomotives. The last mentioned circular was brought forth because, McManamy said, numerous instances were being brought to his attention where it was necessary for inspectors of the Interstate Commerce Commission to order locomotives out of service for repairs. On investigation, McManamy said it was found these locomotives were in violation of federal laws in many ways, and the defects were of a character which indicated wilful disregard of federal law and of the Director-General's order No. 8. Continuing, Circular No. 3 says:

"Attention has also been directed to locomotives in service which, while not in violation of any of the federal laws, were not in condition to render either efficient or economical service, and that this was well known to the officers whose duty is to supervise and correct these conditions.

"With the number of railroad employees, in various capacities, who exercise supervision over the condition of locomotives they should not in any case be offered for service in a condition which would make it necessary for Federal inspectors to order them held for repairs. So that this may be avoided in future master mechanics and shop and roundhouse foremen will be required to know that locomotives are in good condition before leaving terminals.

"Road foremen of engines or traveling engineers, or men with a different title, who perform similar duties will be required to carefully supervise the condition of locomotives in service to see that they meet federal requirements and that they are in a condition to render efficient and economical service. If not, they should order the necessary repairs to be made and such orders will be observed as if issued by federal inspectors of locomotives.

"Locomotives that are in violation of federal laws or that are not in condition to make a successful trip should be repaired before being offered for service."

General Order No. 46.

This order relating to locomotives is based on General Order No. 46, which provides for the enforcement of paragraph one of General Order No. 8, relative to the safety of employees and the public. The order follows:

The records of the Interstate Commerce Commission and the reports of their inspectors show so many instances of violation of federal statutes for the promotion of safety that it is evident

that sufficient attention is not being paid to paragraph 1 of General Order No. 3, of February 21, 1913, reading as follows:

"All acts of Congress to promote the safety of employees and travelers upon the railroads, including acts requiring investigation of accidents on railroads, and orders of the Interstate Commerce Commission made in accordance therewith, must be fully complied with. These acts and orders refer to hours of service, safety appliances, and inspection."

Enforcement of the provisions of this paragraph will be placed under the direction of Frank McManamy, assistant director of the division of operation, who will receive reports of such violations and handle them either with the regional directors or direct, if found necessary.

All necessary investigations in connection therewith will be conducted by the assistant director of operation and reports of such violations will be sent to regional directors for correction and not for further investigation.

NEW POLICY AS TO CLAIMS

The Traffic World Washington Bureau.

No visible progress has yet been made in the matter of reparation on account of unreasonable rates put into effect since the beginning of government control and cancelled on an implied admission of unreasonableness. The money shippers have paid on account of the acts of railroad officials in applying specific advances to each of the components of a through rate and on account of the increased rates on imports and exports, is still in the treasuries of the railroad companies.

Some of the men who have been trying to persuade the lawyers for the Railroad Administration to come down to settlements based on the rules in effect before the government took control of the railroads, believe the men who handled such matters before the beginning of federal control desire to make a reparation on that basis now, but are restrained by the views of John Barton Payne. The bulletins of the latter respecting freight claims are anathema to the shippers and their lawyers, but they are loath to file complaints with the Commission so long as there seems to be the possibility of settlement by negotiation.

The issuance of Circular No. 3 of the law department of the Administration putting the settlement of claims under the law department, many shippers believe, is a reactionary step. The tendency in recent years has been to put the settlement of claims in the hands of the men who cause them and then to hold them to strict account for claims that have to be paid. On some roads station agents had the right to settle claims up to \$50. Now no one other than the law department has authority to settle.

This inclination to make the traffic or operating department settle the claims caused by it was created by the belief that the ill-feeling against the railroad caused by a claim was of greater hurt to it than the amount of money paid out on account of it. The theory was that if the men who caused the trouble had to settle it, they would be more careful in the future.

The circular is taken as indicating the holding of a contrary view by Mr. Payne. Traffic managers of big shippers are accustomed to meeting the railroad lawyers, but the smaller shippers are not. The latter have heretofore dealt, as a rule, with the station agents and the claim agents sent out from the general offices.

The freight claim departments of many railroads are being reorganized so as to make them conform to the organization started when a general freight claim agent, with headquarters in Washington, was appointed. An illustrative reorganization, it is believed, is that on the Southern Railway, ordered by A. H. Plant, federal auditor for that system, in his Circular No. 7, saying:

"Pursuant to the provisions of General Order No. 41 and Circular No. 48, issued by the Director-General of Railroads, the following changes in the freight claim organization of southern railroad lines as it heretofore existed have been announced, effective October 1:

"J. M. Webb is appointed auditor of overcharge claims, office 1300 Pennsylvania avenue, Washington, D. C. He will report to the assistant federal auditor in charge of overcharge freight claims at Washington D. C.

"Geo. Greaves is appointed auditor of overcharge claims, office Duttenhofer Building, Cincinnati, Ohio. He will report to the assistant federal auditor at Cincinnati, Ohio.

"All overcharge freight claims arising on Southern Railroad lines and all correspondence relating thereto will be addressed to and conducted with the auditor of overcharge

freight claims having jurisdiction, in same manner as heretofore.

"Should claims for losses and damages to freight be presented to auditors of overcharge claims, they must be promptly transmitted to the freight claim agent having jurisdiction of loss and damage freight claims and claimants must be advised of such transmittal.

"Until otherwise directed, overcharge freight claims of the Blue Ridge, Danville & Western, Tallulah Falls, Lawrenceville Branch and Hartwell Lines will be handled by the auditor of those lines as heretofore."

This reorganization ordered by the auditing force of the various railroads, it is presumed, will be followed by such changes as may be necessary on account of the transfer of the claims business to the jurisdiction of the law department, in accordance with Mr. Payne's Circular No. 3.

STEEL EXPRESS SHIPMENTS

Under date of Sept. 23, 1918, the American Railway Express Company issued notice that all shipments of bar steel, bar iron, or rods must be boxed and marked in a manner that would prevent the mark being accidentally removed. Otherwise, notice was given, such shipments would not be accepted.

On account of the fact that it was considered by shippers impracticable, if not impossible, to box all such consignments for shipment by express, the matter was taken up October 2 with D. S. Elliott, vice-president, American Railway Express Company, at New York, and an agreement was reached that the rule requiring boxing would be immediately withdrawn and that new rules supplementing the present marking rules would be issued to cover. The following instructions for marking high-speed and tool steel and similar shipments, it is stated, will be issued as a supplement to the present marking rules:

"It is the belief of manufacturers and shippers of high-speed and tool steel that much of the loss in transit of such shipments can be eliminated and claims avoided by following the suggestions set forth below, these suggestions being in addition to the marking rules of the American Railway Express Company published in its Official Express Classification, which rules are also to be strictly complied with.

"Bars or pieces less than one inch, round, square, flat, or cross-sectioned (1) when shipped singly to be securely wired to a board, address of shipper and consignee to be stenciled or painted on the board, and shipment to carry in addition a semi-concealed tag bearing similar information. (2) When shipped in bundles each bundle must not exceed 200 pounds in weight and must be securely wired or banded at intervals of not more than three feet, commencing not more than one foot from the even end of the bundle, each such bundle to be marked in accordance with rule 30 (c) of Official Express Classification No. 26.

"Any manufacturers of high-speed or tool steel who are at the present time using rope instead of wire for securing bundles will be immediately instructed to discontinue that practice and substitute steel wire or bands of sufficient strength to make the bundle absolutely secure.

"High-speed and tool steel in sizes larger than one inch to be legibly marked with paint or stenciled, marks to be thoroughly dry before offered to the express company and, in addition to this marking, shipments to bear no less than two address labels attached to each bar, piece or bundle."

Chairman A. G. Young of the subcommittee on traffic conditions, of the American Iron and Steel Institute, says that these supplemental instructions are satisfactory to a number of the leading iron and steel shippers of this class of material and they have asked that the rules be made effective at once to take the place of the objectionable rule requiring boxing. He says that an improvement in the manner of packing, marking and tagging is said by the express company to be absolutely necessary on account of the extremely large number of consignments going astray and being reported without marks. He thinks that by an observance of the new rules the number of such "no mark" consignments resulting in claims can be materially reduced.

Legal Department

In this department a legal expert answers simple questions relating to the law of interstate transportation of freight. Readers desiring special service by immediate answer may obtain privately written answers to their inquiries by the payment of a small fee.

Address Legal Department, The Traffic Service Bureau, Colorado Building, Washington, D. C.

Filing Claims for Loss.

Pennsylvania.—Question: Shipment of goods consigned to a supply officer at a certain navy yard moved under a government bill of lading. One item of the shipment was short at destination. In remitting for settlement the paymaster deducted for the amount of the shortage and the supply officer refuses to file claim for the loss. How can we recover for the amount of the loss, considering that by forwarding on government bill of lading we are not the consignors, the captain of inspection department being the consignor?

Answer: In rule 510, Conference Rulings Bulletin 7, the Commission said that the shipper, consignee or the lawful holder of the bill of lading may, within the period specified, file with the agent of the carrier, either at point of origin, or the point of delivery, or with the general claim department of the carrier, a claim or a written notice of intended claim. Furthermore, the courts have held that where the consignor has no interest in the goods, the real shipper or party in interest may sue, and therefore, if the consignor named in the bill of lading will not file a claim for the loss above described, or permit you to do so in his name, it will be sufficient for you to file a claim with the agent of the carrier at point of origin, in your own name, describing the shipment in question, and declaring that you were the party from whom the goods were purchased and charged with the responsibility of making delivery to the consignee. Incidentally, it might be stated that rule 510, Conference Rulings Bulletin 7, has been amended by General Order No. 11 of the United States Railroad Administration, so that claims must now be presented to and settled by the destination or initial carriers, and that claims should not be filed with an intermediate carrier.

Measure of Damages Shipment Through Broker.

Michigan.—Question: A concern located at "A" purchased a car of coal from a broker in Chicago. The coal was shipped from an Indiana point consigned to the broker at Chicago, and reconsigned by this broker to the final consignee located at "A."

While car was in transit approximately five tons of coal were lost and consignee put in a claim with the railroad company for the loss of this coal, basing same on the price the coal was invoiced to them. The railroad company declined claim until same was amended to a basis of the invoice value of the coal from the Indiana mine to the broker at Chicago, which was \$2.65 a ton. The invoice from the broker to the final consignee was \$3—a difference of 35 cents. The broker will not stand the cost of the coal at his commission price of 35 cents a ton, claiming that the coal was bought f. o. b. mine. He is, therefore, not responsible for any loss. The railroad company will not stand the 35-cent commission, claiming claim must be based on value of commodity at time and place of shipment. Will you kindly advise us your understanding of who should stand the loss of 35 cents a ton?

Answer: It would appear from the facts above submitted that two separate and distinct transactions are involved in the shipment of coal from the mines in Indiana to the final consignee at "A": first, a sale and shipment from the Indiana mine to the broker in Chicago at a price of \$2.65 per ton, and on arrival of the shipment at Chicago, a sale and reconsignment from that point to "A" at a price of \$3 per ton. The mine having sold and shipped the coal direct to the broker at Chicago, and the latter having taken full possession of the same, the final consignee at "A" had no interest in the transaction up to that point, and the mine had no interest in the transaction thereafter between the broker and "A." Therefore, the invoice price of the coal at Chicago should be used by "A" as evidence of the value of the coal and the measure of his damages. Some carriers, through their counsel,

have even agreed that the invoice from the middleman to the consignee, and not the invoice from the producer to the middleman, is the one to be used, although a shipment moved direct from the producer to the consignee, as was stated by the bill of lading committee of the National Industrial Traffic League, at their spring meeting in Chicago, in March last. But to this extent we are not prepared to go, as we have shown in our answers in the past in these columns. See our answer to "New York," published on page 1146 of the May 25, 1918, issue of The Traffic World.

Attention might also be called to the fact that if the loss of coal occurred prior to the time when the shipment reached Chicago, that then the consignee could elect to sue the broker instead of the carrier, on the ground that he failed to ship the exact quantity of coal which the consignee contracted and paid for.

Time Within Which to Sue.

Illinois.—Question: In August, 1916, we entered claim against one of the western lines for loss of shipment made in July, 1916. The claim was allowed to drag along until a short time ago, when the carrier agreed to voucher same, providing we would eliminate certain items which they felt should not be included. We agreed to amend the claim in order to bring it to a conclusion. However, instead of receiving payment of same we received a letter, dated September 5, to the effect that their legal department had advised them to close out all old claims where suit had not been entered within the two years' limit prescribed in the uniform bill of lading.

We are at a loss to understand their action, in so much as the claim had been presented within the required time limit prescribed in the uniform bill of lading for filing claims of this nature. Further, the delay in adjustment, we feel, was entirely due to the conditions which existed in the claim department of the carrier, they not being in a position to give our claim the attention it merited.

Answer: On Aug. 28, 1918, in General Order No. 41, the United States Railroad Administration ruled that all loss and damage claims shall be adjusted with the claimants in accordance with the established legal liability, bill of lading, tariff provision and federal regulation, by the carrier to whom presented. The form of bill of lading used by many carriers contains a provision to the effect that suits for loss, damage or delay shall be instituted only within two years and one day after delivery of the property, or, in case of failure to make delivery, then within two years and one day after a reasonable time for delivery has elapsed. Consequently, if a shipment moves under a bill of lading containing such a provision, it is necessary for the claimant to strictly comply with the same, even though he has complied with that provision which requires claims to be filed with the carrier within six months, and the default in instituting suit was caused by the delay in the carrier in investigating the claim so filed. The courts hold that this stipulation is independent of any other, must be strictly complied with, is not the subject of waiver or estoppel by either party, and not in conflict with the Cummins amendment or unreasonable.

Weight on Blacksmith Coal.

Texas.—Question: On July 31 a St. Louis concern billed us 42 tons 1,100 pounds blacksmith coal, shipped loose in box car, from Bellington, W. Va., and rebilled at Benton, Ill. Arrived at Waco September 4 and weighed on railroad scales here in presence of railroad company 124,200 pounds gross, tare 40,400, net 83,800, making net shortage of 1,500 pounds.

This car was billed at government price plus purchasing agent's commission, and the purchasing agent refuses to allow our claim for the 1,500 pounds short, on account of having to bill them at the government price, and we desire to ask where our recourse lies? Should we be able to recover from the railroad company, or is it a fact, as claimed by the railroad, that mine weights have to be accepted by the consignee? Is coal any different from any other commodity in respect to the weights that govern?

Answer: There is no ruling by the Interstate Commerce Commission to the effect that the mine weight of coal must invariably govern; in fact, the Commission has held that a tariff rule providing that coal should not be weighed except at point of origin is unreasonable. Peters

vs. O. S. L. R. R. Co., 20 I. C. C., 599. It is also held that a rule that charges on coal will be assessed on weights ascertained at carrier's regular weighing stations and that this rule will not be departed from, is unreasonable. Aetna Portland Cement Co. vs. D. G. H. & M. Ry., 46 I. C. C., 409. Where, however, charges are assessed on articles that are subject to shrinkage in transit on the basis of origin weights, the Commission has approved the same. Ewing & Co. vs. O. S. L. R. R., 46 I. C. C., 472. On shipments of coal which are subject to moisture, etc.,

a tolerance of 10 per cent is allowed by the Commission between the origin and destination weights.

In claims for damages for loss in transit, evidence of the owner that a certain weight was loaded at shipping point and that it weighed less at destination point, makes the carrier prima facie liable for the difference, and places upon it the burden of proving that the destination weight was wrong, or that the difference in weight was caused by shrinkage or other causes for which the carrier is not liable.

Shipping Decisions

Cases Recently Decided by State and Federal Courts

(Digests taken from Reporters and Digests of National Reporter System, Published by West Publishing Co., St. Paul, Minn. Copyright, 1918, by West Publishing Co.)

Non-performance—Penalty:

(Circuit Ct. of App., Second Circuit.) A clause in a charter party, "penalty for non-performance of its agreement to be proven damages, not exceeding estimated amount of freight," is a provision for a penalty, and cannot be construed to limit the recovery of the charterer for the owner's entire repudiation of the charter and refusal to enter on its performance.—*Aktieselskabet Korn-Og Foderstof Kompagniet vs. Rederiaktiebolaget Atlanten*, 250 Fed. Rep. 935-6.

In view of a provision of the charter party for arbitration of disputes before referees, one to be selected by the captain, a clause in the charter party declaring that penalty for non-performance should not exceed the estimated amount of freight, though accepted as a limitation of liability, cannot be deemed applicable to the case of an entire repudiation of the charter.—*Ibid.*

Refusal, Bill of Lading:

(Circuit Ct. of App., Second Circuit.) The federal District Court has no jurisdiction in admiralty over proceedings in personam for collection of the penalty prescribed by Harter act, 5, for refusal to give a clean bill of lading, etc., although, under Judicial Code, 24, subd. 9, a qui tam action would lie to collect the penalty.—*U. S. ex rel. Pressprich & Son Co. vs. James W. Elwell & Co. et al.*, 250 Fed. Rep. 939.

As the federal District Court has jurisdiction of a qui tam action to collect the penalty prescribed by Harter act, for refusal to issue a clear bill of lading, etc., held, that, where respondent answered a libel in personam to collect the same, the proceeding may be treated as the analogue of a complaint qui tam at common law, and need not be dismissed for want of jurisdiction.—*Ibid.*

An award of the maximum penalty of \$2,000 for violation of Harter act, for refusal to issue clear bill of lading, etc., held excessive, it appearing under the circumstances

that respondent acted in good faith, and such award should be reduced to \$1,000.—*Ibid.*

Delays:

(Circuit Ct. of App., Second Circuit.) Only that vessel which was delayed on account of the shipper's failure to deliver goods for shipment within the time limited can assert a lien, and the lien cannot be asserted in favor of other vessels of the same owner, which carried a portion of the shipment not loaded on the first vessel.—*U. S. ex rel. Pressprich & Son Co. vs. James W. Elwell & Co. et al.*, 250 Fed. Rep. 939.

Award:

(Circuit Ct. of App., Second Circuit.) Where both parties to a proceeding to collect a penalty prescribed by Harter act, consented to treat it as one in admiralty, though, as the libel was in personam, it was not within the admiralty jurisdiction of the court, the award of the District Court should on appeal be treated as an admiralty award, and not as a finding of a jury.—*U. S. ex rel. Pressprich & Son Co. vs. James W. Elwell & Co. et al.*, 250 Fed. Rep. 940.

Charter Money:

(District Ct., E. D., Pa.) Where a charter party provided that agents of the charterer should attend to the ship's business on the customary terms, and respondents, as agents, collected demurrage under directions of the ship's master, held that, in view of the custom in such matters, they were entitled to retain a commission of 2½ per cent, the usual amount allowed.—*The Monkshaven*, 250 Fed. Rep. 1000.

Collection of demurrage is part of a ship's business, within a charter party providing for compensation thereof at the usual rate.—*Ibid.*

Master:

(District Ct., E. D., Pa.) The master of a vessel has authority to direct the collection of demurrage due.—*The Monkshaven*, 250 Fed. Rep. 1000.

Loss and Damage Decisions

Cases Recently Decided by State and Federal Courts

(Digests taken from Reporters and Digests of National Reporter System, published by West Publishing Co., St. Paul, Minn. Copyright, 1918, by West Publishing Co.)

TRANSPORTATION AND DELIVERY BY CARRIER.

Failure to Deliver:

(Supreme Ct. of N. M.) In an action by a shipper against a carrier to recover for a failure of the carrier to divert, carry or deliver goods or merchandise, the fact that the property was taken from the carrier by virtue of legal process, fair on its face, in an action of which the shipper was given prompt notice by the carrier, and in which the shipper was either party, was heard, or had an opportunity to be heard, is a complete defense and

bar to the action.—*Pecos Valley Trading Co. vs. A. T. & S. F. Ry. Co.*, 174 Pac. Rep. 736.

Discharge of Carrier:

(Supreme Ct. of N. M.) Where the goods are taken from the bailee by legal process, and he gives notice thereof to the owner so that the owner has the opportunity to litigate his right to the property, the bailee is discharged.—*Pecos Valley Trading Co. vs. A. T. & S. F. Ry. Co.*, 174 Pac. Rep. 736.

Liability of Carrier:

(Supreme Ct. of N. M.) Where a bailor has due notice of the proceedings in which the property is taken from the bailor, and the court has jurisdiction, it is the duty of the bailee to protect his interests in such litigation, and, if he fails to do so, it is of no importance whether the action of the court in sustaining the attachment proceedings or other action was erroneous as a matter of law or not.—*Pecos Valley Trading Co. vs. A. T. & S. F. Ry. Co.*, 174 Pac. Rep. 736.

DELAY IN TRANSPORTATION OR DELIVERY.**Proximate Cause:**

(Supreme Ct. of Okla.) On July 23, 1915, Lawton Grain Company delivered to St. Louis & San Francisco Railroad a carload of grain to be shipped from Lawton, Okla., to Oklahoma City, "shipper's order," "notify Oklahoma City Mill & Elevator Company." On July 24, 1915, the car was ordered diverted to Kansas City, Mo., and the original bill of lading was surrendered and a new one issued providing for shipment to Kansas City, Mo., "shipper's order," "notify Samonds-Shields Grain Company." The St. Louis & San Francisco Railroad Company, when said car arrived in Oklahoma City on the 24th day of July, 1915, without authority set it out on the track of the Oklahoma City Mill & Elevator Company, and permitted it to remain there until the 27th day of July, 1915, at 6 o'clock p. m. Held, that the delay in said shipment was the proximate result of the unauthorized act of said railroad company in delivering the car to the Oklahoma City Mill & Elevator Company, and not the result of making a diversion of said car from Oklahoma City to Kansas City, Mo.—*Lusk et al. vs. Lawton Grain Co.*, 174 Pac. Rep. 792.

LOSS OF OR INJURY TO GOODS.**Liability of Initial Carrier:**

(Supreme Ct. of S. C.) The liability as initial carrier of an interstate carrier of freight, which, by mistake of the consignor, carried the shipment to Woodruff, S. C. instead of Woodford, S. C., ended with delivery at Woodruff, where the consignor corrected the mistake.—*Jeffcoat vs. A. C. L. R. Co.*, 96 S. E. Rep. 616.

CARRIAGE OF LIVE STOCK.**Time to Sue:**

(Supreme Ct. of Okla.) In the case of an interstate shipment of cattle, a provision in the contract of carriage fixing 91 days as time in which action must be brought for damages for a breach of the contract is legal and binding, and where an action for breach of said contract is brought after the expiration of 91 days the action is barred.—*Ezell vs. Midland Val. R. Co.*, 174 Pac. Rep. 781.

Where there is a provision in an interstate contract of shipment of cattle, fixing a time within which action must be brought thereon, the time begins to run from the date of delivery of the cattle at their destination.—*Ibid.*

Dipping Cattle:

(Supreme Ct. of Oklahoma.) Under an interstate contract of shipment of cattle dipping of the cattle is covered in the contract of carriage, and such dipping is not a proper subject of a separate contract.—*Ezell vs. Midland Val. R. Co.*, 174 Pac. Rep. 781.

MISCELLANEOUS TRAFFIC**DECISIONS****REGULATION OF COMMON CARRIERS.****Interstate Shipment:**

(Sup. Ct. of Fla.) In an action for damages to interstate shipment of goods, applicable federal statutes are paramount to exclusion of inconsistent state rules of liability and procedure.—*Fla. East Coast Ry. Co. vs. Davis et al.*, 79 Sou. Rep. 637.

DINING CAR RATES.

The Railroad Administration has approved a uniform charge of half rate for trainmen and Pullman employes en route in dining cars, except that a fifty-cent rate shall be effective on trains where one dollar and twenty-five cents is charged for dinner.

This applies only to those employes who are actually engaged in service on trains to which dining car serving need be attached.

October 5 the Administration also established rates of 60 and 75 cents for soldiers and inducted men on their way to camp.

Help for Traffic Man

This department is conducted by a traffic man of long experience and wide knowledge. In it he will answer questions relating to practical traffic problems. We do not desire to take the place of the traffic man, but to help him in his work. We reserve the right to refuse to answer any questions that we judge it unwise to answer or that involve situations that are too complex for the kind of investigation contemplated. Questions will be answered as promptly as possible. No answers will be given by mail except for a fee.

Address "Help for Traffic Man," The Traffic Service Bureau, Colorado Building, Washington, D. C.

Excess Charges Due to Error in Billing.

Q.—On June 23, 1915, through error, we shipped on bill of lading destination Middleton, Ind., as destination, and, the railroad agent not being able to find such a town, forwarded shipment to Middleton's, Ind., from which place they reforwarded shipment to Middletown, Ind., which was the correct destination.

Our contention is that inasmuch as there was no such place as Middleton in the state of Indiana, shipment should not have been forwarded until the correct destination was learned, because if we were so notified of the error at the time shipment reached freight house we would have noticed the incorrect destination and would have given the railroad the correct destination. Our claim for the additional freight charges which accrued has been declined by the railroad. Will you kindly publish in The Traffic World your opinion of this case?

A.—Notwithstanding there was contributory error on the part of the railroad company in sending the shipment to "Middleton's," when bill of lading called for "Middleton," Ind., there being no such town, the fact remains that shipper made the greater error in billing, and we assume also in marking destination "Middleton" instead of "Middletown," the latter being the correct destination.

Your contention that the railroad company should have inquired the correct destination is technically correct; however, the law does not hold the carrier responsible for shippers' errors; in fact, shippers are held liable.

In this case the carrier eventually made delivery at proper destination. If, however, shipment was correctly marked, carrier is liable.

CENSORSHIP OF SHIPPING PAPERS

(Commerce Reports)

In order to reduce as far as possible the difficulties incident upon delay in the transmission of shipping documents, inquiry has been made of the Censorship Board regarding the best means of expediting the examination and forwarding of mail matter containing such documents. The reply of the Censorship Board quotes some suggestions from the chairman of the Postal Censorship Committee at New York, of which the material portions are as follows:

"If exporters will prominently indorse upon the envelopes containing such matter the words 'Shipping documents,' there will be no avoidable delay. Such mail is given immediate attention and is returned to the New York post office four times daily by special messenger, in addition to the regular dispatches. It is entirely probable that at times some of these documents require consideration by the censorship, and unavoidable delay would result in such cases, regardless of any efforts made by us.

"It has always been held that this station is in no way a post office and that mail should reach us only through the regular channels. We have no means of rating up or canceling mail here, and to attempt to receive it from the public would result in embarrassment, or at least confusion and interruption with our regular work.

"I feel perfectly safe in telling you that you may assure people that if they will co-operate and have their mails containing shipping documents so indorsed there will be no avoidable delay in the handling of such communications at this station."

EMBARGO FROM NEW ENGLAND

The Traffic World Washington Bureau.

All freight from New England destined to Arizona, Alabama, California, Florida, Georgia, Louisiana, Mexico, Mississippi, New Mexico, South Carolina, Texas, and that part of Tennessee west of Chattanooga, except cotton mill machinery and commodities not suitable for steamship transportation, so far as the Boston & Maine is concerned, is to move rail-and-water or rail-water-and-rail. That fact is shown by supplement No. 122 to embargo No. 25, issued by S. E. Miller, superintendent of transportation on the Boston & Maine, under date of October 5. It is assumed that the New Haven and other New England railroads have issued, or soon will issue, similar embargoes. Mr. Miller's supplement, issued to all agents, is as follows:

"To provide southbound cargoes for steamers bringing to New England ports freight diverted to relieve rail carriers, embargo is placed by this railroad on all west or southbound shipments, carload and less carload, originating east of Hudson River gateways and south of Canadian border via any all rail route to any destination in the states of Arizona, Alabama, California, Florida, Georgia, Louisiana, Mexico, Mississippi, New Mexico, South Carolina, Texas and Tennessee (Chattanooga and West), except cotton mill machinery and commodities not suited to steamship transportation, as per Traffic Department Restriction Circular A-1951 and supplements thereto, or other restrictions shown in tariff. Traffic embargoed via all rail routes to destinations mentioned will be accepted when routed as follows:

Destination	Line	Via
Arizona	Mallory	Galveston
Arizona	Morgan	Galveston
Alabama	Clyde	Brunswick
Alabama	Clyde	Mobile
Alabama	Clyde	Charleston
Alabama	Ocean	Savannah
California	Mallory	Galveston
California	Morgan	Galveston
Florida	Clyde	Jacksonville
Florida	Clyde	Tampa
Florida	Mallory	Key West
Georgia	Clyde	Charleston
Georgia	Clyde	Brunswick
Georgia	Ocean	Savannah
Louisiana	Mallory	Galveston
Louisiana	Morgan	Galveston
Louisiana	Morgan	New Orleans
Mexico	Mallory	Galveston
Mexico	Morgan	Galveston
Mississippi	Clyde	Charleston
Mississippi	Clyde	Brunswick
Mississippi	Mallory	Mobile
Mississippi	Ocean	Savannah
New Mexico	Mallory	Galveston
New Mexico	Morgan	Galveston
South Carolina	Clyde	Charleston
Tennessee	Clyde	Charleston
(Chattanooga & West)	Clyde	Savannah
Texas	Mallory	Galveston
Texas	Morgan	Galveston

"Note.—Mallory and Morgan Line boats sail from New York. Attention is called to necessity of obtaining permit from Freight Traffic Committee on all carload shipments via New York."

THE RAILROAD CONTRACTS

The Traffic World Washington Bureau.

Contract negotiations between the Railroad Administration and the owners of the railroads are believed to be making progress, but no one is willing to risk an estimate as to how soon the first contract will be signed by both parties. While the Chicago & North Western and other prosperous roads have accepted the contract offered by the Director-General and their officers have attached their signatures, the name of Director-General McAdoo has not yet been affixed.

The contract negotiations between the short lines and the Administration have reached the point where Director-General McAdoo has the clauses agreed on in his possession for the purpose of consultation with President Wilson.

When he took them there was apparently only one point on which there was not agreement. That was as to the amount of free time that should be given the little railroad for the return of a car. The Railroad Administration was proposing two days for lines of fifty miles or less and one day for longer lines. The longer lines were to be allowed the shorter free time on the theory that, unless restricted, a line having two connections could manipulate the car supply unfairly.

There was disagreement among those who were supposed to be in touch with the negotiations as to whether the free time would be in addition to the free time allowed the shipper or whether it would be the absolute limit of time the trunk line roads would allow the short line to retain cars without the payment of per diem. If one day is the absolute limit for the short lines more than fifty miles in length, then every time a shipper detains a car for the maximum free time allowed him for loading or unloading, the short line must pay at least one day's per diem.

The delay in the attachment of the Director-General's signature to the contract of the Chicago and North Western and other prosperous roads is understood to be due to the fact that statisticians for the Railroad Administration are checking up the figures furnished by the Interstate Commerce Commission as representing the amount of the operating income for the test period. That is to say, while the law says that the certificate of the Commission as to what the amount is shall be accepted, the statisticians of the Administration are going over the figures to satisfy themselves as to whether the figures contained in the certificate are really those that should have been drawn from the annual reports made to the Commission.

About eighty of the larger roads, such, for instance, as the B. & O., have asked for additional compensation on account of some subsidiary. The figures tending to support the claim for additional compensation on account of sub-normal conditions are being scrutinized by accountants of the Railroad Administration.

The possibility of litigation before the end of the period of federal control was revived October 9, when the finance committee of the committee of seventy of the National Association of Owners of Railroad Securities adopted a resolution requesting the trustees of railroad mortgages "to investigate the law and facts appertaining to the effect of the operating contract on the rights of bondholders and to take such action as is necessary or proper for the protection of the interests of bondholders represented by them."

The ordinary English of that request, it is believed, is that the trustees find out whether it is not possible for the Director-General to order disbursements, the effect of which would be to render the bonds of comparatively small value to their holders, and then to take necessary or proper steps to prevent the destruction of the security pledged for the repayment of the loan. This step, the committee which met in New York said, was made necessary by the refusal of the Director-General to co-operate in a suit designed to bring about an authoritative judicial construction of the provisions of the federal control statute, under the terms of which the contracts are supposed to have been framed. The Security Owners' Association, speaking through Samuel Untermeyer, has claimed that the contract tendered the railroad corporations and accepted by some of the prosperous roads is not the kind authorized by the federal control act.

Director-General McAdoo has no doubt about the contract being in conformity with the terms of the federal control law, hence his declination to have anything to do with Untermeyer's proposed "friendly suit." He will not look on a suit, if one is filed, as friendly, but as designed to break up the arrangements that have been made.

W. F. T. COM. DOCKET.

The Western Freight Traffic Committee announces that the following subject has been docketed and that interests desiring to submit their views can do so in writing, or if conference is desired, date will be arranged therefor:

No. 481, October 8: Rates on ties between points in Missouri and Illinois; also locally between points in both states, to determine proper rates to be applied and relationship with rates on lumber.

Personal Notes

A. E. Brown, who has just been appointed manager of railway sales for the Truscon Steel Company at Chicago,



began his railroad work as a general clerk in the Santa Fe city office in Chicago in the fall of 1892, finally being promoted to the position of assistant rate clerk. After having served five years with the Santa Fe he went to the Chicago & Alton Railroad as chief clerk in the city office and after serving in this capacity for a year was promoted to the position of contracting freight agent. This was during the period of railroading when cut rates and passes were arguments to the shipper to favor a particular road with traffic. After four years of this work he was offered a position as traveling freight and passenger agent for the Colorado Midland Railroad, reporting to the Chicago office. This position he held until that line was taken over by the C. B. & Q., when he took a position as traveling freight agent for the M., St. P. & S. S. M. and Canadian Pacific Railroad at Cincinnati, traveling principally in the south. A year and a half later the Colorado Midland reopened its offices in the east and Mr. Brown returned to Chicago as traveling freight and passenger agent, traveling in the central states and the south. About a year later he was appointed general agent for the Colorado Midland at Pittsburgh, which position he held for three years. When the Denver & Rio Grande and the Missouri Pacific railroads separated he took the general agency for the Denver & Rio Grande-Western Pacific at Detroit, which position he held until last December, when he returned to the Chicago & Alton as general agent at Detroit. Thirty days later the government took over the railroads. Mr. Brown remained in his position at Detroit until the final closing of the office in May, when the Chicago & Alton transferred him to the Chicago general offices, placing him in charge of their Liberty Loan work. He remained there until July 1, when he went to the Truscon Steel Company.

The Big Fork & International Falls and Minnesota & International Railways are added to the jurisdiction of J. M. Hannaford, federal manager, Northern Pacific Railroad, at St. Paul, Minn.

A. H. Smith, regional director, announces the appointment of A. B. Newell, general manager of the Toledo Terminal Railroad, as terminal manager, with headquarters at Toledo, O., in general charge of the terminals of all lines within the switching limits of Toledo.

The jurisdiction of R. R. Mitchell, general freight agent, J. R. Mills, assistant general freight agent, and J. W. Spoor, live stock agent, of the Kansas City Southern, is extended over the Missouri & North Arkansas. C. E. Veach is appointed division freight and passenger agent at Harrison, Ark.

Regional Director Hale Holden announces that the jurisdiction of W. G. Board, federal manager, Chicago & Alton Railroad, is extended over the John Union Depot.

James T. Avery, assistant secretary of the Norfolk Southern Railroad Company, Norfolk, Va., died at his home at Virginia Beach October 2, of pneumonia, resulting from Spanish influenza.

H. S. Smith is appointed chief of tariff bureau of the Chesapeake & Ohio Railroad, Ashland Coal & Iron Railroad, Sandy Valley & Elkhorn Railroad, Long Fork Railroad, and R. A. Knightly, who died.

The Chicago, Rock Island & Pacific Railroad announces

the following appointments: H. W. Morrison, assistant freight traffic manager, Little Rock, Ark.; A. Mackenzie, assistant freight traffic manager, Chicago, Ill.; M. A. Patterson, general freight agent, Chicago, Ill.; F. J. Shubert, general freight agent, Kansas City, Mo.; T. H. Wilhelm, general freight agent, Ft. Worth, Tex.; F. K. Crosby, assistant general freight agent, Chicago, Ill.; J. C. Gutsch, assistant general freight agent, Chicago, Ill.; G. E. White, assistant general freight agent, Chicago, Ill.; J. C. La Coste, assistant general freight agent, Kansas City, Mo.; G. E. Schnitzer, assistant general freight agent, Little Rock, Ark.; G. W. Martin, general agent, Denver, Colo.; M. L. Hartley, division freight agent, Alexandria, La.; M. T. McCraney, division freight agent (Chicago Terminal Division), Chicago, Ill.; H. E. Duval, division freight agent (Illinois Division), Chicago, Ill.; F. H. Faus, division freight agent, Colorado Springs, Colo.; E. L. Goff, division freight agent, Davenport, Ia.; G. W. Williams, division freight agent, Des Moines, Ia.; M. M. Knapp, division freight agent, Estherville, Ia.; L. Osborn, division freight agent, Hutchinson, Kan.; R. F. Atwood, division freight agent, Kansas City, Mo.; F. C. Johnson, division freight agent, Memphis, Tenn.; R. G. Brown, division freight agent, Minneapolis, Minn.; P. Portel, division freight agent, Oklahoma City, Okla.; J. E. Utt, division freight agent, Omaha, Neb.; H. I. Battles, division freight and passenger agent, Peoria, Ill.; S. L. Parrott, division freight agent, St. Joseph, Mo.; A. D. Aiken, division freight agent, St. Louis, Mo.; E. F. Strain, division freight agent, Topeka, Kan.; P. L. McGue, division freight agent, Wichita, Kan.

The Chicago, Rock Island & Gulf Railroad announces the following appointments: T. H. Wilhelm, general freight agent, Ft. Worth, Tex.; G. R. Angell, division freight agent, Dallas, Tex.; B. D. Shropshire, Jr., division freight agent, Ft. Worth, Tex.

N. D. Maher, Regional Director, announces that G. W. Jett, in addition to his duties as superintendent telegraph, Norfolk & Western Railroad, is appointed supervisor of telegraph and telephone facilities for all roads in the Pocatontas region.

DEATHS FROM INFLUENZA

The Traffic World Washington Bureau.

Spanish influenza, up to October 14, had taken five persons from the rolls of the Commission and the Railroad Administration and from among those who have been closely identified with the work of these bodies. The first death was that of LeRoy D. Leedy, confidential clerk to Commissioner Aitchison. The next was Miss Nielson, private secretary to E. C. Niles, head of the short line railroad section of the Railroad Administration. On the 12th, the disease claimed Randall Clifton, chairman of the Southern Freight Traffic Committee; H. W. Belnap, chief of the safety bureau of the Railroad Administration and for many years before that chief of the safety appliance division of the Commission; and George A. Mosshart, correspondent for the Cincinnati Enquirer and Omaha World Herald, who, before he came to Washington seven years ago, specialized on rate regulation work at Lincoln, Neb. He was one of the few Washington correspondents who had a working knowledge of the railroad rate terminology and the practices of regulatory bodies.

EXPENSE FOR OFFICE FACILITIES

In P. S. & A. Circular No. 31, Director Prouty says:

"No bills shall be made by a railroad under Federal control for use of its office buildings, space for offices, proportion of expense of maintaining, repairing, heating and lighting such offices, or for joint or proportionate use of telephones, telegraph facilities, office furniture, or other appliances on such premises when they are used by the United States Railroad Administration, regional or district directors, or other railroads under federal control which became users subsequent to December 31, 1917. Such arrangements as it is necessary to make for the use of the office facilities of a carrier by the United States Railroad Administration, regional or district directors, or other railroads under federal control shall be made by or through the regional director in whose jurisdiction the offices are located."

HEARING IN PEORIA CASE

The Traffic World Washington Bureau.

The Commission, by means of an addition to its docket announcement concerning the hearing to be held at Peoria, Jefferson Hotel, by Attorney-Examiner Bell, November 6, has indicated the points on which it desires light in connection with the reopened case, No. 8347, Peoria Board of Trade vs. A. T. & S. F. et al. The hearing on the reopened case, according to the announcement, is to develop: (1) The rate changes that have occurred subsequent to the original hearing; (2) how those rate changes affect the issue raised by the complainant; (3) under precisely what conditions and by whose directions freight bills are registered in the transit account; (4) what real purpose the transit arrangement at Peoria is intended to serve; and (5) on whom the differences between the separately established in-and-out rates and the joint through rates fall, in conducting trade at and shipping grain through Peoria.

LOADING OF COAL

The Traffic World Washington Bureau.

A report was made to Director-General McAdoo October 16 by the Car Service Section of the Railroad Administration on the quantity of coal of all kinds loaded by roads for week ended Sept. 28, 1918, as compared with the same period of 1917. A summary of the report follows:

	1918.	1917.
Total cars bituminous	226,345	190,467
Total cars anthracite	40,524	42,008
Total cars lignite	4,040	3,679

Grand total cars, all coal..... 270,909 236,154

A summary of reports for the week ended Oct. 5, 1918, based on actual reports from most roads, but with the results of some roads estimated, follows:

	1918.	1917.
Total cars bituminous	209,432	186,699
Total cars anthracite	38,550	42,079
Total cars lignite	3,452	3,122

Grand total cars, all coal..... 251,434 231,900

Increase of 1918 up to and including week ending October 5, over same period of 1917, 682,112 cars.

A special report made to Director-General McAdoo by A. H. Smith, director of the eastern region, on bituminous coal loading of the railroad lines in that region for the period between Jan. 1, 1918, and Sept. 30, 1918, shows that there has been an increase of 11.7 per cent over the bituminous coal loading of these lines for the same period in 1917. Details are shown below:

Road.	Tons.	Per cent inc. or dec. over 1917.
Baltimore & Ohio	115,985	31.0
B. R. & P.	183,271	9.0
Cent. Ind.	2,757	70.0
C. I. & L.	31,433	28.0
C. I. & W.	5,094	67.0
C. C. & St. L.	155,231	4.0
D. T. & I.	8,559	1.6
Erie	24,537	1.0
H. V.	107,642	11.0
K. & M.	58,479	2.7
N. Y. C.	188,287	* 2.8
Penn. West.	463,706	21.0
P. M.	8,633	5.0
P. & S.	43,567	* 3.0
T. & O. C.	87,271	18.0
T. St. L. & W.	13,341	...
Wabash	52,298	* 12.0
P. C. & Y.	11,938	5.0
W. & L. E.	70,492	29.0

*Decrease.

NORTON REPLIES TO PAGE

Editor The Traffic World:

In your issue of October 5 (p. 688), E. C. Page, car accountant of the American Cotton Oil Company, criticizes my statement in The Traffic World of September 7, that "when the shipper delivered in wooden barrels the carrier had some show to get a return load in his car, whereas he never gets a return load in the present-day tank car."

He says that my statement is not "borne out by the facts developed in the investigation, which showed that tank car loaded mileage is on an average of 55 per cent

of the total, which would indicate that a considerable proportion of tank cars are loaded in both directions."

The answer is that at page 667 of the report of the Commission (50 I. C. C., 652) it is shown that the empty mileage is 48.9 per cent of the loaded mileage, lacking only 1.1 per cent of being an empty mile for every loaded mile. It appeared at the hearing that Procter & Gamble furnish some return loads because of the situation at their various plants. But when this local condition is spread over the map of the United States and the result is distributed among all carriers hauling tank cars it is clear that, as a practical and money-earning matter, the carrier may be said never to get a return load. Mr. Page has undertaken to draw a distinction where the report of the Commission shows that it requires a microscope to find a difference. That report shows also that the tank car is in this respect the worst piece of equipment on wheels except only the coal and coke car.

Chicago, Ill., Oct. 11, 1918.

T. J. Norton.

LUMBER PERMITS

The Traffic World Washington Bureau.

In the matter of the issuance of permits to ship notwithstanding the embargo against lumber in Official Classification territory, the jurisdiction of the various issuing authorities is as follows:

W. L. Barnes, Burlington Building, Chicago, issues permits for shipments to points in Wisconsin, Michigan, Illinois and Indiana.

H. B. Sargent, Union Central Building, Cincinnati, for Ohio; J. H. Curtis, South Station, Boston, for New England points; Freight Traffic Committee, 142 Broadway, for New York City, including lighterage deliveries; Edward S. King, freight traffic committee, B. & O. Central Building, for shipments to Baltimore. R. R. Blydenburgh, chairman freight traffic committee, Broad Street Station, Philadelphia, issues permits for shipments destined to Philadelphia and also destinations on lines comprising the Allegheny region, which covers the "principal railroads of Pennsylvania, New Jersey, Delaware and Maryland, including the P. R. R. and B. & O. east of Pittsburgh, Reading and others;" Car Service Section, 718 Eighteenth street, Washington, issues to all destinations other than those covered by Car Service Section branches and freight traffic committees, and the Allegheny region. Those desiring to ship to points in that region, therefore, have a choice of offices to which to send applications.

PROTECTION FOR SHORT LINES

C. H. Markham, regional director, in a circular to lines in the Allegheny region, says:

"Many of the so-called short lines have been released from federal control. It is the desire, however, of the Administration to protect them so far as may be practicable in the routing of traffic, supply of equipment and in rates and divisions.

"The same recognition will be given to the short lines as to the government-controlled lines in the matter of routing as well as in the closing of unduly circuitous routes. Please instruct all concerned to respect routing via all non-controlled lines when desired by shippers or indicated on bills of lading or on connecting lines' billing, where such routing is not unduly circuitous.

"Advances or reductions in the non-controlled lines' proportions of existing joint rates shall not be made without first securing authority from this office. If, however, in the judgment of any official of an Administration line, the non-controlled proportions are unfair, the facts, accompanied by a statement containing the reasons for his opinion, should be forwarded promptly to this office.

"Where the non-controlled line has only one trunk line connection, it should be accorded the same treatment as a shipper of freight local to the latter line and should receive its pro rata share of available cars. Where it has two or more trunk line connections, the latter should analyze the freight movement and agree upon a plan whereby each line shall furnish an equitable share of the equipment required by the short line."

THE NEED OF WATERWAYS

(By George Welsh Weber in the Chicago Daily News)

Control, operating and development of the inland waterways, which, until recently, have been under a separate commission, have been taken over and made a part of the Federal Railroad Administration. This action by Director-General McAdoo is based upon the principle that basically there is no such thing as a "railroad problem" and a "waterway problem," but that there is a great, overshadowing transportation problem.

It is transportation that is required and should be developed—not railroads or waterways, merely as such. And it is not unlikely that at no remote period, indeed possibly at once, motor trucking across state lines will become more fully recognized and regulated as interstate commerce. This will carry with it federal jurisdiction over wagon roads and their operation and construction. Since transportation is the basic requirement of all great industries and of commerce it should be promoted by the government in every desirable form.

Government control and operation of railroads makes possible a systematic co-ordination of waterways and railroads. Hitherto these two methods of transportation have been in conflict, often without justification. Some prominent railroad managers have realized that their lines would be better off if waterways were provided to relieve the railroads of the heavy slow freight in order that the transportation of quick moving package freight might be handled in the best manner. They knew, and in private conversation would concede, that waterway service for the cities along their lines would build up greater centers of industry, commerce and population and thus would materially increase the tonnage of package freight and the volume of passenger service. Stuyvesant Fish, when president of the Illinois Central Railroad, unhesitatingly expressed himself in favor of a lake to gulf waterway. James J. Hill was equally outspoken on the subject.

The new waterway division of the Railroad Administration will be under the direction of G. A. Tomlinson, who of late has been director of the New York and New Jersey canal systems. He is now in control of the Erie, Cape Cod, Raritan, Black Warrior River and Mississippi River waterways. On September 27 the first federal experiment of transportation on the Mississippi River was undertaken. The federal towboat Nokomis, having in tow three barges, left St. Louis for New Orleans. This was announced as the official opening of the federal transportation service on the Mississippi. It is asserted even by eastern newspapers that the river towns are reviving and coming back into their own. Recently Chicago has been shipping eastward by lake 1,000,000 bushels of wheat a day. Sending the same amount of wheat by rail would require the use of more than a thousand box cars each day. Chicago would not have been able to receive and store the wheat sent here as fast as it arrived if it had not had this lake outlet. The railroads in their congested condition could not have carried the wheat eastward from Chicago. And the wheat was sorely needed in the east. So, after all, it was the east that actually was most benefited.

While these shipments have been taking place, barges carrying salt from Chicago have undertaken to reach Joliet by going down the Chicago drainage channel and then through the neglected Illinois and Michigan canal to La Salle. If barges can operate to that point they can go the remaining distances to St. Louis, New Orleans and the gulf without trouble. Here is the physiography of the route. From Lake Michigan to Joliet, thirty-six miles, but requiring some dredging, is a waterway twenty feet deep; from Joliet to Utica, sixty miles, the canal requiring deepening and other improvements. If this work from Joliet to Utica were done in a proper manner the great lakes would be connected with a waterway—the Illinois and Mississippi rivers—to the gulf, available for vessels of fourteen feet draft most of the year and for vessels of Erie Canal draft, eleven feet, practically all the year.

Chicago, the state of Illinois and the Mississippi Valley as a whole ought to realize that next to the Panama Canal a practicable waterway from Joliet to Utica offers the greatest water traffic possibilities on the western hemisphere, because it would complete the route from the lake to the gulf, and therefore would provide for the products

of many great states cheap and adequate transportation to the markets of the world.

MADE IN AMERICA

(By W. H. Pickering)

"Made in America" will be a slogan and purchasing guide most faithfully followed in this country after the war. Whether it is a paper of pins, pen knife, silk hat or carton of sugar, the purchaser will look for the copyrighted trademark or brand for identification. Label, sealed carton, stamp or plate, or whatever may be appropriately used to carry evidence of origination, will be used wherever possible.

The bulk goods offered in the retail store may or may not have been produced in this country. The package is the only means of labeling goods of this class, so that the producer may be identified.

All manufacturers and producers should be urged to label their goods in some unmistakable way so as to protect the interests of American products against the advance in our midst of any German product with its origination cleverly concealed or merely lacking any evidence of German identification. Labeled or declared goods will be in demand as never before. The unnamed or unidentified goods will be looked on with suspicion and classed as doubtful.

MOVEMENT OIL AND TANK CARS

Regional Director Aishton, in Supplement No. 3 to Circular No. 72, says to northwestern railroads:

"The increased demand for oil as a war necessity is of such importance that the expediting of oil and tank car movements must again be brought to the attention of all officers and employees.

"Circular No. 72, issued April 9, 1918, established a plan for concentration of oil and movement in trainload lots via one route to one destination, or distributing center, and arranged for a systematic daily service for return of tank cars.

"The handling of this traffic has been very satisfactory, so far as applied to trainload lots, and has made it possible for the oil interests to increase the output to a considerable extent.

"It is very essential that an improvement be made in the movement of miscellaneous shipments to various destinations, and the return of empties, which it is not practicable to include in trainload lots. Oil for railroad use must be given preferred attention. Analysis of delays to this class of shipments indicates: 1, Oil held in yards an unwarranted length of time before placed for unloading; 2, tank cars not moved promptly after unloading; 3, the use of tank cars as peddler cars in distribution of oil to local stations.

"A careful study should be made as to the methods used in the handling of railroad shipments, and corrective measures taken to avoid unnecessary delays to equipment. Particular attention is called to paragraphs 17, 18 and 19 of Circular No. 72."

B. F. Bush, Regional Director, in Circular No. 115 says:

"The increased demand for oil as a war necessity is of such importance that the expediting of oil and tank car movements must again be brought to the attention of all officers and employees.

"The concentration of oil and movement in trainload lots via one route to one destination, or distributing center, and the systematic service for return of tank cars has resulted in considerable good and made it possible for the oil interests to increase their output to a considerable extent.

"It is important that an improvement be made in the movement of miscellaneous shipments to various destinations (and the return of empties), which it is not practicable to include in trainload lots.

"Oil for railroad use must be given preferred attention.

"Investigation of delays indicates: 1. Oil held in yards an unwarranted length of time before placed for unloading; 2, tank cars not moved promptly after unloading; 3, the use of tank cars as 'peddler cars' in distribution of oil to local stations.

"Methods used in the handling of railroad shipments

should be investigated and proper measures taken to avoid unnecessary delays in transit.

"Where oil tanks are found in any yard without billing, the matter should be taken up promptly by wire with the Supervisor of Oil Traffic at Kansas City, so that the necessary information can be obtained."

NEW SWITCHING TARIFFS

The Traffic World Washington Bureau.

The publication of intra-terminal switching rates at Portland, Ore., directed by Freight Rate Authority No. 1781, given to the public October 17, is the first of what probably will be a long list of tariffs intended to reduce the use of railroad equipment for intra-terminal and inter-plant movements to a minimum. The rates for such work in Portland will be from \$7.50 to \$12.50 per car. The rate for movement between plants will be \$7.50, no matter how short a movement may be.

These tariffs may be taken as formal evidence that there is more business than the railroads can handle. They are notices that shippers, before asking for engines and cars, should be sure that what they wish done in that way cannot be done in some other way. They are evidence of the complete reversal of conditions.

In effect, the railroads of the country, while in the hands of the government, are establishing a shotgun quarantine around their equipment, to keep shippers away from it. They do not want that business. They ask shippers to use motor trucks and drays for getting their freight from one plant to another.

At present the railroad can pick and choose the business it desires to do. It is not anxious for any of the business for which it once begged, by personal solicitation and by tariff publication.

Of a like character is the cancellation of the privilege of loading and unloading cars while standing on the main track, at a cost of \$3 per hour, the charge covering the loss supposed to be occasioned by the stoppage of the train. As a matter of fact, if the train had anything to do, the charge would not begin to cover the loss occasioned by the stoppage. The cancellation was made on the ground that the practice is dangerous. There is not much question about the practice being dangerous, but the risk to life and property would have continued were there any necessity for the railroads reaching thus for every dollar they could obtain.

The fact that the Railroad Administration intended discouraging the use of equipment for intra-terminal and inter-plant switching was published in *The Traffic World* long before the freight rate authority applicable to Portland was issued. When the volume of business has shrunk to the point where the railroads will find it to their interest to increase it, the high switching rates will come down. They will then be promoters, instead of discouragers, of tonnage offerings.

Ever since the government took over the railroads, it has been discouraging transportation, because the tonnage offered was too great. By means of embargoes it has nullified every tariff pertaining to lumber destined to Official Classification territory, or from one point to another within that area. The embargo was laid on the theory that thereby the operations of dealers who were doing business by using freight cars as warehouses could be eliminated or so curbed there would be no "abuse" of equipment.

As to whether using the privileges offered in tariffs is an "abuse" is a debatable proposition. The tariffs authorize diversion and reconsignment. A man who starts out a carload of lumber without having a purchaser for it runs the risk of having to pay demurrage in addition to the fees for reconsignment or diversion, but what he does is legal. The tariffs and practices of carriers have invited that kind of peddling of lumber. The tariffs are still in effect. In a legal sense a shipper cannot abuse a car for which he is paying the legal charges, except on the theory that, in times of stress, he should not avail himself of his full legal right. The retort on the part of a man who would not take his legal right because there is stress would be to ask what assurance the carrier or the public generally could give him that, if he desisted from the so-called "abuse" of equipment, all others would do likewise.

The imposition of high rates for privileges that can be "abused," in the way indicated, will make it unprofit-

able to carry on some of the business that has been transacted. Thereby tonnage will be decreased and assurance of successful operation will be given.

Since the government took over the railroads, steps to reduce the tonnage the handling of which takes much time, have been more numerous than while the railroads were under the control of their owners. The railroad managers tried to cut out the time-consuming tonnage, by means of high reconsignment charges and increased impositions for transit and everything of that kind. The public, however, was not convinced of the necessity for such things. It resisted and its resistance appealed to the Commission. Now, however, with the railroad men making the policies of the government, it is possible for them to accomplish what they undertook while in charge of their property.

Acceptances of such curtailed service at higher cost, without protest, it is believed, results from a belief that such sacrifices are necessary for the successful conduct of the war.

ROUTING OF FREIGHT

Regional Director Bush, in a circular to southwestern lines, says:

"Paragraph 4 of the Director-General's Order No. 1 reads as follows: 'The designation of routes by shippers is to be disregarded when speed and efficiency of transportation service may be thus promoted.'

"To prevent misunderstandings and to observe uniformity in applying this rule, the following instructions are issued:

"1. A rate, charge or privilege covered by tariff properly published and filed cannot be embargoed or canceled except by correction of the tariff in the manner required by law.

"2. A route covered by tariff properly published and filed may for sufficient reasons be temporarily embargoed, but cannot be discontinued except by correction of tariff in the manner required by law.

"3. Where shipper specifies a route to which under the tariffs transit privileges and terminal rights apply, when such route is not under embargo, the transit privileges and terminal rights must be protected without additional cost to shipper should his routing be disregarded by the railroads for efficiency reasons.

"4. When traffic is forwarded by the railroads for efficiency reasons via route to which a higher rate applies than over the route specified by shipper, the rate via the shipper's route must not be exceeded as a charge for the movement over the substituted route.

"It is the intent of Paragraph 4 of Order No. 1 that while the railroads may in the interest of efficiency make use of the most desirable routes without regard to the directions of the shippers, the rates, charges and privileges as published and filed in tariffs of the carriers will not be denied, and the Interstate Commerce Commission has issued an order authorizing the adjustment of charges in accordance with this principle.

"It is desired that all reasonable and economical routes shall be properly published, so that they may be available when needed, and if in an emergency a route not provided by tariff is used, such route should be covered by tariff immediately unless it is of such a character as not to warrant its permanency.

"Nothing in these instructions shall be considered as giving to shippers the right to rates, charges or privileges applying to routes which may be embargoed at the time of shipment."

PLANS FOR AFTER-WAR TRADE

The time is now ripe for more centralized, concerted work on a program of economic reconstruction after the war, says a report made public October 14 by the Bureau of Foreign and Domestic Commerce, Department of Commerce. It is the first of a series of reports to be issued on this subject and is devoted to the plans under consideration by other countries, especially as they bear on future foreign-trade developments.

"The outstanding fact under observation," says the report, "is the recognition in every land and by all statesmen of the problem called 'economic reconstruction.' But

of more immediate importance is the fact that England, France, Italy, Germany and Austria are making preparations to resume their peaceful economic life, with improved facilities for foreign trade, with a national supervision of the use of natural resources for the benefit of their own citizens, and with assistance from the state."

Attention is called to the achievement of the United States Government in preparing for after-war conditions, such as the building and organization of a huge merchant navy backed by large and efficient shipyards and docks, the Webb-Pomerene export trade act authorizing exporters to combine for export trade, and the leeway in foreign-trade banking now possessed by the Federal Reserve Board and banking system. All told, it is stated, there has been a very considerable amount of effective work done looking toward the future, but much remains undone and the Bureau is issuing this analysis of European tendencies as a guide, although calling attention to the fact that each country has its own peculiar problem that it must work out for itself.

"In England," says Mr. Cutler, chief of the bureau, in his introduction, "judging from present comments on the work of the Committee on Commercial and Industrial Policy after the war, any present attempt to lay down complete and binding policies regarding the future is now recognized as a waste of effort. What is more important is the assembling of facts, taking the basic step to improve our educational, research and promotive organizations and contributing to clear thinking as to the questions involved. Sooner or later we must have a definite program in which work and plans for the future based on known conditions affecting our future may be co-ordinated. I personally feel that the time is now ripe for some more centralized, concerted work to that end."

The report is entitled "Economic Reconstruction," Miscellaneous Series No. 73, and is on sale by the Superintendent of Documents, Government Printing Office, and by all the district and co-operative offices of the Bureau of Foreign and Domestic Commerce.

PRIVATE CAR CASE

The Traffic World Washington Bureau.

The effective date of the Commission's order in the private car case, directing an increase of the mileage to one cent and the abolition of the demurrage rule in the *Procter & Gamble* case, has been postponed from October 15 to November 15, because the carriers could not get their tariffs ready. Whether there will be reparation on account of demurrage that may be paid during that month is one of the questions that will probably be answered when the policy respecting reparation on unreasonable rates caused by General Order No. 28 is defined.

ELECTRIC RAILWAY EXPENSES

The Traffic World Washington Bureau.

The American Electric Railway Association War Board, in Bulletin No. 34, has asked all electric railways to report to it all instances in which they are being forced into non-essential renewals and extensions under franchise or other contractual obligations by the acts or orders of state utility commissions or municipal authorities. The inference is that if any state or municipal officer is forcing such renewals or extensions, the federal authorities may force him to remove the pressure. In the bulletin, the association quotes letters from C. S. Hamlin, chairman of the Capital Issues Committee and Bernard M. Baruch, chairman of the War Industries Board. The bulletin is as follows:

"The government, through Mr. Bernard M. Baruch, chairman of the War Industries Board, and Mr. C. S. Hamlin, chairman of the Capital Issues Committee, is again calling attention to the necessity of restricting the further expenditures of capital in non-essential renewals and extensions which public utilities are being required to make under franchise or other contractual obligations.

"From the language in the two letters exchanged between Messrs. Hamlin and Baruch, quoted herein, it is very evident that all expenditures of capital and the use of materials on work that can be deferred until after the war must be stopped.

"You are therefore urgently requested to report to this Board any instances in which your company is being compelled to make renewals or extensions by municipal or state authorities under franchise or other contractual requirements of a character that comes within the purview of the following letters."

The letter from Mr. Hamlin is as follows:

"On August 23 the Capital Issues Committee sent out to the Public Utility Commissions of the several states a letter requesting co-operation in the effort of the committee to conserve capital, and suggested that the public utility companies be allowed to curtail capital expenditures for extensions whenever possible, and except in instances of urgent war necessity to defer them entirely until the war had ended.

"The public utility companies were in favor of this action and the commissioners generally have been entirely agreeable to such curtailment and deferment, but in some instances there has been dissatisfaction on the part of the public and a tendency to insist on extensions of and service connections with water mains, electrical trunk lines and gas mains, and extensions of electric railway service.

"This committee recognizes the justice of the demand in every case where compelling war necessity is present, but if only ordinary convenience is involved, which in peace times might amount to a necessity, but under war conditions would be classed as a luxury, the committee believes your board will be unwilling to permit the use of materials unless the need for war purposes can be clearly demonstrated.

"Will you kindly give us a general rule noting such exceptions as you feel should be made in order that we may be guided in giving opinions on applications for capital issues for extensions of public utilities?"

The Baruch letter is as follows:

"Referring to your letter of October 1, in regard to public utility requirements, may I bring to your attention the desirability of holding down all expenditures to what is absolutely needed, not what is wanted. In view of the demands for materials for war purposes, the War Industries Board would not and cannot permit the use of materials unless the need for war purposes can be clearly demonstrated. In many instances, the demand would be just and fair were we not confronted with this unusual demand for materials. This demand is insistent and persistent, and it will be so for some time to come. Only absolute necessity must be considered and not convenience."

USE OF OPEN-TOP CARS

The Traffic World Washington Bureau.

In a polite circular, No. 25, H. P. Anwalt, manager of inland traffic for the Navy Department, tells all navy contractors and naval officers having to do with railroad transportation that the interests of the country require them to forego the use of open-top equipment, except for coal, wherever it is possible. The circular is called forth by the fact that the men in uniform have apparently not yet learned that they must not abuse the power they have to order coal cars for the transportation of things that could be carried in other types of equipment.

Under the caption, "Subject, Open-Top Cars, Conservation of," Mr. Anwalt says:

"The ever-increasing demand for open-top cars, needed for the transportation of coal, is such that special mention must be made of it, and the desire to eliminate their use for purposes other than coal loading is set forth herewith to all parties interested in navy and marine corps projects.

"This fact is reported by the Railroad Administration after a careful survey of the situation and, accordingly, until further advised, no shipments except coal should move in this type of equipment, unless no other equipment can possibly serve the purpose. In submitting requests for placement of cars for freight other than coal every effort should be made to avoid specifying open-top cars, and the need for such will be closely scrutinized.

"If, in submitting requests, it is absolutely essential that this type of equipment be furnished, it will be necessary that the reasons therefor be fully stated."

The circular means that no matter how high the rank of the officer ordering a coal car, his request will have to stand the acid test before the order is filled. His word

that it is necessary will not be sufficient. The fact that the order is to be scrutinized by a civilian may cause some explosions of temper on the part of naval officers who have not been accustomed to having their judgment reviewed, especially in the matter of how they should ship their supplies.

Abuses of transportation by army and navy officers who do not know enough about the business to check up on conscienceless contractors, is one of the facts that caused the condition the government remedied by taking over the railroads. That is the belief of men who protested against the assumption of the Railroads' War Board when it caused the American Railway Association to issue Bulletin No. 22, under which orders for priority, signed in blank, were placed in the hands of army and navy officers and other representatives of the government and by them, in many instances, passed over to shippers who are now helping to pay the bill caused by their dishonest use of the priority orders. The congestion, intensified by the abuse of those priority orders, forced the President to take over the railroads.

WATERWAYS CONFERENCE

The Traffic World Washington Bureau.

A conference was held, October 11, at the office of G. A. Tomlinson, director of inland waterways, by representatives of commercial bodies, shippers and representatives of transportation on inland waterways along the Atlantic coast between the Delaware River on the north and Beaufort, N. C., on the south. The idea was to find some way to promote a larger use of the inland waterways embraced in what is known as the Inter-Coastal Waterway. In a general way the complaint of the commercial bodies and shippers was that the barge lines that are operating on the completed parts of the system, particularly between North Carolina points and Philadelphia and Baltimore, are charging exorbitant, if not prohibitive, rates. Their suggestion was that the government should provide additional barges and undertake to develop transportation as it has undertaken to do on the Erie Canal, the lower Mississippi, and the Black Warrior River.

President Frye, head of the largest barge company operating on the route, denied that the rates were as charged. He took some of the North Carolina lumber companies that had been quoted by the representatives of New Bern and Elizabeth City commercial representatives as suffering because barge rates have been bid up on them from \$2.75 and \$3, the pre-war rates on 1,000 feet of lumber, to rates from \$8 to \$11 per thousand, and said they had not made an inquiry as to barge rates or service. He said that some barges were out of service because the navy had commandeered the company's tugs and some were out of service because it had been impossible to obtain the labor either to load or unload them. He said the barge company had been building barges as fast as possible during the war.

"The prospect now is that when the war ends there will be more barges than business," said Mr. Frye. "That prospect worries us more than any other fact, but we have not stopped building."

Representative Holland of the Norfolk (Va.) district said the practical question was as to whether there is freight to be handled and whether the government would be warranted in building barges to handle the tonnage.

Mr. Tomlinson, without undertaking to answer that question, said he did not take much stock in statistics showing possible tonnage; that he had had figures showing millions of tons for the Erie Canal, but that, when the barges were put into service, the millions did not come forward. He added that it was well known that the better facilities a carrier has the more tonnage it persuades to move.

Mayor Donnelly of Trenton, N. J., said that city had been prepared for years for the business supposed to move through the inland waterways, but that the government has dawdled and the project was not completed. He said there was always something holding back improvements of waterways.

"In the part of the country you come from, Mr. Tomlinson, the people are the party of the first part," declared Mr. Donnelly, after he had warmed up to his subject. "In this part of the country they are the party of the fourth

or fifth part. What we need is transportation by water freed from the domination of the railroads. We need liberty. This committee is a railroad committee, yet it is supposed to be dealing with water transportation. We all know the railroads have done everything possible to stifle competition on the water routes. The Lehigh Canal is filled with unused barges which might be carrying coal to the cities of Trenton, Philadelphia and Wilmington, the people of which will suffer this winter because it is railroad policy not to allow even an antiquated old canal such as that to operate."

The speaker intimated that the tardiness of the government in the completion of waterway projects was due to railroad influence.

Mendel Senner, speaking for New Bern lumber interests, was the one who made the charge that barge rates on lumber were exorbitant, if not prohibitive, because they have jumped from \$3 pre-war basis to from \$8 to \$11 per thousand feet. In replying to that charge Mr. Frye said the barges of his company could not be used more efficiently because the lumbermen insist on using them as warehouses while they hunt customers or while they are running the cargo through the planing mill. He said his company had tried to raise the minimum cargo from thirty to fifty thousand feet so as to lower the rate, but the men with whom his company does business seemed to prefer the lower minimum and the higher rate than his company offered.

As to a specific complaint that lumber could not be moved from Elizabeth City, made by a representative of a commercial organization at that point, Mr. Frye said his company had not received an inquiry for a charter for a long time, but had heard there was lumber to be moved and had itself instituted inquiries, with the result that it was told no barges were needed.

WEEKLY TRAFFIC REPORT

The Traffic World Washington Bureau.

Director-General McAdoo October 10 made public the following summary, dated October 8, of traffic conditions for the last week:

"Eastern Region: The general movement of freight traffic continues heavy, but careful control has prevented any congestions or delays of a serious nature. Arrangements have been made for routing of traffic via the coast lines so as to utilize them to the greatest possible extent for the relief of the rail lines on the eastern coast. Passenger travel continues heavy, with comparatively few complaints, and the congestions at ticket offices very much lessened. Sales of interchangeable scrip books show a continued increase.

"Allegheny Region: No Report.

"Pocahontas Region: Passenger travel continues heavy and conditions at ticket offices satisfactory, excepting one or two points, due to shortage in force, which it is hoped to overcome shortly. A patriotic meeting of coal operators in West Virginia promises good results at point of production. Grain situation at Newport News shows improvement.

"Southern Region: The citrus fruit crop of Florida is estimated at 7,200,000 boxes, or about 1,600,000 more than last year. Crop two weeks ahead and something under 100 cars already moved. It is reported that the citrus canker has been quite thoroughly eliminated. By conference with shippers, service on Florida perishables has been arranged. School for instruction of women ticket clerks showing good results. Operation of ticket offices satisfactory. Passenger travel heavy, particularly to the southeast and points west through the St. Louis and Cincinnati gateways.

"Northwestern Region: No report.

"Central Western Region: Grain permit system continues to work satisfactorily. Permits freely issued for shipments of lumber. Rerouting reports show saving of 16,682 car-miles. School for women ticket sellers opened at Chicago October 1 and ticket office consolidated at Omaha October 1, and estimated annual saving of \$42,500.

"Southwestern Region: The general service uninterrupted, and both freight and passenger traffic well taken care of. Oil loading for the week totaled 11,028 cars.

"War Department: Frozen beef movement and transportation conditions generally satisfactory. Continued

shortage of open-top equipment in south and southeast for War Department lumber.

"Navy Department: Transportation situation generally satisfactory. Still some shortage of equipment in the south for lumber, which is being handled with Car Service Section. Power and smaller accumulations of cars at navy yards.

"Fuel Administration: Car supply uniformly good in the east. Some accumulation on B. & O. and need of power on C. & O. Tidewater: Vessel supply ample. Lacks situation: Good, ample supply of coal at docks and lumping increased. Southern region: Some car shortage in Birmingham district and in southwest Virginia. Coke: car supply good.

"Fuel Administration, Oil Division: Some complaint as to slow movement in eastern territory, which is being taken up for improvement. Mid-continent field shows increased loading and sufficient supply of tank cars.

"Food Administration: Decreasing complaints as to movement of fresh meats and packing house products, showing improvement in service. Live stock movement good except difficulty in moving sheep in the central west, which is receiving attention. Grain moving satisfactorily and permit system being carefully handled. This plan to be extended to the eastern interior markets. Good grain movement from seaboard. General situation as to perishables good and decrease in number of complaints as to express situation.

"U. S. Shipping Board: Small accumulations at numerous yards, which are being given active attention, and general situation good. No complaints as to lack of transportation.

"Trade Executive of Allies: Reports generally good, but, by reason of decrease of freight at ports, request faster movement from the interior, which matter will receive attention.

"War Industries Board: Improvement in the new facilities being handled carefully. Number of large projects recently authorized. War Industries Board aiding in disposition of individual accumulation of cars with a view to abolishing individual embargoes.

"General: Movement of troops continues in a satisfactory manner. The change in dining cars table d'hôte meals took effect October 1, and the reports received indicate that the service meets with the approval of majority of travelers. The Bureau of Suggestions and Complaints has already received several letters commending the service and none in criticism. All the reports indicate that the service will be a success. Very active attention being given to estimates of the fall fruit and vegetable crop and the prospects that the unification of the refrigeration equipment under the Chicago office will result in a much better car supply. Live stock receipts at Chicago show a very large increase, particularly in sheep and hogs, the first increasing about 100 per cent over last year and the second about 50 per cent. American Iron and Steel Institute state that all available furnaces, with the exception of one located at Milwaukee, now in operation. No complaints as to transportation. There were handled for export through various seaports, for the week ending October 3, 7,167,000 bushels of wheat, an increase of 4,078, over preceding week. In addition to the wheat movement, 1,600,000 bushels of other grains were shipped. This free movement from the seaboard will, of course, relieve the interior. The lake boats of the U. S. R. A. are moving flour and feed from the northwest in heavy volume. The Conservation Division of the War Industries Board, with whom we are working closely, report their instructions to dry goods retailers and wholesalers and knit goods manufacturers will effect an estimated saving of 17,312 freight cars per annum."

N. PACIFIC EXPORT COMMITTEE

R. H. Ashton, director for the Northwestern Region, announces that a committee to be known as the North Pacific Export Committee, is appointed, with headquarters at Portland, Ore. The members are: F. W. Robinson, chairman; F. D. Burroughs, W. D. Skinner. This committee will control the movement of export freight through all Puget Sound ports and through the ports of Portland and Astoria, authorizing embargoes when necessary and issuing permits for the forwarding of specific shipments under such regulations as the circumstances from time

to time may justify. Mr. Ashton directs that all railroads co-operate with this committee to the fullest extent, furnishing it such reports as it may request.

The committee, under date of October 11, has issued the following circular No. 1 for distribution among shippers and railroads:

"To control movement of export freight via the ports of Portland, Ore., Astoria, Ore., and via Seattle, Tacoma or other Puget Sound ports, and to insure the best use of available facilities for the handling of such shipments, the following rules are prescribed:

"1. Until further notice no shipment for export to foreign countries through the ports named will be received for transportation until the agent at point of shipment has been furnished with: (a) A railroad shipping permit issued by this committee; (b) federal export license issued by War Trade Board when shipments include anything the export of which is subject to government permission.

"2. Railroad shipping permits will be issued only on satisfactory showing of definite space engagement with a steamship company which has met all requirements of the railroads in connection with the issue of through bills of lading. Such permits will be numbered with prefix J. E. A. and issued, in the name of this committee. Permits covering shipments to be exported via Puget Sound ports will be issued by F. A. Peil, chairman, Puget Sound sub-committee, headquarters Seattle, Wash., and permits covering shipments to be exported via Portland or Astoria will be issued by the undersigned.

"3. Railroad shipping receipt and waybill must show (a) number of government (War Trade Board) license when such license is required; (b) railroad shipping permit number; (c) name of railroad which is to make delivery to ship.

"4. Shipments exceeding quantity or weight provided in railroad shipping permit must not be received, and when part lots are forwarded full description must be indorsed on permit, with date and place of forwarding.

"5. If a shipment is to be made from more than one point, a separate permit will be required to cover the movement from each point; likewise, if a shipment from a given point is divided between two or more initial railroads a separate permit will be required for the shipment via each road.

"6. Railroad shipping permits are issued with a time limit; shipments must not be accepted by initial railroad carrier after expiration of permit.

"7. Shipments heretofore authorized by permits of F. R. Hanlon, joint export agent, or J. H. O'Neill, terminal manager, may be accepted prior to the date of expiration shown in such permits.

"These instructions have been given to all billing agents and export shipments will not be accepted by western railroads unless the foregoing requirements are observed."

Circular No. 2 says:

"A sub-committee is hereby appointed, with headquarters at Seattle, Wash., to have immediate charge, under the direction of this committee, of the movement of export freight through Seattle, Tacoma and other Puget Sound ports: F. A. Peil, chairman; F. J. Calkins, A. Tindling. This sub-committee is authorized to issue railroad shipping permits for export shipments in accordance with our circular No. 1."

Director Ashton's circular No. 44, referring to this matter, says:

"Your special attention is called to the permit requirement which must be rigidly enforced, in order to control the movement of this traffic, also to the necessity of showing the permit number on the waybill. Please instruct your agents to decline to accept freight for export via north Pacific ports from shippers or connecting carriers unless covered by a duly authorized permit. All connecting lines have been advised that the railroads in Northwestern Region, including Pacific Coast Terminal Lines, would reject cars at junction points which are not moving under a permit, the number of which is shown on the waybill."

COMMISSION ORDER.

On October 8 the Commission denied rehearing in case 9194, Lexington Flouring Mills et al. vs. Mo. Pac. Ry. Co. et al.

BUY LIBERTY BONDS

The Traffic World Washington Bureau.

Director-General McAdoo October 15 sent the following telegram to all regional directors:

"I wish you would say to the railroad men in your region, officers and employes alike, how earnestly I hope that they will subscribe to the limit of their ability to the Fourth Liberty Loan. Lending their money to Uncle Sam is the finest use they can make of it, not only because it is a safe investment for themselves, but it will help their country win the war. The fact that the Kaiser is already making offers of peace should make us more eager to put this loan over and keep our fighting pressure at the maximum until we actually get peace. Now is the time for every man in the fighting army in Europe and in the industrial and financial army at home to go the limit to make the great victories our soldiers have already won absolutely complete and final. I hope that when the returns come in next Saturday, it will be shown that the railroad men in your region were one hundred per cent. I hope that no railroad man will fail to do his full part."

At the close of business October 11, railroad employes of the nation had subscribed \$109,638,100 to the Fourth Liberty Loan. The details follow:

	Number subscribers.	Per-centage.	Am't subscriptions.	Am't per employe.
Southwestern region	152,558	93	\$15,186,300	100
Northwestern region	209,667	60.42	21,626,050	103.15
Pocahontas region	31,109	.....	2,419,050	.....
Allegheny region	194,136	63.21	14,429,700	74.34
Eastern region	324,200	62	27,263,000	84
Central Western region	.....	72	21,371,450	91
Southern region	.....	.....	7,319,250	.....
			\$109,638,100	

On the same day in the Third Liberty Loan campaign, in the Northwestern Region, 148,273 employes, or 61.33 per cent of the employes in that region, had subscribed \$11,654,300, or an average of \$88.60 per subscriber. Therefore, in this region 61,394 more employes had subscribed to the Fourth Liberty Loan than to the Third Liberty Loan, with an increase of \$9,971,750. There had been also an increase of \$24.55 in the average amount per subscriber in this region.

Director-General McAdoo received a report from N. D. Maher, regional director, Pocahontas region, showing that at the close of business October 15, 36,258 railroad employes in that region had subscribed a total of \$2,932,600, distributed as follows: Norfolk & Portsmouth Belt Line Railroad—subscribers, 259, amount, \$32,250; Virginian Railroad—subscribers, 2,889, amount, \$252,450; Chesapeake & Ohio—subscribers, 13,547, amount, \$987,650; Norfolk & Western Railroad—subscribers, 19,563, amount, \$1,660,250.

L. F. Loree reported to Director-General McAdoo October 16 that the Kansas City Southern Corporation had subscribed \$250,000 to the Fourth Liberty Loan.

A report from R. H. Aishton, regional director of the northwestern region, at the close of business October 16, showed that 225,157 railroad employes in that region, or 88.55 per cent, had subscribed \$16,616,800 to the Fourth Liberty Loan, or an average of \$149.89 per subscriber.

BAGGAGE CHECKING RULES

The Traffic World Washington Bureau.

Uniform baggage checking rules are to become effective December 1. There will be no change in weight or dimensions, but excess rates will be made through the country. After that time it will be possible to check, as baggage, adding machines, baseball paraphernalia, and other things that are carried by professional men or professional entertainers. Baggage, under the new rules, may be checked short of the final destination of the passenger. The rules will require the marking of each piece of baggage with the name and address of the owner.

In regard to the new baggage rules, the Railroad Administration said:

"On December 1 Director-General McAdoo will make effective uniform rates, rules and regulations for checking and handling baggage. These standard rules and charges will be published in one joint-baggage tariff for all lines under federal management, including also many

roads not under federal control. Baggage agents at union and joint stations will be relieved of the present necessity of consulting numerous tariffs, the provisions of which now vary. Service will thus be expedited and the public will enjoy distinct advantages as result of this standardization in all sections of the country.

"While efforts to standardize these rules and regulations were undertaken as early as 1912 by committees appointed by the carriers, complete standardization was found to be impracticable, due to the then existing competitive conditions.

"No change has been made in the excess baggage rate, free allowance of 150 pounds, the maximum weight per piece, nor the maximum dimensions of baggage.

"A convenience that will be appreciated by the commercial traveler in the new regulations will be a provision permitting checking of baggage on one-way tickets to a point short of final destination.

"Baby carriages, go-carts and bicycles will be checked in baggage service at a nominal charge as heretofore. Invalid chairs will be checked free.

"Provision has also been made to handle in baggage service certain articles other than baggage, such as adding machines, cash registers, computing scales, talking machines, baseball and other club paraphernalia, guns, etc., rules for the transportation of which have not been uniform throughout the country heretofore.

"Corpses will be checked as heretofore on the payment of one first class passenger fare.

"Reasonable and adequate arrangements have been made for the transportation of dogs in baggage service.

"While out of the millions of pieces of baggage checked comparatively few go astray, it would greatly facilitate the location of stray pieces of baggage if every piece were marked with the name and address of the owner."

PROMPT REPORT ON DELAYS

B. F. Bush, regional director, writes to southwestern lines as follows:

"No doubt, receivers of freight, realizing the approach of unfavorable weather, are placing heavy orders for materials, and some shippers will place orders in excess of their capacity or ability to promptly unload.

"The shortage of labor which has prevailed will be further augmented by the prevailing epidemic of Spanish influenza, which, unless closely watched, will result in accumulations and delays by consignees at unloading points.

"All concerned should be instructed to promptly report indications of such accumulations or delays, so that the matter may be promptly handled by the proper officer and that, in the event satisfactory results are not immediately obtained, the placing of embargoes may be considered, in order to prevent congestion at terminals and stations, and unnecessary detention of equipment. Such embargoes should be avoided wherever possible, by having consignee take necessary action to promptly clear up any accumulation, or by instructing shippers to curtail their shipments."

ONLY ONE RAILROAD

Washington, D. C., Oct. 18—Late Bulletin—The Railroad Administration has decided that wherever there is transit all restrictions limiting the forwarding of a product to particular rails shall be eliminated as soon as the tariffs can be framed. This is a recognition of the fact that there is only one railroad and that restrictions now are without reason.

PASSENGER CAR HEATING.

Eugene McAuliffe, manager, Fuel Conservation Section, has written to regional directors, calling attention to the possibilities in effecting economies in passenger train heating. He says the temperature in cars should be maintained at about 65 degrees. It should never be more than 70 degrees.

CHANGE IN DOCKET

Argument set for October 15 at Washington in No. 10103, Steinhardt & Kelly vs. Erie, has been cancelled.

Efficiency in Traffic

New Devices, Suggestions, and Methods for Increasing Efficiency in Freight Handling and Other Branches of Traffic Work

MOTOR TRUCK REFRIGERATOR

A recent enlistment in the army of motor trucks that is working to save freight cars for Uncle Sam is a six-ton truck operated in inter-city refrigerator service by the Sullivan Packing Company of Detroit. It is, so far as known, the first truck in the country to be used for this work.

When the Sullivan company depended on railroad delivery, two and one-half days were required to make a carload shipment from the Detroit plant to the branch in Toledo. This loss in time involved shrinkage in meats, a further loss in foodstuffs and money. The truck, with

motor convoy routes extending over north and middle western states to seaboard, is now preparing to undertake this work next winter. The aid of the Highways Transport Committee has been asked by Col. Charles B. Drake, chief, Motor Transport Corps, U. S. Army.

The moving of motor trucks under their own power from factory to seaboard is daily taking on more activity and by the time the snows of winter, which often prove serious blockades to highway traffic, begin to fall the number of trucks being transported will have largely increased. Therefore, the problem of providing a clear right of way for them during the winter will be more vital than ever.



A MOTOR TRUCK REFRIGERATOR

a heavily loaded trailer in tow, completes the trip in six hours, moving 18,000 pounds of meat to the load.

The body of the truck is designed and built much like the standard refrigerator freight car. The walls and heavy side doors are made of aluminum, cork and wood, an excellent non-conducting combination. Top-filling tanks for ice and brine are loaded from the outside.

That the service may be on a paying basis and further release freight cars for long hauls, the big truck carries general express on its return trip to Detroit.

The owners find this new method of refrigerator shipment so satisfactory that they plan to extend the service to their branches in Flint, Lansing, Pontiac and other cities within a 100-mile radius of Detroit.

HIGHWAYS TRANSPORT

The Highways Transport Committee, Council of National Defense, which co-operated last winter with various state highways departments in the removal of snow from

The state highways officials of Pennsylvania, New York, Ohio, Illinois, Indiana, Michigan, New Jersey, Massachusetts, Connecticut, Delaware and Maryland, which co-operated with the Highways Transport Committee and the War Department last winter, will be called on again to aid in planning the snow removal program.

The legislature of New York has provided Highways Commissioner Edward Duffy of that state with a fund of \$50,000, to be used in helping to keep clear of snow those roads to be used by government trucks.

An organization which will extend down to the state, district and county organizations of the Highways Transport Committee is being formed to co-operate with the War Department and the state highways commissions in bringing about the results desired.

Lieut.-Col. W. D. Uhler of the Highways Transport Corps has, on behalf of his organization, outlined a plan of motor transportation over three main truck routes, one starting from Chicago, one from Detroit and one from Buffalo, all converging at Baltimore.

The Highways Transport Committee has arranged with Prof. Charles S. Marvin, chief of the Weather Bureau, to have forecasts made from different observation points in the territory expected to be covered by these motor truck routes, at least three days in advance of the starting of the trains. In this way it is hoped to be able to anticipate coming snowfalls in time to guard against them.

In the letter of Colonel Drake to the Highways Transport Committee, asking this committee to continue its co-operation with the Motor Transport Corps in connection with snow removal during the coming winter, Colonel Drake suggests that the route from Chicago to Baltimore be as direct as possible, the one from Alma, Mich., via Detroit to Baltimore and that from Buffalo, via Albany to Baltimore.

The work of the Highways Transport Committee is going forward in a gratifying manner in the far western states, according to reports being received at Washington headquarters from regional and state chairmen of that organization, following the recent gathering in Washington of the eleven chairmen chosen to represent the regional areas taking in the entire country.

ways. As many as fifty calls a day indicate the large amount of business which is coming through these offices, the tonnage of which we know definitely has been arranged for the following amount:

Business one way has.....	294,400 pounds
Business two way has.....	8,300 pounds
Arranged for monthly (one and two ways)...	382,500 pounds
Total	685,200 pounds

"This, of course, is only a very small fraction of the total tonnage arrangements, most of which we never hear from, since, once the shipment and truckman are brought together, they do not need to consult us further.

"The following lines are in daily operation: Providence to Woonsocket, Providence to Fall River, Providence to New Bedford, Providence to Boston, Providence to Taunton, Providence to Waterbury. Two lines just starting, Providence to Hartford, three times a week; Providence to Springfield, three times a week."

Chairman Aldred and Secretary Pierce say also that their committee is perfecting a reorganization contemplating a central station for small business. Attention also is being given to the coming problem of snow re-



HEAVILY LOADED LUMBER CAR

Tom Botterill of Denver, chairman for region No. 9, comprising the states of Colorado, Utah, Wyoming and New Mexico, announces the completion of organizations in the states of Utah, Colorado and New Mexico. He says the Mormon church has indorsed the activities of the Highways Transport Committee, which have to do with the aiding of the farmer in promptly marketing products of his farm, especially those of a perishable character. This rapid moving of the farmers' products is being effected in many sections of the country through the medium of the rural express service, one of the main features of the work of the Highways Transport Committee.

From the extreme east come similar reports in connection with the progress being made in Rhode Island in the organization of return loads bureaus, this being another form of aid to transportation to which the Highways Transport Committee is giving attention. Chairman Fred W. Aldred and Secretary Byron E. Pierce of the Rhode Island Highways Transport Committee, in making report for September, give this account:

"Our return loads bureaus at the State House and Providence Chamber of Commerce are now kept exceedingly busy arranging for loads in both directions over the high-

moval, and to that of overloading all trucks to the end that the highways of Rhode Island may not be unnecessarily damaged.

It is stated further that Arthur A. Thomas, of the Rhode Island Transport Committee, has brought about an agreement of Newport merchants to restrictions of retail delivery, which restrictions all important cities and towns of the state of 2,000 inhabitants, and many of the smaller ones, have already adopted.

Likewise, reports from the eleven regional chairmen show continued activity along the lines of the promotion of the rural motor express, return loads bureau, store-door delivery, and general co-operation with the Railroad Administration, etc.

HEAVY LOADING OF LUMBER

Editor The Traffic World:

We notice on page 647, your Vol. 22, No. 13, a letter with reference to a carload of lumber, with a photograph in the middle of the page, which is claimed to be the heaviest carload of lumber of which there is any record.

We take the liberty of inclosing herewith a photograph, the front end of which is Pa. 72709, and contained 60, 715 lb. of Soda Soda and 21 lbs. When it left our yards it was overloaded and came back and was reduced 2184 feet, net weight of the car, however, was 15,174 pounds, and was shipped by us on April 11, 1917, to the Newton Lumber & Manufacturing Company, Colorado Springs, Colo., via O. W. R. & N. O. S. L. U. P., on C. & S.

We also inclose copy of the following letter, under date of June 1, 1917, from C. M. Slosser, chairman of the Commission on Car Service of the American Railway Association, commenting on this carload shipment.

"The Commission on Car Service has noted . . . loading of a Pennsylvania Traction car was 49,577 B. M. of lumber, destined Colorado Springs, Colo., total weight 41,000 pounds, which was 16 per cent over the marked capacity, and therefore 100 per cent efficiency.

"We wish to have you know that we appreciate this action on your part and the very generous spirit of co-operation with the railroads for the mutual benefit of the railroads and the shipping public generally, in attaining the transportation and (freight cost) to 100 per cent efficiency.

"We trust you will continue this good work and in every way possible assist completion of the shipping public generally in your territory in this question, which, in our opinion, is one of supreme importance during the present emergency."

A. H. Sanderson.

Assistant General Manager, St. Paul & Tacoma Lumber Co.

Tacoma, Wash., Oct. 5, 1918.

PACKING AND MARKING

The following poster, under the caption, "Pack Carefully," recommends the Corporation's Best Containers in Enclosing Boxes and Boxes in Freight in Transportation," is put out by the Bureau of Administration.

"A series of plans and containers offered were refused by railroads during last season on the ground, without reason, because boxes of better quality. All these plans made 14 1/2 were rejected or rejected and finally accepted, but 14 1/2 were rejected entirely.

"The material in the enclosing and loading of your ordered containers is used without material or shifted of goods, which cause some loss and damage in the final stages of transportation.

"The rail and road and freight packages for containers of materials would that will not avoid the ordinary transportation.

"Standardized containers are preferable, but when used should be carefully regulated and an old master should be used.

"Traffic requires that full name and address of consignee shall be marked on each and every piece of transportation. To comply with this rule, it is pointed to the demand of the owner of the freight to print materials in duplicate, leaving in mind that they must use the fact to mark materials detailed as altered or they cannot be used. Your own name and address should appear on each package, so that carriers may confer with you promptly if a package goes astray or is damaged and unloaded at destination.

"That companies in national and other organizations not only help to improve the transportation by winning the best, but give the in establishing the standards of your products as well as the labor and attention of clients."

TRAFFIC CLUBS

The following list of traffic clubs was compiled from data on file. We are not making efforts to do any more of it and are not responsible of which they have developed.

Albany Traffic Association, Albany, N. Y., Pres., E. L. Morgan, Secy.

Albany Traffic Club, Paul Gessford, Pres., C. C. Kiser, Secy.

Albany, N. Y., The Association of Railway and Steamship Agents of Albany, C. R. Chandler, Pres., W. M. Macomber, Secy.

Albany Traffic Club, P. L. Gerhardt, Pres., C. A. Schaeffer, Secy.

Buffalo Transportation Club, H. B. Loucks, Jr., Pres.; G. C. Wilson, Secy.

Chicago Traffic Club, R. C. Ross, Pres.; C. B. Signer, Secy.

Chicago Transportation Association, W. C. Bieglist, Pres.; T. P. Hirschbelle, Secy.

Cincinnati—Traffic Club of the Chamber of Commerce, H. M. Pross, Chairman, E. H. Smith, Secy.

Cleveland Traffic Club, C. M. Andrus, Pres.; J. B. Sanford, Secy.

Columbus, Ohio—Traffic Club of the Columbus Chamber of Commerce, J. E. Harris, Pres.; J. G. Young, Secy.

Dayton Traffic Club, J. W. Cobey, Pres.; W. E. Boyer, Secy.

Dearborn (Mich.) Traffic Club, J. M. Richardson, Pres.; F. W. Ludwig, Secy.

Denver Commercial Traffic Club, G. H. Work, Pres.; R. E. Patterson, Secy.

Detroit Transportation Club, J. A. Sullivan, Pres.; G. A. Walker, Secy.

Erie Traffic Club, H. R. Landers, Pres.; M. W. Elmann, Secy.

Flint (Mich.)—Traffic Club of the Flint Board of Commerce, A. V. Mott, Pres.; A. Nelson, Secy.

Port Worth Transportation Club, E. C. Price, Pres.; B. E. Wynn, Secy.

Freeport, Ill.—Greater Freeport Traffic Club, W. H. Jones, Pres.; F. F. Peppardine, Secy.

Grand Rapids Traffic Club, Arnold Greenbaum, Pres.; L. M. MacPherson, Secy.

Houston Traffic Club, Clint Hollady, Pres.; E. A. Lefringwell, Secy.

Indianapolis Transportation Club, M. Wolf, Pres.; L. E. Stone, Secy.

Jackson (Mich.) Traffic Club of the Jackson Chamber of Commerce, H. H. Chandler, Pres.; J. R. Gibbs, Secy.

Jacksonville Traffic Club, J. C. Burrows, Pres.; W. L. Waring, Jr., Secy.

Jamestown, N. Y.—Traffic Club of the Jamestown Board of Commerce, J. H. Dunbar, Pres.; H. W. Chapman, Secy.

Kansas City Traffic Club, G. I. Tompkins, Pres.; Alfred A. Wild, Secy.

Los Angeles Traffic Association, E. L. Lewis, Pres.; H. C. Smith, Secy.

Louisville Transportation Club, R. H. Morris, Pres.; G. A. Perry, Secy.

Memphis Traffic and Transportation Club, J. M. Beley, Pres.; L. E. McFarlane, Secy.

Minneapolis Traffic Club, H. W. Pless, Pres.; F. T. Pless, Secy.

Montgomery Traffic Club, C. M. Boyce, Pres.; W. W. Graham, Secy.

Newark Traffic Club, C. H. Gulek, Pres.; E. E. Burkhard, Secy.

New England Traffic Club, Boston, A. H. Van Pelt, Pres.; C. A. Anderson, Secy.

New York Traffic Club, W. L. Woodrow, Pres.; C. A. Savage, Secy.

New York, N. Y.—Traffic Club of the Queens Chamber of Commerce, E. J. Tarol, Pres.; P. W. Moore, Secy.

Norfolk Traffic Club, R. B. Gale, Pres.; Hege Terrell, Secy.

Ottawa Traffic Club, B. J. Drummond, Pres.; John P. Byrne, Secy.

Pasadena Transportation Club, C. H. Guld, Pres.; Arthur Mabel, Secy.

Philadelphia Traffic Club, F. E. Bulsely, Pres.; W. H. Montgomery, Secy.

Philadelphia—Commercial Traffic Managers of Philadelphia, W. E. Gorman, Pres.; T. Noel Butler, Secy.

Pittsburgh Traffic Club, J. J. Munko, Pres.; F. A. Layman, Secy.

Pittsburgh Traffic and Transportation Association, R. M. Clark, Pres.; F. G. Wood, Financial Secy.

Portland Transportation Club, E. M. Burns, Pres.; W. O. Roberts, Secy.

Providence, R. I.—Traffic Club of the Providence Chamber of Commerce, E. E. Selwyn, Chairman; E. C. Burtwick, Secy.

Rochester Traffic Club, J. H. Miller, Pres.; L. E. Golden, Secy.

San Lake City Transportation Club, A. R. McNeil, Pres.; R. E. Rowland, Secy.

San Francisco Transportation Club, W. E. Amann, Pres.

Frederick Birdsall, Secy.

San Francisco Traffic Club. W. T. Bozeman, Pres.;

L. N. Bradshaw, Secy.

Seattle Transportation Club. F. W. Graham, Pres.;

E. W. Mosher, Secy.-Treas.

South Bend Traffic Club. F. S. Montgomery, Pres.;

S. Hess, Secy.-Treas.

Spokane Transportation Club. V. G. Shinkle, Pres.;

R. W. Franklin, Secy.

St. Joseph Traffic Club. R. A. Ferguson, Pres.;

T. J. Slattey, Secy.

St. Louis Traffic Club. F. C. Reilly, Pres.;

J. R. Bell, Secy.

Syracuse Traffic Efficiency Club. S. D. Rice, Pres.;

W. J. O'Neil, Secy.

Toledo Transportation Club. H. S. Bradley, Pres.;

Harry S. Fox, Secy.

Topeka Traffic Association. O. B. Gufler, Pres.;

W. S. Barton, Secy.-Treas.

Washington Traffic Club. J. C. Williamson, Pres.;

W. B. Peckham, Secy.

EXAMINATION FOR INSPECTOR.

The Civil Service Commission announces an open competitive examination for senior inspector of car equipment, for men only. Vacancies in the Interstate Commerce Commission under the act providing for the valuation of the property of common carriers, at entrance salaries ranging from \$1,800 to \$3,600 a year, and in positions requiring similar qualifications, will be filled from this examination, unless it is found in the interest of the service to fill any vacancy by reinstatement, transfer, or promotion. The entrance salary within the range stated will depend upon the qualifications of the appointee and the duty to which he is assigned; certification to fill the higher salaried positions being made from those attaining the highest average percentages in the examination.

Appointments to these positions will be principally for duty in the field, but some appointments may be made for duty in Washington, D. C. Appointees will be allowed necessary expenses when absent from headquarters in the discharge of official duties.

EXAMINATION FOR ENGINEER.

The Civil Service Commission announces open competitive examinations for senior engineers (civil, electrical, mechanical, signal, structural, telegraph and telephone), for men only. Vacancies in the Interstate Commerce Commission, under the act providing for the valuation of the property of common carriers, at \$1,800 to \$2,700 a year, and in positions requiring similar qualifications, at these or higher or lower entrance salaries, will be filled from these examinations, unless it is found in the interest of the service to fill any vacancy by reinstatement, transfer or promotion. The entrance salary, within the range stated, will depend upon the qualifications of the appointee and the importance of the duty to which he is assigned; certification to fill the higher salaried positions being made from those attaining the highest average percentages in the examinations.

BUREAU OF MARKETS SERVICE.

The Traffic World, in its issue of October 5, called attention to the fruit and vegetable office of the Bureau of Markets in Chicago. Similar offices are maintained in thirty other cities throughout the country and the reports issued by each of these offices are issued primarily for the city in which the office is located. A consolidated report for the entire country is issued by the Washington office and will be mailed free on request to any address. In addition to the fruit and vegetable market service of the Bureau of Markets, a similar service covering live stock and meats is given. This division of the Bureau of Markets maintains branch offices in seventeen of the important cities of the country.

COMMISSION ORDERS

On consideration of the record in Case 10121, Lumber to Omaha and related points, and on the withdrawal by petitioning carriers of 15th section application Nos. 3579, 4829, 5128, 5142, 5183, 5178, 5526, 5552 and 5896, the Commission has ordered that proceedings be discontinued.

On consideration of the record in Case 10116, Detroit Switching Charges, and the withdrawal by petitioning car-

riers of the 15th section application Nos. 4320 and 4500, the Commission has ordered that proceedings be discontinued.

LOSS AND DAMAGE CLAIMS.

A circular by U. G. Couffer, freight claim agent, approved by E. H. Seneff, general solicitor of the Pennsylvania lines west of Pittsburgh, to agents and connecting lines, says:

"Effective Oct. 1, 1918, claims for loss or damage to freight, and arbitrary debits by connecting lines, also over short, damaged, refused or unclaimed reports will be handled by the freight claim agent of the interested railroad; this will include those on through traffic, heretofore handled by F. E. Shallenberger, auditor through freight traffic. In accordance with General Order 41 of W. G. McAdoo, Director-General of Railroads, all claims for loss or damage shall be presented on 'Standard Form for Presentation of Loss or Damage Claims,' approved by the Interstate Commerce Commission."

SHIPMENT OF GRAIN.

The extent to which grain is being hauled is shown by the following statement of grain in Chicago elevators Sept. 28, 1918, as compared with Sept. 29, 1917:

	1918.	1917.
Wheat	17,770,000	167,000
Corn	2,442,000	121,000
Oats	9,534,000	3,716,000
Rye	1,281,000	45,000
Barley	767,000	122,000
	31,794,000	4,171,000

MEETING POSTPONED.

The 63d annual convention of American Association of Passenger Traffic Officers, which was scheduled to meet at Baltimore, October 23 and 24, with brief opening session in Washington, has been postponed because of the epidemic of Spanish influenza.

CASE REOPENED

The Commission has reopened No. 8505, Virginia Pine Timber Co. vs. N. Y. P. & N. et al. and related cases on the petition of complainants.

War Tax Stamp Tables

Showing Exact Amount of
War Tax on any Freight
Bill up to 323.83

No Figuring Necessary
Absolutely Correct

Delivered, price 25 cents

Stamps Acceptable

Quantity Price on Application

THE TRAFFIC WORLD

418 South Market Street

CHICAGO

THE TRAFFIC WORLD

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TRANSPORTATION

William C. Redfield, Secretary of Commerce, in a recent address to the regional chairmen of the Highways Transport Committee, says some things about transportation that are worth reading and thinking about. It is well sometimes, especially in this time of war, when every effort is, or should be, to move business regardless of the instrumentality employed to move it, to look at the subject of transportation through the eyes of someone who has that effort in mind and who can speak understandingly and intelligently about it, but whose view is not circumscribed by occupation or training or selfish interest, so that he sees only steel rails and engines and freight cars. Mr. Redfield speaks of transportation as a trinity of railways and waterways and highways and he sees in the proper co-ordination of these three agencies the ideal working out of our problems, emphasized by the war emergency.

One of the good economic effects of this war and of the unified, impersonal and unselfish operation of the railroads caused by its necessity, will be, we hope, the realization by the government and the public generally that these three agencies (including also the electric or interurban railways) must be used together in a co-ordinated system, before the highest efficiency or even reasonable efficiency can be achieved. The end of the war is not yet, but it appears so much nearer than it did two or three months ago that it does not, perhaps, seem foolishly optimistic to consider its approach and to recall that within the twenty-one months

after the proclamation that officially ends the great conflict, Congress will have to consider what, if anything, is to be done about the problem presented by the railroads, or whether they are automatically to revert to their owners.

It seems to be assumed that there will be some sort of change in the pre-war method of control. What that change will be, if there is to be one, nobody knows. Various ideas have been advanced, but there is as yet no real propaganda in favor of any specific or particular scheme. We are not suggesting any now. But we do hope that, if Congress decides that something ought to be done, and also decides to do something, it will consider the problem as a transportation problem, not as a mere railroad problem. Our waterways should be made use of, not as places to spend pork-barrel appropriations to little purpose other than the re-election of some useless statesman. They should be treated scientifically and consistently as parts of a great co-ordinated transportation system—as at once the tributaries to and the beneficiaries of the rail lines. The improvement of highways should not be left to chance, or private enterprise, or the ministrations of the states. They should be the subject of national consideration as the feeder routes over which freight moves to the water or the rails, as the case may be, and as the actual, in many cases, and the potential, in many others, routes over which freight moves by motor truck from origin to destination.

Though the war administration of our carriers has not accomplished as much as it might have accomplished in this direction, or as much as it still may accomplish if the war continues a great while longer, it has yet caused us to see enough to imagine what may be done and it has prepared the way.

OUR SHIPS AND FOREIGN TRADE

There is a vast deal of ill-considered talking and writing being done these days about the great foreign trade that is going to open up for this country when the great war is over. That this talking and writing are being done is a hopeful sign, for it indicates that our imagination is laying hold of the opportunity that is coming, but it is important that we tackle the problem at the right end. To see the opportunity is one thing. To act intelligently in grasping it is another.

It seems to be assumed by many that because we shall soon, or when the war is over, have 25,000,000 tons of merchant ships, equal to England's great merchant marine, these ships will necessarily all be busy carrying the commerce of this country to foreign ports and from foreign ports to

our own shores. We have the ships because of the great need created by the war and as a result of the magnificent achievement of the United States Shipping Board in meeting the need. Their building has already been justified, for that matter, and the money and time and effort expended in producing them need not be regretted if they lie idle ever after and finally rot in inactivity. But they should not thus remain idle, for all that, and the way to insure that they be effectively used is first to understand that the mere fact of their existence does not at all insure that there will be business for them after the present emergency that called them into being is over.

For instance, Edward N. Hurley, chairman of the United States Shipping Board, under whose leadership this great fleet was created and who is naturally proud of the achievement and enthusiastic about its future usefulness, seems to take for granted that the ships of themselves mean foreign trade for us. He points out in a recent interview that our merchant marine is rapidly outgrowing our consular service and urges that steps be taken immediately to provide facilities abroad for handling "the millions of tons of shipping which will be afloat under the American flag in peaceful trade when the war is over." If peace came to-morrow, he says, the consular service would be inadequate to handle our ships. There would not be enough men in the consulates and those who are in the consular service would work against the handicaps of obsolete shipping regulations and in many cases lack of experience. He sounds a call for more consuls and larger consular staffs against the day of our great foreign trade after the war.

We submit that what he says about the need of more well equipped consuls and consular staffs to look after an increased foreign business is well said, but the point is that the business is not yet ready for the ships or the consuls and that no adequate plans have yet been made to create it. Nobody in his senses would think of building the ships that have been built merely in the hope that business would come to fill them, or of enlarging the consular service for the purpose of looking after foreign trade until there was some comprehensive plan to get the foreign trade for them to look after. So far as the ships are concerned, we shall merely have them on our hands when the war is over. Even their existence—having been built for quite another reason—is not an adequate or a controlling reason for going after foreign trade. The trade of the world will be waiting for us to take our share. If we plan wisely in going after it we shall get our share and the ships we are now fortunate enough to have

will enable us to carry it—if we handle the shipping problem wisely also—but that is all. Ships do not mean cargoes any more than freight cars mean traffic or taxicabs mean passengers. Nor can we hope to get foreign trade merely to furnish business for our ships—we must go deeper and plan farther than that.

There is no doubt but that after the war there will be a great opportunity for American foreign trade. The opportunity has always been there, for that matter, but for a combination of reasons we have failed to realize on it. Now we seem to be waking up to it—and it is a fact, also, that our opportunities will be larger than ever before, if for no other reason than that Germany, which has been aggressive in that direction, will, if the war goes as we hope and as it seems now it must go soon, will be in a great measure out of the competition, by reason of crippled facilities and the loss of the friendship of the nations of the earth, disgusted with the unfairness, the selfishness and the cruelty of the Huns.

What is to be done, then, is to make a scientific survey of the situation and a study of the opportunity through some existing government agency or some new agency such as the commission provided for in the bill introduced by Senator Weeks, and by trade and commercial bodies everywhere, individually and collectively. A business plan for selling goods to foreign nations is what is wanted. We have the goods, we have the business brains, and we have now the ships. There is no reason why we should not come into our own.

But as to the ships. It does not follow, even if we succeed in getting a greatly increased foreign business, that it will be carried in American bottoms, though these bottoms will be plentiful. Mr. Hurley has himself spoken of our obsolete shipping regulations—and they are obsolete. As he says, many of these regulations were excellent in the days of sailing ships, but before we can operate a merchant marine we must revise, standardize and simplify them and bring them up to the efficiency of other nations' practice. Are the ships to be operated by the government or with government aid? There are objectors to this scheme. It must be threshed out and settled. If the ships are to be privately operated, questions of wages and other matters to be considered in competing with foreign ships for the business of the world become more pressing. Now is the time to study them and to answer them that we may be ready when peace comes to fill our proper place in the trade marts of the world. Let us not, in our joy in the possession of ships, lose sight of the fact that they do not mean trade.

Current Topics in Washington



Constitutionality of Valuation Law.—Samuel Untermyer's challenge of the constitutionality of the valuation part of the act to regulate commerce has not caused shivers among those who believe in the efficacy of that part of the law as a help in solving the transportation problem. Nor has it caused jubilation among those who doubt or deny its value in solving the troubles that afflict the nation in its efforts to send commodities from here to there. The undeniable fact is that Mr. Untermyer has not caused more

than a ripple of interest. The courts apparently have so often passed on the habit Congress has of placing the odds and ends of its work and the technical part of the work of courts on administrative bodies that there is no phase that one can easily think of that has not been considered by the judges. They have held it is not a delegation of legislative power to authorize the Commission to assemble facts which will enable it to say that they are such as cause the act to regulate commerce to operate. They have also held, time and again, that Congress has the power to confer the judicial power on bodies that are not courts in the ordinary sense of the word. Mr. Untermyer suggested that when rates were fixed on valuations ascertained by the Commission, they would amount to a taking of property "without due process of law," or something of that kind. The point is clear he considers the procedure laid down for ascertaining the value of the property devoted to the service of the public as enforcing or permitting a taking of property without due process. The implication is that there would be a taking by legislative fiat, which, of course, is violative of the fundamental principle of Anglo-Saxon property tenure. The Anglo-Saxon can be deprived of his property, for public use, only by judicial proceedings, which means, among other things, that the men who take his chattels or realty must act as judges, under a judicial oath, to do justice. On the continent of Europe it may be possible to take a man's property by legislative fiat. Not so, however, in England or Saxon America, unless the courts, under war or political pressure, are prepared to swallow all they have ever said, or the executive branch of the government is ready to flout the courts and hold its will to be the law of the land. But only Mr. Untermyer, thus far, has come to the conclusion that the valuation fixed by the Commission, reviewed by the courts, and then used in the making of rates, would be a violation of the constitutional guarantee against the taking of property without due process of law.

Lower Rates on Waterways.—The application of shippers in North Carolina for lower rates and more barges on the coastwise canals and waterways, on which they addressed G. A. Tomlinson October 11, puts before Director General McAdoo the question as to whether he desires, during the war, to use government money to build up competition for the owners of barge lines now in service on those waterways. The application, as indicated by Representative Holland, of Virginia, is for lower rates and more and different kinds of service than offered by the owners of the barges now operating. The government, by going into the barge transportation business, can bring down rates. That, however, has not been its rule in transportation by railroad and coastwise steamer. It has brought the rail-and-water rates up to the level of all-rail. In the trans-oceanic service it has reduced some of the rates, especially those requiring navigation through the worst of the submarine infested areas. There is no proper comparison between rail and ocean rates, so the different course does not imply different rules for dealing with a similar situation. Rail rates were not made by the free operation of the laws of supply and demand, else the first class rate between New York and Chicago would have been, at times, about \$3 per 100 pounds. The barge and ocean rates, however, were the result of the working of that law. According to the averments of some of the lumber men attending that conference, the barge men were

asking \$8 per 1,000 feet of lumber. Assuming that that much lumber weighs 3,500 pounds, \$8 would be equivalent to an all-rail rate of something less than twenty-three cents. That would be more than the all-rail rate to Baltimore from North Carolina points of origin. If any of the lumbermen have paid it, they must have been constrained to do so by their inability to obtain cars, or to get their lumber through the embargo. Inasmuch as the desire of the government is to control the shipment of lumber into the ports, buying of barges by the government might not be a cure.

Live Stock Tariffs.—In ordering the principal traffic committees to prepare tariffs which shall establish a definite relationship between live stock and the products thereof, Director Chambers is bound to please at least one element of the public. That is the one that insists that a sound rule of life is that which says in time of war prepare for peace. When peace comes autocratic control over rates will cease, whether the railroads are returned to their owners or whether they remain in the hands of government officials. Then it will be hard, if not impossible, to establish the relationship mentioned. At least, that is the idea among men who have a familiarity with the riotous dissent that has come from the packers every time a railroad man has suggested that there has ever been or should be a relationship between the live animal and the parts of it when offered for shipment. There is an element of the public that criticizes government officials because they are not giving as much attention to post bellum plans as those composing that element think they should. The order requiring the establishment of a rate relationship, it is hardly necessary to suggest, will not appeal to those who insist that the war can be won without making over the whole body of rates, rules, regulations and transportation practices. If the railroads return to their owners the proposed rate relationship will be good at least for the carriers. If they remain in the hands of the government the relationship will become hard and unyielding so that new methods for supplying communities with meat by other methods of transportation will be encouraged—so that in the end there may be good for all.

Supreme Court Docket Cleared.—The war has its effect on the business of the Supreme Court, just as on every other line of human endeavor and activity. It is removing from the court's docket all such cases as the Michigan two-cent fare litigation. In a time of prices as high as they are now, a two-cent fare law might cause railroads to be swamped with passengers. Therefore, the effect of the statute would not be confiscation, but would still be a condition that is not desired. The national interest requires that there shall be a minimum of traveling. At times men who have to come to Washington because bureaucrats here insist that the American citizen has lost his constitutional right to be represented, by agent or attorney, in any transaction he wishes to take place, know that they have been forced to do useless traveling. In time of war, however, the small bore bulks large in public affairs and is able to make an ass of himself more often than in normal times. The traveling caused by such officials makes a large demand on transportation facilities. That, however, it may be suggested, is part of the cost of war. The ordinary citizen will not fight for his rights, in time of war, because he thinks it the part of a patriot to allow an official to stop on his neck. Some of the cases that are being taken from the Supreme Court's docket are being removed because the litigants think they should not do anything to embarrass the government, the ordinary idea as to what constitutes the government being one full-chested official.

Two Lists of Controlled Roads.—There are now two lists of federal-controlled roads. One was issued by the wage-fixing part of the Railroad Administration and the other by the traffic division. One guides the paymasters and the other the tariff-issuing officials and the Interstate Commerce Commission. The first is a light to guide the feet of those who administer General Order No. 27, relating to wages, and the other is for those who have to follow the language of Tariff Circular 1-A. If there is any conflict between them, the railroad that is on one and not on the other gains nothing thereby. It may be striving to get itself on the government list of corporations to be taken care of until after the war, or it may be trying to

get off. The fact that Director Chambers carries it in his little pocket list is of no significance. Inclusion in the list made up for wage-paying purposes is also meaningless, to a large extent. The non-controlled road must pay the government standard of wages if it desires to keep its employees. There are few exceptions to that rule. The exceptions are caused by old train operatives who have established homes at division points and would not care to move their families even if their employer refused to pay the government wage. There are not enough men of that kind to enable even a small road to continue operation in competition with government-controlled roads. Director Chambers' list may be considered binding on the Interstate Commerce Commission because it has no power in that phase to contradict anyone. A road that is on that list has its rates published by Mr. Chambers and, so far as known, the Commission has never gone back of a statement of that kind to ascertain whether the road is or is not actually under federal control. If the road is afterward returned to its owners the rates established while it was under control will continue operative until the Commission or the carrier orders a change. A. E. H.

WILLAMETTE VALLEY DECISION

The Traffic World Washington Bureau.

In its decision in case No. 9536, Willamette Valley Lumbermen's Association, the case in which arguments as to the powers of the Commission were made on October 3, the Commission, speaking through Commissioner McChord, declares there is no authority in the control act for perpetuating, during the period of federal control, a rate adjustment that is unlawful under the act to regulate commerce, therefore the order of the Commission is for the carriers to establish coast rates on lumber and related forest products from the Willamette Valley to destinations on the northern transcontinental lines that are no higher than the rates from the north coast points, including Portland.

In brief, the decision is a declaration of independence on the part of the Commission that the control law has not deprived it of any of its powers and that the burden of justifying rate adjustments is on the Director-General in almost the same degree as upon carriers before the passage of the control act.

In the report, Commissioner McChord says the claim that testimony taken before the railroads went into the hands of the government is irrelevant, is not tenable, that the burden of showing that what complainants ask will interfere with operation of roads for war purposes is on Mr. McAdoo, and that no such showing was made in this case; therefore, the railroads must open the Portland gateway to lumber traffic from Willamette Valley points on or before January 1. The order is without qualification or uncertainty. Mr. McAdoo must obey or get into court to show why he should not. It is a complete denial of every claim made by railroad lawyers. One point is that the words "just and reasonable" in the control act mean substantially the same as in the act to regulate commerce.

The holding is that the rates are relatively unreasonable, not that they are unjustly discriminatory. The effect of the order is that even if the carriers decide to raise rates higher ones from Willamette Valley. (The decision is printed in full elsewhere.)

LA FOLLETTE SEAMAN'S LAW

The Traffic World Washington Bureau.

Arguments as to the constitutionality of the La Follette seaman's law are to be made in the Supreme Court of the United States October 28. The constitutional question was certified to the court by the judges of the fifth circuit on a libel taken out against the British steamer *Strathean*, at New Orleans. It asked two questions. The first is the broad one as to whether the law is constitutional. The second is as to whether it is valid in so far as it breaks the contract of employment between a ship and its crew entered into in a foreign country.

There are half a dozen cases, some up on certificate from the Circuit Court and others on appeals. They all raise the same general and collateral questions. The district

court at Mobile held the law to be valid. At New York the holding was to the contrary.

There are two parties in interest. On one side are the United States and the sailors fighting for the maintenance of the statute. On the other are the British government and the owners of vessel property. Attorney-General Gregory appears for the United States and the sailors and Frederick R. Coudert for the British government. There are attorneys specifically representing sailors and ship owners, but the men mentioned are the real leaders in the fight, which, in a way of speaking, is between the two English-speaking governments.

The law says that when a ship touches at a port to discharge or take on cargo, the sailor may demand half the pay he has earned by the time the ship comes into port. If the master declines, then the whole amount becomes due and collectible in the courts of the United States. It abolishes arrest and imprisonment for sailors deserting from foreign ships while in American waters. It also forbids the crediting of money paid to "crimps" or any other class of persons as advances on the wages of sailors.

Neither the American nor the British government has the standing, in the court, of a litigant. Each has been permitted by the court to be heard as *amicus curiae*. The court also granted the unusual privilege of being heard by other than brief to Mr. Coudert and application for the same privilege for the American government was to be made. The Supreme Court does not allow intervention. It sometimes permits those who would like to intervene to be heard, on brief only, as "friend of the court," on the theory that such friend can tell the court something that will help it decide the controversy between the parties.

In the case certified from the New Orleans district, a sailor named Dillon is the libellant and the British ship the libelee. The master refused to pay the half of Dillon's wages, so he attached a libel to the ship claiming the whole amount.

The fourteenth amendment is the part of the Constitution the shipowners and the British government claim is violated by the statute, which, according to its title, is supposed to promote the upbuilding of a merchant marine for the United States. The taking of property without due process of law is the judgment for wages under a statute which purports to permit Dillon to break his shipping contract entered into in Liverpool. It makes no provision for payment of wages in the United States.

The British embassy made, through Mr. Coudert, the application for permission to be heard as friend of the court.

It is the position of the United States that Congress has the power to prescribe the terms under which sailors in ships using the territorial waters of the United States may be employed. It is admitted in the government's brief that the object of the law is to enable sailors in foreign ships to break their contracts of employment as soon as they come into American waters, so they may enter the employment of American masters. The theory is that the American merchant marine has languished because the cost of construction in the United States and the cost of operation of ships manned by Americans are too high to enable them to compete with ships under foreign flags operating under the lower scales of wages prevailing in the foreign countries.

It is contended that it is within the power of Congress to attach to the privilege of using American waters any condition, not inconsistent with morals, that it sees fit; that it has decided that a sailor shall be in position, when his ship is in port, to obtain half his money (and if he is a foreigner to desert his ship), and to break the contract and obtain the whole of his wages, if the master refuses to give him half and thus place him in position to live after his desertion and while he is trying to obtain a berth in an American ship.

A further contention is that if sailors are put in position to get into the American merchant marine the effect of their movement to American ships will be to force the payment of higher wages all over the world and that that equality in wages will enable the American shipowner, in normal competitive times, to afford the luxury of flying the American flag over the property owned by him.

STANDARD FORMS PRESCRIBED.

In General Order No. 49 Director-General McAdoo prescribes standard forms for reporting sales of transportation and excess baggage ticket sales.

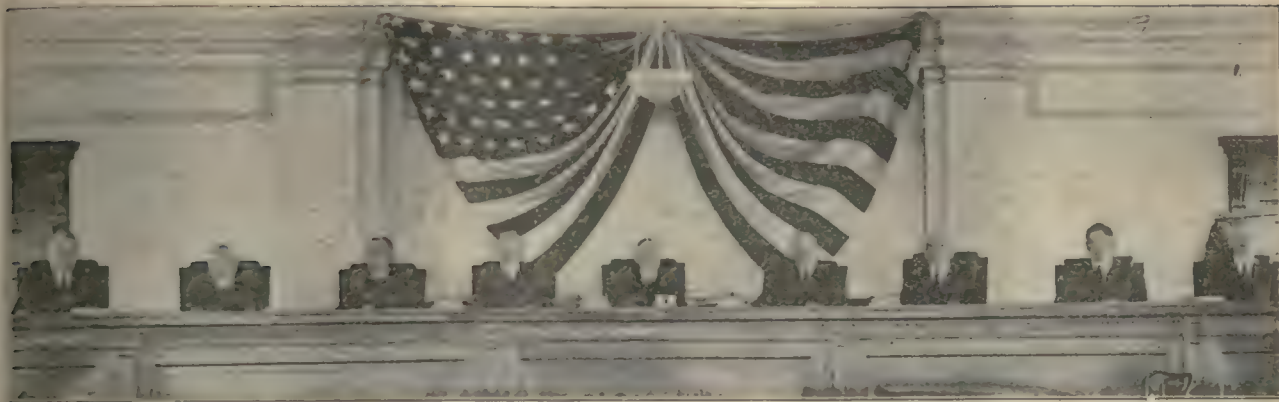


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Decisions of Interstate Commerce Commission

RATES ON REFINED OIL

In No. 9199, *Standard Oil Co. of Kentucky vs. New York Central*, opinion No. 5392, 51 I. C. C., 140-2, the Commission has held as unreasonable rates on refined petroleum oil from Franklin, Pa., to destinations in Kentucky and ordered reparation. The rates attacked were those to interior points in Kentucky that had not been lined up to conform to the fourth section.

EMIGRANT MOVABLES

An award of reparation has been made in No. 9862, *Charles F. Carr et al. vs. C. M. & St. P. et al.*, opinion No. 5120, 51 I. C. C., 265-8, the Commission holding the legally applicable charges on a carload of emigrant movables were unreasonable. The report said that rates in Western Classification, under which the rates on emigrant movables, including live stock, are made dependent on or vary with the value of the ordinary live stock, declared in writing by the shipper, are unlawful, because in violation of the Commission amendment.

RATES ON EGGS

In No. 8993, *Bowman & Co. vs. C. R. I. & P. et al.*, opinion No. 5407, 51 I. C. C., 177-8, the Commission held unreasonable rates on eggs in carloads from interior Iowa points to Chicago and to destinations east of the Indiana-Illinois line, and ordered reparation. The decision follows *Sault & Co. vs. B. & O.*, 45 I. C. C., 8, which was pending at the time this complaint was filed. In that case and in this one also the Commission held the rates in effect to be unreasonable to the extent that they exceeded third class and that the combination charged to destinations east of the Indiana-Illinois line were unreasonable to the extent that the components up to the Mississippi River exceeded the proportional class rates prescribed in Interior Iowa Class, 28 I. C. C., 64.

FREIGHT CHARGES ON COKE

CASE NO. 9744 (51 I. C. C., 126-128)
ROMANN & HUSH PIG IRON & COKE COMPANY VS.
LOUISVILLE & NASHVILLE RAILROAD COMPANY
ET AL.

Submitted Nov. 14, 1917. Opinion No. 5385.

1. Tariff rule of defendants providing for the assessment of freight charges on coke in carloads from Birmingham, Ala., to Santa Ana and Los Alamitos, Cal., on basis of weights obtained at points of origin, found to have been unreasonable.
2. Weighing and reweighing rules in substantial conformity with the National Code of Rules Governing the Weighing and Reweighing of Carload Freight, prescribed in connection with shipments of coke in carloads from Benham, Ky., to Santa Ana and Los Alamitos. Charges assessed on shipments based on these points found to have been based on excessive weights and reparation awarded.

BY DIVISION 3:

Complainant is a corporation dealing in pig iron and coke at St. Louis, Mo. By complaint filed May 28, 1917, it alleges that the charges collected by defendants on 36 carloads of beehive oven foundry coke shipped from Benham, Ky., to Birmingham, Ala., reconsigned to Santa Ana and Los Alamitos, Cal., and there delivered between June 4 and Aug. 21, 1915, were unreasonable in that they were computed on the basis of erroneous weights. Reparation and the establishment of reasonable weighing rules are asked.

The shipments were originally consigned from Benham to Tuffli Brothers Pig Iron & Coke Company, at Birmingham, which company sold and reconsigned them to complainant at that point. Complainant reconsigned 20 cars to Santa Ana and 16 to Los Alamitos. All of the shipments, except one, moved over the Louisville & Nashville Railroad through Birmingham to New Orleans and the lines of the Southern Pacific system beyond. The excepted car moved to Birmingham over the Louisville & Nashville and beyond to Los Alamitos over the St. Louis & San Francisco Railroad, Chicago, Rock Island & Pacific Railway, and the Southern Pacific. Charges were collected at the applicable rate of \$10.75 per net ton, composed of the local commodity rate of \$1.75 to Birmingham, in connection with varying minima depending on the character and capacity of the car used, and the trans-continental joint commodity rate of \$9, minimum 60,000 pounds, beyond, based upon the weights obtained at Benham. The rates are not attacked. The Louisville & Nashville's local tariff to Birmingham did not contain provisions for weighing or reweighing carload shipments. In connection with the \$9 rate beyond Birmingham the tariff provided that freight charges at that rate "will be computed on basis of point of origin weights, but not less than the prescribed minimum carload weight." This provision contained in the tariff naming the rate from Birmingham affected not alone shipments from points of origin named in that tariff, but as well shipments from Benham which moved under through combination rates in instances where the said rate from Birmingham was one of the factors in the combination.

Thirty-three of the cars were reweighed at Los Angeles, Cal., and each of the shipments was reweighed at the final destinations. The origin and destination weights were based upon the difference between the actual tare and gross weights. Defendants testified that all the weighings were performed by railroad agents on railroad track scales which were inspected regularly, and that they are unable to explain the differences in weights. Complainant testified that the agent of the initial carrier at Benham informed it that these shipments were weighed while the cars were in motion, coupled at one or both ends, but it insists that the destination weights were obtained while the cars were at rest, uncoupled at both ends. The weights obtained at Los Angeles were based upon gross weights of the loaded cars less the stenciled tare weights, but the record does not show whether the cars were there

weighed while moving or at rest, coupled or uncoupled.

An exhibit filed by complainant shows the gross, tare and net weights of each car, obtained at point of origin, en route, and at destinations, as they appear upon the track-scale certificates. The weights obtained at Benham, upon the basis of which charges were assessed, range from 50,000 to 57,400 pounds per car. The weights obtained at Los Angeles average about 2,525 pounds per car less than the Benham weights, and those obtained at destinations about 1,750 pounds less than the Benham weights. Complainant testified that beehive coke at the ovens contains less than 1 per cent of moisture, and that an analysis of nine cars showed an average of about 0.55 of 1 per cent. The fact that both the Los Angeles and destination weights were materially lower than the Benham weights in our opinion demonstrates that the latter were erroneous. The actual tare weights taken both at origin and at destination were lower for each car than the stenciled tares, and we are of opinion that the net weights obtained at destination were more reliable than those obtained at Los Angeles.

As we said in the Weighing Investigations, 28 I. C. C., 7, and in the Adams case, 49 I. C. C., 415, the shipper has a right to a reasonable check upon the point-of-origin weights. The fact that the tariff prescribes that the point-of origin weight will be used as the basis for assessing charges should not mean that the erroneous record of a scale weight shall govern. The tariff must be so interpreted as to permit of a correction to the actual weights at point of origin and is justifiable only as a protection to the carrier from a reduction of the charges by reason of shrinkage in transit. Because the rule as framed is susceptible of the interpretation of requiring the shipper to pay charges based on the scale record of weights at point of origin, without correction of obvious errors, we find that the provision in connection with the \$9 rate from Birmingham for the use of point-of-origin weights as applied to shipments moving from Benham on the combination through rates was and is unreasonable, and that for the future defendants should provide and apply in connection with the transportation of coke, in carloads, from and to the points in question weighing and reweighing rules in substantial conformity with the "National Code of Rules Governing the Weighing and Reweighing of Carload Freight."

We further find that the charges collected on the shipments above described were based upon excessive weights; that complainant made the said shipments and paid and bore the charges thereon; that it has been damaged to the extent that the charges paid exceeded those that would have accrued upon the basis of the net weights obtained at destinations, subject to the minima in connection with the applicable rates, and that it is entitled to reparation, with interest. The exact amount of reparation due cannot be determined on this record and complainant should prepare a statement similar to the one filed as Exhibit 1 and in accordance with rule V of the Rules of Practice, which statement should be submitted to the defendants for verification. Upon receipt of a statement so prepared and verified, we will consider the entry of an order awarding reparation.

An appropriate order will be entered.

ILLEGAL CHARGES ON CHAIRS

CASE NO. 8524 (51 I. C. C., 218-220)
PHOENIX CHAIR COMPANY VS. CHICAGO & NORTH
WESTERN RAILWAY COMPANY ET AL.

Submitted May 15, 1916. Opinion No. 5425.

Charges on a shipment of chairs, s. u. and k. d., from Sheboygan, Wis., to Los Angeles, Cal., found to have been illegal. Reparation awarded.

BY DIVISION 3:

Complainant is a corporation engaged in the manufacture of chairs at Sheboygan, Wis. By complaint filed December 13, 1915, it alleges that the charges collected on a shipment of chairs forwarded in May, 1914, from Sheboygan to Los Angeles, Cal., were unreasonable. Reparation is asked. Rates are stated in amounts per 100 pounds.

Complainant ordered a 50-foot car from Chicago & North Western Railway Company. That carrier furnished two 40-foot cars for its own convenience. Complainant loaded

these cars with chairs of which 750 were set up, singly or in bundles, and 390 were knocked down. It was estimated for complainant that, based on the ascertained weight of one chair multiplied by the number of chairs forwarded, the shipment weighed 19,215 pounds. The scale weight at point of origin was 20,300 pounds, and at point of destination it is stated to have been 19,880 pounds. No explanation was made for defendants as to this discrepancy. Charges were collected in the sum of \$588, based on a minimum weight of 12,000 pounds on each car and a commodity rate of \$2.45. It is contended for complainant that a commodity rate of \$1.60, minimum 20,000 pounds, on the entire shipment, was applicable under rule 6 of the effective tariff which provided:

Carrier will furnish car of dimensions or weight-carrying capacity ordered by shipper if practicable, but if carrier for its convenience furnishes car of different dimensions or weight-carrying capacity the following rules will govern provided shipment could have been loaded into or upon car of the size or capacity ordered by shipper.

When car of smaller dimensions or less capacity is furnished actual weight will apply provided it is loaded to its full capacity. The balance of the shipment will be taken in another car at actual weight and carload rate and the entire shipment will be subject to the minimum weight applicable to car of the dimensions or capacity ordered.

It is insisted for complainant that if a 50-foot car had been furnished, the shipment would have been compressed into the space of such a car by knocking down 204 of the chairs that were shipped set up, or by loading chairs knocked down in the place of some of those set up. A chair set up occupied the space of six chairs knocked down. It is admitted for complainant that the shipment as made could not have been compressed into a 50-foot car without knocking down some additional pieces. It was stated for complainant, however, that it packed the chairs so as to fill both cars in order to prevent the second car from being loosely packed, which might have resulted in the shifting of the load and in consequence damage to the shipment. The practice of the complainant was to make the load fit the car. Several instances are cited for complainant of prior shipments by it in a 50-foot car in which more chairs were loaded than in the two 40-foot cars in question.

Defendants' witness stated that the two cars used for the shipment contained 5,440 cubic feet and that the largest 50-foot car of which they had knowledge contained only 4,630 cubic feet, and that from this it would seem obvious that any load which completely fills two 40-foot cars could not possibly be loaded into a 50-foot car. This contention, however, ignores complainant's statement that the two cars were filled to capacity in order to prevent the load from shifting and that if a 50-foot car had been furnished an additional number of chairs would have been knocked down.

Upon all the facts of record we find that the shipment could have been loaded into a 50-foot car; that the charges collected were illegal to the extent that they exceeded the charges that would have accrued at a rate of \$1.60 per 100 pounds, minimum 20,000 pounds; that complainant made the shipment as described and paid and bore the charges thereon herein found illegal; and that it has been damaged and is entitled to reparation in the sum of \$268, with interest.

An appropriate order will be entered.

HALL, Commissioner, dissenting:

Complainant ordered a 50-foot car for loading with chairs. The minimum weight applicable thereto was 20,000 pounds. The shipment consisted of 1,140 chairs, of which 750 were set up and 390 knocked down, and as shipped could not have been loaded in the car ordered. If that car had been furnished, complainant would have had to pay on the minimum weight applicable and would therefore have shipped in compact form more of the chairs than it did. The carrier furnished two 40-foot cars of a greater aggregate cubical capacity than the car ordered, and complainant loaded them to capacity with chairs in a less compact state. It thus used more space than was needed or would have been used in the car ordered, and deprived the carrier of the use of that excess space for other loading. The shipment as made could not "have been loaded into or upon car of the size or capacity ordered by shipper," and the proviso in rule 6 invoked by complainant was not complied with. That rule therefore did not apply any more than it would if a shipper availed

himself of the two-for-one rule to load both cars with uncompressed hay or cotton, when the larger single car ordered would not have contained the shipment unless compressed and baled. The proviso was a safeguard designed to prevent abuses of the rule. Moreover, waste of car space should not be sanctioned, especially when equipment and transportation facilities must meet the demands created by a world war. I am therefore unable to concur in the conclusions expressed in the majority report. The complaint should be dismissed.

RATE ON WINDOW GLASS

CASE NO. 9421 (51 I. C. C., 18-20)
WILLIAM CAMERON & COMPANY, INCORPORATED,
VS. ATCHISON, TOPEKA & SANTA FE RAIL-
WAY COMPANY ET AL.

Submitted May 16, 1917. Opinion No. 5361.

Rate on common window glass, in carloads, from Okmulgee, Okla., to Waco, Tex., found to have been unreasonable. Reparation awarded.

BY DIVISION 3:

Complainant, a corporation engaged in buying and selling common window glass at Waco, Tex., alleges, by complaint seasonably filed, that the rate of 35 cents per 100 pounds charged on numerous carloads of common window glass shipped from Okmulgee, Okla., to Waco, on and after December 12, 1915, was unreasonable, unjustly discriminatory and unduly prejudicial. It asks reparation and the establishment of a reasonable rate. Rates are stated in cents per 100 pounds and are those in effect prior to June 25, 1918.

The shipments moved over the lines of defendants and charges were assessed at the rate of 35 cents, as alleged. On July 24, 1912, the carload rate on window glass from and to these points had been reduced from 62 to 35 cents, and, on May 2, 1917, subsequent to the hearing, was further reduced to 20 cents, the minimum remaining at 36,000 pounds. The short-line distance from Okmulgee to Waco is 334 miles, but by the most direct route over which the rate applies, viz., the St. Louis-San Francisco Railway to Denison, Tex., and the Missouri, Kansas & Texas Railway beyond, the distance is 352 miles. The latter is conceded by complainant to be "the logical mileage." Waco is served by various other lines in connection with the St. Louis-San Francisco and the Okmulgee & Northern Railway on traffic originating at Okmulgee.

The complainant contends that it is unduly prejudiced by reason of low rates on glass from Okmulgee to certain points in Missouri, Iowa, Illinois and Wisconsin, averaging 33.1 cents for 611 miles, or 7.5 mills per ton-mile, in its efforts to compete in the intermediate territory, and even in Texas, with the favored manufacturers of glazed sash and doors located at these points. Its witness testified that in Louisiana and Arkansas the prices quoted by the favored manufacturers at St. Louis, Mo., Clinton, Iowa, and Chicago, Ill., control the markets. The complainant urges that it is entitled to the same rate from Okmulgee to Waco as applies to Clinton, which is 22 cents for a distance of 646 miles.

For the defendants it was testified that the cited rates are not properly comparable, as they were put in to enable Okmulgee to market its common window glass in competition with Columbus, Ohio, and Hartford City, Ind. From those glass-producing points to the points named by the complainant, with one exception, the rates are uniformly lower and the distances shorter than from Okmulgee. The exception is Kansas City, Mo., with a rate from Okmulgee of 20 cents for a distance of 392 miles, and the fifth-class rates of 43 and 41 cents from Columbus and Hartford City, for distances of 709 and 622 miles, respectively.

The complainant compares the rate assailed with the rate of 24 cents on glass from Shreveport, La., to Corpus Christi, San Antonio, San Angelo, Big Spring and Quanah, in Texas common-point territory, for an average distance of 443 miles. But the points selected are points of maximum distance, to which the Shreveport rate applies. To Waco, approximately the central point, the distance is 238 miles. The complainant also cites the rate of 17.5 cents on sash, glazed or unglazed, prescribed in Oklahoma Traffic Assn. vs. A. & S. Ry. Co., 26 I. C. C., 329, for application from Oklahoma City, Okla., and Okmulgee to all points in the Dallas-Fort Worth territory, including Waco, and

observes that the glass so shipped, which is said to constitute 60 per cent of the weight of an average-sized glazed sash, takes a lower rate than when shipped in straight carloads. This, complainant contends, is not justified from a transportation standpoint, since, it was testified, glass may be shipped in any type or condition of car, without injury, while glazed sash requires better equipment and is more liable to damage. At the same time it is conceded that damage to either commodity is rare, and that the movement of glazed sash from Okmulgee to Waco has practically ceased by reason of the present competition between the two points. In the case above cited we observed that throughout the Southwest window glass generally takes higher rates than sash.

The 30-cent rate applies from Okmulgee and Sapulpa, Okla., and Fredonia, Coffeyville, Caney, Augusta and Independence, Kan., all window-glass producing points, to all points in the Dallas-Fort Worth group, with the exception that from Okmulgee and Sapulpa to Dallas, Fort Worth and intermediate points the rate is 25 cents. The defendants cite 15 points in the 30-cent group, but including none nearer than Waco, to which the average distances are approximately 428 miles from Okmulgee, 445 miles from Sapulpa, and upward of 500 miles from the Kansas points. The rate sought by the complainant would be 3 cents lower than that in effect to Dallas and Fort Worth, 252 and 266 miles, respectively, from Okmulgee. To Waco the 30-cent rate yields 1.7 cents per ton-mile as against 2 cents under the 24-cent rate from Shreveport.

Upon all the facts of record, and particularly considering the distances for which the 30-cent rate is carried from the Kansas glass-producing points, we are of the opinion and find that the rate assailed was unreasonable to the extent that it exceeded 25 cents per 100 pounds. We further find that the complainant made the shipments as described and paid and bore the charges thereon; that it has been damaged to the extent of the difference between the charges paid and those that would have accrued at the rate herein found reasonable, and that it is entitled to reparation with interest. The exact amount of reparation due cannot be determined upon the present record, and complainant should prepare a statement showing the details of these shipments in accordance with rule V of the Rules of Practice, also specifying the date on which the charges were paid, which statement should be submitted to the defendants for verification. Upon receipt of a statement so prepared and verified, we will consider the entry of an order awarding reparation. The carriers concerned are now under federal control and an opportunity was afforded to amend the complaint by making the Director General of Railroads a party defendant. As no amendment was filed no finding or order for the future can be made effective in the present state of the pleadings.

By the Commission, Division 3.

REPARATION ON LUMBER

CASE NO. 9938 (51 I. C. C., 174-176)
NICHOLS & COX LUMBER COMPANY VS. NEW YORK
CENTRAL RAILROAD COMPANY.

Submitted February 8, 1918. Opinion No. 5406.

Transportation and demurrage charges collected on a carload of gum lumber from Helena, Ark., to Medina, N. Y., found to have been illegal. Reparation awarded.

BY DIVISION 3:

Complainant is a corporation engaged in the lumber business at Grand Rapids, Mich. By complaint filed October 25, 1917, it alleges that the combination rate on Buffalo, N. Y., charged by defendant on a carload of gum lumber shipped May 3, 1917, from Helena, Ark., and ultimately forwarded to Medina, N. Y., and certain demurrage charges assessed at Buffalo, were illegal, unjustly discriminatory, and unduly prejudicial. Reparation is asked. Rates are stated in cents per 100 pounds.

The shipment, weighing 73,300 pounds, was originally consigned to Dupon, Ill., but was reconsigned to complainant at Buffalo at the through rate, in accordance with the provisions of the governing tariffs. It moved over the St. Louis, Iron Mountain & Southern Railway, now the Missouri Pacific Railroad, Chicago, Peoria & St. Louis Railway, and Lake Erie & Western Railroad to Sandusky, Ohio, and New York Central Railroad to Buffalo, where it ar-

received May 30, 1917. The latter carrier is the only party defendant. Complainant refused to accept it at Buffalo, as request had been made on May 14, 1917, and again on May 18, 1917, that upon its arrival at that point the car be re-consigned to Rochester, N. Y., at the through rate. Defendant refused to re consign the shipment to Rochester on that basis because of alleged existing embargoes, but offered to forward it to Rochester, treating it as a new shipment from Buffalo and applying the local rate. Complainant insisted on its reconsigning instructions, and the car remained at Buffalo. On June 18, 1917, complainant requested defendant to re consign the car to Medina, but defendant refused for the same reasons given with respect to the reconsignment to Rochester. On July 27, 1917, upon the payment of the charges that had accrued on the shipment up to that date, defendant forwarded the car to Medina under a new bill of lading tendered by complainant. Charges were collected in the sum of \$432.70, composed of \$178.85 at a joint rate of 24.4 cents from Helena to Buffalo, \$38.85 at the sixth-class rate of 5.3 cents from Buffalo to Medina, and \$215 demurrage charges which accrued at Buffalo. Complainant contends that the transportation charges collected were illegal to the extent that they exceeded those that would have accrued at a joint rate of 26 cents applicable at the time of movement on gum lumber in carloads from Helena to Medina, plus a reconsigning charge, and that the demurrage charges also were illegally assessed.

The defendant's reconsignment tariff, governing the shipment, provided for reconsignment at Buffalo at the through rate applicable from point of origin to final destination, with a reconsigning charge of \$2 per car, if the order to reconsignment was given after arrival of a shipment at destination and before being placed for delivery. The tariff also provided:

No freight can be diverted or reconsigned under the rules contained in this circular to a station or point of delivery against which an embargo has been placed, either during or subsequent to the removal of such embargo, if the freight was forwarded from point of origin during the life of the embargo.

The defendant contends that certain embargoes prohibited the reconsignment of the shipment from Buffalo to either Rochester or Medina, and that the tariff rule quoted accordingly limited reconsignment. The tariff rule places a limitation only on reconsignment "to a station or point of delivery" against which an embargo has been placed. It is agreed that no embargo existed against Buffalo, Rochester or Medina as points of delivery. Irrespective of the alleged embargoes against the reconsignment of carload freight at or from Buffalo, the limitations in defendant's reconsignment tariff were only as to points which were embargoed, and therefore the tariff rule did not prohibit reconsignment either to Rochester or Medina. The fact that charges were collected and a new bill of lading issued at Buffalo did not change its essential character as a through shipment reconsigned at Buffalo.

The defendant's demurrage tariff applied on "cars held for or by consignors or consignees for loading, unloading, forwarding directions, or for any other purpose." Concerning similar demurrage rules, we said in *Crescent Coal & Mining Co. vs. B. & O. R. R. Co.*, 20 I. C. C., 559, at page 567:

Obviously, the words "or for any other purpose" apply only to cars held by consignors or consignees. They cannot mean that demurrage can be assessed against a shipper or consignee unless cars are held by him for some purpose of his own. These words limit the charges to cases in which cars are held awaiting action by the consignee or shipper, such as loading or unloading, the giving of forwarding or delivery directions, the payment of freight, etc.

The shipment was not held at Buffalo for or by consignor or consignee.

We find that the transportation charges collected were illegal to the extent that they exceeded those that would have accrued at the through rate of 26 cents per 100 pounds, plus a reconsigning charge of \$2, and that the demurrage charges were illegally assessed. Complainant does not contend that the charges legally applicable were unjustly discriminatory or unduly prejudicial.

We further find that complainant made the shipment as described and paid and bore the charges thereon; that it has been damaged to the extent of the difference between the charges collected and those herein found legally ap-

plicable; and that it is entitled to reparation in the sum of \$240.12, with interest.

An order awarding reparation will be entered against the defendant, but the other participating carriers should join in the payment of the reparation resulting from the overcharge in rate.

WILLAMETTE VALLEY CASE

CASE NO. 9536

(51 I. C. C., 250-263)

WILLAMETTE VALLEY LUMBERMEN'S ASSOCIATION
VS. SOUTHERN PACIFIC COMPANY ET AL.

Submitted Oct. 3, 1918. Opinion No. 5435.

1. Rates charged for the transportation of lumber and forest products from certain points in the Willamette Valley in Oregon to various points in the states of Montana, Wyoming, North Dakota, South Dakota, Nebraska, Minnesota, Wisconsin and Michigan, and in the provinces of Manitoba and Saskatchewan, Canada, found to be relatively unreasonable and unjust and unduly prejudicial to the extent they exceed the rates contemporaneously maintained from the coast group, including Portland, Ore., to the same destinations, and defendants required to establish joint rates on the basis specified.

Report of the Commission

Complainant is a voluntary association of manufacturers of forest products, operating mills located on the main and branch lines of the Southern Pacific Company in the Willamette Valley in Oregon. In its complaint filed March 6, 1917, it alleges that defendants' rates on forest products, including lumber, in carloads, from the points where the mills of its members are located to points in the states of Montana, Wyoming, North Dakota, South Dakota, Nebraska, Minnesota, Wisconsin and Michigan, and the provinces of Manitoba and Saskatchewan, Canada, which are made by combination on Portland, Ore., are unreasonable, unduly prejudicial to complainant and unduly preferential of other shippers and localities in the Northwest territory. It asks the establishment of joint rates on the "coast group" basis of rates which applies from Portland and other points along the Columbia River and in western Washington. The United States Department of Agriculture was permitted to intervene and filed a brief in support of the complaint. Rates herein mentioned are stated in cents per 100 pounds.

The Willamette Valley in western Oregon extends south from Portland to some distance beyond Eugene, Ore., and lies between the Cascade and Coast ranges of mountains. The most southerly point involved in this complaint is Leona, Ore., which is 159 miles south of Portland. The most northerly point involved is Sherwood, Ore., which is 19 miles south of Portland. The average distance of the mills of complainant's members from Portland is 82½ miles.

No joint rates on forest products have ever been published from points in the Willamette Valley over the lines of the Southern Pacific to the points of destination herein involved on the Northern Pacific Railway; Great Northern Railway; Chicago, Milwaukee & St. Paul Railway; and other defendant railroads, hereinafter designated the northern lines, except to such points as are on or reached via the Union Pacific system. The combination of the Southern Pacific's local rate to Portland and the coast group rate from Portland to destination has heretofore applied between such points. The rates from the points where the mills of complainant's members are located to Portland range from 4 to 13 cents and average 8.6 cents. The coast group rates applicable from Portland to most points in Montana are 35 cents; to most points in North and South Dakota, 40 cents; and to points farther east, to and including St. Paul, Minn., 45 cents. These rates were established pursuant to the Commission's report and order in *Oregon & Washington Lumber Mfrs. Assn. vs. U. P. R. R. Co.*, 14 I. C. C., 1, and *Pacific Coast Lumber Mfrs. Assn. vs. N. P. Ry. Co.*, 14 I. C. C., 23.

For some time the Southern Pacific has been negotiating with the Northern Pacific and Great Northern railways for the establishment of joint rates on forest products from the Willamette Valley to the 40 and 50 cent territory on the northern lines. The negotiations have not been successful, principally because the carriers could not agree upon divisions of the joint rates. The Southern Pacific is willing to join in the establishment of joint rates on lumber upon the basis of the rates applying

from the coast group, but the Northern Pacific and Great Northern object to the establishment of joint rates on basis of the coast group rates or any others that would oblige them to shrink their present earnings or accept as a division less than they now earn on the traffic from Portland. The Chicago, Milwaukee & St. Paul also objects to the establishment of joint rates. The Northern Pacific and Great Northern have also demanded from the Southern Pacific joint rates on other commodities as a condition to the establishment of joint rates on forest products.

Coast group rates on lumber apply from points in the Willamette Valley to points on the Union Pacific Rail-

From Springfield, Ore., to—	Distance, miles.	Present rates, cents.	Proposed rates, cents.	Earnings per car-mile under present rates.
				Based on load of 58,000 lbs., cents.
				Based on load of 67,818 lbs., cents.
Eugene, Mont.	1,119	55	35	23.84
Chicago, N. D.	1,500	51	40	17.80
St. Paul, Minn.	1,977	55	45	16.47

road in Wyoming, Colorado and Nebraska, also to such points as Chicago, Ill., and New York, N. Y. Joint rates on other commodities, such as hops, dried fruits and canned goods, are maintained from Southern Pacific points in the Willamette Valley to certain points on the Northern Pacific, which rates are the same as from Portland and western Washington. Joint rates on forest products on the coast basis are maintained from points in the Willamette Valley on the Oregon Electric Railway to points on the northern lines to which a rate of 40 cents or greater applies from Portland and western Washington. An arbitrary of 5 cents over the Portland rate applies to points taking a less rate than 40 cents. The Oregon Electric extends from Portland to Eugene, and serves one or two of the mills operated by complainant's members. It is owned by the Spokane, Portland & Seattle Railway, which in turn is jointly owned by the Northern Pacific and Great Northern. The latter would prefer to cancel the joint rates with the Oregon Electric rather than have them considered a precedent for the establishment of similar rates with independent carriers. Some two or three points on the Oregon Electric from which joint rates now apply are common points with the Southern Pacific. It is pointed out that if Southern Pacific points are accorded the coast group basis of rates to 35-cent territory, their rates to such territory will be 5 cents less than from Oregon Electric points, because, as stated, joint rates from the latter are made by adding an arbitrary of 5 cents to the Portland rate; also that the application of the coast group basis of rates from Southern Pacific points in the Willamette Valley would make a less rate and charge than now applies from mills on the Southern Pacific Company's tracks in the city of Portland unless the northern lines should absorb the Southern Pacific Company's switching charge from the mill in Portland.

Complainant submitted numerous comparisons of the rates and earnings on forest products from points in the Willamette Valley on the Southern Pacific to points on the northern lines with the rates and earnings from points on the Columbia River and in western Washington to the same destinations. These comparisons disclose that the ton-mile earnings on the traffic from the Willamette Valley are invariably higher by from 10 to 25 per cent than on traffic from western Washington. Considering that the distance from the most northerly point in the Willamette Valley involved in the complaint to the nearest point in the 35-cent territory is over 600 miles and that the distances range from that on up to approximately 2,000 miles to St. Paul, there is no substantial difference in the average of distances from the Willamette Valley points involved in this complaint and from points on the Columbia River and in western Washington to the destinations involved.

Transportation conditions are no more difficult as regards traffic from the Willamette Valley than from Columbia River or western Washington points, as the haul to

Portland is on a water grade. In City of Astoria vs. S. P. & S. Ry. Co., 38 I. C. C., 16, 21, which is referred to by complainant in argument, the Commission commented on the favorable operating conditions between Astoria, Ore., and Spokane, Wash., as compared with the lines between Seattle, Wash., and Spokane.

The following table shows the distances, rates and car-mile earnings under the present and proposed rates from Springfield, Ore., a representative point in the Willamette Valley, to a representative point on the northern lines in each of the 35-cent, 40-cent and 45-cent territories, as compared with the average car-mile earnings of those lines on all traffic:

Earnings per car-mile under present rates.	Earnings per car-mile under proposed rates.	Railroad.	Average earnings per car-mile on all traffic, cents.	Average length of haul on all traffic, miles.
Based on load of 58,000 lbs., cents.	Based on load of 67,818 lbs., cents.			
18.14	21.21	Northern Pacific	16.25	293
13.65	15.96	Great Northern	17.62	246
13.20	15.49	Chicago, Milwaukee & St. Paul	13.15	248

The computation of car-mile earnings on forest products is based on the average loading, as shown by the record, of 58,000 pounds in Washington and Oregon and 67,818 pounds in the Willamette Valley. The car-mile earnings on forest products from the Willamette Valley under both the present and proposed rates are generally greater than the average car-mile earnings of the northern lines on all traffic, notwithstanding that the average haul from the Willamette Valley is much longer than the average hauls of the northern lines on all traffic.

There is at present little or no traffic in forest products from Willamette Valley points moving on the Portland combination to points on the northern lines, and the latter contend that whatever lumber might move from the Willamette Valley under the joint rates would displace an equal movement from mills located on the northern lines and thereby deprive them of the long haul. One of the reasons why the northern lines resist the establishment of joint through rates on the coast group basis is that they desire to conserve the destination markets on their lines so far as possible to the shippers who originate traffic on their respective lines. The witness for the Chicago, Milwaukee & St. Paul frankly stated that his line objected to the establishment of joint rates from points in the Willamette Valley because of its obligation to mills on its own line, and its obligation to its stock holders.

The record discloses that while Oregon has about 58 per cent of the total stand of timber in Oregon and Washington, its lumber production is only 33 per cent of the total production of the two states, or about half that of Washington. Complainant attributes this difference to the limited markets to which Oregon has access under present rates. Complainant contends, and it is not denied by defendants, that it is impossible for its members to ship lumber to points on the northern lines under present rates or under any rates that are higher than those contemporaneously in effect from the Columbia River and western Washington.

The northern territory affords the best markets for the kind of lumber manufactured in the Willamette Valley. The same kinds of lumber, fir and hemlock, are manufactured along the Columbia River and in western Washington as in the Willamette Valley; the methods and cost of manufacture are substantially the same, and the two districts compete in common markets. The Willamette Valley has lower rates than mills in western Washington to certain territory in northern California, but most of the mills along the Columbia River and in western Washington have water transportation which enables them to reach a much wider range of markets than is open to the mills in the Willamette Valley.

Generally speaking, the coast group rates are regarded by the northern lines as terminal rates; that is, the rates from mills in the coast group on the northern lines apply only to points on the line originating the traffic; they are not applied from a local point on one of the northern lines to a local point on either of the other northern lines, ex-

cept that the Northern Pacific has joint rates via western junctions to Chicago, Milwaukee & St. Paul local stations. It is contended that if complainant's petition were granted, shippers from points in the Willamette Valley would thereby gain an advantage over their competitors in the coast group, since the complainant's members would have joint rates to points on all the northern lines.

The Department of Agriculture in behalf of the Forest Service, which has much standing timber in Oregon, urges the establishment of the joint rates, contending that the Willamette Valley would thereby be enabled to furnish lumber for shipbuilding at such points as Duluth, Minn., and Superior, Wis. It is argued on behalf of the department, as well as by the complainant, that the granting to the Willamette Valley of equal rates with western Washington to the destination territory here involved would result in greater development and increased prosperity for the state of Oregon.

McCHORD, Commissioner:

The above statement of facts was prepared by the examiner and served on the parties April 9, 1918. Exceptions were filed, and the case was set for argument on June 15, 1918. On June 5 the parties were notified that the argument had been cancelled. Later the case was again set for argument on October 3. On that date the parties appeared; argument was had; and the case was submitted.

Before discussing the exceptions to the report it is appropriate to state the reasons which prompted the Commission to postpone the argument in June. On December 26, 1917, the President issued a proclamation under which the federal government assumed generally control of the transportation systems of the country for war purposes on December 28, 1917. The President appointed a Director-General of Railroads to administer the government control and to operate the railroads so as to effectuate the purpose for which they had been taken over by the government. On December 29, 1917, the Director-General issued his General Order No. 1, in which, among other things, he said:

All transportation systems covered by said proclamation and order (President's proclamation and order taking over the railroads) shall be operated as a national system of transportation, the common and national needs being in all instances held paramount to any actual or supposed corporate advantage. All terminals, ports, locomotives, rolling stock, and other transportation facilities are to be fully utilized to carry out this purpose without regard to ownership.

On March 21, 1918, the Congress passed, and the President approved, an act, known as the federal control act, hereinafter called the control act, entitled "An act to provide for the operation of transportation systems while under federal control, for the just compensation of their owners, and for other purposes."

On May 25, 1918, the Director-General of Railroads issued his General Order No. 28, supplemented June 12, in which, among other things, rates for transportation of freight were to be increased on June 25, approximately 25 per cent, and rates for transportation of lumber were to be increased 25 per cent, but not exceeding 5 cents per 100 pounds.

There was doubt in the minds of some of the commissioners whether an order if issued by the Commission against carriers under federal control would be effective if the Director-General was not a party to the proceeding. Arguments set in June which involved rates which would be increased as the result of the Director-General's General Order No. 28, were cancelled to give the Commission an opportunity to formulate new rules of practice, and to provide for making the Director-General a party defendant in pending cases, should that be found advisable.

A public hearing was held by the Commission on July 24 in response to a notice previously issued reading in part as follows:

Must the justness and reasonableness of rates, fares, charges, classifications, regulations and practices initiated by the Director-General, under authority of the Federal control act of March 21, 1918, be determined upon original complaints in new proceedings, or may such issues be properly raised by amendment to pending complaints wherein the rates, fares, charges, classifications and practices of the carriers superseded by those initiated by the Director-General are assailed?

At the hearing a representative of the Director-General agreed that the Commission should put aside any technical or rigid construction of the law, and for the purpose of expediting cases and saving the parties unnecessary labor and expense, in each instance pass upon a motion to allow

an amendment making the Director-General a party defendant in such manner as in its discretion it may think proper. It was also stated by him that with respect to most cases in the hands of the Commission it would not be necessary to have further hearings. In other words, that no additional evidence would be needed except such as will bear upon the policy expressed in the control act and the reasons that led to the initiation of the rates and fares that became effective in June.

Accordingly, rules of practice were framed by the Commission and publicly announced. Complainants were advised that they might make application to amend their complaints on or before October 1, and notify the Commission whether it was their desire to submit additional evidence.

On August 16 the complainant herein tendered and the Commission permitted to be filed a supplemental complaint naming the Director-General a party defendant and reciting the increases in rates that were established as the result of General Order No. 28. The Commission and the Director-General were advised by complainant that it did not desire to submit additional evidence. It stated that it wished to argue the case before the Commission. The amendment to the complaint was allowed by the Commission.

On September 19 the answer of the Director-General was filed. In it he states that:

He admits that since the filing of the original complaint herein there was made his General Order No. 28, and he avers it is therein by him found and certified to this Commission that in order to defray the expenses of Federal control and operation fairly chargeable to railway operating expenses, and also to pay railway tax accruals other than war taxes, net rents for joint facilities and equipment, and compensation to the carriers, operating as a unit, it was necessary to increase the railway operating revenue, also that in his opinion the public interest required a general advance in freight rates, passenger fares, and baggage charges, as therein provided; and he further avers that all rates as now in force and complained of herein have been established pursuant to and in accordance with said order.

Further answering respondent says that the alleged unlawfulness of the rates complained of herein is to be determined alone by the provisions of the Federal control act, and he denies that said rates or any of them as now in force are in violation of the provisions of said act.

No request to take additional evidence was made on behalf of the Director-General.

The arguments made by different representatives of the railroads and the Director-General may be condensed into the following main contentions:

1. That the words "just and reasonable" used in the control act have meanings different from those applied to them in the act to regulate commerce.
2. That the evidence now in the case is irrelevant to the issues presented by the supplemental complaint and is insufficient for their determination.
3. That the rates initiated by the Director-General in themselves, and in their relation to each other are presumed to be right, and they cannot be changed without an affirmative showing that they are wrong.

These contentions raise questions of the utmost importance with respect to the Commission's power to determine the issues presented on the record in this case.

Section 10 of the control act, among other things, provides:

That carriers while under Federal control shall be subject to all laws and liabilities as common carriers, whether arising under state or Federal laws or at common law, except in so far as may be inconsistent with the provisions of this act or any other act applicable to such Federal control or with any order of the President. . . . That during the period of Federal control, whenever in his opinion the public interest requires, the President may initiate rates, fares, charges, classifications, regulations and practices by filing the same with the Interstate Commerce Commission, which said rates, fares, charges, classifications, regulations and practices shall not be suspended by the Commission pending final determination.

Said rates, fares, charges, classifications, regulations and practices shall be reasonable and just and shall take effect at such time and upon such notice as he may direct, but the Interstate Commerce Commission shall, upon complaint, enter upon a hearing concerning the justness and reasonableness of so much of any order of the President as establishes or changes any rate, fare, charge, classification, regulation or practice of any carrier under Federal control, and may consider all the facts and circumstances existing at the time of making the same. In determining any question concerning any such rates, fares, charges, classifications, regulations or practices, or changes therein, the Interstate Commerce Commission shall give due consideration to the fact that the transportation systems are being operated under a unified and coordinated national control and not in competition.

After full hearing the Commission may make such findings

and orders as are authorized by the Act to regulate commerce as amended, and said findings and orders shall be enforced as provided in said act: Provided, however, That when the President shall find, and certify to the Interstate Commerce Commission that in order to defray the expenses of Federal control, and operation fairly chargeable to railway operating expenses, and also to pay railway tax accruals other than war taxes, net rents for joint facilities and equipment, and compensation to the carriers, operating as a unit, it is necessary to increase the railway operating revenues, the Interstate Commerce Commission in determining the justness and reasonableness of any rate, charge, classification, regulation or practice shall take into consideration said finding and certificate by the President, together with such recommendations as he may make.

This law requires that the Commission in determining questions concerning rates initiated by the President shall take into consideration the fact that the defendant carriers are being operated as a unified and co-ordinated national system and not in competition; that the rates were initiated under a certificate of the President; and that consideration shall be given to that certificate and to any recommendation the President may make with respect to such rates. In other words, Congress intended that the Commission is not to interfere by any action it may take, or any order it may make, with the operation of the railroads of the country for purposes for which government control was assumed, or reduce rates initiated by the President without carefully weighing all the circumstances under which they were initiated and fully considering the reasons therefor and the purposes sought thereby.

The words "just and reasonable" as used in the control act obviously bear a similar or closely analogous meaning to that attaching to their use in the act to regulate commerce; in both cases they are to be construed in the light of all the circumstances and conditions; certainly they are not to be more narrowly construed. Rates made by the President must be reasonable in and of themselves and they must be relatively just in view of all the conditions enumerated in the control act and in view of other circumstances and conditions.

The second contention that the evidence already taken in this case is irrelevant and insufficient to support the issues raised in the supplemental complaint is untenable. It is to be remembered that the real issue in the case is now, and was when it was heard and first submitted, one of relationship. In his argument counsel for complainant stated that no complaint is made of the increase in the rates from Portland. The allegation is that the rate adjustment is unduly prejudicial to complainant's members in favor of other shippers of lumber from north coast points. The complainant also asks for the establishment of joint rates. The rate situation was developed on the record, and its effect on shippers from the Willamette Valley was shown. On argument it was stated by a representative of the Director-General that there had been no change in the situation so far as the physical movement of, and the rate adjustment applicable to, shipments by complainant's members to the territory involved are concerned, since the Director-General assumed control of the principal defendants, except the increase in the rates.

Increased rates on forest products prescribed in General Order No. 28 have been published and are now in effect so as to make the situation of complainant's members more unfavorable than when the case was heard. The following tables gives the rates, in cents per 100 pounds, from representative shipping points in the Willamette Valley to Portland before the increased rates were established and those in effect thereafter; and the distance, in miles, to Portland:

From—	Distance.	Rate, June 24, 1918.	Present rate.
Shastah	3	4	5
Shastah	23	6	6½
Shastah	44	6	7½
Shastah	58	7	9
Shastah	65	7	9
Shastah	89	9	11½
Shastah	121	11	14
Shastah	128	11	14
Shastah	145	12½	15½
Shastah	150	13	16½

Rates from Portland to points in the territory involved on lines of the defendants were increased 5 cents per 100 pounds. Because of the rates initiated by the Director-General, the alleged undue prejudice against complainant's members has been increased. What additional evidence need the complainant offer except the fact of the increase in the discrimination? That appears from the

rates on file, and they are proper to be taken into account. Even if the old relationship had been maintained by an increase of 25 per cent in the through charges no new evidence is needed, nor could any well be submitted by complainant that would enable the Commission better to determine the questions at issue than the evidence now in the record. In simple justice to complainant it should not now be called upon to make further expenditures to show simply what the Commission already has before it.

When General Order No. 28 was issued by the Director-General, he issued a public statement in which, among other things, he said:

The act of Congress provides that the reasonableness and justness of such rates may be dealt with by the Interstate Commerce Commission, so that no interests affected will be deprived of the opportunity for full hearing and consideration. The act of Congress provides that the Commission in passing upon these questions shall take into consideration the President's finding and certificate that in order to defray the expenses of Federal control and operation it is necessary to increase the railway operating revenues. In this connection it is important to make clear that no part of the increase in rates now initiated is on account of the making of additions and betterments or the purchase of new equipment or other expenditures chargeable to investment account. The increases initiated are solely on account of increased burdens tending to diminish railway operating income.

In the nature of things no such far-reaching step can accomplish ideal equalization as between the numerous interests necessarily affected, and doubtless the Commission will find it proper to make readjustments to attain a nearer approach to such equalization. While as far as practicable the rates as initiated are designed to avoid unnecessary disturbance of relative rate bases, the Director-General will cooperate heartily with the Commission in any readjustments needed to accomplish still further the object of avoiding undue preference, which nevertheless may develop upon detailed consideration by the Commission.

It is thus contemporaneously stated by the authority initiating the increased rates that the question of their reasonableness and justness might be dealt with by this Commission, and doubtless the Commission would find undue preferences in some rate adjustments which should and would be corrected. There is no authority in the control act for perpetuating during the period of federal control a rate adjustment that is unlawful under the act to regulate commerce.

If it should be shown to us that to grant the prayer of the complainant would interfere with the operation of the railroads as a unit, or would deprive the government of needed revenue to operate the railroads for war purposes, a different situation would be presented from that now under review. The facts with respect to such showing are with the Director-General. It is not even suggested on the record that what the complainant seeks in this case, if granted, would in any manner interfere with the operation or maintenance of the defendant railroads under federal control for the purposes that dictated the assumption of their control by the federal government.

The evidence shows that the defendant, on the lines of which the traffic originates, had attempted for a number of years to secure an agreement from the northern lines to the establishment and maintenance of joint rates on lumber and forest products to points in the destination territory described in the report of the examiner, but was unable to do so. The reasons given by the northern lines for a refusal to enter into the arrangement were that they considered it their duty to serve lumber mills on their own lines to the exclusion of mills on other and competing lines, and that they were unwilling to shrink their revenues below the Portland rates on traffic from connections.

It has long been well settled that no carrier has the right so to adjust rates on its own lines as unduly to prejudice shippers on other lines, or to deprive such shippers of reasonable and just rates, merely through a desire to serve shippers on its own lines. It is also a rule of well-nigh universal application that shippers may not be deprived of just through rates merely because carriers cannot agree upon a division of joint rates.

On the face of this record, and under existing conditions, there appears to be no good reason why shippers of the complaining association should not have such relatively reasonable rates to points on defendants' lines as will insure them against undue prejudice as compared with their competitors. It does not appear that the establishment of the joint rates prayed for will in any way interfere with the operation of the federally-controlled defendants as a unit. Indeed, so far as appears from this

record it will serve to effectuate the purpose of unified operation. Heretofore because of the rate adjustment complainant's shippers have practically been unable to make shipments to points east of Missoula, Mont., on the northern lines. In so far as a proper rate adjustment will permit them to make increased shipments there will be an addition to the total receipts of the railroads.

The third contention made on behalf of the defendants is that there is a presumption that the rates and relations of rates initiated by the Director General are just and reasonable and cannot be changed with propriety except on affirmative evidence by the complainant to the contrary.

One obvious answer to this contention is that the Director General did not initiate the inequality in the rates which evoked the complaint. The increases initiated by him were superimposed on the then existing basis. That basis was initiated by the defendants and had been maintained by them for many years before federal control. At the hearing the complainant assumed the burden of showing that the rate adjustment was unreasonable and unjust. All the facts are now in the record with respect to that adjustment. It is inconceivable, in our opinion, that the Congress did a vain thing in conferring upon this Commission power to determine whether or not the rates initiated by the Director General are just and reasonable. The same force and effect must be given to that part of the law as to its other provisions. The simple fact is that the rates were unlawful because unduly prejudicial when the evidence was submitted, the changes in rates since federal control have increased the prejudice.

We turn now to consider the exceptions to the examiner's report. The complainant and intervener do not except to the facts as stated. The defendant's exceptions relate to the failure of the examiner to include certain other facts which they assert are important to be considered. We have examined the record and find that the facts are substantially as stated by the examiner. The examiner proposed that the Commission under the facts as found by him should find as follows:

It is not established by the evidence that the rates complained of are unreasonable, but it does appear that under the present adjustment of rates from points in the Willamette Valley, Sherwood, Ore., to Leona, Ore., inclusive, to points on the northern lines taking rates of 35 cents or greater from Portland and other points in the coast group are unduly discriminatory and unduly prejudicial to the extent that the rates to points in the 35-cent territory on the northern lines exceed the rates from Portland to that territory by more than 5 cents per 100 pounds, and to the extent that the rates to points in the 40-cent and 45-cent territories exceed the rates from Portland to such territory by more than 2½ cents per 100 pounds. It is recommended that the defendants be required to establish joint through rates on the basis indicated.

To the suggested conclusion the defendants except on the ground that joint rates were suggested, and on a lower basis than the combination on Portland. The complainant excepts upon two main points, namely: First, that the examiner erred in not suggesting that the through charges on shipments of forest products from points in the Willamette Valley to points in the territory described are unreasonable; and, second, that the examiner erred in suggesting that there should be established higher joint rates from points in the Willamette Valley than rates contemporaneously maintained from Portland and other north coast points to common destinations.

We are of the opinion that the first exception of the complainant is not well taken as to the reasonableness of the rates per se, but that the rates attacked are shown to be relatively unjust and unreasonable as compared with other Pacific coast points, as herein found.

With respect to the second exception of the complainant, from a consideration of the entire record, including the changes brought about by federal control and taking into account the provisions of the control act, together with the exceptions of the defendants, we find that the rates on lumber and forest products in carloads, from points in Oregon located on the main line and branch lines of the Southern Pacific Company south of Portland to and including Leona, to points on the lines of defendants in the states of Montana, Wyoming, North Dakota, South Dakota, Nebraska, Minnesota, Wisconsin and Michigan, and the provinces of Manitoba and Saskatchewan, Canada, to which the present rates are contemporaneously maintained from the coast group, including Portland, Ore., are 40 cents per 100 pounds or greater, are

and for the future will be relatively unjust and unreasonable and unduly prejudicial to the extent that they exceed the rates contemporaneously maintained from the coast group, including Portland, to the same destinations. We further find that joint rates should be established on the basis found lawful.

An order will be issued to carry out the findings herein made.

MINIMUM ON CELERY

An award of reparation has been made in No. 8614, Martin Brokerage Co. et al. vs. Sou. Pac. et al., opinion No. 5371, 51 I. C. C., 91-4, on account of an unreasonable minimum of 24,000 pounds on celery, C. L., from Antioch, Cal., to Portland, Ore. The Commission held that a 20,000 minimum would be reasonable, and awarded reparation for the weight in excess of 20,000. The minimum was reduced to 20,000 on Dec. 24, 1913, so that the reparation question was the only one involved.

CHARGES ON RUBBER GLASS

An order of reparation has been made in No. 9362, American Bridge Co. vs. N. Y., N. H. & H. et al., opinion No. 5409, 51 I. C. C., 181-2, on account of an unreasonable rate on rubber glass, carloads, from Ashland, Mass., to Miami, Ariz. Rubber glass is analogous to wired glass and used in competition therewith. Wired glass takes fifth, minimum 36,000 pounds, in Western Classification. Third class was imposed when the shipments moved; subsequently the rating was changed and reparation awarded for the difference.

RATE ON CRUSHED STONE

The Commission has awarded reparation in No. 9446, Sunderland Bros. & Co. vs. C., B. & Q., opinion No. 5411, 51 I. C. C., 185-6, on account of an unreasonable rate on crushed stone from Louisville, Neb., to Haynes, Ia. Class E rate of 7 cents was imposed. The Commission found that 2½ cents would be reasonable. During the same period there was a combination of 3½ cents and the through rate was not protected by fourth section application.

STORAGE OF STAVES

The Commission has ordered reparation in No. 9930, Lucas E. Moore Stave Co. vs. Cent. of Ga., opinion No. 5404, 51 I. C. C., 170-1, on account of an illegal storage charge on 12,900 pounds of staves at Andalusia, Ala. The staves were unloaded on the defendant's right-of-way and the carrier undertook to collect storage charges therefor. The Commission pointed to the storage rule, which is that storage will be imposed when freight is left at a place where the carrier is accustomed to receive or store freight. The staves in question were brought to the railroad right-of-way for loading in cars, but they were not in any sense of the word in transportation.

CHARGES ON MILLET SEED

On account of an unreasonable and unlawful charge on two carloads of millet seed from Kanorado and Selden, Kan., to St. Louis, cleaned in transit at Beatrice, Neb., the Commission has awarded reparation in No. 9584, Pease Grain & Seed Co. vs. C. R. I. & P. et al., opinion No. 5413, 51 I. C. C., 189-90. The Commission held that the tariff gave the carrier no warrant for imposing a charge of two cents for an out-of-line haul, because it held that Beatrice is on the direct line to St. Joseph. There was also in effect a proportional rate of nine cents from St. Joseph to St. Louis, making a through charge of 26 cents. The seed in question paid the combination and a two-cent charge for a so-called out-of-line haul.

RATE ON LUMBER

An order of reparation has been made in No. 9805, Kentucky Lumber Co., Inc., vs. St. L.-S. F. et al., opinion No. 5419, 51 I. C. C., 203-4, on account of an unreasonable rate on a carload of lumber from Sulligent, Ala., to Cynthiana,

Ky. The illegal rate was imposed because the lumber moved over a route which the L. & N. claimed was not the usual one. The Commission pointed out that the tariff did not limit the movement to a particular route and that the rate for the cheaper one must be applied.

RATES ON LUMBER

Holding that the rates on lumber from West, N. C., to Richmond, Va., and various points in Trunk Line territory had been shown to be unreasonable and unduly prejudicial, the Commission has awarded reparation in No. 9816, F. W. Loyd vs. Atlantic & Carolina et al., opinion No. 5383, 51 I. C. C. 121-3. The rates under attack, the Atlantic Coast Line said, are always higher from the short line connection than from the main line point. It also testified that there is no uniform basis for establishing rates to or from these short line points. The Commission found that the challenged rates were unreasonable and unduly prejudicial.

RATE ON CYANAMID

In No. 9376, Virginia-Carolina Chemical Co. vs. Mich. Cent. et al., opinion No. 5405, 51 I. C. C., 172-4, the Commission ordered reparation on a holding that a rate of \$8.45 per ton on cyanamid from Niagara Falls, Ont., to Dothan, Ala., was unreasonable. The rate was unreasonable because it exceeded the combination on Pensacola of \$7.36.

RATE ON FUEL OIL

The Commission held unreasonable and ordered reparation in No. 9300, American Refining Co. vs. St. L.-S. F. et al., opinion No. 5408, 51 I. C. C., 179-80, in connection with which portions of fourth section applications Nos. 461, 627, 796 and 799 were considered. The holding was that the rate on fuel oil from Okmulgee, Okla., to Byrd, Tex., was unreasonable to the extent that it exceeded the aggregate of the intermediate rates to and from San Antonio.

RATES ON DOLOMITE

An order of reparation has been entered in No. 9576, American Sheet & Tin Plate Co. vs. N. Y. C. et al., opinion No. 5412, 51 I. C. C., 187-8, on account of unreasonable rates on dolomite from Natural Bridge and Benson Mines, N. Y., to Vandergrift, Pa. The challenged rates were \$2.52 per ton. The Commission held that they should not have exceeded \$2 per ton from the points mentioned.

HOLDEN'S SEPTEMBER REPORT

The Traffic World Washington Bureau.

In making public a report from Hale Holden, director of the central western region, for September, a Railroad Administration press notice of October 21 says it shows "that the movement of traffic over the railroads in that region was better than normal and reviews in detail traffic conditions as well as economies effected through better loading, consolidation of facilities and more direct routing." Continuing, the press notice says:

"The report demonstrates that the 'sailing day' plan now in effect has already reached the point where it is saving 3,429 cars per week. There has been an increased loading in the region of coal, grain and live stock. Particular attention has been paid to the live stock situation, with the result that an increase of 19 per cent in loading was brought about. Good results were also achieved through more intensive loading of all kinds of commodities throughout the month. Full car supply was available in the midcontinent oil field for the loading of oil. Mr. Holden's report also shows that in spite of disadvantages more shop work was accomplished in the region than in the same month a year ago. Ticket office consolidations in the region have been effected which will save a total of \$567,978 per annum."

The report follows:

"Following my letter of September 5 reporting general conditions in the central western region for the month of August, I have to report for the month of September as follows:

"The weather has been seasonable and favorable operating conditions have existed on all lines, with but very few isolated cases of temporary congestion or accumulation, and it has been necessary to divert from proper routes or delay very little traffic.

"The movement of grain, which was unusually heavy during the month of August, continued in September up until the eighteenth, when, on account of the fact that the elevator capacity at practically all primary markets was filled much earlier than usual, it was necessary, through co-operation with the Food Administration and Grain Control Committees, to place a limited embargo, under the permit system, at the principal primary markets. Grain control committees were established and, through the splendid co-operation of the grain interests generally, the situation has been well in hand since the date mentioned above.

"The car supply generally has been adequate to meet requirements with the exception of double-deck stock cars for special loading. Unfavorable feeding and weather conditions on western mountain ranges caused practically all of the stock raisers and feeders to want to ship at once. The supply of both single and double deck stock cars is limited and there have been some disturbing elements to the situation in consequence, resulting from our inability to satisfy all the interests. As a matter of fact, however, the business has been moved as fast as the stock yards companies could handle it, and we have been compelled to hold back stock at Omaha and Kansas City because it could not be taken care of by the stock yards company.

"Car loading was as follows:

	1918.	1917.	Increase.	Per ct. increase.
Total cars coal loaded.....	164,343	142,299	22,043	15.5
Total cars grain loaded.....	83,658	27,402	6,256	22.8
Total cars revenue freight loaded.....	553,868	573,377	*19,509	*3.4
Total cars revenue freight received from connections..	301,758	292,946	8,812	3.0

*Decrease.

"While there was a substantial increase in the loading of several commodities, such as coal, grain and live stock, the total loading shows a slight decrease caused by falling off of miscellaneous loading and also by the more general intensive loading of cars this year as compared with the same period last year. This is particularly true of the less-carload merchandise loading, where a very large number of cars were saved by heavier loading and the adoption of the 'sailing day plan.'

Sailing Day Plan.

"During the month of September the sailing day plan was inaugurated at the following points, resulting in savings shown:

	Car savings per week, cars.		Car savings per week, cars.
Albuquerque, N. M.....	48	Muscatoine, Ia.	28
Arkansas City, Kan.....	12	Oakland, Cal.	70
Burlington, Ia.	125	Ottumwa, Ia.	49
Davenport, Ia., Rock Island, Ill., Moline, Ill.....	64	Pueblo, Colo.	82
Deming, N. M.	11	Raton, N. M.	2
Denver, Colo.	187	Sacramento, Cal.	40
Dodge City, Kan.	45	San Francisco, Cal.	134
Fresno, Cal.	55	San Jose, Cal.	10
Great Bend, Kan.	25	Springfield, Ill.	84
Hutchinson, Kan.	54	Stockton, Cal.	49
Independence, Kan.	6	Topeka, Kan.	110
Kansas City, Mo.	570	Wellington, Kan.	25
Larned, Kan.	14	Winfield, Kan.	15
Las Vegas, N. M.	48		
Los Angeles, Cal.	124	Total	2,091

"In my report for the month of August I showed that the total saving from the installation of the plan during that month aggregated 1,338 cars per week. The total saving to date is therefore 3,429 cars per week, which is without question having a favorable effect on the car situation generally.

"Fruit Traffic: One hundred and twenty-six fruit specials, with 4,758 cars operated from California to the Missouri River and Chicago, with an average of 37 cars per train. Seventy-four special fruit trains originated in Colorado, with a total of 2,226 cars, an average of 30 cars per train. As in former months, all fruit specials were operated on conservative schedules and were filled to

enough tonnage with dead freight to insure economical trainload and satisfactory time performance.

"Live Stock: The loading of live stock in this region shows an increase of 19 per cent. Kansas City market handled a total of 19,046 cars inbound, an increase over same month last year of 5,705 cars, or 42 per cent; 8,396 cars handled outbound, an increase of 2,022 cars, or 31.7 per cent. South Omaha market had inbound 14,040 cars, increase 3,506 cars, or 33.3 per cent; outbound 7,243 cars, increase 1,243 cars, or 20 per cent. St. Joseph market handled a total of 5,662 cars inbound, an increase of 1,312 cars, or 30 per cent; outbound 1,527 cars, increase 449 cars, or 41.6 per cent.

"Oil Traffic: A full car supply was available in the mid-continent fields at all times. From this district a total of 516 oil trains were operated, with 14,319 cars, an average of 28 cars per train, of which the Santa Fe handled 91 trains, with 2,984 cars, or an average of 33 cars per train.

"Troop Movements: We operated from all camps a total of 73 special trains, with 26,766 men, the larger movements being 21 trains, 8,316 men; 20 trains, 6,510 men; and 18 trains, 8,431 men. All trains were operated on schedule and without accident.

Coal Traffic: The coal situation in Illinois and Indiana during the month of September was more satisfactory in point of car supply than during the month of August, but much less satisfactory from a production standpoint, as indicated by the following figures, which cover loading in the central zone or district, and are a little more in excess of the actual coal loading in the central western region:

	August.	September.
Cars loaded, 1918.....	184,235	172,585
Cars loaded, 1917.....	150,940	146,302
Increase over previous year.....	33,295	26,283
Per cent of increase over previous year..	22	18

"It will be noted less cars were loaded in September than during the previous month, due to mines not working Labor Day and many mines being down on the 18-45 registration day, and for the primary a few days later. Conversely, these holidays enabled the railroads to make a better showing as to car supply.

"Even with the decreasing loading the Fuel Administration has been pressed to provide markets, and has only been able to do so by arranging for the sale of coal to railroads for movement beyond the normal commercial zone. In order to continue the ratio of increased loading over last year, particularly in Illinois, the Fuel Administration gave consideration the latter part of September to the established zone lines. As a result, the present summer zone line through Wisconsin and Minnesota will be continued as winter line on all prepared sizes and mine run. The lower peninsula of Michigan will be held open all winter for Indiana, all grades, and for Illinois screenings.

"The accumulation of coal on track in the Chicago district is growing less and is practically down to normal. The state and Cook county organizations of the Fuel Administration have taken hold of the situation vigorously and will undertake to force unloading.

"Taking it as a whole, the performance of the railroads during the month of September in this territory in coal loading was all that could be asked by the Fuel Administration. There is the closest co-operation between the railroad officers and the Fuel Administration and the general organization is working harmoniously and to the best interests. Reports for the five months since April indicate that the commercial coal requirements for Illinois consumption were 48,360 cars per month, or a total of 241,800 cars. We have loaded and handled 290,380, an excess over the requirements of the Fuel Administration of 48,450 cars, or 17 per cent. Figures for September not yet available in detail indicate a still further excess over the requirements.

Terminal Situation.

"All the large terminals in the district have been operated effectively and, outside of the abnormal movement of grain and live stock above mentioned, there has been no congestion either in carload or less-carload business.

"The labor situation at freight houses has become more stabilized than for any other month during the past year and the result has been a clean-up at all the less-carload freight houses to practically a normal basis.

"Power and Equipment Conditions: Our labor situation seems to be improving and the force of men in the mechanical department as shown by the following statement is encouraging. Figures quoted indicate a slight increase in the percentage of engines out of service requiring over 24 hours to repair, but the situation is better than indicated, in view of the fact that more of our power has had general overhauling and is, I think, in better condition generally than it was this time last year. Our orders for new equipment are not being filled as rapidly as we would like to see them, but this condition is receiving necessary attention.

Men in Car and Locomotive Departments, September.

	1918.	1917.	Increase.	Per ct.
Car department	25,634	22,588	3,046	13.5
Locomotive department...	63,306	56,693	6,613	11.7
Total	88,940	79,281	9,659	12.2

Total cars on line	379,106
Bad orders	20,134
Percentage of bad orders.....	5.3
Bad orders same date last year.....	20,020
Increase	114
Percentage of increase .....	.6
Total locomotives on line	12,242
Number out of service for repairs requiring over 24 hours	1,974
Percentage out of service.....	16.1
Number out of service for repairs requiring over 24 hours, same date last year.....	1,749
Increase	225
Percentage of increase.....	12.9
Number of locomotives turned out of shops, 1918.....	3,050
Number of locomotives turned out of shops, 1917.....	2,621
Percentage of increase.....	1.6
Number of foreign locomotives turned out of shops:	
Locomotives repaired for B. & O.....	11
Number of locomotives for eastern lines, classified repairs:	
C. B. & Q., West Burlington Shops.....	B. & O. 2
A. T. & S. F., Topeka Shops.....	B. & O. 2
C. R. I. & P., Silvis Shops.....	B. & O. 3
I. C., Burnside Shops.....	B. & O. 4
Number of locomotives on foreign lines:	
A. T. & S. F., on Pennsylvania.....	19
C. R. I. & P.,—	
On Pennsylvania	15
On Frisco	8
Illinois Central—	
On B. & O.	3
On Pennsylvania	1
On L. & N.	3
Southern Pacific, on Pennsylvania.....	2
Union Pacific—	
On C. & O.	4
On Hocking Valley	3
On B. & O.	7

Maintenance of Way.

"The federal managers as a whole report the condition of their track and property in as good condition as it was last year. There are one or two exceptions to this statement, the explanation being that shortage of labor is responsible for the condition.

"The proper departments at Washington have been advised of the rail and tie situation, which at the present time is more or less discouraging. Our lines are short approximately 230,000 tons of rail and the only immediate prospect in sight is the output from the Colorado Fuel & Iron Company at Minnequa, Colo., from which we expect to get 3,500 tons per week. This is being made a study of special investigation by my engineering staff.

"The tie situation is unsatisfactory. The shortage as of September 1 represented approximately 6,200,000 ties, an average of 120 ties per mile of line in the region. This has been brought to the attention of the Central Purchasing Committee.

"Attention is being given to the question of providing for the more important classes of materials which will be required for improvement and maintenance work during the year 1919. Arrangements are in making to place orders so as to get a reasonably prompt delivery next spring.

"Routing: Reports received so far for the month of September show a total saving of 492,714 car-miles as result of rerouting shipments from circuitous to direct routes. These figures do not include savings effected by shippers selecting direct routes upon the request of the carriers, nor do they include all savings effected by the carriers in rerouting at point of origin. In my next report I hope to be able to give some definite figures as to the latter, but in face of the former it will be difficult to even furnish an approximation.

"Consolidated Ticket Offices: During the month of Sep-

tember consolidated ticket offices were opened at Denver, Colo.; Kansas City, Mo.; Peoria, Ill.; St. Joseph, Mo.

Prior to September 1, 21 offices were opened and there now remain but five offices to be opened. It is estimated that these consolidations will result in an annual saving of \$379,059.16 for rent, \$188,919.37 for salary and other expenses, or a total of \$567,978.53.

"Our reports show that in the offices that have been opened the service is good, although great difficulty is experienced in securing and holding experienced employees. The school at Chicago for the education of women as ticket sellers and information clerks was opened October 1. Much interest in the project has been developed and more than 1,000 applications for enrollment were filed. The school opens with 50 students, which is the total that can be properly handled. The personnel of the next class, which will start about 8 weeks hence, is also arranged.

"Reductions and Increases in Passenger Train Miles: During the month of September there were additional eliminations of 26,500 passenger train miles in local service on the O. S. L. between Ogden and Salt Lake City. On the other hand, because of the very heavy travel, it was found necessary to restore trains 7 and 8 on the Union Pacific between Omaha and Ogden, effective September 1. As a result of putting these trains on, the Union Pacific was enabled to eliminate the second section of train 9 from Omaha to Ogden and train 6 from Ogden to Omaha, so that there was no increase or decrease in train mileage, but the addition of trains 7 and 8 made possible the reduction between Ogden and Salt Lake City mentioned above.

"In addition, a revision of schedules on the L. A. & S. L. between Salt Lake City and Nephi resulted in saving 55,714 train miles. The net reduction is, therefore, 32,214 train miles.

"Early Movement of Winter Supplies: The campaign to induce shippers and receivers of freight to arrange for early movement of their traffic in order to relieve the situation during the winter months has been carried on energetically and reports show that excellent results have been and are being obtained.

"Foreign Line Representation by Home Line Roads: One of the most useful services performed in the past by the offline agencies was the information they were able to give shippers in regard to rates, routes, terminal facilities, etc., with respect to their lines, and the assistance they were able to render in connection with shipments to or from points on such lines. In order that this service may still be available in so far as possible, arrangements have been effected at a number of important cities and will be put in effect at others, by which each home line has been designated to represent one or more foreign lines.

"Liberty Loan Campaign Trains: The Liberty Loan Campaign has been thoroughly organized in the region and the figures to date indicate that 63 per cent of the employees have subscribed \$18,370,340, an average of \$39 per employee.

"I have also organized intensively for the exemption of the (sic).

"Unification of Facilities: The pairing of tracks of the Denver & Rio Grande, Atchafalpa, Topeka & Santa Fe and Colorado & Southern between Denver and Pueblo was made effective October 1.

"Consolidation of the Wabash-C. B. & Q. trackage between Tracy and Albia, Iowa, and abandonment of the Wabash line practically are perfected and will be completed by the first of November.

"Joint operation of the C. B. & Q.-C. & N. W. lines Orin Junction to Shoshoni has been arranged for between Casper and Orin Junction.

"Pairing of Western Pacific and Southern Pacific tracks in Nevada. Details previously reported. The work is progressing and it is expected the operation of these two main lines as double track will become effective about October 15."

N. I. T. L. MEETING.

The National Industrial Traffic League announces that its annual meeting will be held at the Hotel Sinton, Cincinnati, O., Thursday and Friday, November 21 and 22, 1918. The docket for the meeting will be distributed about November 10, giving in detail the subjects to be considered.

GENERAL ORDER NO. 47

Repairs to Equipment.

The following regulations shall govern the determination of costs and the compilation and rendition of bills by one carrier under federal control against another carrier under such control for repairs to equipment actually made on and after October 1, 1918. Bills for repairs actually made prior to that date shall be compiled and rendered and the costs for such repairs shall be determined as heretofore.

Repairs to Cars.

(1) The cost to repair freight and passenger train cars and work equipment shall be borne and included in the operating expenses of the carrier which, under the rules and practices, applicable at the time repairs are made, may be responsible for such repairs.

(2) The cost of repairs made by any carrier to its own cars or to cars of another carrier for which it, the repairing carrier, is responsible shall be based upon actual applied material and labor costs plus a proper proportion of "shop expenses," as prescribed by the rules of the Interstate Commerce Commission or which may hereafter be prescribed.

(3) If the cost of repairs made to cars by one carrier be chargeable to another carrier such costs shall be based on the rules prescribed by the Master Car Builders' Association which were applicable at the time such repairs were made. Details in support of such repair costs shall be prepared as heretofore.

(4) There shall be compiled monthly, from the detail record referred to in the preceding paragraph, one statement against each carrier under federal control for the repair costs chargeable to it. Such monthly statements shall be made in duplicate and shall show separately for freight train cars, passenger train cars, and work equipment:

- (a) Total cars repaired.
- (b) Total labor costs including shop expense costs.
- (c) Total material costs including handling and other costs chargeable to material.
- (d) Added per cent.
- (e) Total costs.

(5) The original of such statements shall be rendered to and accepted by debtor carriers as rendered, in accordance with the provisions of General Order No. 20.

(6) The duplicates of such statements shall be attached to the detail data from which they are made and retained by the carrier making the repairs.

Repairs to Locomotives.

(7) The provisions of paragraphs (1) and (2) of this order with respect to repairs of cars shall in like manner apply to repairs of locomotives.

(8) The costs for repairing locomotives of one carrier under federal control for or for account of another carrier under such control shall be determined in the following manner:

- (a) To the cost of all applied material there shall be added fifteen (15) per cent to cover cost of handling.
- (b) To the cost of all applied labor there shall be added ten (10) per cent to cover accounting and other incidental costs.

- (c) Proportion of shop expense costs.
- (d) The aggregate of all such costs shall represent the amount to be charged for the repairs.

(9) Details comprising such repair costs shall be compiled and kept by the repairing carrier, from which monthly statements in duplicate shall be prepared against the carrier responsible for such costs. Such statements shall show the repair costs for each individual locomotive stated in the following detail:

- (a) Total labor costs.
- (b) Total material costs.
- (c) Shop costs.
- (d) Added per cent for labor.
- (e) Added per cent for material.
- (f) Total cost.

(10) The originals of such statements shall be rendered to and accepted by debtor carriers as rendered, in accordance with the provisions of General Order No. 20. Dupli-

cates shall be attached to the detail data from which they are made and retained by the carrier making the repairs.

Additions and Betterments Costs.

(11) If additions and betterments be made by one carrier under federal control to the equipment of another carrier under such control, the owning carrier shall be billed by the carrier making the improvements for the costs thereof. Such bill shall show the kind and class of equipment, the initial and number thereof, as well as such details as to specifications and costs as may be necessary to enable the owning carrier to make proper record of the improvement. Bills for such costs shall be subject to check and verification by the owning carrier. Bills for additions and betterments costs shall not be included with bills for repair costs.

(12) If, in repairing a unit of equipment, a change in the standard established by the owner be made, such as substitution of parts, advice of such change shall be given the owner.

Equipment Destroyed.

(13) If a unit of equipment of one carrier under federal control be destroyed on the line of another carrier under such control, advice of such destruction shall be promptly given to the owning carrier by the carrier on whose line the unit was destroyed. Upon receipt of such advice the owning carrier shall bill the destroying carrier therefor, in accordance with Master Car Builders' Association rules as now in effect, or as may hereafter be prescribed.

Materials Furnished by One Carrier to Another.

(14) Materials furnished by one carrier under federal control to another carrier under such control for use in repairing or improving the equipment of the owning carrier shall be billed by the carrier furnishing it and paid for by the repairing carrier at costs at which the material is carried in the accounts of the owning carrier plus actual out-of-pocket handling or shipping costs. Such material shall be taken into the accounts of the carrier to which it is furnished at such billed costs, to which shall be added freight and other handling costs actually incurred by the receiving carrier. The costs thus determined shall be used as a basis for determining the cost of material used in such repairs or improvements.

(15) Bills for material furnished as prescribed in the preceding paragraph shall be made in detail. They shall be subject to check and reclamation or rejection by the debtor carrier in respect to damage or shortage.

(16) Bills for repairs to equipment for which private owners or carriers not under federal control (including Canadian and Mexican railroads) are responsible shall, unless and until otherwise ordered, be made and rendered as heretofore in accordance with Master Car Builders' rules applicable at the time such repairs are made.

(17) Bills for repairs to equipment made by carriers not under federal control against carriers under such control shall be tested, verified and paid by the carrier responsible for such repairs as heretofore.

(18) The provisions of this order in respect to the rendition of monthly statements shall take effect on October 1, 1918, and shall apply only to repairs actually made on and after that date. Bills for repairs made prior to that date shall be rendered as heretofore. W. G. McAdoo,
Director-General of Railroads.

REPARATION POLICY

The Traffic World Washington Bureau.

No announcement respecting reparation on account of situations caused by General Order No. 28 has yet been made. The discussion, however, has been so general and pointed that it is easy to infer that when the announcement is made it will be, in substance, that the Director-General will make reparation where the exaction from the shipper is the result of a misunderstanding of the order by the tariff publishing agent, or the mistake of any other person having to do with the filing of tariffs.

At this time it is extremely doubtful whether the Director-General will voluntarily make reparation on account of what may be called the mistakes of judgment made in

the issuance of the order. That is to say, voluntary reparation may not be expected by those who paid the high rates which went into effect when the import and export rates were cancelled, although soon after they paid the high rates the Railroad Administration re-established export and import rates on a level higher than those in effect on June 24, but much lower than those in effect during the short period there were no export or import rates.

Dozens of changes have been ordered because shippers have convinced the traffic officials that it was a mistake to have ordered the rates which were put into effect. Unless there is a change of view, those who paid the mistake-in-judgment rates are not likely to obtain reparation from the Director-General, acting on his own motion.

Although there are members of the Railroad Administration who are inclined to deny the jurisdiction of the Interstate Commerce Commission, a larger number are inclined to admit that the Commission has the power to issue orders of reparation directed to the Director-General, just as it has to order reparation made by an individual carrier.

If the announcement on the subject is in accord with what now seems probable, it will be necessary for those who paid the mistake-in-judgment rates to bring formal complaints and ask for orders from the Commission. Those who have had experience in obtaining reparation orders are able to form an opinion as to what chance they have of obtaining such orders from the Commission. There was a time when disgruntled shippers, along in 1914 and the following year, jeeringly remarked that the Commission was afraid to make an order for reparation amounting to more than five cents. That was the time when the shippers were inclined to think the legal fact that the Commission is the friend of the shipper was a fiction, in the ordinary and not the legal meaning of that word.

There is another class of claims, as to which nothing can be even guessed now. They arise from the fact that carriers not parties to the same tariff have laid the twenty-five per cent increase on the rates published by them and there is no tariff provision whereby the rule that where rates are made on combination the increase shall be applied to the combination as if it were a published joint through rate can be applied. For illustration, take a road west of the Mississippi River which has published a tariff to which a road in Official Classification territory is not a party and of which neither the originating or delivering line has any official knowledge. Before General Order No. 28 was published, the through rate would have been the sum of the separately established rates. The same is true with regard to them now, but it is also true that the shipper using the two rates now has to pay more than his competitor who ships to the same general territory on a joint rate or on a combination set down in general publications, such as Boyd's tariffs.

In a letter of July 2 to the three general traffic committees, Director Chambers said the idea was to have only one advance applied, regardless of the form of the publication. It is believed he had in mind the tariffs which provide for the use of combinations on the Ohio and Mississippi rivers, to which the tariffs refer the inquiring shipper.

Various schemes for carrying out the idea are under consideration and there is a conviction that some way will be found for accomplishing the determination to have the charge a given shipper pays increased not more than twenty-five per cent, subject to the limitations set forth in the general order, such as, for instance, a limit of six cents on grain and seven cents on live stock.

But that kind of combination is still beyond the reach of any device for tariff publication and, naturally, the question of reparation on account of payments is still farther away.

ADDITIONAL CONTRACTS SIGNED

The Traffic World Washington Bureau.

Check figures requested under the "just compensation" clause having been completed, Director-General McAdoo on October 22 signed the contracts of the Chicago & North Western and the Chicago, Burlington & Quincy railroads and the subsidiaries of each.

Contracts with the Omaha road, the Colorado Southern, the Fort Worth & Denver City and the Wichita Valley were signed more than a month ago.

CLASSIFICATION HEARINGS

The hearings on the proposed consolidated freight classification were resumed in Chicago October 22, according to schedule, the first subject taken up being petroleum. The entire day was devoted to evidence on and discussion of the proposed changes in estimated weights.

In opening the hearing Examiner Disque made a brief statement, clearing the atmosphere as to some points in doubt, but resulting in some debate and questions nevertheless. "The consolidated classification," said he, "is proposed as a general standard classification which is to supersede existing issues of the Official, Western and Southern classifications and all exceptions to any of them. The Railroad Administration intends, before the classification, as it may be modified, is prescribed, to submit rate scales to be used in connection therewith and which will remove many of the discriminations existing in the present rate scales. The Railroad Administration proposes also to consider exceptions to classifications and justifications for continuing same, and where justification for continuance is shown, it intends to provide commodity rates in lieu of exceptions to the classification and make them effective concurrently with the new classification. No evidence is to be taken in this case with regard to exceptions to the classifications, but, to a reasonable extent, evidence intended to show the effect of superseding state classifications by the proposed classification may be offered."

John S. Burchmore arose at once to inquire as to whether he might offer evidence as to certain rules not changed in the proposed classification, but as to which his clients are now protected by exceptions, which exceptions, as understood from the statement of the examiner, would be cancelled by the proposed classification should it become effective. The examiner ruled that no such evidence would be received.

Clifford Thorne remarked that the Commission ought to hold hearings, similar to the present ones, on the subject of the exceptions to the classifications. The examiner said he would have to convince Director Chambers of that, for the Commission could not hold such hearings unless Director Chambers should request it, except that the Commission could entertain a formal complaint after the new classification cancelling the exceptions became effective.

"We may file such a complaint," said Mr. Thorne.

There was another colloquy later in the day between Examiner Disque and Mr. Thorne relating to the nature of the present inquiry and the function of the Commission therein. Mr. Collyer had suggested that certain showings ought to be made by Mr. Thorne's witnesses and Mr. Thorne remarked that he would try to satisfy the carriers, but that, of course, the burden of proof was on them.

"Just a minute," said Examiner Disque. "At no point have I said that the burden was on the carriers in this case. I am inclined to think it is not. At least, there is grave doubt in my mind. You can assume that the burden is on the carriers if you wish, Mr. Thorne, and can argue the question in your brief, but if you wish to protect yourself you can go ahead and do it."

Mr. Thorne begged to differ with the examiner, holding that the law of March, 1918, known as the federal control law, made no change in this matter of the burden of proof. He said it reserved to the Commission its power to make orders, with certain exceptions, and that nothing was said in these exceptions as to the burden of proof. He hoped Mr. Disque would keep his mind open on the subject, which the latter said he would do.

Later in the day the examiner opened the subject again, remarking, for the benefit of Mr. Thorne, that his idea was that the Commission in this hearing was acting under the section of the federal control law providing that the Director-General might ask it for advice and help. Mr. Thorne contended, however, that the power of the Commission to place the burden of proof on the carriers was not altered—that the old law was not changed in that respect.

"But the old law ran against the corporations—the carriers—did it not?" asked the examiner.

"Yes," said Mr. Thorne, "but, as I have contended before, the Director-General is a common carrier, fulfilling all the functions of one and to be treated exactly like one."

Mr. Thorne, representing western independent oil interests, put on as witnesses W. R. Scott, rate man for the Western Petroleum Refiners' Association; J. L. Walker, statistician for the Western Petroleum Refiners' Association; Burton Zimmerman, acting traffic manager of the National Refining Company, Cleveland; and Mr. Isom, in charge of the operation of the refineries of the Sinclair Refining Company. C. D. Chamberlin, representing the National Petroleum Association, composed of eastern companies, put on C. B. Ellis, of Pittsburgh, traffic manager of the Gulf Refining Company.

Increase in Oil Charges

The burden of the protest was that the proposed increase in the estimated weights on heavy oils would result in unwarranted increases in freight charges. Mr. Thorne opened his case with the statement that the proposed changes in estimated weight ought to be withdrawn until such time as consideration should be given to uniformity of rates, the rates and weights being so closely bound together.

The estimated weights, as they stand now, are as follows: 6.6 on all oils in Official; 6.6 on all in Southern; 7.4 on crude, gas, and fuel oil, and 6.6 on all other oils in Western. It is proposed to cut out the L. C. L. estimated weights and to make the weights 6.6 on light oils and 7.4 on heavy oils in all territories.

Mr. Scott offered the following figures showing rates on fuel oil, carload, from East St. Louis, Ill., to various points in C. F. A. territory and the amount of increase in freight charges resulting from increasing the estimated weight from 6.6 to 7.4 pounds per gallon, the rates being in cents per 100 pounds, as of October 22, 1918, and the freight charge being on a car of 8,000 gallons:

To—	Rate.	At 6.6 lbs. per gal.	At 7.4 lbs. per gal.	Increase.
Muncie, Ind.	20.5	\$108.24	\$121.36	\$13.12
Indianapolis, Ind.	20.0	105.60	118.40	12.80
South Bend, Ind.	21.5	113.52	127.24	13.76
Vincennes, Ind.	17.5	92.40	103.60	11.20
Louisville, Ky.	21.5	113.52	127.28	13.76
Detroit, Mich.	24.5	129.36	145.04	15.68
Toledo, O.	23.5	124.08	139.12	15.04
Dayton, O.	22.0	116.16	130.24	14.08
Columbus, O.	23.5	124.08	139.12	15.04
Cincinnati, O.	21.5	113.52	127.28	13.76
Portsmouth, O.	24.0	126.72	142.08	15.36
Cleveland, O.	25.0	132.00	148.00	16.00
Akron, O.	25.0	132.00	148.00	16.00
Youngstown, O.	26.0	137.28	153.92	16.64
Pittsburgh, Pa.	29.0	153.12	171.68	18.56
Per cent of increase, 12.1.				

He also offered the following statement showing the effect of the proposed increase in estimated weight on fuel oil in tank cars from Cleveland, Ohio, to representative destinations:

To—	Rate in cents per 100 pounds.	Freight charges per car of 8,000 gallons. Gasoline.	Fuel oil.	Excess of freight charges to be paid on fuel oil over same quantity of gasoline.
Alliance, O.	13.0	\$ 68.64	\$ 76.96	\$ 8.32
Belle Vernon, Pa.	16.5	87.12	97.68	10.56
Covington, Ind.	21.5	113.52	127.28	13.76
Detroit, Mich.	18.0	95.04	106.56	11.52
Flora, Ill.	24.5	129.36	145.04	15.68
Frankfort, O.	19.0	100.32	112.48	12.16
Hartford City, Ind.	20.0	105.60	118.40	12.80
Muncie, Ind.	19.5	102.96	115.44	12.48
Wholesale market price..		\$140.00	\$420.00	

Examiner Disque asked Mr. Thorne if, provided the rates were made satisfactory, he would be willing to have one estimated weight apply over the entire country. Mr. Thorne said he would east of the Rocky Mountains, but that the California product was radically different from other kinds of crude oil. As a matter of absolute fairness, he said, it would be much better to use actual weights, but that various commercial conditions would make this impracticable. The proposed estimated weights, however, he insisted, were too high.

The matter of using actual weights came up again when Mr. Isom was on the stand. He said he could see no practical difficulty in going to such a basis, though he was not a traffic man and had not studied the question. The necessary information as to weights and gravities could easily be furnished, he said. Mr. Collyer brought out the possibility of the shipper keeping two sets of books—one for

himself and one for the eyes of the carrier, by such means deceiving the carriers as to the true weight and thus getting the benefit of lower transportation charges than they were entitled to. He said such things had been known in transportation history and they were always possible. The possibility would lead to uncertainty and disputes and for that reason he believed shippers preferred estimated weights. Mr. Thorne said there were opinions on both sides of the matter among both shippers and carriers, but that so far as transportation costs were concerned the shippers had no objection to actual weights.

Mr. Ellis thought there should be two lines of estimated weights—one for the lighter and one for the heavier oils, as proposed. But rates ought to be taken into consideration in deciding on what the weights should be, he said. In arriving at the figure he thought the whole country ought to be taken into consideration and an average struck.

No Agreement as to Weight

For a time October 23 it seemed that an agreement might be reached in the matter of petroleum estimated weights. Chairman Collyer of the Official Classification Committee suggested two methods of patching the matter up in such way as not to affect the project for consolidation, but only as a temporary arrangement until there could be a scientific and thorough inquiry by the Commission into the entire subject of weights and rates in their relation to each other.

His first suggestion was that a note be inserted making the rate on crude, fuel and gas oils 90 per cent of the petroleum rate as long as 7.4 applies to the estimated weight on crude and 6.6 as the estimated weight on refined oil. The second suggestion, made when opposition appeared to the first, was a note to the effect that the Western Classification estimated weight on crude oil, fuel oil and gas oil is 7.4 pounds per gallon.

Examiner Disque appeared much impressed by the first suggestion. Mr. Thorne's objection to it—though at times he and the other oil men appeared almost inclined to yield—was that, in a way, it would commit the Commission to a rate that would be too high. Mr. Disque insisted that the arrangement would be only temporary and that nobody would be committed to anything; but the long discussion finally ended without agreement, the impression being left on those present, however, that the examiner might see fit to ask the Commission to recommend such a makeshift to the Director of Traffic.

Mr. Steadwell, for the Southern Classification Committee, said he was not prepared to say, without some thought, what the position of his committee would be on the matter. Mr. Fyfe said he was not in favor of it. Mr. Colquitt objected to the proposed arrangement on the ground that it opened the way for similar exceptions to uniformity that might be asked for by other interests. Mr. Thorne replied that if there were others as meritorious they ought to be allowed and that to insist on the rigid application of a rule of procedure at the expense of fairness, would disgust everybody.

This discussion came immediately after Mr. Collyer had made a closing statement for the carriers on the subject under consideration. He said

"The Uniform Classification Committee in making its recommendation for the classification descriptions for petroleum and its products did not include any recommendation with respect to the estimated weights that should be used. When the Consolidated Classification Committee had to deal with the subject it, therefore, faced the necessity of determining whether estimated weights should be continued and, if so, how the differing conditions in the three classifications should be harmonized.

"As the Western Classification had the heavier estimated weight on crude oil, gas oil and fuel oil and as the oils of western origin were of heavier character and constituted a large and increasing proportion of the oil refined or moving in all territories, there was no warrant for the other territories asking that the western weights be brought down to the eastern and southern basis.

"In proposing that the estimated weight of 7.4 pounds per gallon be applied on crude oil, gas oil and fuel oil, the Official Classification lines' representative on the Consolidated Classification Committee was not controlled by the intent that these oils should return to the carriers a greater revenue per gallon than the lighter oils, but rather that with the submission of the consolidated classification

to the public there would be opportunity to develop broadly what the correct practice with respect to estimated weights should be for the entire country.

In the Official Classification territory the crude oil and its products that are grouped with it, all move at the same rate and at a weight that was believed, at the time it was established, to fairly represent the actual weight of the crude and a weighted average of its products. The view is held by some of the carriers that the increasing use of western, southwestern and Mexican crude oils in Official territory has resulted in an increase in the average weight, but as to this I am not prepared to express an opinion nor am I prepared to accept the statements of the protestants as being comprehensive enough or sufficiently representative to warrant drawing a conclusion therefrom.

"Nevertheless, I am of the opinion that petroleum and its products as grouped together in the classification should be charged for as a unit in Official Classification territory and, if by reason of unifying the classification it is necessary to specify different estimated weights, then the rate should be so adjusted as that the charge per gallon should be the same.

"I am not unmindful of the differences in character that distinguish these oils, but believe that it is in public interest to merge these and rate the group as a whole because of the overlapping conditions of value, the variation in the character of the petroleum fractions, the interchangeability of use as between different fractions, and the changing volume of one fraction as compared with another due to changes in public demand which result in refining the crude to change the proportions of different fractions."

Mr. Thorne rose to express agreement with Mr. Collyer and to say that the oil interests represented by him would do their best to co-operate and he hoped there would be some pressure from the Commission along the lines suggested. It was then that Mr. Collyer made his concrete suggestions for patching up the classification.

Standard Oil Heard.

The first witness of the day was R. W. Ostrander, traffic manager of the Standard Oil Company of New Jersey. "The purpose of the Consolidated Freight Classification, we understand," said he, "is to bring about the uniformity in the rules, descriptions, packing regulations and carload minimum weights desired by the United States Railroad Administration and the Interstate Commerce Commission, and this has been accomplished by the publication of that classification.

"In studying it we have given particular attention to petroleum and its products, and have noticed that in bringing about uniformity what might be called a few inconsistencies or discriminations have crept in. It is our desire to point them out to the Commission and the government in order that they may be corrected or adjusted if it is found that we are right. And we respectfully submit that they can be corrected without in any way destroying the desired uniformity.

"In the Official and Southern classifications an estimated weight of 6.6 pounds per gallon applies on the classification group of petroleum and its products, but in the Western Classification the weight of 6.6 pounds applies on all of those products except crude, fuel and gas oils, on which an estimated weight of 7.4 pounds per gallon is applied, all, however, taking the fifth class rate. This change has the effect, therefore, of making a higher charge apply on a given volume of crude, fuel and gas oils than on the same volume of the other products. But that situation is taken care of in the west by commodity tariffs in which a very much lower rate is published on crude, fuel and gas oils than on the lighter oils, the lighter oils, as is well known, being articles of greater value.

"In the Official and Southern Classification territories, however, there are no commodity rates in effect on the crude, fuel and gas oils as there are in the west, which are lower than on the other products. As far as we are aware, there is only one exception to that. It is clear, therefore, that what might be called an inconsistency is brought about in the east and south, and that is what we desire to point out and have corrected.

"We may say at the outset that the proposal to apply

an estimated weight of 7.4 pounds per gallon to crude, fuel and gas oils is satisfactory to us, provided a lower rate than fifth class be made applicable to those oils. It is urged that class D should be applied in the west, the sixth class in the east or Official Classification territory, and class A in the south. These are the classes made applicable in the new Consolidated Classification on road oil. As a comparison, their weights and values are not far apart; further, the Commission said in one of its decisions no one could distinguish between them except after chemical analysis.

"The fact that the present Western Classification has not been changed is not proof of its reasonableness or that it provides a proper adjustment. If one shipper has the benefit of a commodity rate on his fuel and gas oils lower than on refined oil and gasoline, it is submitted that it needs no argument to prove the discrimination and prejudice against another shipper who has to use the class basis provided in the Western Classification.

"Furthermore, taking into consideration the greater weight of the crude, fuel and gas oils, and therefore the greater weight which each tank car containing those commodities will carry, and also considering the commercial value of those oils, it is submitted that under the fundamental principles of classifying freight a rate less than the fifth class rate should be applied in the proposed classification to the three heavy oils named. It is important that the competitive situation also should be taken into consideration in determining the proper rate to apply, for the reason that fuel oil competes with coal.

"The fact that these oils should properly take a lower rate than light oils has been recognized by the Interstate Commerce Commission in a number of its decisions. See, for instance, *Fairmont Creamery Co. vs. A. T. & S. F. Ry. Co.*, 28 I. C. C., 661, at p. 662, where the Commission said: "The tendency of the Commission in recent cases has been to classify the various petroleum products to a limited extent and to establish lower rates on such low-grade products as fuel oil, road oil, etc., than are contemporaneously maintained on the higher grade of products, such as gasoline, kerosene, naphtha, etc." Also same versus same, 43 I. C. C., p. 515, in which case the Commission stated with approval that the defendant carriers maintained lower rates on fuel oil than on higher grade oils from Kansas and Oklahoma refineries to St. Louis and Chicago and from Casper, Wyo., to Omaha, Neb., that certain of them also maintained materially lower rates on fuel oil than on refined oils from Texas producing points to points in Louisiana and other states.

"In the case involving midcontinent oil rates, 26 I. C. C., 149, 157, it appears that the railroads established and maintained from the midcontinent refineries comparatively low rates on what are known as residual oils, such as asphalt, road and fuel oils, even though in the Western Classification fuel oil and the higher grade oils all take fifth class rating. Further, that it is generally recognized by both carriers and shippers that the low-grade oils, which the Commission states sell at only a few cents a gallon at the refineries, cannot move under higher freight rates. The Commission stated that the low rates on the fuel oil and other low-grade oils are usually based on the low value of the product rather than on the reasonableness per se of the rates themselves. A rate of 20 cents was found to be reasonable from midcontinent points to St. Louis on the higher grade oils, and on the facts presented the Commission stated it was of the opinion, and so found, that a rate of 15 cents was a reasonable maximum rate for the future on low-grade oils, such as fuel oil, from all midcontinent refineries to St. Louis; that is, the fuel oil rate was made 75 per cent of the gasoline and refined oil rate.

"Again, in *Great Falls Gas Co. vs. C. B. & Q. et al.*, 50 I. C. C., 357, decided May 22, 1912, the Commission referred to its decision in *Mutual Oil Co. vs. C. B. & Q.*, 28 I. C. C., 221, wherein illustrative rates on heavy oils were testified to, ranging from 71 to 80 per cent of the rates on light oils. In the *Great Falls* case, wherein the rates on heavy petroleum oils, viz., crude, smudge, gas and fuel oils, in carloads, from Cowley and Greybull, Wyo., to Great Falls, Mont., was involved, the Commission found that the carriers had justified a rate of 45 cents on heavy oils as reasonable, the rate on the light oils being 60 cents, which makes the rate on heavy oils 75 per cent of the rate on the light oils.

"We therefore feel very strongly that the principles of these cases should be adhered to in making a uniform classification, and that the classification should not prescribe any classes that will result in not reflecting the true relationship between the commodities involved."

Mr. Ostrander said he would object to going to the basis of actual weights, because he did not believe the burden ought to be on the shippers, because the gallon has been long used as the unit of business, and because it would be impossible for the carriers to police such a rule.

A. B. Combs, traffic manager of the Marshall Oil Company, Marshalltown, Ia., was on the stand and underwent a long grilling by Mr. Fyfe on the subject of the proper rating of axle grease. He objected to the changes proposed.

W. R. Scott was recalled to offer testimony and exhibits showing the effect on state traffic of the changes proposed on petroleum and products. He was stopped by Examiner Disque, who said that what Director Chambers wanted was not data as to the effect on particular state rates, but rather evidence of a general character showing the economic effect of substituting the proposed consolidated classification for a state classification, his idea being, Mr. Disque thought, that what is reasonable on interstate traffic is also reasonable on state traffic. Mr. Thorne entered an emphatic protest against the ruling, but made a brief statement to the effect that the result of substituting the proposed classification for state classifications in western states with which he was familiar would be to cause a cessation of the L. C. L. business which has been built up by fair state rates lower than are now proposed.

Mr. Burchmore asked Mr. Thorne if he conceded the jurisdiction of the Commission in the matter of state classifications, and Mr. Thorne replied that he did not.

John A. Ronan, representing the Independent Oil Men's Association, asked a few questions with respect to rule 34. This ended the hearing as to petroleum.

Changes on Rubber

Rubber was the commodity under discussion, October 24, and by continuing in session until 6:30 o'clock Examiner Disque managed to finish the subject in the one day assigned to it.

Mr. Hillyer appeared for the Rubber Association of America, which is supposed to include in its membership most of the manufacturers, both large and small, of the country. No others were represented. The association had its case well organized, traffic managers of many concerns being present to be called on to answer specific questions if desired. R. G. Kreidler, traffic manager of the Goodyear Tire & Rubber Company, Akron, Ohio, and a member of the traffic committee of the association, was the principal witness, Mr. Hillyer, through him, presenting the general case.

The association protested the proposed increased rating on pneumatic tires and tubes in Official Classification from third to second class; the proposed change in the South in asbestos and rubber packing from third to second class; the proposed change as to rubber compounds and rubber soling, the carload rating being eliminated and it being proposed to provide an any-quantity basis, second class; the changes proposed as to rubber shoddy and reclaim rubber; the proposed requirements as to the wiring of scrap tires; the proposed change from fifth to fourth class on solid tires and pneumatics in the South; the change proposed on rubber covered rolls from third to second class in Official, L. C. L., and on paper covered rolls in the South; and the proposed advance on crude rubber from third to second class in the South.

Mr. Hillyer said there were other proposed changes that affected the industry adversely, but that an attempt had been made to select and make protest on only the more serious ones.

Mr. Kreidler showed by exhibits the great advances to which the industry had been subjected by recent freight rate increases, amounting to five and a half million dollars a year on about a dozen plants listed in one exhibit. Then he showed that the proposed changes in rating would cause another great advance in freight charges, making the total increase in the neighborhood of a hundred per cent since the good old days before the five per cent increase.

A. V. Phillips, traffic manager of the Fiske Rubber Company, testified as to minimum weights on tires. He thought the weight should be 18,000 to 20,000 pounds, fourth class, instead of 16,000 pounds, third or second class.

Mr. Collyer escaped what looked like a pitfall at one state of the proceedings. In his justification of certain proposed changes he admitted, under Mr. Hillyer's questioning, that his position in favor of a higher rating was influenced largely by his knowledge of the condition of the revenue of the carriers. Mr. Hillyer immediately pressed a question as to whether the members of the consolidated classification committee had been instructed to seek to obtain more revenue through their work. Mr. Collyer replied emphatically that they had not, and that what he meant was that he had some intelligence as to conditions which were patent to everybody.

B. L. Tragessor, of the Goodrich Company, was the witness in the matter of rubber shoddy or reclaim rubber. His objections were agreed to by the classification men and they consented to eliminate the item, "in packages only."

Mr. Zimmerman, assistant traffic manager of the Good-year Tire & Rubber Company, was on the stand as to asbestos and rubber packing, rubber compounds, rollers and rubber soling. The proposed description of rubber compounds is new and an objection was made to the second class rating in the South. On rubber covered rollers, L. C. L., the proposed advance is from third to second class in Official and on paper covered rolls from third to second in the South. Mr. Collyer admitted that there seemed to be some justice in the witness's comparisons between the heavy rollers covered with a small amount of rubber and other heavy rollers such as are used in paper mills and are rated lower, but he said the difficulty was to arrive at a description that would clear the matter. He suggested that the shippers might be able to help and they volunteered to do so and to submit a description later.

John A. Moore, traffic manager of the Ajax Rubber Company, was the witness on crude rubber. Among other things, he wanted a carload rate in the South.

Mr. Phillips presented the subject of the wiring of scrap tires for shipment and there was some discussion, which was ended by Mr. Collyer offering to leave the entire matter to A. L. Vilas, secretary of the traffic committee of the rubber association, trusting him to make the requirements such as would insure a safe package. The exchange of courtesies in this matter was a pleasant relief in a rather strenuous day.

The association had already entered a protest against rule 10, but there was some informal discussion of that subject also just before adjournment.

CONSOLIDATED CLASSIFICATION

The Traffic World Washington Bureau.

The Commission, October 19, made the following announcement, which speaks for itself:

"The Commission is informed that the carriers desire to be heard further in the Consolidated Classification Case on the following items, in respect of which it has been generally understood that the evidence was closed:

Official Classification.

Page.	Item.	Commodity.
311	14	Pipe fittings, iron or steel combined with copper, brass or bronze, not plated.
321	15-28	Pottery.
322	1 & 2	
353	20	Rosin sizing.
360	24-26	Spring assemblies.
361	1 & 2	

Southern Classification.

54 to 65	Agricultural implements and parts. (If not covered at the Chicago hearing.)	
73	19	Babbitt metal.
74	9-14	Burlap bags.
74	29-32-34	Paper bags.
75	1-3	
75	11-12	Bakery goods.
78	16-21	Wooden barrels.
79	1	Grate bars.
79	11-30	Baskets.
80	1-23	
81	1-12	

93	11-17	Cracker cans.
95	26	Box or crate material.
97	23	Tin boxes.
101 to 103		Building sheet metal work.
112	9-11	Fibreboard cans or bottles.
108	16, 17	Burlap or gunny bags.
117	9	Asbestos cement.
	17	Magnesia cement.
	20	Natural or Portland (building) cement.
118	6	Roofing cement.
119	5-15	Chains.
126	22	Cloth or cloth strips, gummed.
128	3	Cocanuts.
133	2	Scrap rope or twine.
135	30	Cottonseed cake.
136	4	Cottonseed hulls.
136	5	Cottonseed meal.
136	10, 11	Burlap barrel covers.
150	22	Electric motors.
170	13	Bananas.
195	9	Acetylene gas.
	10	Compressed air.
	13	Blaugas.
	14	Carbonic acid gas.
	19	Isolite gas.
	21	Oxygen.
	23	Pintsch gas.
230	4	Glass lamp fonts.
262		Power transmission machinery.
263	1	Punches or shears; iron or steel working.
264		
302	10	School blanks or forms, printed.
308	10	Sewer pipe.
321	19	Chinaware or porcelainware, N. O. I. B. N.
	23	Jardinieres, C. L.
322	1	Earthenware or stoneware pedestals etc.
	2	Earthenware or stoneware, N. O. I. B. N.
	3	Broken pottery or broken saggars (Shard).
333		Railway track material.
334	12	Spiral columns, or column hoops (concrete reinforcement).
335		
338	25	Composition or prepared roofing.
350	14-17	Asbestos and asphalt shingles.
353	18-20	Rosin sizing.
357	7	Nitrate of soda.
358	11-13	Cotton softener.
376	23	Drain tile.
Various	Various	Fertilizer materials (L. C. L.) now shown in Southern Classification No. 45, page 108, items 7 to 54.
Various	Various	Iron and steel articles.

"In order that the Commission may be fully advised of the pertinent facts, the carriers will be permitted to offer the additional evidence, but as a condition precedent it must be reduced to writing and copies of it served upon all the interested protestants of record on or before November 1, accompanied by a copy of this announcement. The matter contained in these written statements, and nothing in addition that pertains to these items, is to be offered in evidence as a part of the carriers' sworn testimony at coming hearings in this case.

"This evidence, in so far as it affects interested protestants who desire to cross-examine at Chicago, is to be offered at the Chicago hearing on miscellaneous subjects to be held November 6 to 8. The evidence on the items named that are not disposed of at the Chicago hearing may be introduced at the Washington hearing, which begins November 12.

"This announcement has no reference to those items as to which there may be an agreement between the carriers and the interested protestants to the effect that such evidence is to be offered at later hearings."

MILEAGE SCALES

The Traffic World Washington Bureau.

No deterring effect has been produced on the Railroad Administration by any of the objections to the proposal to place the country on a mileage scale of class rates. The traffic officials have completed the scales for western and southern territories. They were expected to promulgate the scale for southern territory October 21, in accordance with the promise made by Director Chambers to Senators Fletcher and Trammel and the committee of the Southern Traffic League which called on him on September 24 seeking light on the question as to whether the consolidated classification will or will not have the effect of canceling the exceptions to the current Southern Classification. At the time the promise was made the thought was that the southern scale would be ready early in October. On October 21, however, it was stated that the scale would probably not go out until October 25, or later.

Before the formal promulgation had been made, interested persons had had peeps at the scales which seemed most likely to be put out with the approval of Director Chambers. They all began with 25 cents as the minimum charge, first class for 100 pounds, for five miles or less. The relationship of classes, in scales for the south and west, as shown in these private views was: 100, 85, 70, 60, 47, 51, 40, 30, 25 and 20 per cent, the first five percentages being those for the five numbered classes and the second five for the lettered classes. That is to say, while the first class rate for a given distance might be one dollar, the class E rate for the same distance would be 20 cents.

Use of 25 cents, as the first class rate for the first distance block in all scales, means that in Western Classification territory, where there are to be three zones and each with a scale of its own, the gradation of rates on short distances will not be in accordance with the regular rate of progression. The regular gradation will begin at distances of 50 or 60 miles.

These scales are to be sent to the Interstate Commerce Commission with a request for advice, as provided in the eighth section of the federal control law. That is the procedure followed in Consolidated Classification No. 1, although the eighth section is not mentioned in the correspondence on that subject and in the matter of increased express rates. In the latter matter Director-General McAdoo mentioned that section of the federal control law as warrant for what he was doing. He will act on the recommendation of the Commission as soon as he receives it. He has settled the question as to whether there shall or shall not be an advance in express rates, and the Commission was asked merely to say which would be the better way to raise the \$10,000,000 or \$12,000,000 the express company has said it desires to pay its employees.

There is no such certainty about the classification, although the fact that he ordered the preparation of a consolidated book might be deemed notice that, in his judgment, what was prepared should be made effective—with such changes as testimony might show to be desirable.

The understanding respecting the class scales is exactly the contrary to that with regard to the express rate matter. It is clear and definite that if the Commission deems it inadvisable, during the war, to undertake putting class rates in the west and south on a definite mileage basis through defined areas, its judgment will be followed that prospective deference to the judgment of the Commission is said to be based on the major premise that this proposal to bring rates to a mileage basis is not to raise money, but to promote uniformity, the theory being that certain communities are enjoying "special privileges" akin to the protection afforded industries or communities by customs tariff laws framed for the fostering of an industry or industries or communities—if customs laws to accomplish the last mentioned object could be framed distinct from laws for fostering certain industries.

Inasmuch as the Commission can give advice only after it has collected the views of those who would be affected by the proposed scales and inasmuch as its usual method is to obtain information by means of public hearings, it follows that it will hold such hearings to obtain the ideas of shippers as to what effect the proposed changes would have upon their business.

Director Prouty is to forward the scales to state com-

missions with an invitation to them to forward their thoughts, either to the Railroad Administration or to the Interstate Commerce Commission, as suits their convenience. Their advice is to be taken because the scales are to apply both state and interstate. The question of jurisdiction, however, was settled by Director-General McAdoo, so far as his conduct is concerned, before he issued his General Order No. 28. He claimed jurisdiction over all rates, state and interstate, in the first interview he had with the newspaper men the night of the day the President's proclamation taking over the railroads was published in the newspapers. No state commission has distinctly challenged his claim of jurisdiction, each state body apparently taking the position that it would not, during the war, drag him into court to test out that question.

The southern commissions were held in line somewhat, it is believed, by the Director-General's concession to the southern senators. That concession consisted of a modification of General Order No. 28 so that the 25 per cent addition was placed on state and interstate rates in effect at the time the order was issued. The order, unmodified, required the carriers to cancel state rates that were below the level of interstate rates in effect in the territory of a particular state and in state the interstate charges so as to use them as a foundation for the rates ordained in No. 28.

The mileage scales will be a direct assault on the work of state commissions, if, as understood, they are to supersede the state mileage scales. The tariffs naming the proposed scales can be framed so as not to appear to cancel the state scales. Rates in effect now are named in supplements attached to state mileage scales filed with the Interstate Commerce Commission. The tariffs naming the new mileage scales can be made to cancel and supersede the supplements which brought into effect the rates now collected. In that way the sharp question as to whether an order of the Director-General can have the legal effect of canceling a tariff on the files of a state commission can be avoided.

No state rates, per se, are in effect. The operative rates are those produced by filing supplements which have the effect of adding 25 per cent to the figures shown in the state tariffs. The state rates, for the purposes of No. 28, were adopted by the Director-General. In that way they became rates filed with the Interstate Commerce Commission.

The former state rates, inflated by 25 per cent, being now Railroad Administration rates on file, under the federal control law, with the Interstate Commerce Commission, the tariffs carrying the new mileage scales need not refer in any way to the state tariff numbers. They will refer to the numbers they bear on the files of the Commission.

The tariffs on file with the Commission now may be regarded as war measures, adopted to meet an emergency—namely, the need of more revenue. There is no pretense that the new mileage scales were formulated to meet an emergency. They are being filed in the interest of uniformity.

If the state commissions and shippers persuade the Railroad Administration and the Interstate Commerce Commission that it is inadvisable to file mileage scales, they will continue to be war measure tariffs. If the Interstate Commerce Commission is persuaded that scales are advisable, then the new tariffs will supersede the war measures. Then, and in that event, shippers and state commissions will appear as having consented to this substitution of permanent federal mileage scale tariffs ignoring state authority over state rates. That will be so because there has been no pretense of an emergency excusing the institution of rates made without regard to the supposed right of the state to make the scale of maximum charges to be collected on traffic within the boundaries of a particular state.

Apparently the southern shippers who held the conference with Commissioner Clark, Chief Examiner Thurtell and Assistant Traffic Director Robert C. Wright October 15, appreciated the fact that such a point might be made against the southern commissions and the shippers. They spoke of the move as a plan for permanently carrying into the body of rates the 25 per cent war emergency supplements.

While the southern shippers and commissions have been outspoken on the subject, it is well understood that ship-

pers in Western Classification territory will object strenuously to the three scales proposed for that territory. The western commissions have been vigorously represented at Washington by Charles E. Elmquist and O. O. Calderhead. The duty of the former has been to advise the state commissions and if Mr. Elmquist needed it he probably could obtain a certificate of "pernicious activity" from every man in the traffic section of the Railroad Administration. His bulletins on proposed changes in rates and practices have stirred the state commissions, and, through them, the shippers, into great activity on several occasions. The Washington state commission sent Mr. Calderhead to the capital to keep in touch with the Railroad Administration, and especially with the complaint of Washington, Oregon and Idaho against the fruit and vegetable rates, which was satisfied, in the main, by the commutation of the 25 per cent advance on rates to a maximum rate of \$1.10 on apples.

With respect to the scales for western territory it is proposed to include Washington, Oregon and California in one zone, which may be designated as zone 4. Idaho, Montana, Wyoming, Colorado, Utah, Nevada, New Mexico, Texas differential territory and Arizona would constitute zone 3. Zone 2 would be North and South Dakota, Nebraska, Kansas, Oklahoma, Arkansas, Texas common points, Louisiana west of the Mississippi River and Missouri south of the Missouri River. Zone 1 would probably be Minnesota, Wisconsin, Iowa and Missouri north of the Missouri River. The rates in zones 2 and 4 will be identical and considered as the 100 per cent rates, while rates in zone 1 will be 75 per cent of these standard rates and the rates in zone 3 will be 125 per cent of the standard rates. The relationship between classes, or rather the percentages of classes lower than first class to the first class rate, will be as follows: Second class will be 85 per cent of first class, and third, fourth, fifth classes, A, B, C, D and E will be 70 per cent, 60 per cent, 47 per cent, 51 per cent, 40 per cent, 30 per cent, 25 per cent and 20 per cent, respectively. It is proposed to take care of a two-line haul by adding to the class rates the following arbitraries, which correspond to first class down to Class E—10, 9, 8, 6, 5, 5, 4, 3, 3, or it may be that what is termed "constructive mileage" will be used; that is, 25 miles will be added to the combined distance and the rate applicable for the increased distance will be used.

There apparently has been no consideration given to the difference in mileage between points where two or more railroads compete. For instance, on a straight mileage basis all the freight between Seattle and Spokane would move via the Milwaukee on account of the lower rates due to the shorter mileage of that line. It may be, however, that some provision will be made for allowing the longer lines relief under the fourth section. The 100 per cent scale is as follows:

	1	2	3	4	5	A	B	C	D	E
5 miles or under.....	25	21	18	15	12	13	10	8	6	5
10 miles or under.....	27	23	19	16	13	14	11	8	7	5
20 miles or under.....	31	26	22	19	15	16	12	9	8	0
50 miles or under.....	43	37	30	26	20	22	17	13	11	9
100 miles or under.....	58	49	41	35	27	30	23	17	15	12
150 miles or under.....	73	62	51	44	34	37	29	22	18	15
200 miles or under.....	88	75	62	53	41	45	35	26	22	18
300 miles or under.....	112	95	78	67	53	57	45	34	28	22
400 miles or under.....	132	112	92	79	62	67	53	40	33	26

The intermediate distances are graduated very much on the same scale as the distance tariff put in effect by the Washington commission. The theory of this uniform plan is that if the shippers know the distance between two points and the first class rate in that zone, with the classification of the article, it is a simple matter to ascertain the exact rate.

Apparently no consideration has been given to water competitive conditions.

Men who think they know Western Classification territory rate peculiarities as familiarly as they know their own houses, express doubt as to whether the mileage class rate scales that have been fabricated by officials of the Railroad Administration will be promulgated as soon as has been indicated by reports from the scale founders. They are just as certain in their minds that scales for application in three big zones in that section are impracticable as the men of the Southern Traffic League are convinced that a single mileage scale for the south is only a theoretical possibility.

Their thought seems to be that any effort to provide

one master scale and two or three subsidiaries would break down because of the vast amount of inter-zone traffic. They think it would be necessary to have a scale made from each point of origin to each destination and that such a complicated structure would break of its own weight.

However, the officials who are in charge of the attempt to make a master scale and several subordinate scales are not being deterred by the supposed difficulties of application. They see the map and they have an affection for uniformity. Therefore they are going ahead. There has been some suggestion that perhaps the scales will not come out until after election day, but that attributes an interest in railroad rates to the ordinary voter few men of experience in politics are willing to admit exists. Whatever delay there is, it is believed, will not be attributable to any fear that the scales would have an adverse political effect.

PAY FOR WOMEN WORKERS

The Traffic World Washington Bureau.

Charges that the railroad companies are attempting to evade Director-General McAdoo's orders affecting women railroad workers have been laid before the labor division of the Railroad Administration by the Brotherhood of Railway Clerks, says a statement from J. J. Forrester, grand president of the brotherhood.

"The evidence in such cases is always difficult to obtain," said he, "but the brotherhood has been able to obtain it, and as we are pledged to the fullest co-operation with the Railroad Administration for the enforcement of the Director-General's orders, we are laying the cases before the labor division as rapidly as they come to our knowledge."

The most flagrant disregard of orders is reported in the application of the principle of equal pay for equal work by women and men. Specific cases have been reported on the Pennsylvania, the Baltimore & Ohio, the Lehigh Valley, the Atlantic Coast Line and practically all the big lines, Mr. Forrester said. In the general offices of the Atlantic Coast Line at Wilmington, for example, he says, a woman employe who has been in the service of the company for seven years and whose ability is unquestioned and who is highly rated by the company officials, is now being paid only \$94 per month in a position which last June paid her predecessor, a man, something like \$105, and for which the pay has since been raised, under orders of the Director-General, to \$130.

"An official of the company stated," said Mr. Forrester, "that were a man holding this job he would be receiving \$130. When asked if the woman who does hold it was not doing the work equally well, he said, 'Oh, yes, but she's a woman, and women never did, and so far as I am concerned never will, receive the same pay as men.' When his attention was called to the Director-General's order on this subject, he replied, 'Well, I take my position irrespective of that.'"

In the B. & O. offices at Baltimore, the brotherhood president declares, the company officials are juggling the orders in such a way as to make the rates for messengers, chore boys and other attendants under 18 years of age apply to girls of 17 whom they engage as messengers and then assign to duty as clerks. Under the orders, the least that may be paid any clerk is \$87.50 a month, but the girls referred to are paid but \$70 per month.

The Brotherhood of Railway Clerks is pushing its organization campaign among the women employes of the railroads with great activity, the officers state. At present 40 per cent of the members of the brotherhood are women, and the numbers are increasing steadily. "This means the clerical workers in all the offices and stations," says Mr. Forrester. "We are not pushing organization among the women freight and baggage handlers, because we are hoping for a ruling from the Railroad Administration transferring them to other kinds of railroad employment. We do not think women should be required to lift such heavy packages as must be handled in some of the freight and baggage rooms; and we are urging the Railroad Administration to utilize the women employes in work that is lighter and for which women are physically better fitted."

The Trinity of Transportation

(Address by William C. Redfield, Secretary of Commerce, before Regional Chairmen of the Highways Transport Committee of the Council of National Defense.)

It would be a truism to say that I have always been interested in transportation. It has always been a subject of keen interest to me, I presume because I was born with it. By the fortune of birth I came to live in a region where transportation has been through every one of its stages in this country. If you go back into the history of the colonies, you will find the two first lines of through transportation in America were east and west, the St. Lawrence River and the Lakes, while for over a century the one great central north and south line was the Hudson River, Lake George and Lake Champlain. In that entire length from the St. Lawrence to New York harbor there were but about 13 miles that could not be traveled by water with such boats as they used.

The largest number of railroad tracks paralleling any navigable stream follows to-day the line of the Hudson. There are six much of that way—four tracks on one side and two on the other. I am going to make that historical line of water and rail transportation the basis for a little study with you, to see what the normal development of transportation is, and whether, as I believe, the particular form that concerns you is a natural outgrowth of all that has gone before.

The transportation system of the United States is not a unity. It cannot be run on what we may call unitarian lines. It is a trinity, and has to be run on trinitarian lines. You must link up railways and waterways and highways to get a perfect transportation system for this country. If there were no railroads, we would have little transportation. If there were no waterways, there would be inadequate transportation. If we had an abundance of railways and waterways, and lacked the use of highways, we should have imperfect transportation. We should fail to bring it to every man's door, and it must be brought to every man's door to be perfect.

The early transportation in the Hudson River Valley was by sloop. The history of the river is full of the traditions from the old sloop days, when it was sometimes five and sometimes nine days from New York to Albany by water. The river was just as navigable then as it is now; the difference lies in the tool that was used. Now, in that use of the fit tool for the route lies the whole truth in transportation, and yet, so far as I know, the full bearing of the application of the tool to the job is almost new to our discussions of the several phases of transportation. In due time comes Robert Fulton, and the Clermont begins to flap her weary 36 hours from New York to Albany. A new tool, but the same route. In time she passed into a more modern type. The steamboat developed, and came the canal with its mule power. How strange it seems in these days to think of mule power ever having been considered. Yet I have in my possession a letter of the constructing engineer of the Erie Railroad urging that it should be operated by horses between New York and Buffalo, and giving ten very excellent reasons why horses were far better than steam locomotives could be. It took a lot of argument to keep the horses off the Erie Railroad.

Came the steam locomotive. Now the rail was not new, any more than the river was new. The railroad or tramway in England is far back, earlier than the railroad in America. There were tracks laid many years before anybody thought of a locomotive engine. The invention lies not in the railway, but in the tool put upon it. Again the principle of the tool to the job. Also a new principle that the way, whether it was waterway or railway or highway, must adapt itself also to the most effective kind of tool that could be put upon it. You could apply it but partially to the river. When canals came along later, it became apparent that you must not only have the best tool for your waterway, but must suit the latter also to the tool. We understood this about railways; we have not been so clear about it as to waterways and highways.

So the railway came along, and since the mechanical engine fitted so perfectly into the American temperament and the national need, the railway and the tool for the railway developed together side by side. Still with the

coming of the railroad we thought of transportation as a unity. Highways did not amount to very much. Men went by horseback often because they had to, not always because they wanted to. And, after the railroad came, the waterway was all but destroyed, because we thought of transportation as a unity of railroads. Up to a very few years ago all of us who are not far-seeing would have thought of public transportation as meaning essentially the railroads. Yet so rapidly in the last five years has the law of transportation been developed that it is a little bit difficult for us to keep up with the rush of this movement.

There came into the world a new tool—the internal combustion engine—destined to work almost as great a change in the human life as the steam engine in its time, making possible a tool for the waterway that the waterway had never had before, making it possible to use for the highway what the highway had never had before, making necessary the alteration of the highway to suit the new tool built for it. It has never been true until now, and it has just now become true that the waterway and highway have been, as regards the tools for their use, on a technical and scientific level with the railway. The government is just putting in operation this month the first great barges for the Mississippi River, intended to carry ore south and coal north, made possible because of internal combustion engines. The tool has come, the internal combustion engine is altering the face of the marine world, so that we do not really need over six feet of water in the northern Mississippi to carry 1,800 tons of ore in one boat. We look upon the development of the New York state barge canal with a certainty of its profitable use for the nation, for with a 12-foot draft we know we can carry 2,500 tons in any vessel constructed for that purpose, driven by internal combustion engines. The tool for the job and the way made ready for the tool.

I go into my shop to put up a hammer. What is the essential feature of my hammer's operation? The foundation. It may be the most powerful hammer made, but unless given a sufficient substructure it can only be destructive. So for the waterways, so for the highway. You may have the most perfect equipment for their use, but the instrument must work in a proper environment. So the waterway, then, the last few years, in fact very recently, has come rapidly into its own. It is within eighteen months, gentlemen, that I stood upon the first load of ore going south of the Mississippi River and saw it enter the port of St. Louis. It was only yesterday that I sent to the Senate my formal report urging government ownership and operation of all the northern coastal canals from North Carolina to New England, with the certainty that adequate and efficient vessels could be provided for their use.

Now, these three ways of transportation, developed to their full, are not hostile to each other. In the days of our ignorance we thought that they were. In other times the railroad bought canals to suppress them. But we have learned a larger outlook now, and the congestion so recently as a year ago taught us that there are certain kinds of goods, certain types of transportation, that the railways of this country cannot afford to do. Certain great items of bulk freight they must always carry. We should starve for steel if we had to depend upon our railroads to bring the ores from Minnesota to Pittsburgh, and the northwest would be in a hard case if we had always to send coal to them by rail from the region of the east. We have learned that there is a differentiation in transportation; so these two enemies of the past are likely to operate as friends to-day. It is not a chance thing that the internal waterways of the country are at this time being operated by the Railroad Administration. It means an advance in thought.

There is a steamboat line running from New Haven to New York. At New Haven, lines of motor trucks radiate out in several directions. From this radius around New Haven for many miles in three directions the motor trucks come down in the evening to the boat. The boat leaves a little before midnight and arrives in New York in the morning, when the freight is transferred and goes out on the early trains for the west. It is a good system of interlocking service, such as we have got to have.

My conception of the future of the New York barge canal and the canal across New Jersey and the Chesapeake and Ohio and all the waterways is that the companies operating on them shall pick up and deliver at every important terminal point by lines which shall radiate out by motor trucks from 50 to 100 miles, and they shall take from these places goods thus brought to their station. So that if when, for example, they were delivering goods from Kentucky to Illinois, it might start from a farm or from an inland village by motor truck and go to the nearest waterway station, there to pick up by vessel and be carried down the Kentucky and Ohio to a point sufficiently near in Illinois to where it was to go, there to be picked up by motor trucks which would carry it to its destination. And it should be billed through by one bill of lading. That would definitely establish that the vehicle and highways are not accidental or incidental, but an essential factor. That, it seems to me, is what we are coming to before very long. I imagine we will come to it almost before we think of it.

From that there are a number of inferences. The public authorities have got to be sufficiently educated to make a good thing possible. They have got to learn, as many a farmer has to learn, that the most costly thing in the world is a bad road, that, as compared with sealskin furs and platinum, mud is far more costly an item, and that there is no such evidence of a muddy state of mind in a community as a muddy state of highways in the community. They go together—mental and physical mud.

Now let us see whether or not our idea is false or true in its application. The Hudson River has by it six tracks of railroad. The fleet of vessels upon the Hudson River was never as great, never so new or well equipped as to-day. The vessel with the largest passenger capacity, or, at least, second largest (6,000 persons), is in operation on that river. The freight carried on the river amounts to over 8,000,000 tons a year by water. I put a factory at Troy because I could get by water express service at freight rates, loading machines on the boat in the evening and have them delivered in New York the next morning, while to ship the same material by railroad to New York would require three to five days by freight.

POLITICAL ACTIVITY ORDER

The Traffic World Washington Bureau.

By means of order No. 48 Director-General McAdoo has revised order No. 42, relating to political activities by railroad employes, so as to allow such employes to hold offices they now have and to hold such as they may acquire at the coming election. Provided such tenure does not interfere with their railroad duties they are to be free to hold offices in communities made up largely of railroad men, but no railroad employe or attorney may be a member of political committee that solicits funds, act as chairman of political convention or use his job to get himself elected delegate to convention, solicit funds for political campaign, conduct any campaign, coerce or intimidate another officer or employe, neglect his work for politics or in general do any of the things other government employes are forbidden to do.

Following is the text of General Order No. 48:

"This order is issued in lieu of and as a substitute for General Order No. 42 and Supplement No. 1 thereto.

"The issuance of General Order No. 42 was for the purpose of extending to officers, attorneys and employes in the railroad service of the United States substantially the same regulations as to political activity which have been applied for many years through civil service laws and executive and departmental orders and regulations to other employes of the United States. These laws, orders and regulations conform to a wise policy which has long had the support of the people of the United States regardless of political parties. Since the government has taken control of the railroads and their former officers, attorneys and employes have become public servants, it is necessary that the same policy as to political activity be extended to them as to other employes of the United States. As employes of the government, they cannot be properly exempted from the policy applied to other government employes.

"It has developed, however, since General Order No. 42 was issued, that there are many communities in the United States which are composed largely, and in some respects

almost wholly, of railroad employes and their families, and that the proper civil administration of such communities makes it necessary that railroad employes should hold municipal offices. It is clear that in such cases exceptions should be made. Such exceptions have been made by the government in other cases (such as navy yards in certain localities) where the population consisted wholly or in large part of government employes and where it was necessary for proper administration of civil affairs such government employes should hold local political offices.

"It has, therefore, been determined to permit railroad employes to hold municipal offices in the communities in which they live, provided they do not neglect their railroad duties as a result thereof, and also to limit section (2) to a prohibition against railroad employes acting as chairmen of political conventions or using their positions in the railroad service of the United States to bring about their selection as delegates to political conventions, in order to harmonize said section (2) with existing civil service rules and departmental regulations.

"It is, therefore, ordered that no officer, attorney or employe shall:

"1. Hold a position as a member or officer of any political committee or organization that solicits funds for political purposes.

"2. Act as a chairman of a political convention or use his position in the railroad service of the United States to bring about his selection as a delegate to political conventions.

"3. Solicit or receive funds for any political purpose or contribute to any political fund collected by an official or employe of any railroad or any official or employe of the United States or any state.

"4. Assume the conduct of any political campaign.

"5. Attempt to coerce or intimidate another officer or employe in the exercise of his right of suffrage. Violation of this will result in immediate dismissal from the service.

"6. Neglect his railroad duties to engage in politics or use his position in the railroad service of the United States to interfere with an election. An employe has the right to vote as he pleases, and to exercise his civil rights free from interference or dictation by any fellow employe or by any superior or by any other person. Railroad employes may become candidates for and accept election to municipal offices where such action will not involve neglect on their part of their railroad duties, but candidacy for a nomination or for election to other political office or the holding of such office is not permissible. The positions of notaries public, members of draft boards, officers of public libraries, members of school or park boards, and officers of religious and eleemosynary institutions are not construed as political offices.

"7. In all cases where railroad officers, attorneys and employes were elected to political offices prior to the issuance of General Order No. 42, August 31, 1918, they will be permitted to complete their terms of office so long as it does not interfere with the performance of their railroad duties. After the completion of said terms of office, they will be governed by the provisions of this order.

"8. In all cases where railroad officers, attorneys and employes were nominated for political offices and had become candidates therefor prior to the issuance of General Order No. 42, August 31, 1918, they will be permitted to hold and complete the terms of office to which they may be elected at the general election to be held November, 1918, to the extent that the holding of such offices shall not interfere with the performance of their railroad duties. After the completion of such terms of office, they shall be governed by the provisions of this order.

"Railroad men have given ample proof of their loyalty to their government. I am confident that they will gladly and patriotically accept now those reasonable governmental regulations concerning political activity which their welfare and America's cause demand. They are the same regulations in their general scope and application as all other government employes have lived under for many years without the loss of any essential rights and with added dignity to their citizenship."

EFFECTIVE DATE POSTPONED.

The Commission has further modified its order in case 8480, the Macey Co. et al. vs. P. M. R. R. Co. et al., so as to become effective December 15 instead of November 15.

Legal Department

In this department a legal expert answers simple questions relating to the law of interstate transportation of freight. Readers desiring special service by immediate answer may obtain privately written answers to their inquiries by the payment of a small fee.

Address Legal Department, The Traffic Service Bureau, Colorado Building, Washington, D. C.

Liability for Freight and Demurrage Charges.

Missouri.—Question: Last winter a nursery company at Durant, Okla., received a car of nursery stock from the east, which had been on the road several weeks, and was frozen solid and contents entirely worthless. They notified the railroad that contents were entirely ruined and refused to pay freight charges, and filed claim for the amount of invoice. The claim at this writing remains unsettled, and now the claim agent states that his legal department has, or will, file suit against the said nursery company for freight demurrage charges.

Will you kindly advise if the carriers are correct in trying to make consignees stand for such charges, especially in view of the fact that they were promptly notified that car was entirely ruined by the long delay in transit?

Answer: Where goods are properly tendered to a common carrier for shipment, the law requires it to receive them, and it has the right to charge its reasonable and customary rate for like service. These rates are now regulated by law and must be duly published and filed. When so established, the law requires the carrier to collect and the party responsible to pay the same without deviation therefrom. By contract under the uniform bill of lading, the carrier cannot collect freight charges on goods lost or damaged in transit or delivery through the carrier's fault or negligence. But, while ordinarily the insurer for the safety of the goods while in transit, yet for some causes, when the utmost care and diligence have been used, it is not responsible, and by tariff regulation it is not responsible for perishable goods shipped under certain conditions. For instance, the tariffs of many carriers provide for a reduced rate in consideration of the shipper assuming the risks of cold weather in transporting perishable goods. Again, while the law requires the carrier to furnish cars adapted to the necessities of protecting goods while in transit, and in the selection of same must guard against the exigencies of such weather as may be reasonably expected at the particular season of the year and latitude through which it passes, yet it does not make the carrier an insurer against all such losses or through delays beyond its control.

Therefore, whether freight charges are due on the shipment in question depends entirely upon the carrier's liability for the damage to the car of nursery stock as explained above. As to the demurrage charges, if the consignee accepted the shipment, or if only part of the shipment was damaged, it was his duty to unload the car within the stipulated time and hold the carrier for the damages to the goods, if legally liable. If the goods were wholly worthless, and the carrier was liable for the damage, then no obligation rested on the consignee to accept and unload the shipment, and no demurrage charges could be collected from him.

Shipment Only Partially Damaged.

Louisiana.—Question: In issue of The Traffic World of June 1, 1918, in replying to inquiry in regard to "storage charges on damaged shipments" you used the following quotation in connection with the case: "While the fact that the goods are injured upon the journey through causes for which the carrier is responsible, does not of itself justify the consignee in refusing to receive them, and he must instead, accept them and hold the carrier responsible for the injury," etc. Is this based on a court decision, and, if so, can you give reference to same?

A case in mind is refusal of shipment in barrels, less than carload lot, and a few of the barrels, by reason of improper loading, had the heads damaged and there was a partial loss of contents on floor of car. Can the consignee legally be forced to accept the shipment, pay the charges, and then have recourse by claim on carrier who admits liability? Can the consignee refuse the shipment outright?

Answer: Michie on Carriers, Vol. 1, page 568, says: "The consignee may not, as a general rule, reject the goods because they have been damaged in the course of shipment, but, when the entire value of the goods has been destroyed and the injury amounts practically to a total loss, the consignee is justified in refusing them and may sue for the entire amount, and he may refuse the goods where upon their arrival the packages or casks are, by the fault of the carrier, in a damaged condition, so that they cannot be handled without loss and further damage, and the carrier refuses to repair them." *Corso vs. N. O., etc., R. Co., 48 La. Am. 1286; Gulf, etc., R. Co. vs. Jackson, four Texas Appeal Civ. cases, section 47, 15 S. W. 128; Wilkins vs. Atlantic, etc., R. Co., 160 N. C. 54.* Again, in section 1071, Michie on Carriers says: "Where property is injured in transportation through the negligence of the carrier, but is not entirely worthless, the owner cannot refuse to accept it and sue for its market value, but may recover only for the injury."

Reparation for Demurrage Charges.

Michigan.—Question: We had many carload shipments in transit to Pacific coast ports to be exported at a time when the government requisitioned all boats of a line on which we had made bookings that applied between these ports and foreign destinations, and had in most cases secured ocean bills of lading from the railway companies on surrender of the inland ladings, before boats taken over. On arrival of the freight cars at port of exit the railway company demanded and collected demurrage, based on section B. & J., rule 10 of Pacific Car Demurrage Bureau Tariff 1-J, I. C. C. 18, issued by R. C. Munholland, manager, San Francisco, while cars were detained awaiting later sailings to the original foreign destinations. Some shipments went forward on the original boats for which they had been booked, although scheduled sailings were delayed, while others forwarded on boats of different steamship lines; all, however, were assessed demurrage while being held at port in cars and in railway storage.

Will you please advise what procedure we should take in order to secure refund of the charges paid the carriers for demurrage? Should the action be taken against the carriers, and, if so, in what manner, or should we look to the government for relief and to what department?

Answer: Assuming, for the purpose of answering your question, that the carrier unlawfully collected demurrage charges on the shipments above described (which assumption we are not prepared to say is wholly warranted), then, as the Interstate Commerce Commission has jurisdiction over the question of determining the reasonableness of demurrage tariffs duly published and filed, and the lawfulness of charges assessed thereunder, and has provided a simple and inexpensive means for enabling shippers to test and treat such questions, it is our suggestion that you proceed by writing a letter to the Interstate Commerce Commission, giving fully all the facts and circumstances, and asking that the matter be considered on the informal docket of the Commission.

Measure of Damages Against Party Wrongfully Receiving Shipment.

Ohio.—Question: In September, 1917, shipper known as "A" forwarded to consignee "B" a carload of sheet bars. Through an error of the transportation company car was side-carded to our company, and was delivered to us along with several other cars of sheet bar shipped to us, and placed in our warehouse and unloaded.

Efforts on our part to locate the shipper from the railroad company at the time car was delivered were unsuccessful, but after material had been used we found that shipper "A" had consigned the car to "B" and same did not belong to us.

Some six months after the car was delivered, unloaded and used, the railroad company sent a representative of their claim department to our company and, upon being advised that we unloaded and used the sheet bars, presented a bill for the material, based on the invoice price of shipper "A" to consignee "B," which at that time was in the neighborhood of \$100 per ton. We advised the railroad company that if they would present a bill to us based on the price of the contract that we had with the same shipper "A" for the same class of material, which was less than half the invoice price to consignee "B," we would pay same. This the railroad company refused to do, insisting on settlement on the original basis of ship-

per "A" to consignee "B," which, as stated above, is practically double the price of our contract.

Will you kindly advise what the legal basis would be for settlement of a claim of this nature with the railroad company, quoting any Supreme Court or Interstate Commerce Commission ruling on similar cases?

Answer: Where a carrier delivers goods to the wrong person, it is liable for conversion. Formerly this value was determined by the amount of actual damages sustained at destination point. But, as the present uniform bill of lading contains a stipulation to the effect that the amount of damages for loss or injury to goods is to be computed on the basis of the value of the property at the place and time of shipment, and, as the U. S. Supreme Court has held in the Blish Milling Company case that this stipulation is binding in actions for conversion the same as in any other cases, it necessarily follows

that the amount of a carrier's liability is the value of the shipment at place of shipment.

Where a carrier delivers a shipment to some one other than the consignee named in the bill of lading, the rightful owner may sue either the carrier or the party wrongfully receiving and holding the same. In either case, the measure of damages would be the full actual value of the converted shipment; so that, in the shipment in question, your liability would be based on the invoice price from A to B, and not at the price your formerly purchased similar shipments were made. If, therefore, the owner recovers from the carrier on the basis of the invoice price at place and time of shipment, the carrier may be subrogated to all the rights of the owner, and recover from you on the same basis, since your use of the shipment was as much a wrongful conversion thereof as was that of the carrier in delivering it to you.

Miscellaneous Traffic Decisions

Cases Recently Decided by State and Federal Courts

(Digests taken from Reporters and Digests of National Reporter System, published by West Publishing Co., St. Paul, Minn. Copyright, 1918, by West Publishing Co.)

REGULATION OF COMMON CARRIERS.

Published Rates:

(Circuit Ct. of Appeals.) The rate filed, whatever it is, is the only lawful charge, and the carrier must collect the same.—Portland Cattle Loan Co. vs. Oregon Short Line R. Co., 251 Fed. Rep. 33.

In an action by a railroad company to recover balances due as freight for shipments of cattle, published tariffs held to require that a differential rate from the point of shipment to a central point should be collected.—Ibid.

In determining the rate to be charged by a carrier, all parts of the tariff filed should be considered, and if a plain meaning can be gathered therefrom, effect should be given to it.—Ibid.

Water Carriers:

(Cir. Ct. of App.) While an interstate railroad company is subject to the act to regulate commerce, and the provisions of its tariffs filed pursuant to section 6 (Comp. St. 1916, 8569) must be strictly observed, yet the Interstate Commerce Commission is without jurisdiction over ocean carriage of export and import traffic destined to

or coming from non-adjacent foreign countries.—Pacific Mail S. S. Co. vs. Western Pac. R. Co., 251 Fed. Rep. 218.

Joint Rates:

(Cir. Ct. of App.) As a joint rate cannot be made between an interstate railroad company and a carrier by water transporting property between the United States and a non-adjacent foreign country, provisions in the tariffs of a railroad company filed in accordance with act to regulate commerce, 6 (Comp. St. 1916, 8569), for absorption of switching charges and state tolls on traffic destined to or originating in foreign countries, held, in view of rule 71 of the Interstate Commerce Commission, to apply only to state tolls imposed on land carriage, and not tolls and charges imposed on the water carrier.—Pacific Mail S. S. Co. vs. Western Pac. R. Co., 251 Fed. Rep. 218.

Interest on Indebtedness:

(Cir. Ct. of App.) Though defendant, an ocean carrier, indebted to a railroad company for freight, tendered payment of part of the indebtedness, interest may be allowed on the entire sum recovered.—Pacific Mail S. S. Co. vs. Western Pac. R. Co., 251 Fed. Rep. 218.

Loss and Damage Decisions

Cases Recently Decided by State and Federal Courts

(Digests taken from Reporters and Digests of National Reporter System, published by West Publishing Co., St. Paul, Minn. Copyright, 1918, by West Publishing Co.)

BILLS OF LADING.

Action for Freight:

(Cir. Ct. of App.) Where a bill of lading for an interstate shipment required the owner or consignee to pay the freight, an action by a connecting carrier to recover freight due is governed by the Carmack amendment (act June 29, 1906, (Comp. St. 1916, 8604a, 8604aa)), and under Judicial Code, 24, par. 8 (Comp. St. 1916, 991 (8)), is within the jurisdiction of the federal District Court, regardless of the amount involved.—New York Cent. R. Co. vs. Mutual Orange Dists., 251 Fed. Rep. 230.

Twofold Character of:

(Cir. Ct. of App.) A bill of lading is an instrument of twofold character; it is at once a receipt and a contract for carriage.—New York Cent. R. Co. vs. Mutual Orange Dists., 251 Fed. Rep. 230.

Limitation of Action:

(Cir. Ct. of App.) An action by a connecting carrier for unpaid freight claimed to be due on an interstate shipment

held based on the bill of lading, so that, where brought in the federal District Court for California, Code Civ. Proc. Cal. 337, prescribing a period of four years, is applicable, instead of sections 338, 339.—New York Cent. R. Co. vs. Mutual Orange Dists., 251 Fed. Rep. 230.

DELAYS IN TRANSPORTATION OR DELIVERY.

Special Contract:

(Supreme Ct. of Wash.) Railroad sued for failure to transport merchandise within specified time, as orally agreed, cannot introduce evidence to prove its tariff, established pursuant to regulations of Interstate Commerce Commission, did not permit contracts for expedited shipments, not having pleaded the matter.—John Vittucci Co. vs. Canadian Pac. Ry. Co., 174 Pac. Rep. 981.

Evidence held sufficient to show an express oral contract between plaintiff and defendant railroad to transport chestnuts to destination in time for the Christmas market.—Ibid.

Defense:

(Supreme Ct. of Wash.) In action against carrier for breach of common-law liability to transport safely and deliver within reasonable time, evidence there has been no unreasonable delay is defense.—John Vittucci Co. vs. Canadian Pac. Ry. Co., 174 Pac. Rep. 981.

In action for carrier's breach of contract to carry within particular time, rendering carrier liable for consequence of failure to transport within such time, evidence of diligence does not excuse.—Ibid.

Bill of Lading:

(Supreme Ct. of Wash.) A bill of lading is both a receipt as to the quantity and description of the goods shipped, and also a contract to transport the goods to

the consignee or other person designated, on the specified terms.—John Vittucci Co. vs. Canadian Pac. Ry. Co., 174 Pac. Rep. 981.

In so far as the bill of lading issued by a common carrier is a contract to deliver the goods to the consignee on the terms specified, it cannot be varied by parol evidence.—Ibid.

Where the bill of lading is handed to the shipper after the goods have been shipped, and it is too late for him to recede, he will not be bound by its terms.—Ibid.

Where railroad orally contracted with consignee for expedited shipment of chestnuts for Christmas market at destination, it could not later issue bill of lading, containing terms different from contract already made, without consent or knowledge of consignee.—Ibid.

Shipping Decisions

Cases Recently Decided by State and Federal Courts

(Digests taken from Reporters and Digests of National Reporter System, Published by West Publishing Co., St. Paul, Minn. Copyright, 1918, by West Publishing Co.)

Action for Damages:

(Cir. Ct. of App., 9th Cir.) Evidence held to establish the authority of shipping agents to act for a ship in respect to cargo received for a voyage.—National Carbon Co. vs. Alaska S. S. Co., 251 Fed. Rep. 222.

Damage to Cargo:

(Cir. Ct. of App., 9th Cir.) A ship detained at Colon by slides in the canal held liable for damage to cargo, which it refused to deliver there for transshipment, although the shipper notified it of the perishable character of the goods and offered to pay all expense of discharging.—National Carbon Co. vs. Alaska S. S. Co., 251 Fed. Rep. 222.

Limitation of Liability:

(Cir. Ct. of App., 9th Cir.) Where there was only one claimant, and the appraisal made by the commissioner and approved by the court showed that the interest of the owner in the vessel exceeded the amount of the claim, a petition for limitation of liability will be dismissed, it appearing that the claimant expressly waived any claim for interest which would increase the damages asserted to a sum beyond the value of the vessel.—Shipowners' & Merchants' Tugboat Co. vs. Hammond Lumber Co., 251 Fed. Rep. 266.

(Dist. Ct., S. D., New York.) A bill of lading clause, limiting liability to invoice cost, not exceeding £50 per freight ton, or £20 per package, was valid.—The Koan Maru, 251 Fed. Rep. 384.

A bill of lading clause providing that, in the event of liability against vessel or owners, no value should be placed on the merchandise higher than the invoice cost, not exceeding £50 per freight ton, and relatively for any portion thereof, or exceeding £20 per package, limits liability to £50 per ton in any case, and also to £20 per package, and shipper did not have option to choose whether its goods came under one or the other of these figures.—Ibid.

(Dist. Ct., S. D., New York.) Rev. St. 4281 (Comp. St. 1916, 8019), declaring that the masters and owners of vessels shall not be liable as carriers for jewels not declared as such, etc., merely relieved carriers by water of liability as common carriers, not of their liability as bailees, and hence where carrier not only failed to account for a loss, but in effect conceded that a loss of jewelry was occasioned by its own fault, it is liable.—Kuhnhold vs. Compagnie Generale Transatlantique, 251 Fed. Rep. 387.

A provision in a bill of lading limiting the liability of a vessel to 1,000 francs per package, which was applicable to a shipment of jewelry because the value was not declared, is valid, the limit being reasonable.—Ibid.

Where a bill of lading limiting the carrier's liability to 1,000 francs per package in case value was not declared, provided that the indemnity should be calculated pro

rata, etc., held, that the amount recoverable should bear that proportion to the indemnity that the amount of the loss bore to the value of the entire package.—Ibid.

Fault in Management

(Dist. Ct., S. D., New York.) Negligence in stowing of shellac in a compartment which had recently contained coal, and from which the coal dust had been removed by sweeping only, without washing, was not relieved because of fault in management.—The Koan Maru, 251 Fed. Rep. 384.

Negligence in stowing shellac in a between-decks compartment above coal bunkers, arranging the bags of shellac so that the vessel was coated through a hole in them protected only by planking and dunnage mats, was not relieved because of fault in management.—Ibid.

Improper Stowage:

(Dist. Ct., S. D., New York.) The stowing of shellac, which is easily stained, in a compartment which had recently contained coal, and from which the coal dust had been removed by sweeping only, without washing, was negligent stowage.—The Koan Maru, 251 Fed. Rep. 384.

The stowing of shellac, which is easily stained, in between-decks compartment above coal bunkers, arranging the bags of shellac to form a hole through which the vessel was later coated, the coal being separated from the bags by a temporary coal chute, consisting of planking and dunnage mats, not dust tight, and without canvas, was negligent stowage.—Ibid.

Burden of Proof:

(Dist. Ct., S. D., New York.) The burden of proving the law of a foreign jurisdiction is on him who asserts or relies on it.—Kuhnhold vs. Compagnie Generale Transatlantique, 251 Fed. Rep. 387.

Bills of Lading:

(Dist. Ct., S. D., New York.) Where a bill of lading limiting the carrier's liability to 1,000 francs per package in case value was not declared, provided that the indemnity should be calculated pro rata, etc., held, that the amount recoverable should bear that proportion to the indemnity that the amount of the loss bore to the value of the entire package.—Kuhnhold vs. Compagnie Generale Transatlantique, 251 Fed. Rep. 387.

MOVEMENT OF COTTON.

B. F. Bush, regional director, in a circular referring to paragraph 7 of his Order No. 82, relative to the manner in which cotton should be marked, says that information received indicates that compresses are unable to secure sufficient tags, so that both ends of bales can be marked. Therefore, Order No. 82 is modified to the extent that until January 1, 1919, cotton may be received for movement, marked by compresses in the same manner as heretofore.

RAILROADS UNDER CONTROL

A list of federal controlled roads has been prepared and put into circulation by Director Chambers of the division of traffic, by means of circular No. 5, dated October 10. It is for the guidance of the men in the Administration who prepare tariffs, but it is not conclusive as to the status of a given railroad. Director Chambers, in issuing the list, said it was a "list of railroads and systems of transportation under federal control for use in connection with the compilation and publication of tariffs and schedules, the issuing, publication, filing or changing of rates, fares, charges, classifications, regulations or practices or matters pertaining thereto, published for the Director-General of Railroads and filed with the Interstate Commerce Commission by Edward Chambers, director, Division of Traffic, United States Railroad Administration.

"This schedule merely shows the names of the railroads and systems of transportation under federal control for convenient use and reference in all matters pertaining to or connected with tariff publication and rate regulation, and must not be used or construed as determining or affecting the status or relation with the government of any carrier shown herein or omitted or the method or manner of the operation of any carrier under federal control.

"This list shows, for the purposes stated, the carriers under federal control as of the date of its issue. It will be amended from time to time to include other lines as their status becomes fixed.

"In publishing and filing tariffs or schedules and in any and all matters in any way pertaining to or connected with the initiation, issuing, publication, filing or changing of rates, fares, charges, classifications, regulations, or practices or the regulation or control thereof, the following railroads and transportation systems shall be considered for those purposes as under federal control and reference may be made to this schedule for the names of said railroads or transportation systems, which are as follows:

Aberdeen & Rockfish Railroad, Abilene & Southern Railway, Ahnapee & Western Railway, Akron & Barberton Belt Railroad, Akron Union Passenger Depot Co., Alabama & Vicksburg Railway, Alabama Great Southern Railroad, Albany & Susquehanna Railroad, Albany Passenger Terminal Co., Albany Railroad Bridge Co., Allegany & Western Railway, Allentown Terminal Railroad, Alton & Southern Railroad, Ann Arbor Railroad, Arizona Eastern Railroad, Arkansas & Memphis Railway Bridge & Terminal Co., Arkansas Central Railroad, Arkansas Western Railway, Asheville & Craggy Mountain Railway, Ashland, Coal & Iron Railway, Atchison & Eastern Bridge Co., Atchison, Topeka & Santa Fe Railway, Atchison Union Depot & Railroad Co., Athens Terminal Co., Atlanta & St. Andrews Bay Railway, Atlanta & West Point Railroad, Atlanta, Birmingham & Atlantic Railway, Atlanta Joint Terminals, Atlanta Terminal Co., Atlantic & East Coast Tunnel Co., Atlantic & St. Lawrence Railroad, Atlantic & Yadkin Railway, Atlantic City Railroad, Atlantic Coast Line Railroad, Augusta & Summerville Railroad, Augusta Belt Railway, Augusta Union Station Co.

Baltimore & Ohio Railroad, Baltimore & Ohio Chicago Terminal Railroad, Baltimore & Sparrows Point Railroad, Baltimore Steam Packet Co., Bangor & Aroostook Railroad, Barnegat Railroad, Barre & Chelsea Railroad, Bath & Hammondsport Railroad, Bay Shore Connecting Railroad, Beaumont, Sour Lake & Western Railway, Beaumont Wharf & Terminal Co., Bellington & Northern Railroad, Bellingham & Northern Railway, Belt Railroad & Stock Yards Co., Belt Railway of Chattanooga, Belt Railway of Chicago, Bennettsville & Cheraw Railroad, Bergen County Railroad, Bessemer & Lake Erie Railroad, Big Fork & International Falls Railway, Big Blackfoot Railway, Birmingham & Northwestern Railway, Birmingham Terminal Co., Blackwell Lumber Co.'s Railroad, Blue Ridge Railway, Boston & Albany Railroad, Boston & Maine Railroad, Boston Terminal Co., Boyne City, Gaylord & Alpena Railroad, Brazil, Devils Lake & Minneapolis Electric Ry., Brockport & Shawmut Railroad, Brooklyn Eastern District Terminal, Brownwood North & South Railway, Brunswick & Chillicothe Railroad, Buffalo & Susquehanna Railroad, Buffalo Creek Railroad, Buffalo, Rochester & Pittsburgh Railway.

California State Board of Harbor Commissioners Belt Railroad, Calumet Western Railway, Camas Prairie Railroad,

Canada-Atlantic Transit Co., Canadian Pacific Railway, Carolina & Northwestern Railway, Carolina & Tennessee Southern Railway, Carolina Railroad, Carolina, Clinchfield & Ohio Railway, Carolina, Clinchfield & Ohio Railway of South Carolina, Cartaret Extension Railroad, Cafasaugua & Fogelsville Railroad, Centralia Eastern Railroad, Central Indiana Railway, Central New England Railway, Central New York Southern Railroad, Central of Georgia Railway, Central Railroad of New Jersey, Central Railroad of South Carolina, Central Terminal Railway, Central Transfer & Storage Co., Central Union Depot Railway of Cincinnati, Central Vermont Railway, Central Vermont Transportation Co., Champlain & St. Lawrence Railroad, Charleston & Western Carolina Railway, Charleston Terminal Co., Charleston Union Station Co., Chattanooga Station Co., Cherry Tree & Dixonville Railroad, Chesapeake & Ohio Railway, Chesapeake & Ohio Railway of Indiana, Chesapeake & Ohio Northern Railway, Chesapeake & Western Railroad, Chesapeake Steamship Co., Chester & Delaware Railroad, Chesterfield & Lancaster Railroad, Chicago & Alton Railroad, Chicago & Eastern Illinois Railroad, Chicago & Erie Railroad, Chicago & North Western Railway, Chicago & Wabash Valley Railway, Chicago & Western Indiana Railroad, Chicago, Burlington & Quincy Railroad, Chicago, Detroit & Canada Grand Trunk Junction Railroad, Chicago Great Western Railroad, Chicago Heights Terminal Transfer Railroad, Chicago, Indianapolis & Louisville Railway, Chicago Junction Railway, Chicago, Kalamazoo & Saginaw Railway, Chicago, Memphis & Gulf Railroad, Chicago, Milwaukee & Gary Railway, Chicago, Milwaukee & St. Paul Railway, Chicago, Peoria & St. Louis Railroad, Chicago, Peoria & Western Railway, Chicago River & Indiana Railroad, Chicago, Rock Island & Gulf Railway, Chicago, Rock Island & Pacific Railway, Chicago, St. Paul, Minneapolis & Omaha Railway, Chicago, Terre Haute & Southeastern Railway, Chicago Union Station Co., Cincinnati, Burnside & Cumberland River Railway, Cincinnati, Hamilton & Dayton Railway, Cincinnati, Indianapolis & Western Railroad, Cincinnati, Lebanon & Northern Railway, Cincinnati, New Orleans & Texas Pacific Railway, Cincinnati Northern Railroad, Cincinnati, Saginaw & Mackinaw Railroad, Cleveland, Cincinnati, Chicago & St. Louis Railway, Clinton & Oklahoma Western Railway, Clyde Steamship Co., Coal & Coke Railway, Colorado & Southern Railway, Columbia Union Station Co., Connecting Terminal Railroad, Cooperstown & Charlotte Valley Railroad, Copper Range Railroad, Cornwall & Lebanon Railroad, Crescent City Railway, Cumberland & Pennsylvania Railroad, Cumberland Valley Railroad.

Dallas Terminal Railway & Union Depot Co., Danville & Western Railway, Davenport, Rock Island & Northwestern Ry., Dayton & Union Railroad, Dayton Union Railway, Deep Creek Railroad, Delaware & Hudson Co., Delaware, Lackawanna & Western Railroad, Denison & Pacific Suburban Railway, Denver & Rio Grande Railroad, Denver & Salt Lake Railroad, Denver Union Terminal Railway, Depue, Ladd & Eastern Railroad, Des Moines Union Railway, Des Moines Western Railway, Detroit & Huron Railway, Detroit & Mackinaw Railway, Detroit & Toledo Shore Line Railroad, Detroit & Western Railway, Detroit, Bay City & Western Railroad, Detroit, Grand Haven & Milwaukee Railway, Detroit Manufacturers Railroad, Detroit Terminal Railroad, Detroit Terminal & Transportation Co., Detroit, Toledo & Ironton Railroad, Detroit Union Railroad Depot & Station Co., Direct Navigation Co., Duluth & Iron Range Railroad, Duluth & Superior Bridge Co., Duluth, Missabe & Northern Railway, Duluth, Rainy Lake & Winnipeg Railway, Duluth, South Shore & Atlantic Railway, Duluth Terminal Railway, Dunleith & Dubuque Bridge Co., Durham Union Station Co.

Eastern Railroad, Eastern Texas Railroad, East St. Louis Belt Railroad, East St. Louis & Carondelet Railway, East St. Louis Connecting Railway, East St. Louis National Stock Yards Co., East St. Louis & Suburban Railway, Eddy-stone, & Delaware River Railroad, Elgin, Joliet & Eastern Railway, El Paso & Rock Island Railway, El Paso & Southwestern Railroad, El Paso Union Passenger Depot Co., Erie Railroad, Escanaba & Lake Superior Railroad, Evansville & Indianapolis Railroad.

Fairchild & Northwestern Railroad, Fairmont & Birmingham Railway, Farmers Grain & shipping Co., Fernwood & Gulf Railroad, Florida East Coast Railway, Forge Run Railroad, Fort Dodge, Des Moines & Southern Railway,

Fort Smith & Van Buren Railway, Fort Street Union Depot Co., Fort Wayne, Cincinnati & Louisville Railway, Fort Worth & Denver City Railway, Fort Worth & Rio Grande Railway, Fort Worth Belt Railway, Frankfort & Cincinnati Railway.

Gallatin Valley Railway, Galveston, Harrisburg & San Antonio Railway, Galveston, Houston & Henderson Railroad, Galveston Wharf Co., Georgia Railroad, Georgia, Florida & Alabama Railway, Georgia Southern & Florida Railway, Gettysburg & Harrisburg Railway, Gilmore & Pittsburg Railroad, Gilpin Railroad, Glendale & East River Railroad, Goldfield Consolidated Milling & Transportation Co., Goldsboro Union Station Co. Grand Canyon Railway, Grand Rapids & Indiana Railway, Grand Rapids Terminal Railroad, Grand Trunk Milwaukee Car Ferry Co., Grand Trunk Western Railway, Granite City Madison Belt Line Railroad, Grays Point Terminal Railway, Great Northern Railway, Great Northern Terminal Co., Green Bay & Western Railroad, Greensburg-Connellsville Coal & Coke Co.'s Railroad, Greenville & Nolachucky Railway, Greenwich & Johnsonville Railway, Gulf & Interstate Railway of Texas, Gulf & Ship Island Railroad, Gulf, Colorado & Santa Fe Railway, Gulf, Mobile & Northern Railroad, Gulf Terminal Co.

Hamilton Belt Railway, Hannibal Bridge Co., Hannibal Union Depot Co., Harriman & Northeastern Railroad, Hartwell Railway, Hawkinsville & Florida Southern Railway, Helena, Parkin & Northern Railway, High Point, Randleman, Asheboro & Southern Railroad, Hoboken Railroad, Warehouse & Steamship Co., Hocking Valley Railway, Hornan & Southeastern Railway, Houston & Brazos Valley Railway, Houston & Brazos Valley Terminal Co., Houston & Shreveport Railroad, Houston Belt & Terminal Railway, Houston East & West Texas Railway, Hudson & Manhattan Railroad, Hudson River Bridge Co. at Albany, Hunsdington & Broad Top Mountain Railroad.

Illiana & Vermillion Railroad, Illinois Central Railroad, Illinois Terminal Railroad, Illinois Transfer Railroad, Indianapolis & Frankfort Railway, Independence & Monmouth Railway, Indiana Harbor Belt Railway, Indianapolis Union Railway, International & Great Northern Railway, Interstate Car Transfer Co., Interstate Railroad, Iowa & St. Louis Railway, Iowa Transfer Railway.

Jacksonville Terminal Co., Jay Street Terminal, Johnson City Southern Railway, Joliet Union Depot Co., Joplin Union Depot Co.

Kanawha & Michigan Railway, Kanawha & West Virginia Railroad, Kankakee & Seneca Railroad, Kansas City, Clinton & Springfield Railway, Kansas City Connecting Railroad, Kansas City, Excelsior Springs & Northern Railroad, Kansas City, Mexico & Orient Railroad, Kansas City, Mexico & Orient Railroad of Texas, Kansas City, Shreveport & Gulf Terminal Co., Kansas City Southern Railway, Kansas City Terminal Railway, Kansas Southwestern Railway, Kentucky & Indiana Bridge & Railroad Co., Kentwood & Eastern Railway, Keokuk & Des Moines Railway, Keokuk & Hamilton Bridge Co., Keokuk Union Depot Co., Kewaunee, Green Bay & Western Railroad.

Lackawanna & Montrose Railroad, Lake Charles & Northern Railroad, Lake Erie & Eastern Railroad, Lake Erie & Pittsburg Railway, Lake Erie & Western Railroad, Lake Superior & Ishpeming Railway, Lake Superior Terminal & Transfer Railway, Lawrenceville Branch Railway, Leavenworth & Topeka Railway, Leavenworth Depot & Railroad Co., Leavenworth Terminal Railway & Bridge Co., Leetonia Railway, Lehigh & Hudson River Railway, Lehigh & New England Railroad, Lehigh Valley Railroad, Lehigh Valley Transportation Co., Lewiston & Auburn Railroad, Lexington Terminal Railroad, Lexington Union Station Co., Litchfield & Madison Railway, Little Kanawha Railroad, Little Rock, Sheridan & Saline River Railway, Long Island Railroad, Lorain & West Virginia Railway, Lorain, Ashland & Southern Railroad, Los Angeles & Salt Lake Railroad, Louisiana & Arkansas Railway, Louisiana & Pike County Railroad, Louisiana Central Railroad, Louisiana Railway & Navigation Co., Louisiana Southern Railway, Louisiana Western Railroad, Louisville & Nashville Railroad, Louisville & Wadley Railroad, Louisville Bridge Co., Louisville, Henderson & St. Louis Railway.

Mackinaw Transportation Co., Macon, Dublin & Savannah Railroad, Macon Terminal Co., Madison, Illinois & St. Louis Railway, Maine Central Railroad, Mallory Steamship Co., Manistee & Northeastern Railroad, Manistique & Lake

Superior Railroad, Marion & Southern Railroad, Maxton, Alma & Southbound Railroad, Memphis, Dallas & Gulf Railroad, Memphis Union Station Co., Merchants and Miners Transportation Co., Meridian & Memphis Railway, Meridian Terminal Co., Michigan Air Line Railway, Michigan Central Railroad, Middletown & Hummelstown Railroad, Midland Railway, Midland Valley Railroad, Milledgeville Railroad, Milwaukee Terminal Railway, Mineral Range Railroad, Minneapolis & St. Louis Railroad, Minneapolis Eastern Railway, Minneapolis, St. Paul & Sault Ste. Marie Railway, Minneapolis Western Railway, Minnesota & International Railway, Minnesota & Manitoba Railroad, Minnesota Northwestern Electric Railway, Minnesota Transfer Railway, Mississippi Central Railroad, Mississippi Valley Railroad, Mississippi-Warrior Waterways, Missouri & Illinois Bridge & Belt Railroad, Missouri, Kansas & Texas Railway, Missouri, Kansas & Texas Railway of Texas, Missouri Pacific Railway, Missouri Valley & Blair Railway & Bridge Co., Mobile & Ohio Railroad, Monongahela Connecting Railroad, Monongahela Railway, Monongahela Southern Railroad, Monroe Railroad, Montpelier & Wells River Railroad, Morgans Louisiana & Texas Railroad & Steamship Co., Morgantown & Kingwood Railroad, Mount Gilead Short Line Railway, Muncie Belt Railway, Munising, Marquette & Southeastern Railway.

Narragansett Pier Railroad, Nashville, Chattanooga & St. Louis Railway, Natchez & Louisiana Railway & Transfer Co., Natches & Southern Railway, New Bedford, Martha's Vineyard & Nantucket Steamship Co., New England Steamship Co., New Iberia & Northern Railroad, New Jersey & New York Railroad, New Orleans & Northeastern Railroad, New Orleans Great Northern Railroad, New Orleans Terminal Co., New Orleans, Texas & Mexico Railway, Newport & Richford Railroad, New River, Holston & Western Railroad, New York & Hartford Transportation Co., New York & Long Branch Railroad, New York Central Railroad, New York, Chicago & St. Louis Railroad, New York Connecting Railroad, New York Dock Co., New York, Lake Erie & Western Docks & Improvement Co., New York, New Haven & Hartford Railroad, New York-New Jersey Canal Section, New York, Ontario & Western Railway, New York, Philadelphia & Norfolk Railroad, New York, Susquehanna & Western Railroad, Norfolk & Portsmouth Belt Line Railroad, Norfolk & Western Railway, Norfolk Southern Railroad, Norfolk Terminals Railroad, Norristown Junction Railroad, North Bend & Eastern Railway, Northeast Pennsylvania Railroad, Northern Alabama Railway, Northern Ohio Railway, Northern Pacific Railway, Northern Pacific Terminal Co. of Oregon, North Shore Railroad, Northwestern Pacific Railroad, Northwestern Terminal Railway.

Ocean Steamship Co., Ockmulgee Valley Railway, Ogden Union Railway & Depot Co., Ohio River & Western Railway, Oklahoma City Belt Line, Old Dominion Steamship Co., Ontonagon Southern Railroad, Orange & Northwestern Railroad, Oregon Electric Railway, Oregon Short Line Railroad, Oregon Trunk Railway, Oregon-Washington Railroad & Navigation Co.

Pacific Coast Railroad, Pacific Coast Railway, Panhandle & Santa Fe Railway, Paris & Great Northern Railroad, Pascagoula-Moss Point Northern Railroad, Pennsylvania Co., Pennsylvania Railroad, Pennsylvania Terminal Railway, Peoria & Pekin Union Railway, Peoria Railway Terminal Co., Pere Marquette Railroad, Perkiomen Railroad, Philadelphia & Beach Haven Railroad, Philadelphia & Chester Valley Railroad, Philadelphia & Reading Railway, Philadelphia Belt Line Railroad, Pickens Railroad, Pickering Valley Railroad, Piedmont & Northern Railway, Pierre & Fort Pierre Bridge Railway, Pierre, Rapid City & Northwestern Railway, Pine Bluff Arkansas River Railway, Pittsburgh & Lake Erie Railroad, Pittsburgh & Shawmut Railroad, Pittsburgh & West Virginia Railway, Pittsburg, Chartiers & Youghiogeny Railway, Pittsburgh, Cincinnati, Chicago & St. Louis Railroad, Point Pleasant Bridge Co., Pond Fork Railway, Pontiac, Oxford & Northern Railroad, Poplarville Sawmill Co.'s Railroad, Port Huron Southern Railroad, Portland & Northwestern Railroad, Portland Terminal Co., Port Reading Railroad, Port St. Joe Dock & Terminal Railway, Port Townsend & Puget Sound Railway, Poteau Valley Railroad, Providence, Warren & Bristol Railroad, Providence & Worcester Railroad, Pueblo Union Depot & Railroad Co., Puget Sound & Willapa Harbor Railway.

Quannah, Acme & Pacific Railway, Quincy, Omaha & Kansas City Railroad.

Railway Transfer Co. of Minneapolis, Raleigh & Charleston Railroad, Rapid Railway, Richmond & Rappahannock River Railway, Richmond, Fredericksburg & Potomac Railroad, Rio Grande, El Paso & Santa Fe Railroad, Rio Grande Southern Railroad, Riverside, Rialto & Pacific Railroad, Roanoke River Railway, Roanoke Railway, Roby & Northern Railroad, Rockingham Railroad Co., Rock Island-Frisco Terminal Railway, Rock Island-Memphis Terminal Railway, Rosslyn Connecting Railroad, Rupert & Bloomsburg Railroad, Rustin Railroad, Rutland Railroad.

St. Clair Tunnel Co., Ste. Marie Union Depot Co., St. John & Ophir Railroad, St. Johnsbury & Lake Champlain Railroad, St. Johns River Terminal Co., St. Joseph & Grand Island Railway, St. Joseph Belt Railway, St. Joseph Terminal Railroad, St. Joseph Union Depot Co., St. Joseph Valley Traction Co., St. Louis & O'Fallon Railway, St. Louis Belt & Terminal Railway, St. Louis Bridge Co., St. Louis, Brownsville & Mexico Railway, St. Louis, Council Bluffs & Omaha Railway, St. Louis, Iron Mountain & Southern Railway, St. Louis Merchants Bridge Terminal Railway, St. Louis National Stock Yards, St. Louis-San Francisco Railway, St. Louis, San Francisco & Texas Railway, St. Louis Southwestern Railway, St. Louis Southwestern Railway of Texas, St. Louis Terminal Railway, St. Louis, Troy & Eastern Railroad, St. Paul Bridge & Terminal Railway, St. Paul Union Depot Co., Salina Northern Railroad, Salt Lake City Union Depot & Railroad Co., San Antonio & Aransas Pass Railway, San Antonio, Uvalde & Gulf Railroad, San Antonio Belt & Terminal Railway, San Benito & Rio Grande Valley Railway, Sandy Valley & Elkhorn Railway, Savannah River Terminal Co., Savannah Union Station Co., Schoharie Valley Railway Co., Schuylkill Bridge at Swedesford, Pa., Schuylkill Valley Navigation & Railroad Co., Seaboard Air Line Railway, Seattle, Port Angeles & Western Railway, Security Investment Co. Railroad, Sharpsville Railroad, Shreveport Bridge & Terminal Co., Silverton Northern Railroad, Sioux City Bridge Co., Sioux City Terminal Railway Co., Smith-Powers Logging Co.'s Railroad, Somerset Coal Railway, Southern Illinois & Missouri Bridge Co., Southern Pacific Co., Southern Pacific Railroad, Southern Pacific Steamship Line, Southern Railway, Southern Railway Co. in Mississippi, Southern Steamship Co., South Wilmington & Southern Railroad, South Plains & Santa Fe Railway, Spokane & British Columbia Railway, Spokane International Railway, Spokane, Portland & Seattle Railway, Staten Island Rapid Transit Railway, Stony Creek Railroad, Sullivan County Railroad, Sunset Railway, Susquehanna & New York Railroad, Sussex Railroad, Sylvia Central Railway.

Tacoma Eastern Railroad, Tallulah Falls Railway, Tamaqua, Hazleton & Northern Railroad, Tampa Northern Railroad, Tampa Union Station Co., Tennessee Central Railroad, Terminal Railroad Association of St. Louis, Terminal Railroad of East St. Louis, Texarkana & Fort Smith Railway, Texas & New Orleans Railroad, Texas & Pacific Railway, Texas City Terminal Co., Texas Midland Railroad, Thayer Junction Railway, Thomas Railroad, Ticonderoga Railroad, Tidewater Southern Railway, Toledo & Ohio Central Railway, Toledo, Peoria & Western Railway, Toledo, Saginaw & Muskegon Railway, Toledo, St. Louis & Western Railroad, Toledo Terminal Railroad, Trans-Mississippi Terminal Railroad, Trinity & Brazos Valley Railway, Traverse City Railroad, Tresckow Railroad, Troy Union Railroad, Tucson & Nogales Railroad, Tug River & Kentucky Railroad, Tunnel Railroad of St. Louis.

Ulster & Delaware Railroad, Union Depot Co. (Columbus, Ohio), Union Depot of St. Louis, Union Freight Railroad, Union Fuel Co.'s Railroad, Union Pacific Railroad, Union Point & White Plains Railroad, Union Railroad of Baltimore, Union Railway Co. (Memphis, Tenn.), Union Railway & Transit Co. (of Illinois), Union Stock Yards Co. of Omaha, Union Terminal Co. (Dallas, Tex.), Union Terminal Railway (St. Joseph, Mo.), Union Terminal Railroad Co. of the City of Buffalo, United States & Canada Railroad.

Valley Railroad Co. of Virginia, Van Buren Bridge Co., Vermont Valley Railroad, Vermont & Province Line Railroad, Vicksburg, Shreveport & Pacific Railway, Vineland Branch Railroad, Virginia Blue Ridge Railway, Virginia-Carolina Railway, Virginian Railway.

Wabash Railway, Wadley Southern Railway, Walkers-

ville & Ireland Railroad, Washington & Vandemere Railroad, Washington Southern Railway, Washington Terminal Co., Watertown & Sioux Falls Railway, Waupaca, Green Bay Railway, Waynesburg & Washington Railroad, Weatherford, Mineral Wells & Northwestern Railway, Western & Atlantic Railroad, Western Maryland Railway, Western New York & Pennsylvania Railway, Western Pacific Railroad, Western Railway of Alabama, West Jersey & Seashore Railroad, West Shore Railroad, West Side Belt Railroad, West Tulsa Belt Railway, West Virginia Midland Railroad, Wheeling & Lake Erie Railroad, Wheeling Terminal Railroad, White River Railroad (of Vermont), White Sulphur Springs & Yellowstone Park Railway, Wichita Falls & Northwestern Railway, Wichita Terminal Association, Wichita Union Terminal Railway, Wichita Valley Railroad, Wiggins Ferry Co., Wiles-Barre & Eastern Railroad, Wilkes-Barre Connecting Railroad, Williamson & Pond Creek Railroad, Williamsport, Nettle & Martinsburg Railway, Williams Valley Railroad, Winona Bridge Co., Winston-Salem Southbound Railway, Wood River Branch Railroad, Woodstock & Blocton Railway, Wrightsville & Tennille Railroad, Wyoming & Northwestern Railway.

Yadkin Railroad, Yazoo & Mississippi Valley Railroad, York Harbor & Beach Railroad.

Zanesville & Western Railway, Zanesville Belt & Terminal Railway, Zanesville Terminal Railroad.

BARGE OWNERS COOPERATE

The Traffic World Washington Bureau.

A committee composed of Eugene W. Frey, president of the Southern Transportation Company; T. S. Southgate, representing the Norfolk (Va.) Chamber of Commerce; and W. B. Roper, of the North Carolina Pine Association, has been appointed to work out, if possible, a scheme of co-operation between the shippers and the barge owners using the inland waterways on the Atlantic Coast, thereby making it unnecessary for the government to go into the business of common carrier by barge as a method for reducing rates.

The committee held its first meeting October 22. It came to the conclusion that there should be points at which the shippers and barge men could get together for the consideration of questions of mutual interest. Therefore offices will be established at Norfolk and Baltimore to act as clearing houses, so to speak, for bringing together both shipper and barge man with a view to having them work on the problem of getting the barge and the tonnage together, without raising the cost to such a figure that the operation will not be profitable for either, because, in the end, the high cost will make the use of barges almost impossible.

President Frey, of the Southern Transportation Company, is understood to have told the shippers that he would undertake to work out a scheme for putting into effect carload rates. At present the barge owners try for cargo lots at so much per 1,000 feet. They pay no attention to the difference between carload and less-than-carload business, ignoring the fact that business is adjusted to the carload as the unit of both transportation and commerce.

The object of the committee will be to work out a scheme, both of service and rates, that will satisfy the shippers that they are not being gouged simply because the railroads cannot handle their tonnage, and that if they desire to do business they must pay higher for barge transportation than the published, but unavailable, rail rates.

Under the rule of competition, the closing of the rail routes by the general embargo against forest products would enable the barge owners to make the rates as high as the traffic would bear. That is the rule which some of the north Pacific Coast commissions think the government is entitled to use in making rail rates and when they found that fruits and vegetables, other than apples, would move under the rates imposed by General Order No. 28, they withdrew their protests against them. They would not assent to such rates for the carriers under private control because they argue that private capital is not entitled to earn more than a reasonable return, no matter what its opportunities, while the government, in time of war, is entitled to obtain all the money it can.

Help for Traffic Man

This department is conducted by a traffic man of long experience and wide knowledge. In it he will answer questions relating to practical traffic problems. We do not desire to take the place of the traffic man, but to help him in his work. We reserve the right to refuse to answer any questions that we judge it unwise to answer or that involve situations that are too complex for the kind of investigation contemplated. Questions will be answered as promptly as possible. No answers will be given by mail except for a fee.

Address "Help for Traffic Man," The Traffic Service Bureau, Colorado Building, Washington, D. C.

Are Transportation Taxes on Goods Furnished the Government Refundable?

Q.—Please advise me whether it would be possible to obtain refund of war tax on shipments consigned to the United States government or any branch thereof. I have in mind one of the largest producers of war supplies who is now shown to be 100 per cent war production. This company has neglected to show itself exempt from war tax on shipments as above mentioned. The war tax on these shipments amounts to about \$40 per day or more, and 80 per cent of this amount should have been exempt.

A.—There is no direct provision contained in the act of Oct. 3, 1917, known as the war revenue act, which allows the shipment of goods by a manufacturer or producer to the government to have its products carried by freight without the payment of the war tax thereon. Section 502 of that act provides that "No tax shall be imposed under section 500 upon any payment received for services rendered to the United States or any state, territory or the District of Columbia. The rights of exemption under this section shall be evidenced in such manner as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may by regulations prescribe."

This section seems to exempt from the payment of this transportation tax only the government of the United States or any state, territory or District of Columbia, and this view is further emphasized by the fact that the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, has prescribed forms for evidencing the rights to exemption, and these forms pertain exclusively to freights or other transportation charges paid by the various governmental agencies or government's names, so that, from the plain wording of the law, and also as interpreted by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, does not give to a manufacturer or producer who is the shipper the right to ship his goods even to the government without the payment of the war tax.

However, section 501 of the same act provides that the taxes imposed by section 500 shall be paid by the person, corporation, partnership or association paying for the services or facilities rendered. It is possible that, construing sections 501 and 502 together, that the courts might hold that the shipment of goods to the United States government or to any state, territory or the District of Columbia constituted a service rendered to that government by the carriers and not a service rendered to the manufacturer or producer and the shipper, and this would be a very reasonable construction to be placed upon the law for which there is judicial precedent at least by analogy. That is to say, that, while the law requires that the taxes shall be paid by the party paying for the service, yet if the one who pays for the service is furnishing goods for the use of the government, that service of transportation may be regarded as a service rendered to the government and therefore a service which is exempt from taxation under section 502.

If such a construction were placed upon the law by the courts, then, in view of the fact that the Commissioner of Internal Revenue has provided no means by which the shipper may evidence his right to the exemption, it is doubtless true that a refund of all such taxes so paid could be had in the usual course of a claim before the Treasury Department filed with that department within the period of statute limitations. It is to be noted in this connection that article 10 of the regulations promulgated by the Commissioner of Internal Revenue, Regu-

lations 42 provide that "Nothing in these regulations authorize an adjustment of a tax by a carrier in any instance where after collection of a charge and tax it is claimed that the charge is entitled to exemption from the tax by reason of exportation, governmental use or otherwise," so that, indirectly, the Commissioner of Internal Revenue seems to recognize that there may be a valid claim from the shipper for exemption from the transportation tax on the ground that the shipment was for governmental use. The provision in this regulation merely says that a carrier cannot make an adjustment of a tax under those circumstances, inferentially leaving it to the Treasury Department to make the adjustment which is usually made in the case of taxes unlawfully paid.

Furthermore, section 1001 of the act of Oct. 3, 1917, incorporates in that law all the administrative, special or stamped provisions of law now in existence, which, of course, includes the refunding of taxes unlawfully collected.

Specifically answering the query of the correspondent, it is undoubtedly true that a railroad company can make no refund to a private shipper of any tax paid upon a shipment of goods to the government; that there is no provision in the regulations under which a private shipper may claim exemption from the tax on such shipments; that if a refund is justified on the ground of the illegal payment of the tax, it is a matter to be presented to the Treasury Department for adjustment, and that such a claim filed with the Treasury Department would probably be made the subject of judicial interpretation of the law.

AMERICAN MERCHANT MARINE

L. F. Daspit, traffic manager for the Shreveport Chamber of Commerce, has sent the following letter to members of the Chamber's traffic bureau:

"I quote the following extract from letter of Chairman Edward N. Hurley of the United States Shipping Board, dated Aug. 2, 1918:

"The time has come for Americans everywhere to put themselves solidly behind American ships.

"Our railroads must no longer stop at the ocean. We are building an American merchant fleet of twenty-five million tons—three thousand ships. We are backing modern ships with modern port facilities, establishing our bunkering stations all over the globe and will operate with American railroad efficiency. We will carry American cargoes at rates corresponding to our railroad rates—the cheapest in the world. Fast American passenger-and-cargo liners will run regularly to every port in Latin America, the Orient, Africa, Australia.

"We must all take off our coats and work to bring these American ships home to the people of every American interest and community. The manufacturer must think of customers in Latin America as being as accessible as those in the next state. The farmer must visualize ships carrying his wheat, cotton, breeding animals, dairy products and fruit to new world markets. The American boy must think of ships and foreign countries when he chooses a calling.

"Public neglect ruined our old mercantile marine. Congress was not to blame—it simply reflected the indifference toward ships of the average American. Once more we have a real American merchant fleet under way, backed by far-reaching policies for efficient operation. We must dispel indifference and keep our flag on the trade routes of the world. We are going to take trade from no other nation. But we must serve our own customers and help other nations in their ocean transportation problems after the war.

"We want to hear personally from your organization. These are precious days of opportunity. The nation is united for team work and service. I expect you to write me outlining your views and making any suggestions that you think will be helpful in our work."

"I also inclose a copy of his letter of September 12, believing that I could not place this matter before the members in a clearer manner than by reproducing Chairman Hurley's letter."

Following is Mr. Hurley's letter of September 12 to Mr. Daspit:

"Your letter is one of many I have received from American business organizations pledging hearty support of

the American merchant marine. I am glad to know that so fine a spirit of team work exists in your organization.

"The very first thing your organization should do is become acquainted with our merchant marine as Americans.

"Quite a number of business men write and say that they do no foreign trade and think the American merchant marine does not affect them. Or they see no way to back it up because their community is far from the ocean.

"There is only one legitimate excuse for not being interested in the American merchant marine—that is, if you were not an American.

"The first task is to pull your membership and your industry or community together behind our new ships and begin spreading information about them. The members of your organization should know something about what we are doing; how many ships we are building; how many ships are flying the American flag, and whether we will do foreign business or not.

"This is the biggest national improvement that we have ever tackled. Measured in money, it represents fifteen times the investment in the Panama Canal and, measured in time, we are doing the job about five times as fast.

"It was American understanding and enthusiasm, not selfish interest, that dug the big ditch from Colon to Panama. We must all get on the job as Americans now and put through the merchant marine because, like the Panama Canal, it is the right thing to do for the United States and the world.

"The first great task is to organize your Americanism on this issue of the merchant marine and create a healthy, unselfish national curiosity about it. I will supply you with information as fast as it is available and I want you to see that this information not only reaches every member of your organization, but that it is acted upon.

"I want you to realize that the American merchant marine is going to take you into a new era. When peace finally comes we must be prepared to put our American spirit and energy at the service of other nations. They will need our money and our tonnage, our ability and team work in developing their resources.

"It isn't what we are going to get out of it that counts so much as what we are going to put into it.

"I want your committee to read the inclosed Webb act which authorizes combinations for foreign trade. This is an epoch-making law full of wonderful possibilities for team work.

"I want you to study foreign countries. Every man, woman and child in this country to-day should be reading about the peoples and resources, ideals and needs of Latin America, Australia, South Africa, Canada, Mexico, the Orient and Europe.

"Every American should turn the pages of American history and inform himself about the achievements of his forefathers on the ocean.

"It is time for every business man to become a specialist in the literature of some quarter of the globe.

"It is time for American youth to dream dreams of foreign countries and cultivate the natural love of the sea and travel possessed by every healthy boy—and girl.

"It is time to study languages—do you know that the Spanish race and tongue to-day are surpassed in point of numbers, distribution and future promise only by the Anglo-Saxon? Spanish-speaking peoples have a future that will soon surprise the world.

"In a little while I will send you lists of good books on such subjects.

"I expect to hear from you again and will give your communications my personal attention, for the organizing of true Americanism behind the American merchant marine is one of the most important tasks of the United States Shipping Board. It would be of little use to build these ships if we could not line every American up behind them."

One of the replies to Mr. Daspit's letter to members of the traffic bureau is from the Louis Werner Stave Company, R. Latzke, secretary, as follows:

"Probably no other concern belonging to your organization has felt the absence of American bottoms on the high seas as much as we have, and none, I am sure, has suffered as much in consequence. We have for many years been exporting our goods to France, some to Great Britain, Spain and Italy. We had to depend on foreign

ships exclusively, and have paid out many hundred thousand dollars to foreign companies for ocean freight.

"Our export fell off abruptly at the outbreak of the war in Europe, and is very insignificant at present. This is to be expected, while all ships are busy carrying our troops and their supplies, but conditions were no better during 1914, 1915 and 1916—due to the lack of American ships.

"I have compiled a statement of ships which carried our staves—full cargoes and part cargoes—beginning some time before the outbreak of the war. The nationalities of the ships were as follows: American, 2; British, 23; Scandinavian, 19; Spanish, 15; French, 5; Austrian, 3; Italian, 2; German, 2; Greek, 1. No comment is necessary.

"The only difficulty that will have to be overcome in American ships competing with foreign vessels is the difference in salaries paid to American and foreign seamen and in the cost of feeding them. I have been told by captains of various foreign boats that it costs them between \$14 and \$18 per month to pay and feed a sailor. This applies to practically all foreign merchant marines except the British. Wages of the British sailors are higher, but then a good many coolies are employed on British ships, at very low wages, I should think. I presume that a captain of a ship having her home in the Mediterranean is well satisfied with a salary such as an American sailor would expect—at any rate, such were the conditions before the war.

"But then, this is a minor matter after all. Let us have the ships—that is the main point."

VALUATION ARGUMENT

The Traffic World Washington Bureau.

Nearly two hours were spent October 17 by attorneys for the Valuation Bureau of the Interstate Commerce Commission and attorneys for the Kansas City Southern Railroads in arguments as to whether there should be enlargement on the tentative valuation report concerning carriers' property made by the Commission nearly two years ago.

Samuel Untermeyer, for the Kansas City Southern, moved to postpone the arguments on the ground that he had not had an opportunity to present testimony as to the value of each parcel of land owned by the company along its rails from Kansas City to the Gulf. He said it was necessary to introduce testimony as to the value of the land because the Commission had stated value for the lands in its tentative report. After the tentative report respecting the Kansas City Southern had been made the Commission made a final report of its valuation work on the Texas Midland. In that report it said it would not undertake to state the value of the lands of that company. Mr. Untermeyer claimed that that decision made it necessary for the Kansas City Southern to complete what he called the record in this case. He said that it had the effect of overturning a stipulation in regard to land entered into this case.

T. E. Benton, solicitor for the Valuation Bureau, and P. J. Farrell, former solicitor for the bureau, but now chief counsel for the Commission, disagreed with Mr. Untermeyer. So did C. A. Prouty, Director of Valuation. S. W. Moore, solicitor for the Kansas City Southern, took the same ground as Mr. Untermeyer. The Commission took a recess immediately after these preliminary arguments had been made to consider whether it should make a decision on Mr. Untermeyer's motion or whether it should go ahead with its program, which was to have arguments on the merits of its tentative report, regardless of the motion.

The Commission having decided October 18 that it would proceed with the arguments, Mr. Untermeyer moved to quash the proceeding on the ground that the valuation status is unconstitutional in that it provides for the taking of property without due process of law, the taking consisting of valuation by an administrative body and without effective judicial review of its action. The Commission paid no attention to the motion. Mr. Untermeyer, by making it, laid the foundation for an attack in court if his clients think it will pay.

Traffic Lesson No. XLVIII

Rate Theories of the Commission—Forty-eighth in the Course of Fifty-two Lessons Written for the Traffic World by Grover G. Huebner, Ph.D., Assistant Professor of Transportation and Commerce, University of Pennsylvania, and Published Bi-weekly—(Copyrighted)

In presenting a case before the Interstate Commerce Commission, a knowledge of the theories or policies accepted by the Commission is essential. Otherwise extensive evidence to prove the justice of a particular contention may be introduced, only to find that its proof does not convince the Commission that the rate, rule, or practice under discussion is unreasonable or unduly discriminatory. The theories or doctrines of the Commission as they have variously been announced in its decisions have become a partial force in the railway industry because the Commission, subject to review by the courts, has power to put them into effect.

From the nature of freight charges as described in lessons No. 6 and 7 and 19 to 29, inclusive, it cannot be expected that the Commission has ironclad doctrines to be rigidly applied in the making of freight rates. It is amenable to economic requirements, as are the railroads; its personnel and views have changed, as also have those of the courts. The relative or absolute reasonableness of a charge as influenced by economic forces is not restricted within such narrow limits as to preclude a difference of opinion as between Commission, carriers and shippers. Nor can it be expected that the Commission should strictly adhere to a single rate theory or principle to the exclusion of all others.

The Cost of Service.

Though the importance of the cost of service as a rate factor was at times deprecated by the Commission during the early years of its existence, it has more recently paid an increasing amount of attention to the relation between charges and costs. Particularly has the Commission been more ready than the carriers and shippers to consider the costs incident to the performance of special services. The decisions which were referred to in lessons No. 7 and 33 scarcely require repetition. It may not, however, be assumed that the Commission as an invariable rule upholds a contention in favor of making a charge for every specific service. In the New York Harbor Case,¹ for example, a distinction was made between long and short haul traffic:

"The practice of disregarding the cost of specific service in constructing rates for long hauls, while including it in the rates for shorter distances, is such a common one that it may well be accepted as one of the established principles of rate-making in this country. It is by no means unusual, as the present record shows, for carriers to absorb switching charges when the freight revenue is sufficient to warrant it, and the absorption tariffs usually state the minimum revenue per car which the carrier prescribes in such cases. Transit is frequently accorded without any charge in addition to the through rate when the revenue is sufficient to justify it. An extra charge for a two-line haul is frequently made when the distances are short, but for longer distances the rate is often the same for a two-line haul as for one over the line of a single carrier. The reason for this general practice is, of course, that when the hauls are long the cost of the specific terminal or switching service is spread over such great distances that the cost of that service per mile is negligible; or, in other words, that the cost of that service is so small when compared with the revenue which the carrier derives from the long haul that it can be absorbed without encroaching unduly upon the carrier's earnings. We have frequently recognized and approved this general principle . . . Taking a broad view of the general practice of the carriers in this respect, and of its repeated approval by the Commission as announced in the cases cited, it is clearly impossible to conclude that terminal costs must be recognized in the construction of rates for

long hauls solely because they are reflected in the rates for shorter hauls."

The Commission has also gradually paid more attention to line-haul costs than it did at first. Variations in the cost of service have been considered in comparing the rates for different commodities, such as corn and corn products, oranges and strawberries, beans and tomatoes; also in comparing the rates to one point with those to another. So, too, has the cost of service been accepted as a factor in adjusting differences between carload and less-than-carload rates. No fixed rule regarding the relation between the rates on particular commodities and the cost of service incident to transporting them has, however, been established. The following statement contained in the Western Rate Case² indicates both the indefiniteness of the relationship and the increased attention being paid to costs by the Commission:

"The problem of estimating the cost of transporting specific commodities is at best in a developmental stage. Progress has been made in this field, however, and the effort to obtain to a more thoroughly tested and a more comprehensive method of such specific cost accounting deserves every encouragement. Rate-making in the past has not been presented parallel with comparative cost studies. The competition of markets, of producers, of rival carriers, especially by water, has resulted in a freight rate system which cannot be assumed to be so adjusted that the rates effective result in earnings proportioned nicely to the respective costs involved."

There has also been a tendency to consider costs and revenue in various decisions incident to the efforts of the carriers since 1910 to advance the general level of freight charges. Portions of the requests for a general advance were granted by the Commission, but when the railroads were taken over by the government the Commission was required by statute to consider increased costs and revenue needs in determining the justness and reasonableness of rates initiated by the federal Railroad Administration. It is provided in section 10 of the federal control act of March 21, 1918, "that when the President shall find and certify to the Interstate Commerce Commission that in order to defray the expenses of federal control and operation fairly chargeable to railway operating expenses, and also to pay railway tax accruals other than war taxes, net rents for joint facilities and equipment, and compensation to the carriers, operating as a unit, it is necessary to increase the railway operating revenues, the Interstate Commerce Commission in determining the justness and reasonableness of any rate, fare, charge, classification, regulation of practice shall take into consideration said finding and certificate by the President, together with such recommendations as he may make."

There has, in short, been a general tendency in the direction of the cost of service as a rate basis of increasing importance, subject, however, to modifications when other factors require. In the New York Harbor Case, referred to above, the Commission made the following statement:

"Although it is probable that the time will come when the carriers will find it necessary to accord recognition in the rate structure to the heavy and ever-increasing expense of terminal operation, it cannot be said at the present time that their failure to do so leads necessarily to the conclusion that their rates are unduly prejudicial or otherwise unlawful . . . Although the rate structure will undoubtedly become more logical and more stable as the rates approach more nearly in each instance to the cost of service, we cannot condemn a rate solely because it is not constructed on that principle, unless it is clearly shown that the resulting discrimination is undue; and whether or not it is undue can best be determined by a

¹Committee on Ways and Means to Present the Case of Alleged Unfair Rate and Service Discrimination at the Port of New York et al. vs. Baltimore & Ohio R. R. Co. et al., Dec. 17, 1917, 47 I. C. C. Repts., 791.

²Western Rate Advance Case, Investigation and Suspension Docket No. 555, July 30, 1915, 35 I. C. C. Repts., 561.

careful consideration of the history of the rate, the reason for its establishment, the nature of the traffic, the competition between shippers and communities, and all other pertinent evidence."

Distance as a Factor in the Decisions.

The Interstate Commerce Commission has frequently considered distance in its relation to the cost of service. It has in recent years approved or established many so-called "mileage scales," some of which were referred to in lessons 19, 20, 22, 23, 24, 25 and 26. The Commission has not, however, endeavored to establish freight rates on a strict mileage basis, both because distance entirely excludes terminal costs and the cost of performing the special services which have become a feature of freight transportation and because a distance tariff strictly applied would in many instances deter long hauls to distant markets.

The general principles underlying mileage scales were announced early in the history of the Commission. The first is that in the absence of other controlling influences, rates in the case of long hauls need not advance on a mile-for-mile basis, but the aggregate charge should be higher for a long haul than for a short one, although the rate-per-ton-per-mile may decline. The second principle is that this as well as any other concept of distance as a rate factor may need to be modified in case other influences are encountered. Those especially recognized by the Commission in a series of decisions are: Water competition, the competition of railroads not within the jurisdiction of the Commission, and competition between producing districts and markets.

It is obvious that in presenting a complaint to the Commission it is not sufficient to establish distance discrepancies. The growing number of mileage scales should be viewed in the light of the simultaneous approval of rates which are not in accord with the principle of increasing aggregate charges and decreasing rates per ton per mile. Attention is called to the existence of many "group rates" which in case of long hauls apply equally at a large number of points. In the New York Harbor case,⁴ referred to above, the Commission made the following significant statement:

"The practice of embracing many points within the same group or zone has been so generally adopted by the carriers and so frequently recognized by this Commission that its general propriety can hardly be challenged. Not only does this practice greatly simplify the publication of tariffs, to the convenience of both the carriers and the public, but the application of a common rate to a number of points in the same general territory effects an equality of opportunity which is usually most desirable; and this is particularly true where the points in question produce and ship the same commodity or derive their raw materials from the same sources. . . . Actual distances and actual costs are commonly disregarded in the construction of rate groups, and so long as their general propriety is recognized it is, of course, impossible to entertain the view that a rate is unlawful solely because it does not reflect with approximate accuracy the actual cost of performing the transportation service. . . . The chief justification for a rate zone is that it places all producers on the same footing in a given market. Blanket or group rates in many cases are of great advantage to the public without serious injustice to any interest, though there is of necessity more or less disregard of distance and varying degrees of inequality. Grouping or blanket arrangements are of great advantage to the public and, once established, groups should not be lightly or unnecessarily disturbed. But the Commission has never approved a group rate that resulted in undue prejudice to any part of the group, and whether or not the grouping of points constitutes undue or unjust discrimination must be determined from the facts in each case."

The variation of local short distance freight rates with distance both in the tariffs established by the carriers and in the decisions of the Commission is more exact. A direct increase with distance is in many instances the established practice in case of short hauls. The Commission in some of its early decisions has announced that the principle that the rate per ton per mile should decrease with distance "cannot, as a rule, be considered as a test

in railroad operations in case of local rates,"⁴ and that "local rates need not necessarily correspond with the division of its joint through rates over the same line."⁵

Return on Investment.

The contention that rates should be made with reference to their effect on investment returns is one that is made by the carriers more commonly than by shippers, and the former advance it when they seek an increase in the general level of rates more commonly than when an individual charge is under consideration. It is related to the cost of service in that so far as the general level of rates is concerned all costs are included and in addition revenues to yield a fair return on investment.

The Commission has given less consideration to the relation between investment returns and rates than the courts, although it has given it more attention in the recent general advance rate cases than it did in the past. Neither the Commission nor the courts have defined the meaning of "fair return" with exactness, for such a definition would in case of each carrier be confronted by distinctive traffic, operating, construction and financial conditions. Yet the rates via competing lines cannot vary widely, because wide discrepancies would result in heavy inequalities in traffic. Neither actual investment nor property values, moreover, are known. It is for this reason that the Commission was intrusted with the work of railroad valuation. Thus far it has not been definitely decided what bona fide investments include, nor what is meant by property values, in applying the fair return principle.

The Commission has in its decisions recognized a general relationship between rates and investment returns, subject to modification. One of the modifications announced is that a carrier "may not treat every division of its system serving a common territory as an independent property, and vary its rates to suit the conditions of each piece of property, and thereby arbitrarily exact charges that make a profitable market for one portion of its patrons and that exclude others similarly situated from the same market."⁶ Others are that mismanagement and unwise ventures may not be excused on the ground of needed investment returns; and that good faith must necessarily underlie a rate adjustment based upon fair investment returns.

Natural Advantages of Location.

There has long been a difference of opinion between the Commission and the carriers as to the part that natural advantages of location should play in establishing freight rates. The Commission has frequently upheld the principle that communities shall not be unfairly deprived of natural advantages incident to lower production costs, lower cost of service, or shorter distances. It has permitted group rates, but not to the extent of unduly interfering with natural location; and it has at times authorized the disregard of long distances, but has also aimed to adjust rates so as not to deprive a locality entirely of all advantages of location possessed by it.

Shippers, knowing that the Commission has been less given to equalizing differences in location than the carriers, have at times banked too largely upon it in supporting their complaints. It is an important factor, but, as is true of any other rate factor, it is but one consideration. The proof of favored location may in itself be insufficient to induce the Commission to order a readjustment of rates.

Competition in the Decisions.

The plea for a particular rate adjustment on grounds of favorable location may, for example, fail because a controlling competitive force is operative. The Commission has not recognized all the effects of competition claimed by the carriers, but competition has been an important consideration in many of its rate orders. It has of necessity recognized the effect of water competition and, until the recent decisions involving the relation between federal and state regulation, which will be discussed in Lesson No. 49, it was also influenced more

⁴Business Men's Assoc. of the State of Minnesota vs. C. & N. W. Ry. Co., 2 I. C. C. Rept., 73; 2 I. C. C. Rept., 41.

⁵See account in M. E. Hammond, Railway Rate Theories of the I. C. C. (1911), page 80.

⁶Rice, Robinson & Winthrop vs. the Western N. Y. & Penn. R. R. Co., 4 I. C. C. Repts., 131; 3 I. C. C. Repts., 162.

largely than at present by competition on the part of railroad traffic not directly subject to the provisions of the interstate commerce act. The Commission has repeatedly considered the force of industrial and commercial competition between producing districts or markets, although, as stated above, its judgment, as compared with that of the carrier, has been tempered by a desire to prevent a community from being deprived entirely of the advantages of favorable location.

The Commission has been less ready to recognize competition between carriers subject to its jurisdiction. It has authorized difference between the rates of large competitive centers and those of smaller less competitive or non-competitive points, but has endeavored to prevent great discrimination where railroad competition alone is offered as a justification, and has insisted that the higher rates may not be unreasonable. When the long-and-short-haul clause was contingent upon the absence of "dissimilar circumstances and conditions" the Commission was overruled by the courts, but made it clear that in its judgment railroad competition did not justify discrimination to the extent of violating the long-and-short-haul principle, and since the amendment of the clause in 1910 the Commission has eliminated many discriminations of that character.

The federal control act of March 21, 1916, recognizes the influence of competition on rates in clause 10, which provides that "in determining any question concerning any such rates, fares, charges, classifications, regulations, or practices or charges therein (initiated by the President) the Interstate Commerce Commission shall give the consideration to the fact that the transportation systems are being operated under a unified and co-ordinated national control and not in competition."

Value of the Service.

The Commission originally regarded the value of the service performed as the principal rate consideration. In later years, however, it has paid less attention to it as a rate basis and has come to regard it as but one among other factors and as the maximum above which rates may not be established permanently. The application of the value of service in rate-making was previously discussed in Lesson No. 7.

Value of Commodities.

The value of the commodity has also been referred to by the Commission in some of its decisions as a most important rate factor. It continues to apply the principle that, unless in particular instances other reasons predominate, commodities of high value should bear higher rates than articles of lower intrinsic value. The value of commodities is considered particularly in decisions concerning freight classification and in comparing rates on different commodities. Its effect has been most direct in decisions concerning rates on competitive commodities and on raw materials as compared with the finished wares into which they are converted. But it has also been recognized in many decisions in comparing the rates on products that have similar characteristics, but are less directly in competition with each other.

The value of commodities has been considered by the Commission both in its relation to business requirements and the so-called "social" considerations in rate-making. The latter embodies the idea that apparent inequalities with reference to the cost of service or other rate theories may at times be justified by social requirements. Commodities of high value are usually able, without undue burden, to pay a larger share of transportation costs than those of low value.

Historical Consideration.

When making a complaint before the Interstate Commerce Commission it is also necessary to bear in mind the cumulative weight of the historical origin of rates and the effect of long-established rate structures on existing business conditions. If a radical change in rates should carry with it a disruption of extensive industries or markets which grew up under existing rate structures the Commission has at times hesitated to order a change unless unreasonable discrimination against other communities is very clearly established. The Commission has only recently made the following statement in a decision of this kind:

"In determining the issues presented for our consideration in a case of this character we must give due recognition to the long-established practices of the carriers throughout the country. . . . In giving comprehensive consideration to such a problem as is here presented we must accord due weight to the history of the rate adjustment. If in the development of the rate fabric in past years recognition had been given to the expense of the terminal service on both sides of the harbor, with a view to affording the carriers in each instance reasonable remuneration for the terminal service, it is not improbable that a more satisfactory and enduring rate structure would have resulted, and it would perhaps be difficult now to require the extension of the rail rates so as to include lighterage. But such has not been the history of the adjustment. Competitive forces that the carriers have not been able to ignore have exerted their influence and have had the effect of bringing to a common level most of the rates to and from this great industrial community. We are not prepared to say that the carriers' recognition of the competitive influences, resulting as it has in an equality of rates throughout the zone, is essentially unlawful. The violence that would be done to all interested by ignoring the growth and development of the rate structure and requiring a readjustment on technical grounds would be very great."

Neither the railroad nor the Commission has applied one all-inclusive theory or principle in rate-making. To urge a complaint before the Commission on a single ground without reference to other considerations that may also apply, may result in failure to convince the Commission that a change desired by the complainant is justifiable or that an advance proposed by the carriers is unreasonable. Every angle of the particular rate or rate structure under examination should so far as possible be considered. Errors in presenting a case may in this way be minimized, although they may not always be entirely avoided, because the views of the Commission, as of any administrative body dealing with dynamic business forces, have been subject to gradual development.

¹New York Harbor Case, Dec. 17, 1917, 47 I. C. C. Repts., 737-8.

ATLANTIC PORT CONDITIONS

The Traffic World Washington Bureau.

The Railroad Administration, October 22, gave out an optimistic report as to conditions at the north Atlantic ports, which, by means of embargoes and the transfer of equipment from other parts of the country to the eastern region, are being cleared of the congestion caused by the unrestrained and unregulated flow of supplies for the allies into those ports both before and since the United States entered the war. The report is as follows:

"Director-General W. G. McAdoo has completed a survey of operations at the six north Atlantic seaports—(New York, Philadelphia, Boston, Baltimore, Newport News and Norfolk)—the reports of the regional directors of the eastern territory disclosing interesting and encouraging changes in conditions. Much of the data has been compiled by A. H. Smith, regional director at New York.

"Accumulations of export freight in railroad terminals at the six north Atlantic seaports were reduced on October 1 to 18,796 carloads, of which only 5,383 carloads were on wheels. Last December the export accumulations totaled 44,220 carloads—approximately 2,000,000 tons—with 12,563 loads standing in cars.

"Month by month, as the congestion was brought down, the quantity handled went up. September export tonnage was more than double that of last December, January or February.

"The comparative figures record the removal of all obstructive congestion which last winter almost paralyzed operations, limiting and imperiling the flow of supplies overseas.

"They mark also a revolutionary transformation in railroad conditions and methods affecting the seaports. Perhaps no single development has had a more vital bearing on this country's war efforts nor brought greater relief and satisfaction to the responsible war leaders of both America and the allies.

"How the freight capacity of the ports—so dangerously clogged last winter—has more than doubled in seven months, is shown by the railroad records.

"In September, just past, the export, in addition to bulk grain and coal, was 1,517,795 tons. Last December it was 682,563 tons; in January only 588,988 tons, and in February 616,651 tons. The past month's increase was 122 per cent over December, 157 per cent over January and 146 per cent over February.

"Last month's record was 69 per cent greater than September of last year, and 281 per cent more than September of 1914, when the world war began. In all of the past six months the export tonnage handled by the railroads has exceeded 1917, the increases ranging from 8.45 per cent for April to 84.22 per cent for July.

"The transshipment of record-breaking tonnage at the ports has proceeded so smoothly under the new system throughout the past few months that the menace of a break in the 'bridge to Pershing' appears to be definitely removed.

Accumulation Removal Continuous.

"The month-to-month shrinkage in the masses of stalled freight reflects the constant 'a la Foch' hammering campaign by which the federal railway operators attacked this barrier.

"A 'Delinquent Bureau' was established through which all 'slacker' shippers and consignees were followed up and compelled to dispose of accumulated freight and cease misusing railroad facilities for storage purposes. The rule that the vitally important railroad machine should be used to transport freight, not to hold it indefinitely, was enforced at all points.

"The railroad records divide the export freight accumulated at the ports into three classes (1) In cars; (2) on piers and in warehouses; (3) unloaded on the ground.

"The periodic accumulation figures for all ports are:

	Dec.	March	June	Sept.	Oct.	Per Cent of Decrease
In cars	12,552	7,018	9,334	6,370	5,383	67.11
On piers, etc.	8,349	7,000	6,321	5,116	5,064	39.34
On ground	23,419	16,701	12,250	9,080	8,349	65.64
Total	44,320	30,719	27,905	20,566	18,796	57.59

"For New York alone, which handles more than 60 per cent of all north Atlantic exports, the figures show striking improvement, as follows:

	Dec.	March	June	Sept.	Oct.	Per Cent of Decrease
In cars	8,069	3,188	5,454	3,239	2,745	65.98
On piers, etc.	4,832	3,557	3,180	2,862	1,919	60.28
On ground	13,687	9,729	7,311	5,537	4,914	64.09
Total	26,588	16,474	15,945	11,638	9,578	63.97

"Congestion of the seaports when the railroads passed under federal control last winter constituted a serious menace and hindrance to the whole war effort of the nation. The overcrowding of the terminals necessarily caused such inefficiency and restriction of the capacity of port facilities that at times operations were threatened with virtual paralysis. The 44,320 carloads—approximately 2,000,000 tons—of freight piled up at terminals wholly inadequate for the tremendously increased business made a steady flow of traffic at high speed and full utilization of the facilities for transfer from rail to ship an impossibility. Yard tracks were occupied to their extreme limit by the 12,552 freight cars being misused for storage and thereby being held out of needed moving service. Cars under load were backed up on sidetracks for miles inland, until in desperation railroad officers arbitrarily dumped cars of non-perishable freight out upon the ground to release trackage space and rolling stock. In the harbor lighters were delayed for weeks at a time with loads because the congested conditions prevented the prompt making up of composite cargoes.

"On January 6 there were 213 ocean-going steamers lying idle in New York harbor awaiting either cargo or bunker coal for the trip to Europe, although at this period shortage of bottoms was acute and the U-boat menace at its height.

"So serious was the situation at this period that the late Lord Rhonda, Food Controller of England, sent his memorable message to Washington that 'Unless America can increase in January the quantity of supplies sent in December I am unwilling to guarantee that the allied nations can hold out.'

All Previous Records Exceeded.

"The records show that railroad facilities for export have not been forced to their extreme limit at any time during the past six months, although the tonnage, except for August, has increased each month. In August there was a slight falling off from July, due to reduced shipments of steel to supply increased demand for these materials in essential war industries at home and also because of diversions to south Atlantic and Gulf ports which shortened the rail haul on lumber, tobacco and other commodities.

"Excluding United States government war freight, which under the new system is accorded preference over all other traffic and exempt from the regulations imposed upon other freight, and excluding also bulk grain and coal, the railroads' deliveries of export in carloads at north Atlantic ports for the past six months averaged daily 1,055 cars in April, 1,348 in May, 1,351 in June, 1,480 in July, 1,232 in August and 1,651 in September.

"The tonnage of the exports for these months of 1917 and 1918, again excluding bulk grain and coal and United States government freight last year, when the latter tonnage was very light, was as follows:

	April	May	June	July	Aug.	Sept.
1917.....	1,001,603	915,786	1,007,226	822,439	1,079,942	897,547
1918.....	1,086,307	1,407,598	1,290,351	1,515,155	1,389,923	1,517,795

"Comparison of these months with the same months of the preceding five years shows the following percentage of increases in 1918:

	April	May	June	July	Aug.	Sept.
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Inc. over 1913.....	112.12	180.93	153.52	240.74	212.49	248.99
Inc. over 1914.....	139.59	233.57	177.88	270.92	321.55	281.62
Inc. over 1915.....	68.73	126.87	59.42	143.73	108.88	128.94
Inc. over 1916.....	23.68	50.03	11.92	61.20	34.12	56.72
Inc. over 1917.....	8.45	53.70	14.29	84.22	28.89	69.08

"The extent to which war requirements have monopolized the services of the railroads to the seaports is shown by the shipments of last month. The 1,651 cars, exclusive of United States government war supplies, included only 215 carloads of commercial export; 779 carloads were for account of the French, British and Italian governments; 47 carloads for the Belgian Relief Commission, and 610 carloads were grain and grain products for the U. S. Food Administration.

Transportation Needs Fully Met

"No shortage of railroad transportation for war activities or essential industries existed during the summer months; in fact, the capacity of the carriers for months has been in excess of the traffic offered. Export tonnage hauled in September was 9.2 per cent greater than in August, and all lines serving the north Atlantic seaports declared themselves able to handle more freight.

"The situation has disclosed some shortage in production. The chief factor has been the extraordinary demands for steel, both at home and abroad, which even the great efforts of that industry have been unable entirely to fill.

"Special efforts were put forth by the railroads throughout the summer to secure a greater steel tonnage and form a 'bank' at the seaboard upon which winter levies could be made, but the accumulations of metal unloaded on the ground at the seaports have steadily been reduced because of insufficient current production.

"Food supplies have moved from the west to the seaboard in quantity and at a speed never before known in railroad history through a preferential system of handling. The past fortnight all previous records were exceeded three times in the transportation of foodstuffs. Shipments of live stock, dressed beef, provisions and other perishables eastward from Chicago on October 8 aggregated 1,318 cars. The highest previous record for one day was 1,259 cars on October 5. The average was 1,143 cars daily for that week. The increased movement of food by the railroads has fully kept pace with the rapid increase of our expeditionary forces abroad, and the requirements of the allied peoples. With the large crops and increased canning production the carriers will be in position to enter the winter fully able to meet additional demands.

"In July the railroads throughout the country loaded over 87,000 cars of grain, compared with 31,000 cars for the same period last year, or an increase of 56,000 cars

In the crop movement in 1918. Approximately 135,000,000 bushels of wheat were moved from the farms during July of the total crop of 900,000,000 bushels.

The domestic freight traffic to the seaport cities, with the tremendous increase in all activities at these points, has grown at a rate approaching that of the exports. For the six weeks ended September 26 total deliveries at one port alone amounted to 115,363 carloads, an average of well over 3,000 cars delivered per day. At another port the same six weeks showed 46,980 carloads of domestic freight on wheels and at another the total was 19,488.

Revolution in Methods.

"The Director-General, upon the advent of his administration, found conditions in a chaotic state, particularly at all of the northern range of Atlantic ports, due principally to lack of co-ordination between the allies, our own government and commercial interests. Results have been accomplished, first, by the appointment of traffic men in the War Department, Navy Department, Fuel Administration, Fuel Oil Administration, Food Administration, Shipping Board, War Industries Board. These men were formerly high traffic officials of various railroads and have brought into use their experience of former days in establishing traffic departments to take over all tonnage moving for their respective department. By co-operation with each other they have avoided shipments account of one department from conflicting with shipments for another.

"The Director-General, in conjunction with the Secretary of War and the Secretary of the Navy, has appointed the Exports Control Committee, whose duties are: To inform itself as to the probable amount of freight which must be exported for the prosecution of the war; to determine how this war freight can best be routed through the various ports; to decide how much of other essential export traffic has to be handled; to determine the amount of local traffic necessary for each port.

"The committee has authority to select the port to which specified freight shall be transported for transshipment overseas and is responsible for the distribution of all exports to facilitate the handling at, and avoid the congestion in, any one port.

"The prevailing close co-operation between our government and the interests of our allies has also very materially assisted in avoiding congestion at the ports.

"The change wrought in conditions at the railroads' seaport terminals involved a revolution in methods of the entire freight service system, enforced by the Railroad Administration through Eastern Regional Director A. H. Smith immediately upon the advent of government control. The outstanding features were placing the operations of all railroads at the ports under direct management of a single joint committee and the fixing of responsibility for prompt unloading and removal of freight at the seaport terminals upon the consignee, together with the absolute regulation of the quantity by subjecting all carload shipments to permits.

"For natural reasons shippers in the interior formerly rushed orders to the seaports as rapidly as possible, regardless of the ability of the local consignees to take them from the cars, or the presence of a steamship prepared to load them for export. Great quantities of material were brought into the ports and held standing in cars while speculators waited for the most advantageous prices, tying up rolling stock sorely needed by other shippers. The railroads, under private management, had insufficient powers to prevent such abuses and there was no centralized machinery to ferret out and stop such operations, scattered over a dozen lines.

"The new system provides that the receiver of the freight shall procure at the station of delivery a permit which has to be forwarded to the shipper before the receiving road will furnish a car, the consignee being compelled to show his ability to remove the freight promptly on arrival and the receiving station agent being given an opportunity to withhold or delay his recommendation of a permit in case his facilities already are congested. The applications for permits for all stations on all lines entering the seaports are assembled and passed upon by a single committee, containing a member from each individual line, this concerted action serving to prevent any subsequent consignee from shipping by another road when unable or unwilling to remove accumulations on another.

"This gives the central authority prompt and absolute control of the character of the traffic handled, allowing service to the essentials in the order of their importance, and prevents accumulation of freight through bad practices and absence of united action. This controlling Freight Traffic Committee of the north Atlantic ports has both an export and a domestic division, and its operations have been thoroughly co-ordinated with those of the Army Transport Service, the Shipping Board, the quartermaster's department and other agencies of the United States government, as well as with the traffic executive representing the French High Commission, the Italian Ministry of Shipping and the British Ministry of Shipping, the Belgian Relief Commission, in addition to the various steamship lines handling commercial business.

"Storage space has been provided at and near the seaports sufficient to hold reserve supplies for prevention of delay to steamships and to fill special calls for necessary commodities. Meats and perishable foodstuffs, as well as flour, have been run in solid trains on fast schedules timed to make perfect connections with vessels in New York harbor. Switching has been minimized and both manpower and time conserved by the assembling of all those classes of freight handled in great bulk at important gateway points in the interior, to be run through in solid trains. Many railroad-owned piers have been turned over to the export service for direct loading from car to hold of those small steamers able to utilize these berths. All tugs, lighters and car floats owned by the railroads have been placed under a single management and this floating equipment, of which there was a great shortage, is allocated to the most pressing needs and thereby kept in constant service.

"Coal exports for war needs, excluded from the foregoing figures, formed a large part of the railroads' gross tonnage. For the seven months, January to July, inclusive, 10,915,337 tons were shipped overseas, an average of more than 1,000 carloads a day. General Pershing has just cabled orders for a very large amount during the ensuing year. This is in addition to the vast supplies continuously needed to bunker steamships in American ports, and coal the railroads must bring to the seaboard for war industries and domestic consumption."

PROPOSED CHANGES QUERIED

The Traffic World Washington Bureau.

It seems certain that from this time forward nearly everything the Railroad Administration proposes will be met with the query as to what war purpose will be served by the suggested change. The southern shippers, in their representations concerning the mileage class scale for use in the south, brought forward the inquiry more sharply than shippers heretofore have made it. Railroad supply houses are also raising the query. Both are actuated by selfish motives. The shippers do not want to change their ways of doing business. They suggest that they cannot afford the time now to consider ideal rate structures because they have not enough labor to carry on their ordinary business affairs and that if they are to be asked to look after their interests by preserving their rate structures, there will be just that much less time to be devoted to the accumulation of funds that can be invested in Liberty Bonds. That, in particular, is the basic representation in the resolutions of the Shreveport Chamber of Commerce.

The southern shippers who asked the Railroad Administration and the Interstate Commerce Commission to quash the Consolidated Classification and mileage scale business suggested that, inasmuch as the government is not asking for more money, the move for mileage scales must be either in the interest of the owners of the railroads with a view to post bellum private operation conditions, or in the interest of a continuance of government operation. They further suggested that Congress has not yet decided what shall be done, but that if nothing more is said by it, the roads will revert to their owners. Their further suggestion is that if they are to return to their owners the government should not do for the railroads that which they could not persuade the regulating bodies to do for them before the government took control, when the only pretense that can now be made is that the change in the rate structure would help in winning the war.

Unofficially, the suggestion has been made in defense of the Railroad Administration that the southern men who are objecting are in enjoyment of special privileges—that they are the beneficiaries of a protective tariff, so to speak, and that it is the duty of the government to take from them their special privileges so as to put the country on the basis of equal rights for all and special privileges for none.

That is a political party argument, but it has been introduced in the discussions provoked by the pilgrimages to Washington of the traffic managers and attorneys who object to a change in classification or the introduction of mileage scales. One of the traffic officials responsible for what is about to be undertaken suggested that the southern men are opposed to any change at any time and that now is just as good a day for fighting them as after the war, because rate conditions in the south, as railroad men see them, are bad.

Among the southern men there is an idea that there are too many former railroad officials from the north and west in the Director-General's official family and that southern ideas receive little or no consideration. They have noted the political cry that the "south is in the saddle," but they say that even if that is true with regard to other branches of the government, it is not true as to the Railroad Administration and the men who make its policies. Yet they attribute to Lincoln Green, traffic manager for the Southern, an influence in the framing of the mileage scale for the south far greater than that of any other man. Mr. Green, they admit, may be southern in a geographical sense, but that is as far as they are willing to go. They think his ideas with regard to rate structures are not distinguishable from those of men from the north and west, who, they claim, can have no conception of the peculiar local conditions of the south.

Among other claims put forward is that the re-arrangement of rates and rate structures, as proposed by the Railroad Administration, tends to eliminate wholesalers in the south in favor of branch houses of manufacturing concerns in the north and to put out of business the wholesale lumber dealers in the north who provide selling organizations for the small lumber manufacturers and saw mills in the south, thereby concentrating the business in the hands of the big lumber companies that have the capital to establish agencies in the north.

The traffic official who suggested that the southern men are opposed to any change at any time made an accurate estimate as to their attitude so far as the war period is concerned. They are opposed to any change during the war. They fought mileage class scale proposals before the war because, they admitted, business was established in accordance with the limitations of rate structures created by competition and they are unwilling to have the government remove competition and then make that an excuse for requiring them to change their business to suit conditions so artificially created. They use the word "artificial" because the elimination of competition was brought about, not by the repeal of laws intended to foster competition, but simply by ignoring them.

The supply house men and the manufacturers of cars and engines raise the question in connection with plans for standardization of locomotives and cars. During the first six months of 1918, owing to delays in the making of plans for standard freight cars, only 48,000 cars were manufactured. At times over 200,000 cars have been produced in a year. That means that in the first six months less than one-half as many as the maximum six months' production were turned out.

No one finds fault with the railroad men who are advising Mr. McAdoo. They are not asked as to whether it would be good at this time to undertake standardization. They are told to standardize. They know how to do that and they are doing it. The engine builders advised against standardization, but the part of their report advising against it was not transmitted to Mr. McAdoo, so, it is suggested, he is not responsible for delays that may have taken place by reason of the determination to standardize.

Y. M. C. A. SHIPMENTS EXEMPT.

It has been decided that the provisions of General Order No. 25 and circulars bearing upon credits and bonds do not apply to shipments for account of the National War Work Council of the Young Men's Christian Association.

REVISED LIVE STOCK TARIFFS

The Traffic World Washington Bureau.

An ambitious rate and rule work has been undertaken by a special committee of railroad live stock men, under the chairmanship of J. L. Harris, live stock man of the Chicago & Alton; Live Stock Agent Wurd of the Southern; R. A. Ebe, of the Baltimore & Ohio; and W. A. Hopkins, of the Wabash. That committee, which is holding meetings in Washington, is undertaking a revision of the live stock tariffs of the country with a view to making uniform varying minima for live stock shipments in cars of different sizes and styles, a uniform mixing rule, the establishment of relationships between markets, and the establishment of a single, whole-service rate into the loading pen at every market in the country.

Coincidentally the three big traffic committees of the country have been asked to establish a relationship between live stock and the products thereof.

There is much dynamite in both the live stock and meat rates, but in no phase of the connected subjects is there quite as much high explosive as in the relationship between the animal and the parts into which it is cut by the butcher and packer. The railroads, the live stock men, and the packers have clashed on that subject every time the Commission has undertaken to deal with the subject.

The rules and regulations which the Harris committee are formulating will result in a single rate to the unloading pen at every market. Wherever there is now a terminal charge separate and distinct from the line-haul rate, it will be absorbed. For instance, at Chicago, the line-haul carriers pay \$2 per car to the Chicago Junction Railroad. It is carried as a separate charge and shown on the expense bill.

Under the scheme that is being worked out by the Harris committee that charge will be included in the line-haul rate established to the Chicago market. The payment to the Chicago Junction Railway will continue to be made, but it will be a transaction between railroads and not appear as a transaction in which the shipper has any interest. His interest will be in the size of the bill he will have to pay for getting his animals to Chicago and not in the different items.

BROTHERHOODS ASK MORE

The Traffic World Washington Bureau.

Four big brotherhoods are asking the Railroad Administration to pay their members time and a half for overtime. Their chiefs appeared before the wage committee between October 1 and 5 to ask, they said, a revision of wage relationships which had been broken, they declared, by General Order No. 27 and supplements and addenda thereto.

The fact that they were to ask for time and a half for all overtime was not mentioned as part of their revision program.

Director-General McAdoo's office force did not know of the request until a transcript of what the brotherhood chiefs had said to the wage committee was available. That transcript shows the request of the chiefs to be for a revision of relationships broken by General Order No. 27, upward in all instances. They claim that under the application of No. 27 and its supplements firemen in a number of instances were receiving higher wages than engine drivers, and in other instances conductors were receiving more than the men at the throttle. They claim there is a natural relationship of wages for the various classes and that that relationship places engine drivers at the top of the list.

Naturally, no conductor or fireman is willing to have his wages reduced so as to restore the old relationship. Upward revision, therefore, is necessary if the Railroad Administration grants the request.

At the time the brotherhoods persuaded Congress to legislate on the subject of wages they said they desired the eight-hour day as the basic day, but would not think of asking for time and a half for hours in excess of eight, because they did not desire to make overtime. Their desire, they said, was to have the working day brought down, as nearly as possible, to eight hours.

Efficiency in Traffic

New Devices, Suggestions, and Methods for Increasing Efficiency in Freight Handling and Other Branches of Traffic Work

LOADING OF FOODSTUFFS

The Traffic World Washington Bureau.

A code of rules governing the loading of foodstuffs into railroad cars has been issued by the Food Administration. It contains rules put out at various times and some new ones. The effect of the code is to resolve all questions of protecting the goods shipped in favor of the railroad furnishing the car. The shipper must make it weatherproof, free from contaminating substances, and obey package rules that may or may not agree with those prescribed in the tariffs. The code, known as General License Regulations No. 1, is as follows:

Rule 24 Directions for loading cars for carload shipments (new, Sept. 25, 1918).—In loading carload shipments of food commodities in sacks or barrels, the licensee should pack all food commodities in such containers, and in such manner that they will receive no damage from dampness, heavy loading or jolting. He shall prepare and seal the car in such manner that the commodities shall not be injured from any protruding bolts, foreign matter in the car, or dampness or rain from without.

Note.—In enforcing the foregoing rule all representatives of the Food Administration will be guided by the following specific instructions as to the matters to which special attention should be paid and care taken:

Inspection.

1. Inspect cars carefully and see that they are clean and free from leaks and protruding nails and for traces of acids, oils, tar, grease, etc., and that they are in proper condition for loading.

2. To prevent interior of car from becoming wet from rain, sleet or snow, car doors should be kept closed except during actual time of loading.

3. When cars are to be loaded with sacked goods, king bolts and any other protruding bolts and sharp edges of stanchions must be covered with a pad made of several thicknesses of paper or burlap.

Preparation of Cars for Loading Commodities in Sacks.

The following five directions apply particularly to the following commodities in sacks: Flour, cornmeal, hominy, grits, rice, sugar, dried beans, dried peas, green coffee, feed, grain, dried apples and peaches:

4. Bags or sacks must be made of material of sufficient strength to carry the contents safely and permit heavy loading without the bursting of any of the sacks in the car.

5. Bags must be cut large enough and so sewed at the mouth as to allow for expansion. Sufficient stitches must be taken and the ends of the thread secured in such manner that the mouth of the bag or sack will not burst when other bags or sacks are loaded on top of it.

6. The inside of the car must be swept and all loose nails must be pulled out and others driven in tightly and bolts that may be protruding covered in accordance with direction No. 3 above.

7. When cars are to be loaded with flour, green coffee, sugar or cornmeal, the floor of the car must be covered with heavy paper or with a thin layer of straw or similar material that is entirely dry and without odor. When necessary, the sides and ends of the car must be lined with heavy paper to the height of the lading.

8. Several thicknesses of paper must be folded and tacked inside of the car from the top to the bottom of the door posts and brought around the door posts and again tacked so that the folds will lie up close to the door when closed to keep rain from beating into the cracks around the door; and also, in the same manner, across the top when the top of the door does not fit snug to the car, using care to fold and tack in the corner, so that closing the door

will not tear the paper away. This should make unnecessary the weatherstripping of the doors on the outside.

Stowing—Sacked Goods.

9. Sacks must always be loaded away from the doors a foot or more and blocked, boarded, anchored, tiered, or pyramided, so that the load will not come in contact with doors or door posts, and will be away from door cracks in the event of rain.

When the total number of sacks to be loaded is such that they can be stowed in pyramid form, sacks may be laid on the floor free from the sides of the car, and the second row placed on top, so that the sacks will anchor themselves in the creases of the bottom row, the third row to be placed in the creases between sacks in the second row, and so on, until the pyramid, if necessary, reaches the top of the car. When sacks are stowed in this manner it is not necessary to line sides of the car with paper.

10. To prevent wastage due to burst sacks, a plank not less than one inch thick and twelve inches wide should be nailed across the door openings, edge up, and hard down against the floor. This direction need not be followed when cars are loaded with flour and cornmeal.

Stowing—Barrel Goods.

11. Door strips must be nailed to the inside of door posts (never on the outside) and must not be less than one inch thick by five inches wide, straight-grained, sound lumber, or equivalent, or slabwood not less than 1½ inches thick at center, placed sufficiently close to the floor of the car and to each other so as to prevent the lading from falling or rolling out of the car or coming in contact with the door. If the barrels do not fully fill the space, they should be blocked or braced to prevent sliding or rolling.

Mixed Carloads—Sacks and Barrels.

12. Mixed loads of barrels and sacks must be separated by a partition or bulkhead of strong material, putting the sacks back and away from the door.

Closing and Sealing Doors.

13. When necessary to force door close up to car, wedges should be driven in between doorshoe and door. When necessary, on account of defect or insecure door fastenings, a cleat should be nailed back of the door to hold it tight against the doorstep.

GOVERNMENT SHIPMENTS

The War Department has issued Supply Circulars No. 21 and No. 22 and Inspection Manual No. 52, covering the subjects of boxing, crating and baling Quartermaster Corps supplies for overseas and domestic use, and General Order No. 34 with amendment and drawings, and Notice No. 139, marking specifications for overseas and domestic shipments.

The Purchase, Storage and Traffic Division, General Staff, War Department, Purchase and Supply Branch, in Supply Circular No. 22, "Standardization of Boxing and Crating Specifications," says:

"1. A committee of specialists on boxing and crating commodities for overseas shipment has prepared the attached specifications after careful research and experiment.

"2. The introduction of these specifications will greatly reduce shipping space required, as well as the cost of packing, and assure transportation of army supplies in

good condition from point of production to supply depots overseas.

"3. You are therefore instructed to be guided by the boxing and crating specifications attached hereto, and purchase orders and contracts for all army requirements should stipulate that commodities for oversea shipments be packed in accordance with these specifications.

"4. Any corps finding it necessary to deviate from the standard boxing and crating specifications attached hereto will do so only on the written authority of the officer in charge of boxing and crating in any particular bureau, and any such exception will be filed immediately in the office of the Director of Purchases and Supplies by the approving officer.

"5. The foregoing instructions supersede all previous instructions issued on these subjects by any bureau of the War Department."

The standard boxing specifications are as follows:

Specifications for Nailed and Locked Cornered Packing Boxes.

"It is the purpose of these specifications to make use of all the resources of the country with reference to boxing. The specifications are not intended to prevent the designation by a particular division of a specific box where only such a box meets the requirement for particular types of shipment, but in no case shall any type of box be designated exclusively unless it is the only one capable of use for the particular purpose. Where two or more types of boxes fall under these specifications; and such boxes are satisfactory for the particular type of shipment, the option of use shall lie with the shipper.

"Where articles are controlled through exclusive patents, or other exclusive processes, no preference in purchasing or in specifications shall be adopted which gives such articles an exclusive position.

"Where boxes falling within these specifications are manufactured or controlled through the use of patent rights or other exclusive processes, such boxes shall not be used unless provision is made by which these processes or rights shall in future be open equally to all manufacturers desiring to use them, under terms not in excess of those which have in the past been generally extended to the trade; this qualification to apply to all boxes to be used directly or indirectly by the United States Government during the duration of the war.

"Nailed and locked corner boxes must be well manufactured from lumber which is sound (free from decay and dote) and well seasoned. Lumber must be free from knot holes and from loose or rotten knots greater than 1 inch in diameter. Knots whose diameter exceeds one-third the width of the board will not be permitted, and no knots will be permitted which interfere with the proper nailing of the box.

"For these specifications well-seasoned lumber has an average moisture content of 12 to 18 per cent, based on the weight of the wood after oven drying. To determine this moisture content weigh a piece of material before and after oven drying to a constant weight, dry at 100° C. (212° F), and divide the difference in weights by the lesser $\times 100$.

"The principal woods used for boxes are classed for the purposes of specifications in four groups:

"Group I—White pine, Norway pine, aspen, spruce, western yellow pine, cottonwood, yellow poplar, balsam fir, chestnut, sugar pine, cypress, basswood, willow, noble fir, magnolia, buckeye, white fir, cedar, redwood, butternut, cucumber, alpine fir, lodgepole pine.

"Group II—Southern yellow pine, hemlock, Virginia and Carolina pine, Douglas fir, larch.

"Group III—White elm, red gum, sycamore, pumpkin ash, black ash, black gum, tupelo, maple, soft or silver.

"Group IV—Hard maple, beech, oak, hackberry, birch, rock elm, white ash.

"Thickness of Lumber—Where woods in groups 1 and 2 are one-half inch thick and not less than three-eighths inch, woods in groups 3 and 4 may be one-sixteenth inch less in thickness; where woods in groups 1 and 2 are more than one-half inch thick and not more than 1 inch, woods in groups 3 and 4 may be one-eighth inch less in thickness.

"Width of Lumber—(a) Any end, side, top, or bottom 6 inches or less in width should be one-piece stock.

"(b) No piece less than 2½ inches face width shall be used in any part, except for cleats.

"(c) The maximum number of pieces allowed in any end, side, top, or bottom more than 6 inches wide should be as follows (narrow pieces should always be placed in the center of the ends, sides, top, or bottom):

Width of face:	Maximum number of pieces.
Six inches and under.....	1
Over 6-10 inches, inclusive.....	2
Over 10-15 inches, inclusive.....	3
Over 15-20 inches, inclusive.....	4
Over 20-25 inches, inclusive.....	5
Over 25 inches	6

"Surfacing—All material must be surfaced one or two sides. When surfaced one side, the surfaced side, shall be the outside.

"Joining—Ends 1 inch or less in thickness should be either cleated or butt joined and fastened with not less than three corrugated fasteners, two driven from one side and one from the opposite side. Cleats should be not less than 2 inches wide and should have a minimum thickness of five-eighths inch. Triangular cleats of not less than three-fourths inch face measurement are permitted.

"Nails—All nails should be standard cement coated box nails. Plain nails driven through and clinched may be used for cleating.

"The size of the nail shall depend upon the species and the thickness of the lumber in which the points of the nails are held.

"When the nail specified for use under these specifications is not obtainable, use the next penny lower, and increase the number of nails in each nailing edge by one.

"In groups 3 and 4 woods, the penny of the nail shall be the thickness of the lumber expressed in eighths of an inch. Groups 1 and 2 woods shall take the next penny larger.

"Spacing of Nails Holding Sides, Top, and Bottom to Ends—Six-penny nails and smaller: For 6-penny nails and smaller, space not more than 1½ inches apart when driven in the side grain of the end and not more than 1¼ inches when driven in the end grain.

"Nails larger than 6-penny: The spacing of nails in end construction may be increased from the above, one-fourth inch for each penny over 6. Drive nails flush.

"Spacing of Nails Holding Top and Bottom to Sides—Side nailing: When sides are one-half inch or thicker, space side nails approximately 6 inches apart.

"Metal bindings—All packing boxes for overseas service must be strap ironed. Strapping shall be cold rolled unannealed steel not less than five-eighths inch wide by 0.015 thick, treated to prevent rust, and shall have a tensile strength of not less than 850 pounds. The treatment must be of a character to prevent injury to strapping when bent or nailed.

"Strapping placed at least 1 inch from each end is preferred, with double corner nails and such additional nails or staples holding straps to sides, top, and bottom, as well minimizing festooning nails or staples spaced about 6 inches apart.

"Strapping must be drawn tight by mechanical means in order to have the maximum of tension.

"Any metal or wire substituted for straps must be submitted to the War Department and approved prior to its use.

Note.—It is preferable to have ends and cleats made of woods of groups 3 and 4; side, tops and bottoms may be of any species of woods in groups 1, 2, 3 or 4. Twenty-penny nails and over smooth nails may be used.

Standard Specifications for Wire-Bound Boxes.

"Boxes must be well manufactured from lumber which is sound (free from decay and dote) and well seasoned. Lumber kiln dried at excessively high temperature or low humidities or below 6 per cent moisture must be avoided. Material must be free from knot holes and from loose or rotten knots greater than 1 inch in diameter. No knots will be permitted which interfere with the proper nailing or stapling.

"Cleats—Cleat material must be free from knots and cross grain. Cleats must not be less than three-fourths inch wide, seven-eighths inch thick.

"Wires—Wires shall not be less than No. 14 gauge nor spaced more than 6 inches apart.

"Staples—Staples shall be spaced not more than 2 inches apart over each wire. Staples which are not driven into cleats must be clinched.

"Ends—On boxes not to exceed 20 by 15 by 10 inches inside measurement and carrying not to exceed 90 pounds, the ends may be the same thickness as the sheet material, and should be nailed or stapled on the inside of the cleats. Nails and staples shall be spaced approximately 2 inches apart. On larger boxes of heavier weights the ends shall be nailed to battens or to solid ends set between the cleats. A 7-penny nail must be driven through cleat into each end of each batten.

"Number of Pieces—Sides and tops shall be one-piece stock, and bottom one or two piece stock if made of rotary-cut lumber not less than one-fourth inch thick. If two-piece sides and tops and three-piece bottoms are used, material must be at least one thirty-second inch heavier than one-piece stock, or wires spaced not more than 5 inches apart.

"When resawed material is used in sides, tops, and bottoms it shall be one-sixteenth of an inch thicker than the rotary-cut lumber specified for one-piece stock.

"Limitations—There are limitations as to sizes, weights, and commodities that can be packed in wire-bound boxes. These limitations, however, cannot be definitely fixed in any general specifications."

Baling Specifications.

Supply Circular No. 21 on the subject of Standardization of Baling Specifications, says:

"1. A committee of specialists on baling commodities for overseas shipment has prepared the attached specifications as a result of experiments undertaken at various depots.

"2. The purpose of the adoption and carrying out of these standard specifications is to economize cargo space.

"3. You are therefore instructed to be guided by the baling specifications attached hereto, and copies of these specifications should accompany purchase orders and contracts.

"4. Any corps finding it necessary to deviate from the Standard Baling Specifications attached hereto will only do so on the written authority of the officer in charge of baling in any particular bureau, and any such exception will be immediately filed in the office of the Director of Purchases and Supplies by the approving officer.

"The foregoing instructions supersede all previous instructions issued on this subject by any bureau of the War Department.

"This circular as now printed includes 'Changes No. 2 Supply Circulars,' issued as mimeographed July 17, 1918."

The Standard Specifications for Baling are as follows:

"I. Size or Bale—Bales shall be made to conform to the following standard size: Length, 30 inches; width, 15 inches; height variable, but approaching 15 inches as nearly as possible, but not being less than 14 inches nor more than 19 inches; gross weight, 70 to 140 pounds.

"The only exception to this rule will be when the material to be baled is of such size and weight that it is impossible or impracticable to make it into a bale of this standard size and weight.

"II. Number of Articles Per Bale—The purpose in baling is to pack the maximum number of articles in the minimum of space without damaging them.

"III. Method of Folding and Forming Articles in Bales—Care should be taken in folding and forming that articles will produce neat, uniform, and compact bales; care taken that joints be broken to avoid cutting of covering by straps.

"IV. Covering—Bales shall be covered with burlap of weight not less than 10 ounces to 40 inches in width.

"For the standard bale, 30 by 15 by 14 to 19 inches, two pieces are required, each piece 50 by 40 inches wide. Larger size require correspondingly larger pieces.

"V. Interlining Paper—Each bale shall have underneath the burlap a lining of waterproof paper.

"The interlining paper shall conform to the following specifications:

6050 WATERPROOF KRAFT WRAPPING PAPER FOR BALING

Weight—shall be not less than 320 pounds. (Two sheets 60 by 120 in. duplexed with asphaltum.) 36x50—180 (24x36—180, 24x36—180)

Stock—shall be 100 per cent sulphate.

Tensile Strength—shall be not less than 140 points. Burst-

ing strength after exposure of the waterproofed side to 3 inches of water for three hours shall not decrease more than 25 per cent.

Water Resistance—The paper shall not wet or dampen through in ten days.

Waterproofing—The paper shall be duplexed with and one surface waterproofed with asphaltum or its equal. The paper shall be flexible, but not tacky under ordinary weather conditions where a duplex paper is used.

Cohesion—The piles shall not separate under service conditions.

Basis of Purchase—For 1,000 sheets 36x50.

"Explanation of Tests—Bursting strength is determined with the Mullen tester or testing machine giving equivalent results, the paper clamped with the waterproofed side up. Water-resistance test to be made with a column of water 3 inches in height after the paper has been crumpled in the hand.

"For the standard bale, 30 by 15 by 14 to 19 inches, experience has shown that it is desirable to have at least two sheets, each sheet 50 inches long and 36 inches wide. Larger sizes require correspondingly larger sheets. The sides of bales should be reinforced when necessary with fiber boards, 3/8-inch slats, or other light material to add protection and rigidity.

"VI. Banding—The banding shall be of cold-rolled unannealed steel 3/4 inch wide, not less than No. 26 gauge. It shall be painted or coated to prevent rust and shall have a tensile strength of not less than 850 pounds.

"Not less than four bands shall be used on each bale. The two outside bands shall be placed approximately 4 inches from each end, and the intermediate bands shall be placed equidistant from each and from the end bands.

"Bands shall be applied by a mechanical stretching tool and must be stretched so tightly that the compression of the bale will be held and that the bands will remain in place and not slip off over the ends of the bale.

"VII. Sealing of Bands—The ends of bands shall be sealed with a metal sleeve or seal designed to be either punched or crimped. The breaking strength of the sealed joint shall not be less than 50 per cent of the breaking strength of the strapping.

"Loose ends of bands shall be folded under, cut round, cut or broken off so that no spider is left projecting.

"VIII. Sewing—The burlap shall be sewed up with three-ply linen or twine of equal quality of not less than 40 pounds tensile strength. Bales shall be sewed sides and ends and each stitch shall be knotted, and stitches shall be not less than two inches in length.

"IX. Ears—Not less than 5 inches of surplus burlap shall be gathered together on each of the four corners and securely sewed into 'ears' for handles. All ends of twine shall be securely fastened.

"X. Stenciling—Stencil black, United States Army standard, must be used, and the marking shall be in letters or figures as large as possible."

Marking Specifications.

Notice No. 139, standard instructions for domestic shipments, Clothing and Equipage Division, says:

"The attached standard Quartermaster Corps instructions for domestic shipments of materials and products of the Clothing and Equipage Division are published for the information and guidance of all concerned:

MATERIALS OR PRODUCTS FOR DOMESTIC SHIPMENTS.

1. Packing Instructions:

(a) Dimensions of packages optional.

(b) Weight—not over 500 pounds.

(c) Covering—burlap, wood or some other covering as durable, other than paper, which must not be used.

(d) For packing of domestic shipments destined for overseas, see Paragraph 4 of these instructions.

2. General Marking Instructions for Domestic Shipments Not Destined Overseas.

(a) All markings for domestic shipments which are not destined overseas shall be duplicated on two surfaces of the packages.

(b) The marking of packages shall be done by means of stenciling in letters as large as possible, but not less than three-quarters of an inch in size. The marking fluid to be used in stenciling shall be "stencil black U. S. Army paint," of the following composition:

Stencil Black U. S. Army Standard Paint.—Pigment, 50 per cent. Liquid, 50 per cent. Pigment shall consist of drop black, 50 per cent; calcium carbonate, 50 per cent. Liquid portion shall consist of varnish, 70 per cent; combined dryer and thinner, 30 per cent. The thinner shall consist of turpentine or volatile mineral spirits or a mixture thereof. The special advantage of this stencil black U. S. Army standard

paint is that the paint dries rapidly and will not rub off.

- (c) Card Bearing Duplicate of Outside Marking.—A card must be securely fastened to the inside of covering of each case or bale bearing exact duplicate of outside marking, location of such card to be indicated by a cross mark (X) on the outside of case or bale directly over the card.

Eradicating Old Markings on Packages.

- (d) Old markings on pieces of material should not be eradicated. On burlap eradicate the old markings by painting over with an X. Eradicate old markings on boxes by scraping off or painting them out.
- (e) Each case or bale must contain merchandise produced on one contract only.
- (f) Material control order number and the branch of the service for which the materials or products are intended (mentioned below in detailed instructions) will be furnished by the Depot Quartermaster.

3. Specific Instructions on Markings.

- (a) Standard Quartermaster Corps Markings for Domestic Shipments from the Mills.

Specifications:

Item 1—All domestic shipments from the mills must be marked "Q. M. C., Domestic Supplies for U. S. Army—Rush." As shown in drawing 1. * * *

Item 2—Consignee on first line, location indented on second line.

Item 3—Designate material by standard name as given in order or contract, or other official instructions.

Item 4—Quantity and unit measure.

Item 5—Shipper's name on first line. Location of shipper indented on second line.

Item 6—Shipper's package number.

Item 7—Shipper's contract number with letter and depot having jurisdiction over the contract.

Item 8—Material control order number. Designate standing order number by letter S, as MCO No. S-59; and Emergency order number by letter E before numerals, as MCO No. E-2015.

Item 9—Branch of the service for which materials are intended, as Conservation and Reclamation Service, Q. M. C., Shoe Repair Branch.

- (b) Standard Quartermaster Corps Marking for Domestic Shipments from Finishers.

Specifications:

Item 1—All domestic shipments from finishers must be marked "Q. M. C., Domestic Supplies for U. S. Army—Rush." As shown in drawing 2. * * *

Item 2—Consignee on first line, location indented on second line.

Item 3—Designate material by standard name—as given in order or contract, or other official instructions.

Item 4—Quantity and unit measure.

Item 5—Shipper's name on first line, followed by the word (finisher), location of shipper indented on second line.

Item 6—Shipper's package number.

Item 7—Shipper's contract number, with letter and depot having jurisdiction over the contract.

Item 8—Material Control Order Number.—Designate standing order number by letter S before numerals as MCO No. S-59; and Emergency Order Number by letter E before numerals as MCO No. E-2015.

Item 9—Branch of the service for which materials are intended, as Conservation and Reclamation Service, Q. M. C., Shoe Repair Branch.

- (c) Standard Quartermaster Corps Marking for Domestic Shipments from Spongers.

(Shipments from spongers are not always made in packages, but sometimes pieces of materials are piled on trucks. If the materials are not packed in cases or bales, a large sheet of paper must accompany each shipment giving the standard markings just as if shipments were to be made in a box or bale.)

Specifications:

Item 1—All domestic shipments from spongers must be marked "Q. M. C., Domestic Supplies for U. S. Army—Rush." As shown in drawing No. 3. * * *

Item 2—Consignee on first line, location indented on second line.

Item 3—Designate material by standard name—as given in order or contract, or other official instructions.

Item 4—Quantity and unit measure.

Item 5—Shipper's name on first line, followed by the word (sponger). Location of shipper indented on second line.

Item 6—Shipper's package number.

Item 7—Shipper's contract number, with letter and depot having jurisdiction over the contract.

Item 8—Material Control Order Number.—Designate standing order number by letter S before numerals as MCO No. S-59; and Emergency Order Number by letter E before numerals as MCO No. E-2015.

Item 9—Branch of the service for which materials are intended, as Conservation and Reclamation Service, Q. M. C., Shoe Repair Branch.

- (d) Standard Quartermaster Corps Marking for Domestic Shipments from Depot.

Specifications:

Item 1—All domestic shipments from the depot must be marked "Q. M. C., Domestic Supplies for U. S. Army—Rush." As shown in drawing No. 4. * * *

Item 2—Consignee on first line, location indented on second line.

Item 3—Designate material by standard name—as given in order or contract, or other official instructions.

Item 4—Quantity and unit measure.

Item 5—Shipper's name on first line, location of shipper indented on second line.

Item 6—Shipper's package number.

Item 7—Material Control Order Number.—Designate standing order number by letter S before numerals as MCO No. S-59; and Emergency Order Number by letter E before numerals as MCO No. E-2015.

Item 8—Branch of the service for which materials are intended, as Conservation and Reclamation Service, Q. M. C., Shoe Repair Branch.

- (e) Standard Quartermaster Corps Markings for Domestic Shipments for Materials Transferred from Factory.

Specifications:

Item 1—All domestic shipments of materials transferred from a factory must be marked "Q. M. C., Domestic Supplies for U. S. Army—Rush." As shown in drawing No. 5. * * *

Item 2—Consignee on first line, location indented on second line.

Item 3—Designate material by standard name—as given in order or contract, or other official instructions.

Item 4—Quantity and unit measure.

Item 5—Shipper's name on first line, location of shipper indented on second line.

Item 6—Shipper's package number.

Item 7—Shipper's contract number, with letter and depot having jurisdiction over the contract.

Item 8—Branch of the service for which materials are intended, as Conservation and Reclamation Service, Q. M. C., Shoe Repair Branch.

- (f) Standard Quartermaster Corps Markings for Finished Products from the Factory.

Specifications:

Item 1—All domestic shipments of finished products from a factory must be marked "Q. M. C., Domestic Supplies for U. S. Army—Rush." As shown in Drawing No. 6. * * *

Item 2—Consignee on first line, location indented on second line.

Item 3—Designate material by standard name—as given in order or contract, or other official instructions.

Item 4—Quantity and unit measure.

Item 5—Shipper's name on first line, location of shipper indented on second line.

Item 6—Shipper's package number.

Item 7—Shipper's contract number, with letter and depot having jurisdiction over the contract.

Item 8—Branch of the service for which materials are intended, as Conservation and Reclamation Service, Q. M. C., Shoe Repair Branch.

- (g) Standard Quartermaster Corps Marking for Each Separate Inner Package Within Container Shipped from Mill, Factory, Sponger, Depot or Finisher.

Specifications:

All pieces of material from mills, finishers, spongers, depots or factories should have the old tags left on them and new tags put on, marked as follows: * * *

Item 1—Shipper's name on first line, location of shipper indented on second line.

Item 2—Shipper's contract number, with letter and depot having jurisdiction over the contract.

Item 3—Designate material by standard name as given in order or contract, or other official instructions.

Item 4—Quantity and unit measure.

4. Standard Quartermaster Corps Instructions for Shipments of Materials and Products of the Clothing and Equipage Division Destined for Overseas.

When instructed by the Depot Quartermaster that shipments from the mills are for overseas, packing must conform to the standard baling and standard boxing specifications of the War Department, as described in Supply Circulars Nos. 21 and 22, issued by the office of the director of purchases and supplies, division of purchase, storage and traffic, general staff, War Department. Marking for the above overseas shipments must conform to the instructions for standard marking of packages for overseas shipments as set forth by the War Department.

GOVERNMENT FREIGHT

In supplement No. 1 to Circular C. S. No. 3, the Car Service Section says:

"Herewith supplement No. 3 to order No. 2 of the Inland Traffic Service, War Department.

"Your particular attention is invited to section one, article one, which reads:

On and after October 1 shipments of government property by freight in carloads (a shipment on which carload rating and minimum weight is provided by carriers' classifications and tariffs), either for domestic use or shipment overseas, for account of the War Department, other than coal or live animals, and live animals and property being moved with troops, must not be forwarded, unless authorized by a transportation order bearing the serial number and seal of the Inland Traffic Service, War Department, to any depot, arsenal, storehouse, pier or other receiving station, whether owned by the government, the railroad, steamship company or privately, or to a government officer or any other consignee at—etc.

"This information should be distributed to all interested that there may be no failure to carry out the provisions of this order."

WEEKLY TRAFFIC REPORT.

The Traffic World Washington Bureau.

Director-General McAdoo, October 23, made public the following summary of traffic conditions for the past week:

"Eastern Region: Consolidation of oils for movement in trainloads to the eastern district is being arranged. Arrangements for loading L. C. L. freight through to destination is progressing, thus avoiding transfer. Use of cross lake car ferries has been increased for relief of the Chicago gateway. Passenger travel shows decrease on account of influenza and cancellation of various public gatherings. Consolidated ticket offices in New York City meeting with universal public approval and general commendation heard of the plan to sell railroad and Pullman transportation at the same ticket windows.

"Allegheny Region: Passenger travel continues light on account of the epidemic. Additional workmen's trains have been established. Service in consolidated ticket offices has been found satisfactory and table d'hôte service on dining cars is being generally complimented. The influenza epidemic has seriously interfered with train movements and station labor. Movement of fall and winter fruits and vegetables very heavy. Effect of Philadelphia Shipping Day Guide shows increase of 15.8 per cent in average tons per car.

"Pocahontas Region: Passenger traffic materially decreased on account of the epidemic. Service consolidated ticket offices satisfactory. Freight movement also reduced by influenza.

"Southern Region: Passenger travel has been largely decreased by influenza and the state fairs of a number of states abandoned on this account. Service at the ticket offices, in spite of shortage from illness, kept up to requirements. Through passenger train service has been arranged between Washington and Newport News. Freight traffic continued heavy. Cotton not moving in large quantities to mills, but continues to crowd in on compresses at concentration points. Citrus fruit movement from Florida increasing rapidly. Freight movement slowed down by epidemic. Work of rate committees somewhat interfered with by illnesses.

"Northwestern Region: Grain receipts at principal primary markets continue very heavy, at Chicago, Minneapolis, Milwaukee and Duluth, 20,600,000 bushels in 1918, as compared with the same week of 1917 of 10,300,000. Large live stock movements in Montana and other districts where there is a shortage of winter feed. The prohibition of feeding wheat to hogs will affect hog raising in states where corn is not raised. Live stock from South St. Paul to U. S. Stock Yards, Chicago, being pooled, resulting in an average of 56 cars per train, compared with former average of 25 cars. Steel for Pacific coast shipyards being consolidated in trainloads at Chicago. New plans for dining car operation being worked out and seem to be generally favorably received.

"Central Western Region: Movement of grain continues heavy and live stock continues to move in large volume. Coal loading shows substantial increase. Reports indicating a saving of nearly 800,000 car miles by rerouted traffic. Passenger travel shows decreases on account of epidemic. Some decrease in Pullman service made because of lighter travel.

"Southwestern Region: Movement of cotton is increasing. Car supply ample, including open top cars for the cane movement in Louisiana and Texas. Passenger travel reduced by epidemic, which is also interfering with work in shops and offices, but in spite of crippled force, it is reported that the consolidated ticket offices are satisfactorily serving the public.

"War Department: Unusually heavy shipments of motor trucks and hay, made for overseas need. Other eastern territory conditions satisfactory. Chicago conditions good. Abnormally heavy shipments handled very satisfactory. Pacific coast increased movement of eastbound canned goods and dried fruits, with acute labor condition, resulting in some congestion.

"Navy Department: Transportation situation generally satisfactory. L. C. L. shipments by freight showing better movement, but express situation not so good. Slight delays in unloading cars at Boston, New York and Brooklyn being looked after, as well as labor shortage will permit.

"Fuel Administration: Eastern, Allegheny and Poca-

hontas Regions.—Car supply irregular and movement slow, due to influenza. Tidewater—Vessel supply ample. Lake situation—Shipments very heavy. Some accumulation at ports. Southern and Western Regions—Situation good, with some car shortages on Tennessee Central and Frisco roads. Coke production reduced and, in connection with slower movement, threatens supplies for furnaces and foundries. General production of coal affected by the epidemic.

"Fuel Administration, Oil Division: Shortage of tank cars east of the Mississippi River, but midcontinent field well supplied with empty cars. Service reasonably satisfactory under existing conditions of epidemic.

"Food Administration: Some new complaints as to handling of fresh meat and packing house products, which are being looked after. Complaints have disappeared as to sheep loading in the Rio Grande country. Complaints received as to threatened car shortages for apples in western New York, but situation has been very well taken care of. Permit system of handling grain extended to the Pacific coast and also instituted at interior eastern markets, Detroit, Cleveland, Cincinnati, Toledo, Indianapolis and Buffalo.

"Shipping Board: The epidemic has slowed up somewhat the unloading at a number of shipyards, but each case is being actively followed up and no large accumulations have occurred. Movement generally satisfactory.

"General: American Iron and Steel Institute report one furnace out on account shortage of men. Fuel for furnaces in good shape, although some shortage of cars in Pittsburgh district. Some tonnage being held on account of car shortage in Cleveland and Wheeling districts. The export conditions satisfactory. Lack of boats for River Platte trade has resulted in discontinuance of permits for that traffic. Export freight in cars shows an increase, but not an objectionable one. Unloading of grain to elevators at north Atlantic ports seriously interfered with by epidemic. Grain situation at Galveston and New Orleans improved. Control of Pacific coast situation showing improvement. The week ending October 16 building program of government departments very heavy, 91 projects having been authorized, involving the movement of 16,040 carloads of freight. Receipts of live stock at Chicago very much heavier than last year, hog receipts showing about 30 per cent increase and sheep receipts about 80 per cent. Government shipments overseas show a material increase. During the past month nearly 16,000,000 bushels of grain moved via lake from Chicago. The Rocky Ford melon crop was estimated at 1,200 cars, but actually 1,769 cars moved, with no trouble in car supply."

UNIVERSAL TRANSIT

The Traffic World Washington Bureau.

A formal announcement of the removal of restrictions from transit privilege, milling, fabricating, or any other kind, was made by the Railroad Administration October 23, the "notice" giving the reasons for the liberality. The notice is as follows:

"The Division of Traffic has issued the following instructions to the freight traffic committees:

As an aid in the efforts of the Railroad Administration to secure the maximum in transportation efficiency of the carriers under Federal control, it would seem necessary to, at the very earliest possible date, establish what might be termed universal transit, i. e., outbound shipments from a transit point to be allowed to move via any road regardless of the one hauling the inbound or raw product to the transit point, providing that such arrangements be confined to direct routes, and that nothing under such extension shall create circuitous or unduly out-of-route transportation.

Tariffs restricting the application of outbound shipments to the roads hauling the inbound, or tariffs in anywise in conflict with the foregoing, shall be corrected, and where necessary to establish joint rates in order to apply the universal transit system, such joint rates are to be established as soon as possible.

Existing transit arrangements involving circuitous routes and backhauls shall be abrogated, or a proper charge therefor made, before doing which, however, associations or individuals enjoying such privileges are to be consulted, so that the abrogation, or the making of a charge, may be brought about with the least possible interruption to current business and the matter worked out harmoniously.

It should be understood that where there is a transit charge in effect today it is not to be disturbed at this time, the question of applying a charge for transit service generally throughout the country, or the elimination of the existing transit charges, being a matter for future consideration.

"Under private operation of the railroads the granting

of transit privileges was based on commercial necessities existing at certain points, but carried a restriction which forced the outbound product to move via the same railroad that handled the raw product into the transit point. Under conditions that exist to-day, where there is unified control and operation, resulting in a single system of railroads for all practical purposes, the restrictions that operated under private control could not be continued without a material loss in transportation, such as switching at transit points, loss in car days, and the use of circuitous routes in order to force the outbound product to the railroad or system that handled the inbound product.

"The suggestion is made that individuals, firms and organizations which are now enjoying, or are interested in, the general transit question, keep in close touch and co-operate with the various district freight committees which the Director-General has established throughout the country, to the end that new conditions brought about by the use of universal transit can be put into effective operation as early as possible and without friction."

The paragraph about circuitous routes means, for illustration, that the miller at Mansfield, O., who now has the privilege of buying grain in Chicago, milling it at Mansfield, and then sending it on to Louisville for the through rate from Chicago to Louisville, will not be able to do that except on the payment of a charge, if not on the penalty of paying the local rates on grain from Chicago to Mansfield and the rate on flour and other products to Louisville. He will be able to buy at Fairport or some other market north or east of Mansfield, because, in a general way, Louisville is west and south of Mansfield and the grain and its products would be moving in the same general direction all the time. He could not, however, buy in Canton and ship to Mt. Vernon, because there is a line of the Pennsylvania between Canton and Mt. Vernon that is more direct than the route to Mansfield via the Pennsylvania and thence via the B. & O to Mt. Vernon.

Changes, however, are not to be made until after consultation with those interested in transit privileges, with a view to having the least possible interruption to current business. Where there is a charge it is to be continued and where the privilege is without charge that condition is to continue until the question of charge or no charge has been decided.

FT. WORTH REPLIES TO SHREVEPORT

The following letters from G. H. Clifford, president of the Chamber of Commerce of Fort Worth, Tex., under date of October 17, 1918, are self-explanatory:

"Mr. F. T. Whited, Pres., Chamber of Commerce, Shreveport, La.

"Dear Sir—Beg to acknowledge receipt of your letter of October 15, which was also addressed to the Chambers of Commerce at Dallas, Houston, San Antonio and El Paso, inclosing copy of resolutions adopted by your organization, and letter of October 12 transmitting same to Hon. W. G. McAdoo, protesting against the action of the traffic committees appointed by the Railroad Administration in giving consideration to various rate adjustments, thus disturbing the public mind.

"In view of the announcement made by Mr. McAdoo when General Order No. 28, advancing all rates, was promulgated, to the effect that inequalities and disparities would of necessity be created, but that these irregularities would be ironed out in due course and all shippers given an opportunity to be heard with respect to rate adjustments affecting their interests, we really feel that the proper course to pursue would be to first try out the plan outlined by the Railroad Administration, and if justice be denied us we can then appeal to Mr. McAdoo or to the Interstate Commerce Commission.

"As to the cases cited by you as having been set down for consideration, would say that we are forced to the conclusion that as a general proposition, the mileage scale is unquestionably the most equitable way to make rates in territories where conditions are substantially the same. There are, of course, exceptions, as for example, grain, lumber, and possibly coal. These commodities should have zone rates or group rates, as a straightaway mileage scale would be detrimental to the development of the country's resources.

"As to the proposed readjustment of the lumber rates in this territory, we do not apprehend the establishment of any unreasonable rates upon this commodity.

"But as to the question of increasing the commodity rates from St. Louis and points in defined territories to the Shreveport-Texarkana group, it is evident that the committee proposes to consider removing the discrimination which exists against Texas and in favor of Shreveport. However, it would appear that if an equitable mileage scale is established, or if rates based with relation to such a scale are made, Shreveport, being nearer St. Louis would have the full benefit of its geographical location. And so we do not feel that the new rates which might be established would create any great disturbance of business generally in this section."

"Hon. Wm. G. McAdoo, Director-General, United States Railroad Administration, Washington, D. C.

"Dear Sir—Referring to resolutions of the Shreveport Chamber of Commerce forwarded to you with Mr. F. T. Whited's letter of October 12, copy of which communication was addressed to the writer, I am taking the liberty of inclosing you herewith copy of my reply thereto.

"We feel that the undue and unreasonable preference and advantage which now exists in favor of Shreveport and against Texas cities, and which advantage and discrimination was necessarily increased under General Order No. 28, would be fostered and perpetuated by the adoption of the plan outlined by the president of the Shreveport Chamber of Commerce, and we feel that this is a matter of such vital importance to the state of Texas that it should be brought to your attention, with the request that the Traffic Department of the Railroad Administration be permitted to proceed without hindrance with the readjustment of rates from defined territories to the Shreveport-Texarkana group."

FOURTH SECTION DEPARTURES

The Western Freight Traffic Committee in Circular No. 40 to chairmen of district freight traffic committees and freight traffic officers says:

"In the publication of freight rates, applying wholly on lines under federal control, it will not be necessary to make application to the Interstate Commerce Commission or to a state commission for authority to depart from the provisions of the Fourth Section I. C. C. Act, or similar provisions in state statutes.

"Applications for freight rate authorities should continue to show on the memorandum form sent therewith whether the proposed rates will create departures from the Fourth Section, and if so, whether such departures are authorized by outstanding Fourth Section orders.

"When freight rate authority has been received for publication of rates applying jointly to carriers under federal control and those not under such control, and such rates would bring about departures from the Fourth Section not already authorized by the specific order of the Commission or by I. C. C. Fourth Section Order No. 3700, or which are not to be published under Rule 77 of I. C. C. Tariff Circular No. 18-A, then the roads not under federal control either directly or through their duly authorized agent should make application to the Commission for the necessary authority to depart from provisions of the Fourth Section; and the rates must not be published until such authority is received by the non-controlled roads.

"No application should be made directly by, or on behalf of, roads under federal control, for relief from departures from the Fourth Section, to either the Interstate Commerce Commission or to a state commission.

"It is not the intention to authorize new rate adjustments which will depart from provisions of the Fourth Section, except in extraordinary cases, and cases where the adjustments may be a mere modification of rates already in effect where provisions of the Fourth Section are not observed under authority of the Commission. It is realized that it is not practicable to eliminate all Fourth Section departures at this time, and that, in the ordinary changes in rates and publication of new rates in line with those now in effect, it will be necessary to depart from the Fourth Section to the extent that such departure has been authorized in the existing rates; but new or radical departures where none now exist will not be brought about."

Personal Notes

Frank E. Emery is appointed general agent of the Arkansas & Louisiana Midland Railway Company, with headquarters at St. Louis.

N. B. Wright, general freight agent of the Central of Georgia, has been made chairman of the Southern Freight Traffic Committee at Atlanta, Ga., to fill the vacancy caused by the death of Randall Clifton of the Southern, a victim of the Spanish influenza epidemic. He will be succeeded as member of the committee without office by A. McCann Davis, general freight agent of the Atlantic Coast Line.

Director Chambers, on November 1, loses P. F. Finnegan, one of his young assistants. Mr. Finnegan will become freight traffic manager for the Baltimore & Ohio Lines west, with office at Cincinnati. At the same time he will become chairman of the Cincinnati District Freight Traffic Committee. In each office he fills the vacancy created by the death of C. L. Thomas, a victim of Spanish influenza. Mr. Finnegan will be forty-one years old November 4. He entered the service of the Baltimore & Ohio transportation department as stenographer in 1895. For five years he remained on the side of the table that has to do only with the problem having to do with the making of the wheels go round. In 1900 he moved over to the side which made it his work to obtain the traffic that made it necessary for a transportation department to be on earth. Eleven years later he became general freight agent in Chicago, remaining there until May 1, 1918, when he went to Washington as assistant to Mr. Chambers.

The jurisdiction of W. L. Martin, traffic manager of the Minneapolis, St. Paul & Sault Ste. Marie Railroad, Duluth, South Shore & Atlantic Railroad, Mineral Range Railroad, has been extended to include the Duluth, South Shore & Atlantic and the Mineral Range railroads.

George W. Sterling has been elected vice-president of the Eastern Steamship Lines, Inc., with headquarters at New York.

The jurisdiction of the following Texas & Pacific Railroad offices is extended over the Weatherford, Mineral Wells & Northwestern Railroad: C. Schonfelder, Jr., general freight agent, Dallas, Tex.; G. L. Moore, division freight and passenger agent, Fort Worth, Tex.; W. C. McCormick, division freight and passenger agent, El Paso, Tex.; W. L. Greer, division freight and passenger agent, Waco, Tex.; J. W. Daley, division freight and passenger agent, Galveston, Tex.; L. S. Gofforth, division freight and passenger agent, San Antonio, Tex.; A. P. Sturl, division freight and passenger agent, Shreveport, La.; V. Schaffenburg, division freight and passenger agent, New Orleans, La.

The Atchafalaya, Topeka & Santa Fe Railroad, Kansas Southwestern Railroad and Grand Canyon Railroad announce the following appointments: T. P. Chambers, division freight agent, Los Angeles, Cal.; J. T. Ricks, traveling freight agent, Los Angeles, Cal.; E. R. Gregory, traveling freight and passenger agent, Los Angeles, Cal.; N. W. Hall, division freight agent, San Francisco, Cal.; L. J. Henry, traveling freight agent, San Francisco, Cal.; W. J. Shattuck, traveling freight and passenger agent, San Francisco, Cal.; L. McPhetridge, division freight and passenger agent, Fresno, Cal.; T. H. Warrington, traveling freight and passenger agent, Fresno, Cal.; A. C. Kolbourn, traveling freight and passenger agent, Fresno, Cal.; W. R. Fowler, division freight and passenger agent, San Bernardino, Cal.; F. T. Mallon, traveling freight and passenger agent, San Bernardino, Cal.; S. C. Payson, division freight and passenger agent, San Diego, Cal.; F. L. Hope, traveling freight and passenger agent, San Diego, Cal.

I. K. Redman, general agent of the C. & E. I. at St. Louis died last week and was buried at Princeton, Ind.

The Port Townsend & Puget Sound Railroad announces the following appointments: General manager, H. B.

Earling, Seattle, Wash.; general freight and passenger agent, J. R. Veitch, Seattle, Wash.; general solicitor, H. H. Field, Chicago, Ill.

The Fairchild & North Eastern Railroad is added to the jurisdiction of A. W. Trenholm, federal manager, Chicago, St. Paul, Minneapolis & Omaha Railroad.

Regional Director Alston announces that the Chicago Union Station is placed under the jurisdiction of G. L. Peck, federal manager, Pennsylvania Lines West of Pittsburgh.

MARINE INSURANCE SECTION

The Traffic World Washington Bureau.

In circular No. 62 Director-General McAdoo establishes a marine insurance section in the Division of Finance and Purchases, placing W. C. Delaney in charge. Actuary Theodore H. Price is to assist him. Mr. Delaney is head of the war risk branch of the Treasury. This section is to take care of insurance needed to cover the assumption of marine and war risk in coastwise business.

At the same time, in circular No. 44-A, he changed the name of the insurance and fire protection section to "Fire Loss and Protection Section."

WAR AND MARINE RISKS

The Traffic World Washington Bureau.

In carrying out Director-General McAdoo's order directing coastwise steamship lines to assume war and marine risks, W. P. Levis, general freight agent of the steamship lines affected, has issued a circular, in which he says:

"Effective upon dates as indicated below, irrespective of date of receipt of property at original point of shipment, points of origin or points of destination, and notwithstanding any printed conditions to the contrary in the bill or bills of lading covering such traffic, the war risk on property while aboard vessels, from time of sailing from ports of departure to time of arrival at their ports of destination, will be assumed by the coastwise steamship lines: September 19, 1918—Clyde Steamship Line; September 19, 1918—Mallory Steamship Line; September 19, 1918—Old Dominion Steamship Line; September 19, 1918—Southern Pacific Steamship Line; September 20, 1918—Merchants' & Miners' Transportation Line; September 21, 1918—Southern Steamship Line; September 24, 1918—Ocean Steamship Line.

"Effective October 10, 1918, irrespective of date of receipt of property at original point of shipment, points of origin or points of destination, and notwithstanding any printed conditions to the contrary in the bill or bills of lading covering such traffic, the marine risk on property while aboard vessels, from time of sailing, from ports of departure to time of arrival at their ports of destination, will be assumed by the coastwise steamship lines, viz.: Clyde Steamship Line; Mallory Steamship Line; Merchants' & Miners' Transportation Line; Ocean Steamship Line; Old Dominion Steamship Line; Southern Pacific Steamship Line; Southern Steamship Line.

"The amount of any loss or damage for which the coastwise steamship lines are liable will be computed on the basis of the value of the property at the place and time of shipment, including the freight charges, if paid."

*Not applicable to Clyde's Santo Domingo Line.

†Not applicable to Southern Pacific Havana-New Orleans Steamship Line.

PROTECTION FOR PERISHABLES

The Traffic World Washington Bureau.

Director-General McAdoo October 21 authorized the following:

"The loss of fruit and vegetables on account of freezing during the course of transportation in winters past has been enormous.

"In addition to the obvious desirability of preventing claims against the railroads and preventing loss to the shipper, the conservation of food as being urged by the Food Administration makes it particularly necessary to give serious consideration to the protection of fruits and

vegetables with the approach of winter and freezing weather.

"Extra precaution in the packing, as well as protection against exposure to the elements at the point of origin and destination, is very essential.

"The Weather Bureau advance notices of temperatures should be closely observed by shippers of perishable food products and their shipments withheld from freight service as much as possible when very low temperatures prevail and when forecasted.

"A delay in forwarding to conserve the property is more to the advantage of shipper, consignee and consumer than the disregarding of warnings of low temperature and forwarded with a chance of loss by freezing.

"The best means of protection to perishable freight available in transportation will not always protect such shipments in extremely cold weather.

"The co-operation of shippers is earnestly solicited in the conservation of perishable food products."

LOADING OF COAL

The Traffic World Washington Bureau.

A report was made to Director General McAdoo October 19 by the Car Service Section on the quality of coal of all kinds loaded by roads for week ended October 5, 1918, as compared with the same period of 1917. A summary of the report follows:

	1918.	1917.
Total cars bituminous	218,808	184,720
Total cars anthracite	38,350	42,079
Total cars lignite.....	4,108	3,841
Grand total cars, all coal.....	261,266	230,640

A summary of reports for the week ended October 12, 1918, based on actual reports from most roads, but with the results of some roads estimated, follows:

	1918.	1917.
Total cars bituminous.....	212,715	188,061
Total cars anthracite	37,837	42,452
Total cars lignite	3,798	3,965
Grand total cars, all coal.....	254,350	234,478

Increase of 1918 up to and including week ending October 12 over same period of 1917, 713,076 cars.

INCREASE IN COAL RATES

The Traffic World Washington Bureau.

Another effort was made October 21 to come to an understanding as to increases on coal rates, rail-and-water and rail-water-and-rail, from the soft coal fields of West Virginia, Maryland and Pennsylvania into New England, both ports and interior. Members of the coal rate committee of the New England Traffic League had a talk with George T. Atkins, Jr., C. B. Heinemann and Paul P. Hastings, representing Directors Chambers and Prouty. The members of the committee who called on them were C. H. Tiffany, chairman, and J. W. McDowell, assistant traffic manager, of the American Woolen Company. Commissioner Eastman, of the Massachusetts commission, accompanied them, as a friend of the court, so to speak. The Massachusetts commission, in behalf of itself and other New England bodies, in August made representations to the Railroad Administration about New England rate situations, one of which is composed of the doubly increased rates on coal.

Since the operative date of General Order No. 28 New England has been paying an increase on coal at both ends of the haul. While the railroads were in competition they adjusted their rivalries by making a rate of \$1.40 to Hampton Roads from West Virginia fields and \$1.18 from Cumberland to Baltimore. There was then a spread of 22 cents. Now the \$1.18 rate is \$1.73 and the \$1.40 rate is \$2. The user of coal in the interior of New England pays the increase to the ports and also the increases from the New England ports into the interior.

The New England committee presented a suggestion for sets of proportional rates at both ends of the haul, which, while giving relief, they believe will not result in tearing the rate structure to pieces—from the point of view of the man who is still thinking about the arrangement that was put into effect as the result of competition. However,

even if adopted, the suggestion will not relieve New England from the whole of the double increase. It will merely ameliorate a condition that at one time was deemed intolerable—intolerable because the railroads to the southern ports insisted on taking the full benefit of the McAdoo increases and the railroads in New England also insisted on having the full measure of the increases, as if the coal originated at the New England ports instead of in mines far away.

In the case of iron ore, General Order No. 28 said that the ore should bear only one rail increase. It did not, however, make such a limitation on rates on coal, hence the troubles of traffic managers for large users in sections of the country where the traffic has had to move over more than one line.

Generally speaking, the tendency of the Railroad Administration officials has been to put only one increase on coal, but there are a number of places where, owing to the unusual form in which the rates were published, hard fought adjustments, and such facts, the readjustment under General Order No. 28, so as to relieve consignees from double impositions, has not proceeded with as much speed as those who have been bearing the burdens had hoped for.

RAILWAY REVENUES

The Traffic World Washington Bureau.

Summaries of the results of operations of class I roads for the month of August and the eight months ending with August, were given out by the Commission October 19. The summary for August shows a big margin between operating revenue and operating income, but for the eight months' period the railroads of the country, on the operating income, are still \$220,000,000 behind the record for the corresponding period in 1917, under private operation.

For the country as a whole the revenue for August rose from \$366,223,601 to \$502,759,622; expenses from \$246,819,741 to \$358,987,665, and income from \$104,472,891 to \$128,123,081.

In the eastern district the revenue increased from \$168,121,777 to \$235,017,479; expenses from \$117,641,783 to \$173,093,545, and income from \$44,614,462 to \$55,803,925.

In the southern district the revenue increased from \$52,214,155 to \$78,775,990; expenses from \$35,988,948 to \$54,953,026, and income from \$13,983,208 to \$21,494,649.

In the western district the revenue increased from \$145,387,669 to \$188,966,153; expenses from \$93,288,010 to \$130,941,094, and income rose from \$45,875,221 to \$50,824,507.

The summary for eight months shows an increase in revenue from \$2,611,121,387 to \$3,051,828,939, and in expenses from \$1,837,254,747 to \$2,489,862,562, but income fell from \$658,881,790 to \$438,476,373.

In the eastern district the revenue rose from \$1,178,132,260 to \$1,384,627,806; expenses from \$873,428,593 to \$1,192,472,929, and income fell from \$258,453,411 to \$142,424,172.

In the southern district the revenue increased from \$388,817,240 to \$491,797,278; expenses from \$266,355,155 to \$379,283,217, but the income fell from \$105,286,014 to \$94,325,093.

In the western district the revenue rose from \$1,044,171,887 to \$1,175,401,855; expenses from \$697,470,999 to \$918,106,416, and income fell from \$295,142,365 to \$201,727,108.

EXCEPTION TO CIRCULAR 18-A.

The Commission, by means of an order issued October 19, gave permission to Countiss, Morris and McCain to ignore subdivision (b) of rule 4, Tariff Circular 18-A, which requires that rates shall be stated in plain figures and not in some other tariff to which reference is made by marks. The permission covers the tariffs made necessary by the Commission's last order in the transcontinental rate case. It authorizes the "alternative application" rule that has been carried in the transcontinental tariffs for a long time, until Oct. 31, 1919, because the tariffs cannot be prepared in accordance with the rules before that time. Under that rule, where the aggregate of intermediates is lower than the through rate carried in the tariff, that lower aggregate is the rate to be paid, although it is not published in the regular way.

THE UNITED WAR WORK CAMPAIGN

The people of the United States will be asked this fall to share as a unit in the task of caring for the fighting men. In the United War Works Campaign, November 8-11, \$170,500,000 is to be raised as a service offering from the civilian army to its military and naval representatives. It is a call for unified support of the organizations which at home and in the fighting zones have sought out the individual and helped him to keep his courage and his efficiency. The agencies joining in the drive are the Young Men's Christian Association, the Young Women's Christian Association, the National Catholic War Council, the Jewish Relief Board, the War Camp Community Service, the American Library Association, and the Salvation Army.

The Young Men's Christian Association, which is asking \$100,000,000, is serving no less than three million American soldiers and sailors in Europe and in the training camps at home. It has between five and six hundred huts in this country and a greater and growing number on the other side. It is keeping a bit of home even at the trenches and under the fire of the enemy. The Y. M. C. A. hut at the front is the soldier's club, his church, his college. It is open to all denominations for service, from the early mass of the Roman Catholic to the later service of the Protestant clergyman and the Jewish rabbi and the song service of the Salvation Army. It is used for musical and theatrical entertainments by the most famous musicians, actors and actresses of the world. It is a place of study and lectures for the boy who would study French or other subjects to be turned to account in after-war days. It is the quiet place where the soldier reads or writes his letters home.

The Young Women's Christian Association, asking for \$15,000,000, has gone into the war and into the war industries with the women and girls called to new and perilous work. It has co-operated with the government in the proper housing and care of the women munition makers in this country and has provided recreation centers at all of the twenty-one cantonnements. It has established similar centers at munition plants in France and has been so successful in providing necessary rest and recreation that the English government has asked the help of the American Y. W. C. A. in work of that character in England. It has club centers in Russia at Petrograd, Moscow and Samara, and co-operated with the Y. M. C. A. during the summer in an agricultural exhibit on a boat that plied up and down the Volga River. It has about one hundred hostess houses—"a bit of home within the camp"—erected at military camps at the requests of the commanders, and a number more are authorized and being built. It is doing work among the colored girls affected by war conditions, and among the foreign-born women whose men have gone to war.

The National Catholic War Council, including the Knights of Columbus, asks \$30,000,000. The Knights of Columbus have erected club houses at the points of embarkation in this country and debarkation in France, and have secretaries assigned to permanent duty aboard transports plying between this country and European ports. One hundred K. of C. secretaries have been ordered to Italy, where ten buildings are being erected. There is a headquarters building in Paris and permanent club houses throughout France and in London. A fleet of motor trucks follows the rapidly advancing armies to provide our soldiers with "service under fire." These trucks carry cigarettes, tobacco, chocolate, writing material, soap and towels, and other articles.

The Jewish Welfare Board, which will receive a \$3,500,000 share in the United War Work Campaign, officially represents all national Jewish organizations in building up the morale of more than one hundred thousand Jewish men in the army and navy. It has sent its trained workers into the camp and naval training stations. It has erected clubrooms to which soldiers, irrespective of race, can go for rest or for entertainment, where there are libraries with English, Yiddish, and Hebrew books, where religious services on Friday evenings and holidays are open to any man who wishes to attend. In the towns near the camps, community centers furnish the soldiers with social rooms and sleeping quarters. Jewish chaplains are serving with the army overseas and in the navy. Welfare workers are aiding the families left at home and among

the men in the ranks are performing personal services, distributing gifts, and keeping up the boy's contact with his home.

The Library War Service of the American Library Association, which is asking for \$3,500,000, has sent overseas in the last year more than a million books for the men of the fighting forces. It supplies a book for the man when he wants to read and the kind of a book that he wants. It gives its service quickly and directly to the army and furnishes to the soldier who is preparing for after the war the technical books that he needs for his study. In the huts and canteens of all the welfare organizations a branch library has been established at which the soldier or sailor can pick up in his hour off duty the novel or magazine that suits his fancy. There is a deck library on every transport, and on many of the warships and government cargo ships. In every ward of every military hospital a shelf of books is near the hand of the convalescent soldier. The book from the home library, the magazine, the new educational or technical volume bought with money from the public, will circulate through the Association to every man in every branch of service.

The War Camp Community Service, which is asking \$15,000,000, is a nation-wide movement for hospitality keyed to harmonize with the training camp program of the War and Navy departments. It has a definite, ordered program, supplemented by resources of the folks back home. It invites the soldier and sailor off duty in a strange town to dine and dance and meet the right sort of women. It counteracts the red light lure with the greater attraction of wholesome recreation and speeds the man in khaki or blue on his overseas way with a keener enthusiasm to fight for a country in which he leaves no bitter regretful memories. The War Department Commission on Training Camp Activities was appointed by Secretary Baker in April, 1917. The Navy Department Commission of Training Camp Activities was established by Secretary Daniels at the same time. These commissions called on the Playground and Recreation Association of America, which had had years of experience in this sort of thing, to carry on the work in the communities outside and adjoining the camps under the official name of the War Camp Community Service.

The Salvation Army's request for its work at home and abroad is \$3,500,000. As near the trenches as relief work can be carried, the Salvation Army "hutment" is open, and a woman officer ready to serve hot food to the men under fire. A cook stove with an oven that can bake is certain to be part of the equipment of the little Salvation Army house. In front of it, "lassies" with baskets of food have stood under fire in order to give a hot cup of coffee to the men who are bringing up the ammunition. Truckloads of pies and doughnuts start daily from the bases to the extreme ends of the lines. The women officers have mended the clothing and darned the stockings of the soldiers who come to the hutment for recreation. In this country the Salvation Army maintains hotels near the military and naval bases, and in the clubrooms entertainments fill the soldiers' leisure time. Church services are held on Sundays.

P. S. & A. CIRCULARS

In P. S. & A. Circular No. 32, Director Prouty said:

"Officers of railroad corporations whose property is operated under federal control may make requests upon accounting officers of lines so operated for operating statements, statistics of operation, etc.

"Accounting officers of all class I lines under federal control shall, upon request of corporate officers for operating data, furnish them with a limited number of copies of the monthly reports of revenues and expenses rendered to the Interstate Commerce Commission. Accounting officers of other lines under federal control shall likewise furnish copies of monthly statements of revenues and expenses which are prepared for the information of the federal or general managers of such lines.

"All reasonable requests by officers of the corporations for information in explanation of charges or credits to the corporations upon the federal books shall also be complied with.

"Requests for data in addition to those authorized herein shall first be submitted to the undersigned, who

will advise the accounting officer of the action to be taken in the matter.

"Arrangements should also be made for co-operation between federal and corporate accounting officers with respect to making the records of addition and betterment expenditures available to reasonable inspection by accredited representatives of the corporation."

In P. S. & A. Circular No. 33 he said:

"1. Effective October 1, 1918, the method of settlement for per diem between railroads under federal control and those not under federal control will be as follows:

"2. Lines under federal control delivering cars direct to lines not under federal control (not including Canadian and Mexican lines) will be held responsible for collection of per diem accruing on all federal controlled cars so delivered.

"3. Per diem collections made as directed in paragraph 2 shall be credited to the appropriate income account of the line making collection and not apportioned among other carriers under federal control.

"4. Federal controlled lines making use of equipment of non-controlled lines will render statements to and make settlement with such lines in the same manner as heretofore.

"5. Canadian and Mexican lines will report per diem direct to car owners in the same manner as heretofore."

In P. S. & A. Circular No. 25-A he said:

"1. Transportation charges are due and payable when carload or less carload freight is placed in storage, either on the property of the railroad company or in private warehouses. If charges are not collected from the warehouse company, they should be collected from the consignee under the terms of General Order No. 25 at or immediately succeeding the time of placement in storage and not after final delivery to consignee.

"2. The provision in Circular No. 25, with respect to industrial railroads applies to so-called plant facility industrial railroads. It does not apply to 'common carrier' industrial railroads so long as in good faith deliveries are promptly made by them to consignees and the trunk line carriers' agent is furnished with adequate information with respect to such deliveries so as to permit the prompt rendition of the freight bills."

SHORT LINE CONTRACT

The Traffic World Washington Bureau.

Director-General McAdoo, October 25, announced his approval of the latest edition of the short line contract. He and his assistants had it under consideration for nearly two weeks. Under it Mr. McAdoo will take control of the lines, but leave train operation in the hands of the owners, give them fair divisions, two days' free time on cars, repairs in trunk line shops, and supplies at trunk line prices.

ACT AND ORDERS UPHELD

The Traffic World Washington Bureau.

The Railroad Administration has received word that Judge Trieber, Eastern District of Missouri, has held the federal control act valid and general orders 18 and 18-A as valid exercises of authority. They are the ones that require suits for damages for personal injuries to be brought in the county or district where the plaintiff lived at the time the right of action arose. In this case a woman brought suit in St. Louis, although her husband lived in Pittsburgh and was employed by the Pennsylvania Railroad.

BOATS FOR RIVER TRAFFIC

The Traffic World Washington Bureau.

Eighteen months from the time steel is delivered to them, boat and barge builders on the Ohio and Monongahela rivers will deliver forty steel barges and six towing steamers to the Railroad Administration for use on the lower Mississippi and the Black Warrior rivers. Contracts for them were signed by Director-General McAdoo October 21. The American Bridge Company will furnish twenty-five of the barges and the Dravo Construction Company the other fifteen.

The six towing steamers will be built, four at Point Pleasant, Ky., and two at Charleston, W. Va. Deliveries

are to be begun six months after the delivery of the steel and completed in twelve months. It is assumed that the War Industries Board will authorize the delivery of steel so that the builders may begin work within two months. Four of the steamers are to be 200 feet long with forty feet beam and a maximum draft of six feet. They will be of the tunnel screw type. Two of the steamers will be 256 feet long, forty-eight feet beam and ten feet draft. They will be of the familiar stern-wheel type and are intended for use on the lower Mississippi. The barges will be of 2,000 tons carrying capacity on eight feet of water. The total cost will be \$6,170,000.

The Railroad Administration has a barge service in operation on the lower Mississippi, but the idea is that it can be greatly extended, and it will be unless there is a change in plans, such as might be brought about by a sudden cessation of hostilities. In normal times the railroads along the Mississippi and the Black Warrior rivers are capable of carrying all the tonnage offered them. One reason why there are not more boats and barges on the rivers is the fact that railroads have had greater carrying capacity than the tonnage offered. To utilize their equipment, at times they have made rates so low that the boats were driven into the mud flats and their owners forced into bankruptcy.

IMPROVED TICKET SERVICE

The Traffic World Washington Bureau.

Director-General McAdoo October 22 announced that, effective November 1, the sleeping and parlor car rate and additional passage charge for occupancy of space in sleeping or parlor cars will be combined; both charges will be represented by the sleeping or parlor car ticket, except in cases of furlough fare, clergy and similar tickets, where the two charges must be kept separate. When fares are paid on trains, the sleeping or parlor car conductors will make the collections of both charges and issue one ticket to cover.

"This plan," the announcement says, "will do away with the delays and confusions now incident to the sale of three separate tickets, and the collection of three separate charges for a railroad journey in a sleeping or parlor car. As rapidly as the necessary alterations in ticket offices can be made, the sleeping car and railroad ticket selling forces will be combined and it will no longer be necessary for a passenger to go back and forth between two different ticket windows at union stations in order to get his sleeping car and railroad tickets and arrange for his accommodations, because both kinds of transportation will hereafter be sold by the same ticket clerk. This will be a step beyond the old practices prior to government control. When the Pullman car lines were under private management they had their own force of ticket sellers, and a passenger, after buying a railroad ticket, had to go to the Pullman window to get a sleeping car ticket, or vice versa. It is thought that this arrangement will prove a great convenience and time saver to the traveling public, and will tend to keep down the congestion at ticket offices in union stations."

EDUCATIONAL PROPAGANDA

The Traffic World Washington Bureau.

With a view to informing users of railroads as to the purposes, plans and general policy of the Railroad Administration, Director-General McAdoo, in a circular letter October 24, to regional directors, advised them to arrange visits for operating, accounting and traffic officers to city officials, boards of trade and important industries of each station on their lines. The idea is to have the officials educate the public as to the organization of the railroads and as to how to take up matters of rates, claims, car supply and service, "impressing them with the fact that the local officers are prepared and anxious to handle all matters of mutual interest between communities and railroads, and that it is not necessary to appeal to Washington in the transaction of the ordinary business of the railroads."

He further advised the regional directors to impress on local officers the importance of giving every consideration and attention to matters that may be brought before them, that all suggestions should have careful consideration, and that satisfaction all around will prove the wisdom of their procedure.

Freight Rate Authorities

ISSUED BY THE

U. S. Railroad Administration

Are all printed in the Weekly

TRAFFIC BULLETIN

AND IN THE

DAILY TRAFFIC WORLD and BULLETIN

DOCKETS

of the Western District Traffic Committees are printed in the same publications. (We hope soon to print also the dockets of the Southern and Eastern District Committees.)

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with these proposed changes in tariffs

Write for Particulars

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COST OF ENGINE FUEL

The Traffic World Washington Bureau.

Statistics prepared by the Bureau of Railway Economics from the annual reports of Class I railroads to the Interstate Commerce Commission show an enormous increase in the cost of fuel for engines in the year ending December 31, 1917, compared with 1915. In the latter year the average cost of coal to the railroads of the whole country was \$1.70 a ton. In 1917 the average was \$2.54. In 1917 the average cost of all fuel was \$2.64, as compared with \$1.77 in 1915.

That difference between the average cost of coal and the cost of all fuel is caused by the fact that some railroads burn fuel oil and a few are users of cordwood.

In the eastern district the average cost of coal was nearly \$2.69, as compared with nearly \$1.64 in 1915. The cost of all fuel in 1917 was nearly \$2.70, as compared with a cost of nearly \$1.64 in 1915.

In the southern district the cost of coal was \$2.19, compared with \$1.36 in 1915; all fuel, \$2.21, compared with nearly \$1.37.

In the western district the average cost of coal was nearly \$2.51 in 1917 and nearly \$1.98 in 1915; all fuel, \$2.76, as compared with \$2.10.

The equivalent of fuel oil in tons of coal was stated on the basis of the experience of the reporting carrier. The conversion of hardwood into terms of coal was on the basis of 1½ cords of such wood to one ton of coal, and two cords of soft wood to one of coal. Charcoal was converted on the basis of 100 bushels to the ton.

INDUSTRY TRACKS

Regional Director Smith has given an interpretation of G. O. 15, pertaining to the construction, maintenance and operation of new industry tracks, as follows:

"Paragraph (e), Section 1, of General Order No. 15, reads as follows:

(e) The railroad company shall have the right to use the track when not to the detriment of the industry.

"This paragraph need not be insisted upon in cases where you are satisfied that the plant deals in a commodity which in itself presents an inherent hazard of fire or explosion of an exceptional character, or that other permanent conditions connected with the plant present hazard of fire or explosion, to such an extent that it is permanently and constantly to the 'detriment of the industry' to permit operations on the tracks which are not required for the industry's own business."

Regional Director Bush says, in a circular on the subject:

"I quote below a letter received from Mr. Walker D. Hines, assistant director-general, Washington, D. C., dated October 12, respecting construction of paragraph (e) of General Order No. 15:

As a matter of construction of paragraph (e) of General Order No. 15 relative to industry tracks, in cases where the Federal managers are satisfied that the plant deals in a commodity which in itself presents an inherent hazard of fire or explosion of an exceptional character, or that other permanent conditions connected with the plant present hazard of fire or explosion, to such an extent that it is permanently and constantly to the 'detriment of the industry' to permit operations on the tracks which are not required for the industry's own business, paragraph (e) need not be insisted upon.

"Please be governed accordingly."

CASHING CHECKS BY AGENTS.

P. S. & A. Circular No. 29 says:

"Agents of some carriers are refusing to cash employees' pay and discharge checks because of an assumption that they are prohibited by the provisions of paragraph 9 of General Order No. 25, the last part of which reads that 'Checks are not to be taken for cash by agents under any circumstances except for transportation charges.'

"The sentence in the paragraph referred to is intended to prevent the former promiscuous practice which obtained on some roads of cashing personal and other checks as accommodations, which transactions should ordinarily be conducted at banks.

"It is not intended by the paragraph referred to in the

order to prevent or stop the practice of permitting carriers' agents, when properly authorized by their officers, to pay wages by cashing pay checks, discharge checks, or pay drafts, provided that the payee is properly identified to the agent. Agents of one carrier are not permitted to cash evidence of wages due employees of another carrier."

W. F. T. COM. DOCKET.

The Western Freight Traffic Committee announces that it has docketed the following subjects and that interested desiring to submit their views can do so in writing, or, if conference is desired, date will be arranged therefor:

1824, October 19—Proposed advance throughout Western territory in minimum weights on fresh meats from 20,000 to 21,000 pounds and on packing house products from 26,000 to 30,000 pounds.

1770, October 19—Rates on packing house products and fresh meat, Wichita versus Oklahoma City and Fort Worth to eastern territory, proper relationship.

No. 363, October 17: Committee will give consideration at the earliest possible date to the question of universal transit, i. e., permitting outbound shipments from the transit point to be allowed to move via any road, regardless of road handling shipment into transit point; also question of discontinuance of use under transit of circuitous routes or the assessment of an extra charge where such routes are used.

1734, October 19—Blacksmith coal from Sun and Eckels, W. Va., to points in Nevada, Arizona and New Mexico, etc. Proposed establishment of proportional rates to and from Chicago and Mississippi River to take care of maximum increase provided under General Order No. 28.

POSITIONS WANTED OR OPEN

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MICHIGAN CASE DISMISSED.

The Michigan 2-cent fare law case, technically known as the Ann Arbor R. R. vs. Cassius L. Glasgow, taken to the United States Supreme Court by the railroad company, has been dismissed. The effect is that Michigan agrees that under costs of operation at present a 2-cent fare law would be confiscatory. The agreement between the parties to the suit is that each shall pay his own costs.

The statute on which the suit was based was enacted in 1911. It divides the railroads into two classes—those that have \$1,200 a mile or more net and those with less. The first were to carry passengers for 2 cents a mile, after the first five miles, while the poorer roads were to have higher rates. The state commissioners were the defendants in the case.

VALUE, TIME AND PLACE OF SHIPMENT.

The Norfolk Southern has dismissed its appeal in the Supreme Court of the United States against W. L. Whitehurst, thereby allowing the judgment of the Virginia Court of Appeals to stand as the law, in that state, as to the meaning of the words "value at time and place of shipment." The Virginia court followed the Maryland court in the so-called strawberry case, in which the value at time and place of shipment was held to be the value at the destination market at the time the strawberries would have arrived had they been carried with reasonable dispatch, less the cost of getting them to that market.

In the Whitehurst case two carloads of cabbage constituted the ultimate issue. The railroad company had to transfer them from one car to another, either on account of a broken part or on account of a lack of clearance on the part of bridges and tunnels on the New Haven. The cabbage was damaged. The only question was as to whether the rule in the strawberry case could be applied in this case. The Virginia court so held and gave the plaintiff judgment for the amount he would have received in Boston, less the freight.

DOCKET OF THE COMMISSION

The Chicago assignments in the Consolidated Classification case are as heretofore published.

November 4—Washington, D. C.—Examiner Brown: 9200—Railway mail pay.

November 8—Argument at Washington, D. C.: 8834—Kettle River Co. vs. Mo. Pac. et al.

9797—Robt. Abeles et al. vs. A. & W. et al.

November 9—Washington, D. C.—Before Division II:

8182 et al.—Western cement rates.

November 11—Chicago, Ill.—Examiner Bell:

* 10233—National Council of Farmers' Co-operative Assn. vs. Wm. G. McAdoo, Director-General of Railroads et al.

November 12—Washington, D. C.—Examiner Disque:

10204—Consolidated Classification case—For such interests as may desire to be heard.

November 18—Washington, D. C.—Examiner Disque:

* 10204—Consolidated classification case—cancellation of state classifications.

THE TRAFFIC WORLD

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THE COMMISSION REDIVIVUS

There is danger that the importance of the decision of the Commission in the Willamette Valley case, with respect to the function and powers of that body under government operation of the railroads, may be unduly magnified. It is important in that it clears the air of the results of efforts made to befog it, but in the sense that it establishes a condition that any respectable number of thinking persons denied or would have been at all justified, either in law or in common sense, in denying, it is not.

The issue was simply as to whether the Commission had the right to remove a discrimination in rates in view of the fact that the rates in question had been increased by order of the Director-General since the complaint was filed. In other words, it was contended by certain railroad attorneys, who seemed to have forgotten that the railroads are supposedly being operated in the interest of the public—and that, too, under unified control—that a rate touched by the magic wand of the Railroad Administration is sacred, whether fair or not, and that any such touch must be presumed to have been made in the interest of winning the war. The claim was purely technical, at best, for anyone knows that if a community or an individual is discriminated against by a rate that favors some other community or individual, the discrimination can only be heightened by a percentage advance that increases all rates. The Commission, of course, sets aside this claim and proceeds to do what it conceives to be justice in removing a discrimination in rates. It could not have done otherwise unless it had been frightened to the point of being unable to function at all by the

awe that obtains in certain quarters of anything that bears the stamp of the Director-General.

The Commission exists for the adjustment of just such questions as were presented by this case and its function in this respect is clearly preserved by the railroad control law as well as admitted by the Director-General in his utterances. The attorneys on the railroad side were merely struggling to win their case by the old tactics that prevailed when the railroads fought each other as well as the shipper, and by the tactics that usually prevail when an attorney has no other thought than to win his case. There was not even a question as to the railroads losing revenue through action by the Commission, since the Commission does not, of course, direct that any rate be reduced. It only directs that a discrimination be removed and that can be done by an increase as easily as by a reduction. If the Director-General wants the revenue, he can, in that way, obtain even more than he was getting before the Commission acted.

The power of the Commission to alter rates actually initiated by the Director-General is not really brought into question in this case. The law clearly gives it the right to act on formal complaint after the rate becomes effective, merely providing that it must give due weight to any claim by the Railroad Administration that the additional revenue contemplated is needed to defray the expenses of federal operation. The fear here has been that the Commission, being composed of appointees of the President, would hesitate to interfere with a rate initiated and supported by him, but the tone of the decision under discussion is such as to lead us to believe that the Commission still lives and that it will do its duty as it sees it. It would seem that the Commission has not permitted itself to be relegated to the position of a mere adviser and assistant to the Director-General, but that it intends to do the work for which it was created as far as the new laws that have been enacted will permit. And a part of that work is to protect shippers from discrimination. We do not mean to insinuate that the Director-General would have them discriminated against, but we are surprised that he did not call off the attorneys who made the fight in this case. They put him in an unfavorable light.

It is, perhaps, worthy of remark that Commissioner Anderson, who, as the representative of the Director-General, nursed the railroad control legislation through the Capitol, joined with Commissioner McChord in the opinion that, unless there is a showing that a change in rates would prevent the successful operation of the railroads, the Commission has the same power and authority it had before the control law was passed, except the power of suspension. The real author of the statute disagreed with those who construed it as

repealing, by implication, all other laws and even the constitution.

No one acquainted with the Railroad Administration officials, it may be said, expects them to advise their chief to resist any order the Commission may feel constrained to issue respecting a rate. If the Commission should undertake to enforce the Esch part of the act to regulate commerce, the Director-General might be expected to object. That is the part of the law that gives the Commission jurisdiction over the distribution of cars. The Commission has never issued a real order under that part of the law. It issued its car supply report, but never carried its ideas into effect in respect to car distribution. That is a field in which there is a general feeling that the Director-General should be supreme.

As a matter of fact, the shippers who have been doing the complaining about what Mr. McAdoo's assistants have done have insisted that the average congressman, when he voted for the federal control bill, thought he was doing no more than authorizing the President to prescribe rates when there was an imperative demand for money, and to say how cars should be routed. Some of them even think that, if Congress really understood what the railroad men were trying to do, there would be a strong move to amend the statute. In other words, they think that the limitations put on the Commission were formulated by Congress, not because of hostility toward it, but because the members of Congress had no clear conception as to how the end sought might be attained.

The report and order in the case were written and issued in exactly three weeks from the conclusion of the arguments. That is an exceptionally expeditious disposition of a case of even ordinary importance. It makes, perhaps, a record for expedition, and seems to indicate a feeling on the part of the Commission that the question was one that had hung fire long enough to warrant disposition as soon as its views could be put on paper, so as to assure shippers that they still have a forum in which to try out their grievances and have them redressed, if they are of a kind needing remedial action.

PRESS AGENT STUFF

Theodore H. Price, actuary to the U. S. Railroad Administration, seems to have evolved into something of a press agent for his employers. His latest effort, which makes about five columns of ordinary newspaper "copy," distributed widely for publication, is entitled, by the author, "The Public Be Pleased," and is devoted to discussing the Bureau for Suggestions and Complaints, facetiously dubbed, "The Railroad Bureau for Brickbats and Bouquets," recently instituted by the Railroad Administration. If the article were confined to mere explanation of the working of

this bureau and its value we should have no particular criticism, though perhaps the necessity and propriety of "press agencing" by the Administration are open to question, but this particular outgiving is almost maudlin in spots in its attempt to show the great benefit resulting from government operation of the railroads, and, like most other press agents, its author attempts to prove too much.

A large part of the article is taken up with the reproduction of a "story" in a Des Moines newspaper by a reporter who is supposed to have been assigned, or who assigned himself, to the task of "writing up" the discourtesy of railroad employes, now that they work for the government, but who found the facts so different from the expectation that he wound up by praising everybody and everything in most unctious fashion. Most persons who read the "story" would conclude either that the reporter had idealized the conditions somewhat in order to be interesting, or that his experience had been most unusual.

The first thing he did was to go to a ticket office and ask for the "manager." That official most courteously searched through big volumes and many maps in order to inform the reporter the best way to get from Des Moines to Skeedunk Hollow, Mo. He did not turn him over to a clerk nor, strange to say, did he attempt to force him to buy a ticket. At other offices he used the same tactics only to be met with the same unfailing courtesy and attention. At one place he even called on the "manager of the division," but that worthy was out, so his chief clerk called on the freight traffic manager for help and these two struggled to give the reporter the information he wanted—what it was he does not say. But the climax was capped when he sought out a brakeman at the station and gave him a letter to mail on the fast train at the junction with another line. The tired brakeman, mopping his perspiring brow with one hand and taking the letter with the other, obligingly agreed to do what was asked.

This story is reprinted by Mr. Price to show that the tales of discourtesy by railroad employes under government operation are unwarranted. It seems to us it proves a lot more than that—among other things that railroad employes are no longer human, but that the divine touch of government operation has transformed them into nothing less than angels—angels who, in their desire to be sweet and courteous, do even more than the most exacting patron would have any right to ask or expect. Either that or this reporter must be a superlatively captivating person. Probably no one but the writer of that newspaper story ever had such an experience either under or before government operation of the railroads.

We are not of those, either, if there be any, who
(Continued on page 862)

Current Topics in Washington



Control of Carrier Service.—A not uncommon thought among persons who have to do with the consideration of transportation problems is that when the time comes to think about the return or other disposition of the railroads, the act to regulate commerce should be amended so as to give the Commission power over service furnished by common carriers. When that law was enacted the compensation to be paid railroads was the thought uppermost in mind. The impression among shippers was that

the railroads were asking too much for the service they were furnishing. Therefore, the thought was to bring the compensation down to the quality of the service instead of bringing the service up to the compensation. Now, service is the first consideration. If a shipper can have transportation, even if it is not gilt-edged, he is thankful. That was so even before the government took the property of the carriers. The importance of service is becoming greater, not less, as time goes on—hence the thought that when the hour for legislation comes the act to regulate commerce should be changed so as to give the Commission control over the service as well as compensation. At the time the original act was passed the railroads were in condition to tender more service, relatively speaking, than at present, so the question as to what the railroads would do for the rates the proposed commission might allow them to charge was subordinate. Now, however, compensation is the lesser question. Shippers are interested more in service and the relationship of rates. They care comparatively little about the height of the rate so long as it is within the elastic limits of judgment, which, of course, means, if it is within the limits of what the traffic can bear, provided the hated rival is not allowed to get into equidistant territory at a materially lower cost. What they ask is that there be a supply of transportation service, the price on which is not so high as to be prohibitive. As the act now reads, a carrier has nothing but self-interest to cause it to give service. For three years there has been no spur to any carrier to improve its service. Every railroad has been just as the average laborer. He can get a job any time he wants to quit or the boss desires to fire him, wherefore labor efficiency is down to about seventy-five per cent, except in rare cases. Under such conditions among the common carriers, it is suggested, some public body should have authority to say that, on account of the less efficient service tendered, the compensation might be reduced.

Private Cars for Sale.—Now is the time to buy private passenger cars. They are down to half price or less. A mining company in Mexico recently advertised that it desired to buy a private car. No fewer than thirty-two railroad officials in the United States offered theirs for sale, at prices ranging from \$1,800 to \$30,000. The company bought one for \$5,000. A fair price would have been double that sum. The owner, however, decided, when the Railroad Administration would not allow him to use it, to get rid of it at whatever price he could obtain. There are many private cars in the country that are the personal property of the officials who have been using them. The one sold was that kind. Private cars belonging to the railroad corporations, of course, cannot be sold, except on order from the Director-General. The privately owned private cars, as distinguished from the cars owned by the corporations, were acquired by the officials for a variety of reasons, chief of which was that the acquiring official desired to use the car for his family, and his conscience would not allow him so to order its movements that the company would not have the benefit of it all the time, because his family might be using it at a time when some other official could have put it to good use. If the Railroad Administration has had any desire to increase its stock of troop cars by the addition thereto of these pri-

vate passenger coaches, the owners thereof have not been advised of the fact.

A Merchant Marine.—The frank avowal of the government, in its brief in the La Follette seaman's law cases, that its policy in enacting that legislation was to break the contracts of sailors who might come into the territorial waters of the United States so that, by offering them higher wages, they would man American ships, has started a discussion as to whether that policy would result in giving the United States a merchant marine as large as anticipated, even if other countries did not retaliate. There is an inclination to contend that the government is proceeding on the false assumption that the hiring of sailors coming to American ports would raise wages all over the world and thereby enable American ships to compete on terms of equality, as far as the cost of operations is concerned. That it would result in raising the scale on ships coming to American ports is admitted. But not all foreign ships come to American ports. Ports to which they do go, without incurring the penalty of broken shipping contracts, are able to and do provide some of the same kind of cargoes that they could obtain by coming to American ports. For instance, British ships that obtain grain and meat in American ports, if wages were materially increased, could proceed, instead, to Canadian, Australian and Argentinian ports, thus leaving the American producer to be his own consumer of his own surplus. As has been pointed out, the mere possession of ships does not mean the acquisition of foreign trade. If, now, the wages in American ships are to be made higher than in ships plying between ports other than American, there will be no need of ships except for that part of the American surplus that it will be possible to sell in competition with prices made by Canadian, Australian and Argentinian exporters. The lower transportation rates, made possible for them by the operation of ships paying lower scales of wages, will tend, it is believed, to leave the American surplus on American shores. Another way of stating the same thing is to say that competition in markets cannot be met by building a wall around the surplus in an American market, the wall being the higher wages of seamen in American ships. The handicap of higher wages in American than in foreign factories has often been overcome by the high prices charged American consumers and the low or dumping prices made by American exporters trying for a foreign market. In that way the handicap of higher wages for seamen may be overcome, for a time. Spanish influenza caused the court to postpone for a week the argument to have been made in the La Follette cases October 28.

Charges on Freight in Storage.—There has been some wrinkling of brows over Director Prouty's circular No. 25-A, which says that transportation charges are due and payable when freight is placed in storage, either on the property of the railroad company or in a private warehouse. The corrugation is due to the fact that, under the act to regulate commerce, storage by a railroad company is treated as a part of transportation. It may be true that when freight is placed in a warehouse, common carrier liability ceases and that of a warehouseman begins. The storage charges, however, are a matter of tariff arrangement, just as much as the charge for the hauling from point of origin to destination and tender to the consignee. The Commission, it is suspected, will not agree that the two charges now are separable, on the ground that the storage charges are not a part of the transportation charge. The tariffs call for the payment of storage charges as part of the transportation impost. If storage in a railroad warehouse is not part of the transportation service, then the Commission has no jurisdiction over discriminations a carrier may practice. The surprise is that such a circular should have been put out over the name of a former commissioner, especially one who was never backward in claiming, for the Commission, control over everything that looked like part of the charges laid by the carrier on the shipper for services rendered to him. By tariff provision, it is suggested, the charge for the haul might be separated from the charge for storage and the first part made payable within forty-eight hours. Such separation, however, it is believed, would not make the storage charge any the less a transportation charge.

Control Over Wire Companies.—Postmaster-General Burleson may have reason for growling at the German autocrats for not continuing the war longer. They threaten to deprive him of control over the wire companies almost before he has comfortably settled himself as director of posts, telegraphs and telephones. Congress refused to give him a twenty-one months after-the-war license to try the bureaucratic management that has made the telephone and telegraph services of Europe the laughing stock of Americans who have been unfortunate enough to try them for quick work. The minute the peace treaty is ratified Mr. Burleson's control comes to an end. Now, that the political entente cordiale has been destroyed, there is practically no chance of the two parties in Congress co-operating in the four months of life that remain for the present Congress to legislate for an extension of Mr. Burleson's control. It is true that it may take a year or more to formulate a peace treaty, after the actual peace negotiations are begun, and another six months for its ratification, unless a better political feeling is restored, but all the time the wrangling is going on Mr. Burleson will know that the minute it comes to an end, his power over the wire companies also ceases, unless there is additional legislation. Overwhelming success for the party now in control of Congress, at the election next week, affords the only possibility of a change in the statute authorizing the taking over of the wire companies, before their return to their owners must take place. The failure of Congress to allow an after-the-war license, it is believed, is a bitter disappointment to the believers in a paternalistic government managing all manner of enterprises heretofore promoted and managed privately under the corporation laws of the various states.

A. E. H.

THE NEW CLASS SCALES

The Traffic World Washington Bureau.

According to the indications in Washington before Director-General McAdoo made public his statement respecting mileage scales, there will be great opposition at the hearings to be held on the subject by the Interstate Commerce Commission. The opposition in the southeast has already united and has made an appeal to southern senators. Expressions of dissent and opposition have been made, not so formally, by representative attorneys and traffic managers for shippers in western territory.

The fact that the proposed scales are to be limited to application within their respective areas will enable state commissioners to point to them as concrete evidence of a desire and determination of the Railroad Administration to wipe out the last vestige of control over rates by state authorities. By limiting the application of the scales to the zones to which they particularly refer, the so-called overhead rates, inter-territorial, established under General Order No. 28, remain intact with a few exceptions. How those exceptions will be handled has not been fully determined, but the chances are that the rates will be increased so that at no point, if the scales are adopted, will they be broken down. A broken scale, according to the views of nearly all traffic men, is an invitation for attacks at other points, the result of which would be the destruction of the scale itself. Director-General McAdoo in his statement, written in the third person, said:

"Director-General McAdoo has submitted to the Interstate Commerce Commission and state railroad commissions a system of class rates which, if adopted, will do away with most of the discriminations and inequalities that now exist and will bring about a greater degree of uniformity in those sections of the country where conditions of transportation are practically identical.

"These mileage schedules of class rates, which are purely tentative, are offered for adoption in the territory east of the Mississippi River and south of the Ohio River and of the main line of the Norfolk & Western Railroad; also in all of the states west of the Mississippi River, including Wisconsin and Minnesota.

"In the west the country has been divided into zones, within which, for both intra and interstate application, the following scales are suggested: In Iowa, Wisconsin, Minnesota and Missouri north of the Missouri River the 75 per cent scale; in North Dakota, South Dakota, Nebraska, Kansas, Oklahoma, Arkansas, Missouri south of the Missouri River, Louisiana west of the Mississippi River

and Texas common point territory the 100 per cent scale. This same scale is also proposed for application intra and interstate between points in the states of California, Oregon and Washington. In Arizona, New Mexico, Colorado, Utah, Wyoming, Idaho, Montana, Nevada and Texas differential territory the 120 per cent scale is suggested.

"In this connection it is interesting to note that the 100 per cent scale, which is now proposed for use in several of the granger states, is exactly the same, except for its extension to 1,000 miles, as that recently agreed upon for use in the state of Oklahoma at a conference between Director-General McAdoo and the railroad commissioners of that state to whom it was entirely satisfactory.

"In the southeastern territory one of two scales is proposed for adoption, the first being the same as offered for application in 100 per cent western territory to be governed by the Western Classification; the other a special scale designed to be used in connection with the Southern Classification. It is hoped the people of the southeast may find it advantageous to adopt the western scale and Western Classification, which would prove not only a great convenience to the shipping public, but also a long step toward a uniform classification which is desired.

"It is not the idea of Director-General McAdoo that these scales should apply inter-territorially; for instance, between two points, one of which is in 75 per cent and the other in 100 per cent territory. The only exception to this is, it is proposed to apply inter-territorially within the boundaries of the state of Texas the scale for 100 per cent territory in conjunction with the scale of differential rates prescribed by the Interstate Commerce Commission in the Shreveport case for application in Texas differential territory without, however, the increase of 25 per cent provided for in General Order No. 28. It is believed the overhead or specific rates, which will be continued in effect, will amply protect inter-territorial traffic, as well as the few interstate movements beyond the maximum distance for which the proposed schedules are fixed within the various zones.

"These scales are being sent to the various state commissions and to commercial organizations in the states affected inviting their criticism and suggestions. The advice of the Interstate Commerce Commission is also being sought under the eighth section of the federal control act and presumably hearings will be held by that body to the end that the widest possible investigation as to their propriety and reasonableness may be made. In addition to this they are being sent to the various traffic committees throughout the territory prescribed that they may analyze them and offer constructive criticisms and suggestions as to their possible use.

"Director-General McAdoo is not wedded to any theory or any schedule. His purpose is to bring on a full and intelligent discussion of the subject to the end that what is right and in the public interest may prevail."

The 100 per cent or master scale is one which was adopted as a compromise for application in Oklahoma. When General Order No. 28 was issued Oklahoma was trying to operate under a scale which had been made by a judge who had set aside the scale made by the Oklahoma Corporation Commission. By the literal application of No. 28, as amended by reason of the protest of the southern senators, that judicial scale became the foundation on which a rate structure was built that elevated Oklahoma above all the surrounding territory and caused an outbreak there that in a traffic sense was fully as important as the military operations on the west front in France and Belgium. That scale was made for application to distances of 400 miles and was published in the Traffic World. After being extended to 1,000 miles that scale was adopted for use as a master scale in Western Classification territory, except in Texas differential territory and the inter-mountain states on the one hand and northern Missouri, Iowa, Minnesota and Wisconsin on the other. That scale is as follows:

STANDARD SCALE OF CLASS RATES FOR "100%" WESTERN TERRITORY, APPLYING WESTERN CLASSIFICATION.

Percentages	100	85	70	60	47	51	40	30	25	20
Classes	1	2	3	4	5	A	B	C	D	E
Miles.										
5	25	21	18	15	13	13	10	8	6	5
10	27	23	19	16	13	14	11	8	7	5

(Continued on page 848)



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Decisions of Interstate Commerce Commission

IN RE INCREASE IN EXPRESS RATES

CASE EX PARTE NO. 64

(51 I. C. C., 263-272)

Submitted October 8, 1918. Opinion No. 5436.

At his request, made under section 8 of the federal control act, certain data and recommendations regarding a proposed increase in express rates reported upon for the Director-General of Railroads.

CLARK, Commissioner:

In a communication to the Commission the Director-General of Railroads inquires, in substance: (1) Whether, as represented by the American Railway Express Company, an increase of approximately \$23,679,000 in the company's gross express revenue would result from the following increases in express rate scales: In zone 1, and between zone 1 and the other four zones, three scales on the first two classes and 10 cents per 100 pounds in commodity rates, and in and between the other four zones two scales on the first two classes and 10 cents per 100 pounds in commodity rates. (2) If the foregoing basis of scale increase under this method would not yield approximately the amount of revenue stated, what basis of scale increase under that method would yield the required amount? (3) If the amount of the revenue increase is correctly approximated, is the method of procuring it proper? (4) If a different method of procuring the increase ought to be adopted, what should be the amount of the increase?

The estimate of \$23,679,000 is for both interstate and intrastate traffic, all but three of the states having adopted, substantially or wholly, the block system of stating express rates, and these three now having in course of preparation tariffs constructed on that plan. Of the amount stated \$11,780,303, or 49.75 per cent, would be retained by the express company, while the remaining \$11,898,697, or 50.25 per cent, under the existing contract between the express company and the Director-General, would be paid to the Director-General for express privileges. The sum which would be retained by the express company is said by the Director-General to be required by the express company to meet wage increases that will have to be made in the near future, and that cannot be provided for out of the present revenues, which already reveal an operating deficit, all of which is shown more in detail in the communication from the Director-General, which appears in appendix 1 to this report. In view of the conditions outlined by the Director-General, and by the express company in its communication to him, which is also shown in appendix 1, it is urged by the Director-General that the matter should have prompt attention.

It was estimated by a witness for the express company upon the hearing that the operating deficit of the company for the month of July of this year, the accounts for which had not yet been closed, will be \$1,080,000, of which, however, \$750,000 will represent wage increases made effective July 1. The 10 per cent increase in express rates approved by us in Proposed Increase in Ex-

press Rates, 50 I. C. C.; 385, and made effective, for the most part, on July 15 and July 25, has been entirely absorbed by the wage increases of July 1. Present calendar year statistics of the principal express companies, prepared by the Commission's bureau of statistics from the sworn statements of the carriers, show that these companies operated at deficits of \$1,637,757 in January, \$945,741 in February, \$813,074 in March, \$1,046,244 in April, and \$1,136,786 in May, a total for the five months of \$5,579,601. May is the last month for which the completed figures have been compiled.

Under an increase of three scales in zone 1, and between zone 1 and the other four zones, the increase on shipments classified first class will, in all cases, regardless of the length of haul, be 16 or 17 cents, and on shipments classified second class 12 or 13 cents, per 100 pounds, with proportionate increases on shipments of less than 100 pounds. Under the increase of two scales in and between the other four zones the increase in first-class rates will, in all cases, regardless of the length of haul, be 11 cents, and in second-class rates, 7, 8 or 9 cents, per 100 pounds, with proportionate increases on shipments of less than 100 pounds.

In estimating the increase in gross revenue that will result from the proposed increase in rates the express company divides the estimated gross earnings for the year ending June 30, 1919, by the average earnings per pound for all express matter, to get the total number of pounds of express movement. It then computes the percentage of this total which moves in zone 1 and that which moves in all the other zones combined, and applies to the results the respective average proposed increases, adding together these two results for the final figure.

The estimate of \$252,000,000 gross revenue for the year ending June 30, 1919, compares not unfavorably with the known gross revenue of \$222,000,000 for 1917. It does not take into account the 10 per cent increase to which reference has been made, nor does it include the increase here proposed. It assumes that an increase of approximately 14 per cent in the gross revenues of April, May and June, 1918, over the same months of the previous year, will be reflected in the year's business for 1919.

The 1.4 cents average revenue per pound, used in the analysis, is the result of a week's test, in April, 1917, of the entire movement of express by the American, Adams, Great Northern, Northern, Southern, Western and Wells Fargo companies, and is incorporated in an exhibit, shown as appendix 2, prepared by these companies in connection with a railway mail pay inquiry, now on our docket.

These estimates are based on 63.1 per cent of the total movement of express for zone 1 and the 36.9 per cent for all the other zones combined. The percentages are taken from an analysis made some time ago by the Wells Fargo, American, Adams and Southern companies, the details of which have not been presented to us, but which involved a check of the business done by the Wells Fargo for one day in each of four months, by the American one day in each

of four other months, and by the Adams-Southern combined one day in each of the remaining four months.

The estimated average proposed increase of about 15 cents per 100 pounds in zone 1 and of about 10 cents per 100 pounds in all the other zones combined, on which the analysis is also based, represent the averages of the increases hereinbefore stated. They are not straight averages of those increases, however, but reflect the volume of traffic affected by each rate of increase.

The analysis of gross revenues has been carefully examined. Its basis seems to be reasonable, and assuming the estimates of traffic to be correct, it must be accepted as closely approximating the amount of increased revenue that will result from the proposed revision of rates.

The estimated increase of \$23,679,000 in revenue under this analysis has been substantially corroborated by a subsequent estimate of the express company, based upon the analysis made in connection with the railway mail pay inquiry, already referred to. This estimate rests upon an entirely different period of time from that used in the other one, and includes a check of nearly five million shipments in all zones. It is shown as appendix 3. The difference between the two estimates is but \$27,900.

The suggested method of making the proposed increase was selected by the express company in preference to any other because of its greater simplicity and the economy of time it provides in the republication of tariffs, an important consideration in connection with the urgent need of the company for additional revenue; because of the ability under that method more accurately, economically and promptly to estimate the revenue effect of the increase; and because of the desire of the express company to place the greater increase in the zone of greatest transportation costs. For the purpose of this inquiry the validity of the first two reasons may be accepted as established; the third is the more important and controlling.

It appears that in zone 1, where the heavier increase is proposed, there is the greatest percentage of short-haul traffic, on which, relatively, the terminal and other costs are greatest. It is shown that of the total weight of express traffic handled in zone 1 in April, 1917, 93 per cent was intrazone traffic, which includes the short hauls. As bearing generally on the relative cost of operation in this zone it is shown, for example, that the American Express Company assigned to zone 1 44 per cent of its total mileage, 67 per cent of its earnings, 87 per cent of its equipment, and 73 per cent of its employees, and that the Adams Express Company assigned to that zone 57 per cent of its total mileage, 77 per cent of its earnings, 92 per cent of its equipment, 82 per cent of its employees and 88 per cent of its agency expense. The situation in zone 1 has become more acute in recent months by reason of the congestion of traffic, due to war conditions, which has greatly increased the cost of operation. It is therefore asserted that the greater basis of increase in zone 1 is justified on the basis of relative operating costs.

Another reason advanced by the express company for the greater increase in zone 1 than in other zones is the tendency it will have to restore a proper balance between express and freight rates in that zone, which has been disturbed in recent years by the greater increases in freight rates that have been granted in Official Classification territory than in other parts of the country. It is said that a result has been to transfer from the railroads to the express companies in zone 1 much of the short-haul traffic, which is the more expensive to handle.

It seems to be established that under the method of increase here proposed the greater increase in rate would be applied in the territory of lowest rates, of greatest cost of operation and of greatest increase in those costs. The method would involve a departure from the original zone relationship established by us, but that departure seems, under the circumstances here presented, to be justified. As to the method of making the increase on the relative-zone basis suggested, it must be borne in mind that the proposal here made is an emergency measure and that the need for prompt action, stressed by the Director-General in view of the deficit confronting the express company, to which reference has already been made, will not permit of the extended investigations necessary to the working out, experimentally, of other possible forms of increase. At the hearing but two other plans were suggested as preferable to that advanced by the express company: (1) A

straight percentage increase, and (2) modification of the contract between the express company and the Director-General, presently to be referred to. It is stated of record that under one plan thought of by the express company six months would be required to rework its tariffs. Here the tariff work is comparatively simple and will be rendered correspondingly simple in changing back to the lower basis if and when, as the express company hopes will come to pass in the not distant future, conditions will warrant taking off the increase. Contrasted with a straight percentage increase, even on a basis that would, like the proposed method, place the greater increase in the zone of greatest costs, it is preferable, in view of the nature of the demand now made upon the shipping public to meet a war emergency, to distribute the increase in the same amount to all shippers in the same zone, regardless of the length of haul, rather than to distribute it in varying amounts according to the length of haul and the volume of rate.

It was strongly urged by counsel for state commissions at the hearing, and in telegrams received from about twenty of the state commissions since the hearing, that the desired increase in express revenue could, and more properly should, be procured by a modification of the express company's contract with the Director-General reducing the percentage of gross express revenues paid to the Director-General for express privileges from 50.25 to 45.25. In support of this suggestion it is said that relatively the approximately twelve millions of dollars now sought by the express company would constitute but an inconsiderable deduction from the recent increase in freight revenues, while at the same time it would adequately meet the present needs of the express company for additional revenue. It is conceded by the express company that such a modification of the contract would yield approximately the required amount, and it would be acceptable to the express company if the needed revenue should be provided in that way.

We have no data upon which to base an opinion as to whether or not 45.25 per cent of the gross revenue from the express business would be remunerative for the service performed by the railroads. If it would be properly remunerative and the revenues from operation of the railroads will permit being drawn upon for the additional sum that would accrue to the express company under such a modification of the contract, it must be assumed that the burden of increased rates will not be laid upon the public. The suggestion merits careful consideration if the financial condition admits of the possibility of adopting it.

No question of needed additional revenue for the railroads has been presented or suggested here. It seems appropriate to point out that for the purpose of securing some twelve million dollars of needed additional revenue for the express company the proposed increased express rates will yield an additional total revenue of some twenty-four million dollars. Increasing the rates by one-half of the extent proposed would, if the entire revenue from the increase accrued to the express company, secure the additional revenue which it needs. Contracts between express companies and railroads have long provided, as does the one between the express company and the Director-General, that the compensation of the railroad shall be a certain percentage of the gross revenue of the express company. It results from this that it is impossible to reduce the rates of the express company without taking money from the railroad company and impossible to increase the rates of the express company without giving additional revenue to the railroad company. This basis of compensation is certainly not scientific, and under it the express company does not pay the railroad company for the service which the railroad performs upon any demonstrably appropriate basis. The railroads have been and are compensated by the United States government for transporting the mails on the basis of the weight carried or of the space occupied in the cars or trains. A similar basis of charges by the railroad company to the express company would, we think, be preferable to the basis now and heretofore employed, and would obviate the embarrassments and inequities to which we have referred as growing out of the past and present basis of contract. The question of a different basis of compensation from the express company to the railroads is well worthy of study.

As a result of the recent 10 per cent increase in express

rates the rate on fresh fruits and vegetables, in carloads, from Seattle, Wash., to Chicago has been increased from \$2.50 to \$2.75, and on fresh fish from \$2.75 to \$3.02, per 100 pounds. The rate from Seattle to New York, on fresh fruits and vegetables, and on fresh fish, in carloads, has been increased from \$3 to \$3.30 per 100 pounds. A formal complaint was filed against these increased rates and the evidence has been presented, but the case has not yet been submitted. Public Service Commission of the State of Washington et al. vs. American Railway Express Company. A protest against further increase in the carload express rates proposed in this proceeding has been filed on behalf of the shippers of fresh fruits and vegetables.

All things considered, we conclude that unless the suggestion to provide the needed revenue for the express company through a modification of its contract with the Director-General, or the suggestion to increase the rates by one-half the amount proposed and permit all the revenue therefrom to accrue to the express company, is adopted, the allocation of the increase proposed by the express company is proper and is preferable to any other method that has been suggested.

No view as to jurisdiction of the initiation of the proposed rates has been requested or considered, and no opinion on that point is expressed. (Pages 270-272 are taken up by the appendix.)

DEMURRAGE, ETC., ON PEACHES

CASE NO. 9639 (51 I. C. C., 194-196)
BARBER & COMPANY, INCORPORATED, VS. CLEVELAND, CINCINNATI, CHICAGO & ST. LOUIS RAILWAY COMPANY ET AL.

Submitted July 17, 1917. Opinion No. 5414.

Demurrage and track-storage charges at New York, N. Y. on a part carload of machinery from Springfield, Ohio, found legally applicable and not shown to have been unreasonable or otherwise in violation of the act. Complaint dismissed.

BY DIVISION 3:

Complainant is a corporation engaged in business as ship owners, agents and brokers at New York, N. Y. By complaint filed April 25, 1917, it alleges that the demurrage and track-storage charges assessed by the New York Central Railroad Company, herein called defendant, for the detention and storage at New York of a case of machinery, shipped March 1, 1916, from Springfield, Ohio, were unreasonable. Reparation is asked.

The machinery, weighing 2,860 pounds, was part of a carload shipment consigned by the Selson Engineering Company at Springfield to Downing's Foreign Express, a forwarding company, at Sixtieth street station, New York. The car arrived at that station March 11, 1916, but on account of an existing embargo against delivery by lighter to points within the free lighterage limits of New York harbor, it was reconsigned by the consignee to defendant's Thirty-third street station, where it arrived March 23. Notice of arrival was mailed to consignee March 24, on which date and on March 30 portions of the shipment were delivered on orders from the consignee. On April 7 defendant's agent notified the consignee, by telephone, that two cases were still in the car and requested disposition thereof. On April 21 one was removed and the other, the one here in issue, was unloaded by defendant and placed in its freight station at Thirty-third street. On April 22 and May 12 defendant's agent advised the consignee, by letter, that the shipment remained undelivered, and on May 16 the consignee advised defendant that a delivery order therefor had been given to C. H. Burdette, agent of the consignor, who had in turn indorsed it, on April 10, for delivery to complainant as agent for Herbert Davis, an export merchant of London, England. Davis had previously instructed complainant, as agent for the steamship line by which the property was to be exported, to receive the shipment for his account. It appears that on April 7 Burdette notified complainant of the arrival of the shipment. It was testified for complainant that its drayman had called for the shipment on April 14, but did not accept it when informed that storage charges amounting to \$109 had accrued. The drayman did not appear at

the hearing. It was testified for defendant that its warehouse records did not show that anyone had presented an order for delivery on that day, but that complainant's drayman did call on May 15 and refused to accept the shipment on account of the outstanding charges. About May 17 defendant attempted to store the shipment in a public warehouse, but the warehouse company was unwilling to assume the storage charges which had accrued. It remained in defendant's freight station until August 12, when the total demurrage and track-storage charges, amounting to \$349, were paid by complainant and the shipment was removed.

The charges for detention of the car up to April 21 were assessed at the following applicable rates: Demurrage, after 48 hours' free time, \$1 per day; and track-storage charges, after 48 hours' free time, \$1 per day for the first two days, and \$2 per day thereafter, Sundays and holidays excluded. After April 21, the date the shipment was unloaded and placed in the freight station, the same charges were assessed under the following tariff provision:

Carload freight (other than explosives) which is unloaded by this company for the purpose of releasing needed equipment will be subject to storage charge, the same as would have accrued under demurrage rules and track-storage charges, if any, had the freight remained in the car.

Complainant contends that defendant should have placed the shipment in a public warehouse for storage within 48 hours after arrival. It admits that it did not request this; that the early portion of the detention was for the convenience of the said Davis; and that the latter portion accrued while complainant was attempting to secure an adjustment of the charges. It was stated for defendant that it is not customary to place carload freight in public warehouses after the expiration of the free time. The absence of a rule requiring defendants to store shipments 48 hours after arrival has not been shown to result in an unreasonable practice by defendants.

Complainant further contends that it was unreasonable to assess the carload demurrage and track-storage charges on the shipment after April 21, as it was only a small part of a car lot. For defendant it was stated that if the shipment had been permitted to remain in the car, it undoubtedly would have been subject to the demurrage and track-storage charges applicable to carload freight, and that in order to avoid complaints of undue preference in favor of consignees whose freight is unloaded by carriers and held in warehouses, to the prejudice of consignees whose freight is held in cars and thereby subjected to demurrage and car-shortage charges, it is necessary that the same rules be applied in each case. In support of their position defendants cite Levering Bros. vs. P. B. & W. R. R. Co., 38 I. C. C., 349. Although in that case the shipments stored were carload lots, the rules under consideration were similar to those here invoked, and the Commission found that the charges were legally assessed and were not unreasonable. We further considered and approved the assessment of combined demurrage and track storage charges on carload freight at New York City in N. Y. Hay Exchange Assn. vs. P. R. R. Co., 14 I. C. C., 178.

It is well settled that demurrage and storage charges are not assessed primarily for revenue purposes, but in part, at least, as a penalty to promote release and fullest use of equipment, tracks and terminal houses, and that the measure of such charges may not fairly be determined by the charges made by public warehouses.

In the instant case the shipment from Springfield was received and transported by the carrier as a carload lot, and the removal by the consignee, or on its orders, of the major part of the original carload did not change its character, nor did the carrier in permitting such removal thereby forfeit any of its rights or waive its lien upon the property in whole or in part. To what extent complainant's relations with the consignee justified payment by it of all of the charges accruing from March 24 without subsequent recourse upon the consignee is not for us to determine.

We are of the opinion and find that the charges assessed were legally assessed and that they are not shown to have been unreasonable or otherwise in violation of the act.

An order will be entered dismissing the complaint.

STRAWBERRY EXPRESS RATES

CASE NO. 9684* (51 I. C. C., 167-170)
PROVIDENCE FRUIT & PRODUCE EXCHANGE ET AL.
VS. AMERICAN EXPRESS COMPANY ET AL.

Submitted December 14, 1917. Opinion No. 5403.

Express rates on strawberries, in carloads, from Independence, La., Jackson, Miss., and Ripley, Tenn., to Providence, R. I., found to have been unreasonable. Reparation awarded.

BY DIVISION 3:

The complainants are the Providence Fruit & Produce Exchange, a voluntary organization of dealers in fruit at Providence, R. I., and A. A. Fiske, W. H. Fiske and D. S. Fiske, copartners, trading as H. B. Fiske & Co., and Anthony M. Tourtellot, members of that organization. By complaints filed May 5, 1917, as amended, they allege that the charges collected by defendants on 33 carloads of strawberries shipped from certain points in Louisiana, Mississippi, Tennessee and Kentucky to Providence between May 3, 1915, and June 6, 1916, inclusive, were unreasonable. They ask for reparation and the establishment of reasonable rates.

The berries were packed in 24-quart crates and, with the exception of one carload from Currie, Tenn., moved by the American Express to Worcester, Mass., and the Adams Express thence to Providence. The excepted shipment apparently moved from Currie to Worcester by the Southern Express and the American Express and thence to Providence by the Adams Express. The following statement shows the points of origin, the blocks in which located, periods of movement, and the rates charged and claimed:

To	From	Block	Time of Movement	Pounds	Rate Charged per 100 Crats.	Rate Claimed per Crate.
Independence, La.	1935	May, 1915	.....	\$2.35	68	
Independence, La.	1935	April and May, 1916	.....	2.04	68	
Woodhaven, La.	1935	May, 1916	.....	2.04	68	
Jackson, Miss.	1735	May, 1915	.....	2.35	68	
Jackson, Miss.	1735	April, 1916	.....	2.04	68	
Ripley, Tenn.	1436	May, 1915	.....	2.20	58	
Ripley, Tenn.	1436	May, 1916	.....	1.74	58	
Currie, Tenn.	1437	May, 1916	.....	1.74	58	
Gates, Tenn.	1436	May, 1916	.....	1.74	58	
Bradford, Tenn.	1337	May, 1916	.....	1.74	58	
Jackson, Tenn.	1437	May, 1916	.....	1.74	58	
Paducah, Ky.	1237	May and June, 1916	.....	1.44	48	

†Based on an estimate, weight of 38 pounds per crate of 24 full quarts, minimum 17,000 pounds.

*Based on an estimate, weight of 38 pounds per crate of 24 full quarts, minimum 17,000 pounds.

The \$2.04 rates from Independence and Jackson and the \$1.74 rate from Ripley were established Feb. 12, 1916. The shipments moved in refrigerator cars, and, in addition to the express rates, a refrigeration charge was assessed, which is not questioned. The rates claimed were defendants' rates on strawberries, in carloads, to Boston, Mass., in effect prior to May 5, 1915, applicable on crates containing 24 wine quarts of an estimated weight of 33½ pounds per crate, minimum 480 crates, equivalent to 16,000 pounds. On May 5, 1915, the defendants canceled these rates and established the following in amounts per 100 pounds: From Independence, Woodhaven and Jackson, \$2.04; from Paducah, \$1.44; and from the other points of origin, \$1.74, based on a minimum weight of 16,000 pounds. It will be noted that these rates are three times those based on 24 wine quarts per crate, estimated at 33½ pounds each. On Aug. 26, 1915, the minimum in connection with the Boston rates was increased to 17,000 pounds, the minimum then and now applicable to Providence.

For the defendants it was stated that the basis for their original per crate rates was a crate containing 24 wine quarts, weighing 33½ pounds, the kind generally in use, but that later, due to legislative action in various states, crates containing 24 full quarts came into general use, and that the average weight of these crates was 38 pounds. This estimated weight was first established in the Official Express Classification May 20, 1913; was in effect when rates were first published to Providence, and is now in effect. The complainants contend that the average estimated weight of 38 pounds per crate is too high, but were unable to support that contention with evidence of any probative value. On behalf of the defendants it was testified that the estimated weight was based on experience with actual shipments. In Fruits and Vegetables, 43

*This report also embraces No. 9712, Anthony M. Tourtellot vs. Same.

I. C. C., 291, we recognized the necessity for estimated weights in connection with fruit and vegetable shipments. The 38-pound estimated weight of a crate containing 24 full quarts of strawberries applies in connection with freight shipments from the general territory here in question and is carried in tariffs approved in the case last cited. In our opinion the estimated weight of 38 pounds per 24 full-quart crate has not been shown to have been or to be improper.

The complainants also insist that more than 420 crates of strawberries cannot be safely carried in certain refrigerator cars, and that the minimum of 17,000 pounds is therefore unreasonable. Based on a weight of 38 pounds per crate, 420 crates would weigh 15,960 pounds. A minimum of 16,000 pounds is suggested. There is no doubt that certain refrigerator cars will hold the prescribed minimum, for many of the cars used were loaded in excess of that weight and apparently carried safely. Other cars did not contain the minimum, and it appears that there may be some which possibly will not carry the minimum safely, but complainants' evidence in this respect was vague and indefinite and does not justify a condemnation of present minimum, especially when it appears that failure to load the minimum was sometimes due to the fact that a minimum load was not available at point of origin. A minimum of 17,000 pounds in connection with freight rates on strawberries from this origin territory was approved in Fruits and Vegetables, supra.

In Providence Fruit & Produce Exchange vs. American Express Co., Docket No. 6395, unreported, we found that the defendants' rate of 71 cents per crate charged on shipments of strawberries, in carloads, from Medina, Tenn., a point in block No. 1437, to Providence, in May, 1913, was unreasonable to the extent that it exceeded 58 cents per crate, minimum 480 24-quart crates, the rate contemporaneously applicable from Medina to Boston. The shipments in that case moved prior to the effective date of the provision for the estimated weight of 38 pounds per crate of 24 full quarts.

We find that the rates assailed are not shown to have been or to be unreasonable, except that the rates charged on the shipments from Independence, Jackson and Ripley were unreasonable to the extent that they exceeded the rates in effect prior to June 25, 1918. We further find that the complainants other than the Providence Fruit & Produce Exchange made the shipments as described and paid and bore the charges thereon; that they were damaged to the extent of the difference between the charges paid and those that would have accrued at the rates herein found reasonable; and that they are entitled to reparation with interest. The exact amount of reparation due cannot be determined upon the present record, and the complainants named should prepare statements showing the details of the shipments in accordance with rule V of the Rules of Practice, also specifying the date upon which the charges were paid, which statements should be submitted to the defendants for verification. Upon receipt of statements so prepared and verified we will consider the entry of an order awarding reparation.

By the Commission, Division 3.

RATING ON PAPER MAKERS' FIBERS

CASE NO. 9283 (51 I. C. C., 163-166)
INTERNATIONAL PURCHASING COMPANY VS. AKRON,
CANTON & YOUNGSTOWN RAILWAY COMPANY
ET AL.

Submitted April 5, 1917. Opinion No. 5402.

Sixth-class rating on paper makers' fibers, comprising waste paper, rags, jute waste, flax mill sweepings, old bagging (cut in pieces), rope mill sweepings and junk (old rope and cordage) in carloads from and to certain points in Official Classification territory not shown to have been unreasonable. Complaint dismissed.

BY DIVISION 3:

Complainant attacks the sixth class rates on paper makers' fibers, comprising waste paper, rags, jute waste, flax mill sweepings, old bagging (cut in pieces), rope mill sweepings, and junk (old rope and cordage) from and to certain points in Official Classification territory as unreasonable and prays for reparation. The complaint assails the rates, but in substance the case as presented involves the rating.

Paper makers' fibers are low-grade waste materials used

in the manufacture of various kinds of paper and are of much less value than the finished product. The Official Classification, which governs, rates these materials sixth class. While it rates most papers one class higher, or fifth class, that rating is not generally used. The carriers, by exceptions to the classification or by commodity tariffs apply sixth class rates on most of the higher grades of paper and as low as 80 per cent of the sixth class rates on other grades. The principal products on which the sixth class rates apply are printing, wrapping, and blotting papers and cardboard. Practically the only products which are accorded less than the sixth class rates are building and roofing papers and several kinds of paper boards, on which 83½ per cent of sixth class applies within Central Freight Association territory and 80 per cent of sixth class between Eastern Trunk Line and Central Freight Association territories. These percentage bases received our sanction in Official Classification Rates on Paper, 38 I. C. C., 120. The complainant suggests that the carriers by the Official Classification ratings previously mentioned have already recognized the propriety of applying lower rates on the raw materials than on the manufactured products and contends that the defendants should be required to continue the relationship and reduce their present rates on the materials at least to 83½ per cent of sixth class.

There is practically no liability to loss or damage in connection with the transportation of paper makers' fibers, and they do not require or receive special or expedited movement. They contain moisture, dirt and other foreign matter on which freight must be paid, but which cannot be used. To make 50 pounds of paper 100 pounds of fiber are needed; in other words, there is a waste or a shrinkage of 50 per cent.

Paper makers' fibers are such low-grade commodities that the freight charges thereon constitute a large item in their selling price, and most of the complainant's traffic, probably for this reason, is shipped only short distances. On these movements commodity rates less than the sixth class rates are provided in many cases. Generally speaking, only old rope and cordage are shipped long distances at the sixth class rates, perhaps because this commodity, unlike most other kinds of paper makers' fibers, is not to be had in sufficient quantities except at particular points. The complainant has no difficulty in disposing of the waste it collects, but hopes by a reduction in rates to be able to compete in distant markets in the sale of paper makers' fibers other than old rope and cordage.

The values of various kinds of paper makers' fibers as shown by complainant follow:

Mixed rags, \$15 to \$27 per ton; hard-back carpets, bagging (mixed), \$10 to \$14 per ton; No. 1 bagging, \$20 to \$30 per ton; flax mill sweepings, \$10 to \$20 per ton; newspapers and mixed papers, \$10 to \$14 per ton; jute waste, \$10 to \$20 per ton; rope mill sweepings, \$10 to \$20 per ton; old rope and cordage, \$10 to \$14 per ton.

The following are given as the values of various kinds of papers:

Printing paper, \$72 to \$150 per ton; building and roofing papers, straw and paper boards and prepared roofing, \$21 to \$40 per ton; blotting paper, \$10 to \$14 per ton; wrapping paper, \$10 to \$14 per ton; tag board, \$70 to \$170 per ton; cardboard, \$20 to \$75 per ton; blank register, \$75; blank wall paper, \$40.

It thus appears that the value of the manufactured product is generally several times that of the raw material.

The complainant relies largely upon its comparison of old rope and cordage, rated sixth class, minimum 30,000 pounds, with building and roofing paper. The weight of 111 cars of paper makers' fibers loaded by shippers averaged 33,655 pounds, and on 331 cars of imported traffic of the same kind loaded by the carriers 27,436 pounds. Whether the difference is due to the careless loading by the carriers or to the form or density of the package is not clear. The average loading of 1,535 cars of building and roofing papers was 36,955 pounds. On the basis of the figures shown as the average loading by the shippers the per car earnings on the raw material would generally equal or exceed those on building and roofing papers. The evidence is conflicting as to the extent to which old rope and cordage are used in the manufacture of building and roofing paper. Although complainant attacks the rating on various kinds of paper makers' fibers, its evidence relates almost entirely to the commodities just referred

to. What has been said with respect to the comparison of old rope and cordage with building and roofing paper is not true as to comparisons between other paper makers' fibers and other papers.

The defendants oppose complainant's prayer mainly because of the light loading of the materials and the low per-car earnings. At the sixth class rates the per-car earnings on paper makers' fibers are, because of the light loading, very much below the earnings on the various kinds of paper. Practically the only exception is the case of the per-car earnings on old rope and cordage exceeding those on building and roofing paper, but building and roofing paper move at lower per-car earnings than any other kind of paper above referred to. The minimum weights and the average weights of carloads of various kinds of paper and paper makers' fibers, as given by the defendants, are shown below:

	Minimum weights, pounds.	Actual loading, pounds.
Papers:		
Book (printing)	36,000	43,500
Boards (other than tag board)	38,000	50,000
Building and roofing	30,000	36,955
Blotting	30,000	45,000
Wrapping	36,000	49,000
Paper makers' fibers:		
Junk (old rope and cordage)	30,000	32,111
Ropes	32,000	24,762
Waste paper	32,000	24,762
Jute waste	24,000	23,661
Flax mill sweepings	20,000	25,817
Old bagging	32,000	25,307

*The Official Classification minimum is 36,000. On traffic originating in Central Freight Association territory exceptions make the minimum 40,000. The average of the two minima is 38,000.

*The Official Classification minimum is 24,000. On traffic originating in New England and Eastern Trunk line territories it is 20,000. The average of the two minima is 22,000.

As will be seen, the loadings of paper exceed the minima by very much larger amounts than do the paper makers' fibers, and, as a rule, both the minima and the actual loadings of papers greatly exceed those of paper makers' fibers. Generally paper makers' fibers do not load as heavily as any kind of paper. In no case does the average loading of paper makers' fibers even reach the minimum weight on any kind of paper except in case of old rope and cordage, and there the average loading is considerably less than the lowest average loading of papers.

Various commodities, in addition to the fibers named, enter into the manufacture of paper. Soda products, bleaching powder, calcium chloride, talc, clay, wood pulp, strawboard, etc., are used. These are raw materials, but not waste, and are of greater value than the fibers under consideration. They generally move at rates considerably lower than sixth class, but the minima range from 36,000 to 50,000 pounds. Very few commodities with a minimum of 30,000 pounds are rated as low as sixth class.

All paper makers' fibers can be and frequently are loaded in excess of the minima. The complainant is willing that the minimum on old rope and cordage be increased to 36,000 pounds and on other kinds of fibers to 30,000 pounds as a complement to a reduction in the rating, but the defendants suggest that many shippers would vigorously oppose it. We are not convinced that these minima should be established.

Upon consideration of all the facts and circumstances we find that the rating assailed is not shown to have been unreasonable. The complaint will therefore be dismissed.

An appropriate order will be entered.

DEMURRAGE CHARGES

CASE NO. 9615 (51 I. C. C., 191-193)
DAVIS SEWING MACHINE COMPANY VS. PITTSBURGH, CINCINNATI, CHICAGO & ST. LOUIS RAILROAD COMPANY.

Submitted Dec. 2, 1917. Opinion No. 5414.

Demurrage charges collected at Dayton, O., for the detention of interstate carload shipments found to have been legally applicable and not shown to have been unreasonable or unjustly discriminatory. Complaint dismissed.

BY DIVISION 3:

This complaint, filed March 20, 1917, as amended, alleges that \$7 demurrage charges collected by defendant at Dayton, Ohio, which accrued during the month of Jan-

uary, 1916, on cars containing coal and lumber shipped from points without the state of Ohio, were illegal, unreasonable and unjustly discriminatory, and prays for reparation.

Prior to the year 1913 the complainant and defendant had entered into the average agreement, substantially following the National Car Demurrage Rules provided by defendant's lawfully published demurrage rules and regulations. In addition to a provision for the taking of security for the prompt payment of monthly balances, this agreement provided for its termination by defendant "if payment is unnecessarily delayed or declined."

On March 26, 1913, Dayton was visited by a flood, which completely demoralized railroad transportation in that city. The defendant accordingly placed an embargo, beginning April 21, 1913, and continuing until May 20, 1913, upon shipments to that point, except food and other necessities. As a result some of the complainant's shipments were held at various points outside of Dayton and, after the embargo was lifted, arrived so rapidly that they could not be unloaded within the free time. Bills for demurrage for the months of May and June, 1913, were rendered. These bills did not make any allowance for the bunching of the shipments, nor, admittedly contrary to our subsequent ruling in *Woolson Spice Co. vs. P. Co.*, 39 I. C. C., 583, for trap cars as within the terms of the average agreement. It also appears that at that time no separation of interstate and intrastate shipments was made. Disputing the amount of the demurrage claimed, complainant refused to pay these bills; also bills for July, August and September, apparently on the ground that the latter were accompanied by bills for back charges for May and June. Dec. 1, 1913, the charges still remaining unpaid, defendant, after giving complainant notice, terminated the average agreement, and from that date until March 1, 1914, when the average agreement was renewed, straight demurrage was charged for the detention of cars at complainant's plant. In January, 1914, complainant paid the charges for July, August and September, and that part of the charges for June, with respect to which there was no dispute. In November, 1915, the defendant brought an action in the local state court to recover the charges remaining unpaid, and also for straight demurrage in December, 1913, and January and February, 1914, which latter charges complainant had refused to pay on the ground that the average agreement had been illegally terminated. As far as disclosed, the action is still pending.

Complainant contends that the charges demanded for May and June, in so far as in dispute, were unlawfully assessed; and that as the payment of charges due had not been "unnecessarily delayed or declined," the cancellation of the average agreement was void, thus leaving the agreement still in force in January, 1916. It is admitted by defendant that had the average agreement continued in force there would have been no charges for that month. Complainant further contends that defendant could not lawfully deny the average agreement to anyone desiring it, and that defendant's remedy was and is to litigate disputed demurrage charges.

To sustain its contention that the charges resulting from the bunching of the inbound shipments were unlawfully assessed, complainant cites the case of *Joslin-Schmidt Co. vs. Railway*, 25 Ohio C. C. (n. s.) 379, decided Feb. 28, 1916, and apparently embodying the settled rule of decision in Ohio. That case involved demurrage charges, under the average agreement, on shipments detained at Cincinnati, Ohio, which had been bunched in transit as a result of the flood of 1913. The court, citing the provision, in connection with straight demurrage, exempting a shipper from charges for detention occasioned by bunching of cars "as the result of the act or neglect of any railroad," and the further provision that a shipper electing to take advantage of the average agreement should not have the benefit of the exemption, held that only a situation within the terms of the exemption could be affected by the shipper's waiver under the average agreement. Pointing out that the bunching had been the result, not of the act or negligence of the carrier, but of an act of God, the court added:

It would be a harsh rule which would relieve one party on account of "an act of God" and at the same time permit it to penalize the other on account of delay and damage resulting from the same cause.

We are unable to adopt the conclusion reached in that

case. Under defendant's essentially similar rules demurrage was and is assessable for detention beyond the free time, except that under the straight demurrage arrangement provision is made for an extension of the free time in case of bunching of shipments through the fault of the carrier, which concession is waived under an average agreement. The rules make no provision for additional free time for car detention on account of bunching resulting from an act of God. For any departure from those rules defendant would be guilty of a violation of the act. One of the purposes of the average agreement is, by credits for cars promptly released, to take care of detention caused by bunching and weather interference. *Alan Wood Iron & Steel Co. vs. P. R. R. Co.*, 21 I. C. C., 27; *Michigan Mfrs. Assn. vs. P. M. R. R. Co.*, 31 I. C. C., 329; *Castner, Curran & Bullitt vs. P. Co.*, 42 I. C. C., 3. It would seem to us a strange principle that would permit a carrier to decline, under the average agreement, responsibility for the bunching of cars by its own act or neglect, and at the same time hold it accountable for bunching resulting from no fault of its own.

We conclude that the charges for the detention which resulted from the bunching of cars after the flood of 1913 lawfully accrued, and that, complainant having declined or failed to pay them, defendant was within its rights in terminating the average agreement.

We find that the charges assailed were legally assessed and are not shown to have been unreasonable or unjustly discriminatory. An order dismissing the complaint will be entered.

ILLEGAL DEMURRAGE CHARGE

CASE NO. 9918 (51 I. C. C., 214-215)
A. J. HIGGINS LUMBER & EXPORT COMPANY VS.
NEW ORLEANS GREAT NORTHERN RAILROAD
COMPANY ET AL.

Submitted Aug. 14, 1918. Opinion No. 5423.

In January, 1917, three carloads of lumber billed to Herrick, Ill., were forwarded from points in Louisiana. They were held at Ramsey, Ill., on the tracks of the Toledo, St. Louis & Western R. R. for reconsignment. Orders to reconsign them to Toronto, Can., were furnished by complainant within the free time allowed for that purpose. That carrier refused to reconsign these shipments, alleging as a reason for its refusal that Toronto was under an embargo. Demurrage was collected for the time these shipments were held at Ramsey, although the demurrage tariff contained no provisions for such charges. Reparation awarded.

BY DIVISION 2:

Complainant is a corporation engaged in buying and selling lumber and has its principal place of business in New Orleans, La. By complaint filed Oct. 18, 1917, it alleges that the demurrage charges which were collected on three carloads of lumber forwarded in the month of January, 1917, from certain points in Louisiana and held in transit at Ramsey, Ill., for reconsignment were unreasonable and illegal. Reparation is asked.

Jan. 23, 1917, one carload of lumber was forwarded from Bush, La., and Jan. 24, 1917, and Jan. 26, 1917, two carloads from Folsom, La., all billed to complainant at Herrick, Ill. These cars were intended for reconsignment and, therefore, were not carried beyond Ramsey, Ill., the destination, Herrick, named in the bills of lading having been given for the sole purpose of requiring routing via the Toledo, St. Louis & Western Railroad Company. In accordance with that carrier's practice these cars were stopped at Ramsey for reconsignment orders, which were furnished within the free time allowed by the tariff for that purpose. Complainant in its reconsignment orders directed that the cars be forwarded to the Boake Manufacturing Company, Toronto, Canada; the notation on the new bills of lading showing that the material contained in them was for the erection of a munition plant at Toronto. Because Toronto was at that time under a freight embargo, the Toledo, St. Louis & Western Railroad refused to reconsign the cars as ordered, and they were held on demurrage at Ramsey following the order of their arrival there, February 1, 5 and 6.

The carrier named asked complainant to give reconsignment orders to some point which was not embargoed. Complainant failed to do as requested, and the cars were finally forwarded from Ramsey to Toronto on bills of lading dated March 13, 1917. At destination the Boake Manufacturing Company paid the freight charges and a

total of \$403 as demurrage for the detention of these cars at Ramsey. This latter sum was repaid by complainant and is the amount for which reparation is now claimed.

The reconsignment tariff of the Toledo, St. Louis & Western Railroad which was in effect at the time these cars moved made no restriction of points to which cars might be reconsigned by reason of embargoes; the demurrage tariff did not contain any such restriction, nor did it have any provision for the imposition of demurrage charges for the detention of cars reconsigned to embargoed points.

The Commission has held that demurrage does not accrue under a general demurrage tariff, against a car which has been offered for reconsignment to an embargoed point upon the general principle that demurrage is assessable for detention for which the shipper is directly responsible and can avoid or abate, while an embargo is placed by reason of the carrier's disability. Reconsignment Case, 47 I. C. C., 590, 634. Under the tariffs in effect at the times mentioned there was no provision that the carrier would not consign to an embargoed point. The embargo was a disability of the defendants; the orders of reconsignment should have been executed at once by the Toledo, St. Louis & Western Railroad in accordance with its tariffs; and the collection of any demurrage for the detention of these cars at Ramsey, held there by the Toledo, St. Louis & Western, not by or for the complainant, was unreasonable and illegal because contrary to its tariff provisions.

The Commission should find that the collection of these demurrage charges was unreasonable and illegal in that the collection of such charges was not in accordance with the tariffs then in effect, that complainant paid and bore these charges and was damaged thereby, and that it is entitled to reparation in the sum of \$403, with interest. CLARK, Complainant.

The foregoing proposed report of the examiner was served upon the parties and no exceptions thereto were filed. Upon consideration of the record the report and conclusion of the examiner are adopted by the Commission and an order will be entered accordingly.

PREJUDICIAL BUT DISMISSED

Although holding that the rates had been shown to be unduly prejudicial, the Commission has dismissed No. 5739, Russian Poultry & Egg Co. vs. St. Louis & San Francisco et al., opinion No. 5378, 51 I. C. C., 109-10, and denied reparation. The holding was that rates on eggs and live poultry from Muskogee, Okla., to Chicago, St. Louis and points in New York were unduly prejudicial against the complainant and in favor of dealers at Fort Smith and Fayetteville, Ark.; Westville, Okla.; Joplin, Mo.; and Parsons, Kan. They were unduly prejudicial to the extent that the rates from Muskogee exceeded the rates from Westville, Fayetteville and Fort Smith by more than the differences between the third class rate from Muskogee and from the other points mentioned to the same destinations. The further statement is made that the record does not establish the amount of the damage, if any, which resulted to the complainant from the undue prejudice and no reparation would be awarded.

Inasmuch as the Director-General was not made a party the Commission could make no order for the future directing the removal of the undue prejudice.

DRIED GRAIN RATE

The Commission has dismissed No. 9676, Dewey Bros. Co. vs. Sou. Ry. et al., opinion No. 5401, 51 I. C. C., 160-2, holding that the rate on distillers' dried grain from Louisville, Ky., to Alexandria, Va., had not been shown to be unreasonable. The challenged rate was 18.5 cents, applicable over the Southern to Danville, Ky., C. N. O. & T. P. to Harriman Junction, thence over the Northern through Asheville, Tenn. An alternative route was over the Southern from Louisville to Lexington, C. & O. to Orange, Va., and thence over the Southern to destination. Rates are 15.4 applied over routes with lines other than the Southern as initial carrier. The Southern participated in the 15.4 rates when it was an intermediate carrier, but not from points on its rails. The complainant's witness was unable to state why the shipment in question was delivered to the Southern at Louisville when lower rates

were applicable by way of other routes. Later the Southern reduced their 18.5 rate to 15.4, but the Commission held that that fact was not sufficient for the condemnation of the 18.5-cent rate, which, it was shown, yielded 4.17 mills per ton-mile over the route through Asheville and 5.62 mills through Lexington.

REFRIGERATION CHARGE CORRECT

An order of dismissal has been entered in No. 9741, Loretz Pegrum & Co. vs. Sou. Pac. et al., opinion No. 5400, 51 I. C. C., 158-60, the holding being that refrigeration charges on a carload of peaches from El Paso, Tex., to Globe, Ariz., had not been shown to be unreasonable.

DENIES REPARATION ON COAL

The Commission has dismissed No. 8982, Locust Mountain Coal Company vs. L. V., Opinion No. 5390, 51 I. C. C. 137-8, thereby denying reparation to the complainant. In dismissing this case the Commission followed its own reasoning in D. L. & W. Coal Co. vs. D. L. & W. R. R. Co., 46 I. C. C. 506. The complainant in this case asked reparation on shipments of hard coal from Shenandoah, Pa., to Tidewater points, chiefly Perth Amboy, because the railroad company collected rates in excess of those prescribed by the Commission in its general investigation known as the Anthracite Case, 35 I. C. C. 220. That was a general investigation and according to the Commission the railroad company could not have guessed what rates the Commission would prescribe. Therefore, it could not have saved itself by changing the rates unless it had happened to guess the rate prescribed by the Commission.

NO DAMAGE, NO REPARATION

On the ground that no damage had been shown, the Commission has denied reparation in No. 9881, C. & J. Michel Brewing Co. et al. vs. C. M. & St. P. et al., Opinion No. 5376, 51 I. C. C. 103-5. The reparation was denied and the complaint dismissed notwithstanding the fact that it had held the rate on cereal beverages, carbonated, non-alcoholic, from La Crosse, Wis., to Sioux Falls, S. D., had been shown to be unduly prejudicial as compared with rates contemporaneously in effect on like beverages from Milwaukee and St. Louis to the same destination. The Commission held that the rate was unduly prejudicial to the extent that it exceeds 6.5 cents less than the rates from Milwaukee and St. Louis to Sioux Falls.

No order for the future could be made because the Director-General was not made a party to the proceedings, although an opportunity therefor had been afforded.

LUMBER CHARGE CORRECT

An order of dismissal has been entered in No. 9902, Rudick Orleans Cypress Company vs. A. T. & S. F. et al., Opinion No. 5380, 51 I. C. C. 114-15, the Commission holding that the rate on lumber from New Orleans to Windom, Kan., had not been shown to be unreasonable or unjustly discriminatory. The shipment was delivered to the Iron Mountain and was forwarded to destination at a combination of 38 cents. At the time of the movement a joint rate of 28.5 applied over the lines of the Tex. & Pac. and its connections. The Iron Mountain reached New Orleans over the rails of the last mentioned carrier. The complainant's plant at New Orleans was on the east side of the Mississippi and is served by the Illinois Central. It could have obtained the benefit of the joint rate by having car delivered to the Tex. & Pac. or to anyone of three other carriers on the east bank. Instead, it gave specific routing instructions to have the car delivered to the Iron Mountain. By having the Ill. Cent. switch to the Iron Mountain, the Commission held the complainant had given specific routing instructions which the carrier was not at liberty to disregard.

APPROVES ALCOHOL MINIMUM

The Commission has dismissed No. 9888, Kentucky Peerless Distilling Co. vs. L. H. & St. L. et al., Opinion No.

5421, 51 I. C. C. 209-10, holding that the minimum weight of 50,000 lbs. on alcohol in tank cars, from Henderson, Ky., to Mt. Union and Emporium, Pa., had not been shown to be unreasonable. Fifty-seven carloads of alcohol were involved. The tariffs under which this alcohol moved provide that the minimum rate shall be the maximum gallonage capacity of the tank unless otherwise provided. "The otherwise provided for alcohol" is 50,000 lbs. at 5th class. Had the traffic moved at actual weight of 44,000 lbs. per tank car, 4th class would have been applicable and the charges would have been higher. The railroad company, says the report, showed that the 50,000 minimum was established from Henderson to place the distillers at that point in competition with those at Peoria, Terre Haute, Louisville and other distillery points. It also showed that the president of the complainant was advised that the tank cars he was about to lease would have to pay either the fourth class at actual weight or for 6,000 lbs. which they could not carry. The report says he made no effort to procure tank cars of greater weight carrying capacity. He obtained the small tanks at the low level of \$22.50 per month.

OIL COMPLAINT DISMISSED

No. 9678, Syracuse Chamber of Commerce et al. vs. N. Y. C. et al., opinion No. 5416, 51 I. C. C., 197-8, has been dismissed, the Commission holding that the rates legally applicable on red oil, carloads, from Syracuse, N. Y., to Lodi and Hawthorne, N. J., had not been shown to have been unreasonable. Undercharges are outstanding on some of the shipments involved. In this case the claim arose over the fact that after the shipment moved the carrier that had moved it came to the conclusion that it should establish as low a joint rate as a shipper could obtain over a competing line. On that point the Commission reiterated what it had many times before said, namely, that the existence of a lower rate over a competing line or lines and the subsequent establishment of that lower rate over the route of movement does not of itself warrant condemnation of the rates charged.

FLOUR MILLED PRODUCTS

The Commission has dismissed No. 9766, Springfield Milling Co. vs. Chi. & N. W. et al., opinion No. 5424, 51 I. C. C., 216-18, holding that rates on flour milled products from Springfield, Minn., to points in Illinois west of De Kalb and to points in Iowa had not been shown to be unreasonable nor their relationship to rates from New Ulm and other points in Minnesota to be improper. The Commission said there may or may not be a maladjustment in the rates on flour milled products from and through Springfield to the points in question, but if there is, the fact cannot be held to have been established upon the meager showing made by the complainant on this record. Commissioner Clark said that this report, prepared by an examiner, was submitted to the parties and, no exceptions being taken, the Commission adopted it as its own.

SULPHATE OF POTASH

An order of reparation has been made in No. 9494, Swift & Co. vs. Great Northern et al., opinion No. 5381, 51 I. C. C., 115-17, on account of an unreasonable rate on sulphate of potash from Seattle to East St. Louis. The potash in question consisted of a shipment from Germany via Japan and a rate of \$1.50 was collected under the classification description as drugs, medicines or chemicals. On July 21, 1915, after the shipment moved, the carriers established a rate of 60 cents, 50,000 minimum, on sulphate and muriate of potash. On April 9, 1917, the rate on sulphate was increased to 75 cents, 80,000 minimum, and a rate of \$1 on muriate of potash was established. The Commission held that the subsequently established rate of 75 cents would have been reasonable and reparation was ordered to that basis.

SPENT IRON MASS

An award of reparation has been made in No. 9474, Morris Herrmann Co. vs. N. Y. N. H. & H. et al., opinion No.

5382, 51 I. C. C., 118-20, on account of an unreasonable rate on spent iron mass (spent oxide) from Cambridge, Mass., to Elizabethport, N. J. The Commission held that the rates on that commodity from Lynn, Lowell, Malden, Boston, Charlestown, Natick and Milford, Mass., to Elizabethport had not been shown to be unreasonable. It held that the complainants had not shown themselves to have been damaged by the undue prejudice alleged. The Commission did not pass on the question as to whether there was undue prejudice in the adjustment of rates because it was changed before the case came on for trial.

RATES ON SAND AND GRAVEL

A finding that rates on sand and gravel from Phalanx and Geauga Lake, Ohio, to destinations in the Pittsburgh district had been justified, was made in No. 9320, Portage Silica Co. vs. Erie R. R. et al., opinion No. 5432, 51 I. C. C., 241-3. The rates challenged were 84 cents and \$1.05 per net ton, the first from Phalanx and the second from Geauga Lake. The complaint grew out of the fact that the Erie, in publishing rates, excluded Phalanx and Lake Geauga from the so-called valley group on sand and gravel to Youngstown. The Erie, in defending a rate of \$1.05, pointed out that it must have a considerable empty haul in supplying equipment for the traffic and that in moving to Pittsburgh the sand and gravel from the points mentioned required frequent switching, breaking up of trains, short hauls and delivery service in the congested part of the Pittsburgh district. Since the hearing the rates have been increased to \$1.20 from Phalanx and \$1.40 from Geauga Lake. The Commission, of course, held the justification to apply only to the 84-cent and \$1.05 rates.

EXPRESS CHARGES ON HORSES

The Commission has decided that no reparation is due the complainant in No. 9552, Northwestern Trading Co. vs. Adams Express, opinion No. 5422, 51 I. C. C., 211-13. The complainant asked the express company for horse cars such as are commonly used for transporting horses by express at about 4 p. m., December 17, 1915. It desired to forward 352 animals in time to catch a ship sailing from Jersey City the next day. The express company notified the complainant that it could not furnish the kind of cars desired, but could furnish the ordinary stock car. Seventeen cars of that kind were used. The express company collected the ordinary express rate, such as would have been imposed had the express cars containing stalls been used, and the Commission held that the shipper, having accepted the equipment, was bound to pay the tariff rate, because he had not obeyed the ordinary rule which entitles the carrier to a reasonable time in which to furnish special equipment desired by shipper.

RATES ON LUMBER

The Commission has dismissed No. 9419, Bonners Ferry Lumber Co. et al. vs. Great Northern, opinion No. 5426, 51 I. C. C., 221-4, holding that rates on lumber from Bonners Ferry and Cœur d'Alene, Ida., to destinations on the Scovey Branch in Montana and North Dakota had been justified. The case involves adjustments made in response to a number of decisions by the Commission, notably Western Pine Manufacturers vs. C. I. & W., 46 I. C. C., 650; Sand Point Lumber & Coal Co. vs. Great Northern, 43 I. C. C., 59; Potlatch Lumber Co. vs. M. V., 14 I. C. C., 41; and Bonners Ferry Lumber Co. vs. Great Northern, 38 I. C. C.

RATES ON OLD RAILS

The Commission has dismissed No. 9988, Walter A. Zelnicker Supply Co. vs. C. & N. W. et al., opinion No. 5370, 51 I. C. C., 90-1, holding that the legally applicable rate on old rails from Pentoga, Mich., to E. St. Louis had not been shown to be unreasonable.

CONTRACTOR'S OUTFIT

An order of dismissal has been entered in No. 9891, Moreno-Burkham Construction Co. vs. Ill. Cent. et al., opinion No. 5391, 51 I. C. C., 138-9, on a holding that the rate

on a contractor's outfit, from McComb, Miss., to Walnut Ridge, Ark., was not unreasonable.

SCRAP IRON RATE AND ROUTING

Holding that the rate was not unreasonable or unjustly discriminatory and that five carloads of scrap iron from Rahway, N. J., to Lebanon, Pa., had not been misrouted, the Commission has dismissed No. 9378, Feckheimer Steel & Iron Co. vs. P. R. R. Co. et al., opinion No. 5410, 51 I. C. C., 183-84. The misrouting, so-called, was caused by a mistaken declaration by the railroad agent that a rate of \$1.58 per ton was applicable over either one of two routes. A rate of \$2.52 per ton was applicable over the route of movement.

LUMBER AND FOREST PRODUCTS

The Commission has dismissed No. 9738, United Lumber Co. vs. Ursina & North Fork Ry. Co. et al., opinion No. 5417, 51 I. C. C., 199-200, holding that rates on lumber and forest products from Humbert, Pa., to various interstate destinations had not been shown to be unreasonable. The particular rate under attack was one of 45 cents per ton charged by the Ursina & North Fork for the movement from Humbert to Ursina Junction. The complainant desired a limit of \$5 per car placed upon the rate.

RATE ON CIGARETTES

The Commission has dismissed No. 9792, Reed Tobacco Company vs. C. & O. et al., opinion No. 5418, 51 I. C. C., 201-2, holding that a double first class rate of \$7.40 on cigarettes, 1 C. L. from Richmond, Va., to Seattle, Wash., had not been shown to be unreasonable. The \$7.40 rate was collected because the strapping of the packages was done in place with lead seals. The tariffs provided a commodity rate of \$3 on cigarettes strapped and sealed with metal seals other than lead. On metal seals other than lead double first class was applicable. The complainant admitted that lead seals had been employed and said that seals of that kind were used through inadvertence. The railroad company testified that lead seals afford no protection against pilferage, because they can be split easily, removed from the cord, and after the box has been opened can be replaced without the possibility of detection. In this and other cases the records show large losses by pilferage, says the report of the Commission, and these losses must necessarily find expression in the rates and in the conditions prescribed under which such commodities will be accepted for transportation. The law imposes on shippers the duty of ascertaining the rates and conditions under which they ship and non-compliance by shipper with tariff requirements affords no basis for a finding that the applicable rate was unreasonable. The report says that the complainant had little standing when its negligence had brought a burden upon it.

MUSTARD SEED OIL

An order of reparation has been made in No. 9693, Friedman Manufacturing Company vs. West. Pac. et al., opinion No. 5427, 51 I. C. C. 225-6, on account of an unreasonable rate of \$2.95 on mustard seed oil, carloads, from San Francisco to Chicago. The Commission held that the rate on this shipment, which was experimental, was unreasonable because in excess of \$1.25.

LEGAL RECONSIGNMENT ORDER

Only a party to the transportation contract can give an order for reconsignment that has a legal binding effect on the carrier. Because no such order had been given, the Commission dismissed No. 9654, Callaway Fuel Co. vs. C. M. & St. P. et al., opinion No. 5428, 51 I. C. C. 227-9. The complaint was that the carriers exacted an illegal and unreasonable charge on a carload of coal from Lilly, Pa., consigned to Elm Grove, Wis., and subsequently reconsigned to North Milwaukee. The reconsignment orders were given by the fuel company in relation to three cars consigned by the Pioneer Coal & Coke Company to itself at Elm Grove. It was reconsigned to the Wisconsin Bridge

& Iron Company at North Milwaukee. Charges were assessed on a joint proportional rate of \$2.05 to Milwaukee, a rate of 50 cents to Elm Grove plus a charge of \$2 for reconsignment and a rate of 50 cents to North Milwaukee. Under the tariffs, the Commission's report shows, the legal rate from Elm Grove to North Milwaukee was 3 cents per 100 lbs. or 60 cents per net ton. The shipment, therefore, was undercharged 10 cents. The carriers respected the reconsignment orders given by the complainant on two of the three cars, but did not respect the order in regard to the other. The Pere Marquette, which assumed the burden of the defense, said that it did not make a practice of executing delivery orders for parties other than the consignee until written authority is received; that it has no legal right to comply with the complainant's diversion order until authority from the consignee is received. The Commission held that on the record the complainant had shown no proprietary interest and its order to the carriers had no legal effect until March 7, 1916, when authorization from the Pioneer Coal & Coke Company was received. The carrier, therefore, was under no legal obligation to hold the car at Ludington for reconsignment order. Therefore, the combination of charges was legal.

ORDERS REPARATION ON CYANAMID

An order of reparation has been made in No. 8841, American Cyanamid Co. vs. Michigan Central et al., opinion No. 5431, 51 I. C. C., 236-40, on account of some rates on cyanamid that were illegal and others that were unreasonable, on shipments from Niagara Falls, Ont., to Shreveport and other destinations in the south. The decision also disposes of three sub numbers, by the same complainant against the same defendant.

The finding as to shipments to Shreveport is that the rates were unreasonable in that they were in excess of 33.25 cents; as to Hattiesburg, Miss., \$5.85 per ton; to Meridian, Miss., \$5.65 per ton; as to shipments to Dothan, Ala., that three were undercharged one cent per 100 pounds and one 18 cents per ton; to Montgomery undercharged one cent per 100 pounds; and that the legal rates to Dothan and Montgomery were \$7.36 and \$6.45 per ton, respectively.

The complaints charged that some of the rates were in excess of the aggregate of the intermediates. The Commission did not find them. It found some that were in violation of the long-and-short-haul clause. They, however, were protected by applications that had not been heard at the time the case was disposed of. The new tariffs provide for the application of the lowest combinations south of the Ohio, so that is not such an important question now.

REPARATION ON TOLUOL

An order of reparation, requiring the payment of thousands of dollars, was made in No. 9811, Hercules Powder Company vs. Chicago Great Western et al., opinion No. 5429, 51 I. C. C., 230-2, on account of unreasonable rates on toluol, in tank cars, from eastern points to Hercules, Cal. Sixteen cars were involved in the complaint. No specific rates were applicable on the shipments when they moved and the Commission had to consider the question as a rate proposition unaffected by prior rate adjustments on the commodity, which became of prime importance as soon as the European war broke out. They moved between July 3 and Oct. 14, 1915. On October 15, the day after the last car involved in this case moved, the western roads applied fifth class, full gallonage of tanks as minimum, with reservations as to truck capacity of some of the tank cars available for the traffic. The average value of a carload of toluol at that time was \$28.455. The Commission held that the charges imposed were unreasonable because in excess of commodity rates of \$1.05 from Milwaukee, \$1.10 from Indianapolis and Woodward, \$1.15 from Lackawanna, and \$1.25 from Solvay and Philadelphia, and reparation down to the bases of the commodity rates was ordered. The complaint asked for reparation down to a subsequently established rate of 75 cents to San Francisco, which was later increased to 79 cents. A rate of \$1.90 from Solvay is believed to show what kind of charges were assessed.

375	152	129	106	91	71	78	61	46	38	30
400	158	134	111	95	74	81	63	47	40	32
425	164	139	115	98	77	84	66	49	41	33
450	170	145	119	102	80	87	68	51	43	34
475	177	151	125	106	82	89	70	53	44	35
500	180	153	126	108	85	92	72	54	45	36
525	185	157	130	111	87	94	74	56	46	37
550	190	162	133	114	89	97	76	57	48	38
575	194	166	136	116	91	99	78	58	49	39
600	199	169	139	119	94	101	80	60	50	40
625	203	172	142	123	95	104	81	61	51	41
650	206	175	144	124	97	105	82	62	52	41
675	210	179	147	126	99	107	84	63	53	42
700	214	182	150	128	101	109	86	64	54	43
725	217	184	152	130	103	111	87	65	54	43
750	221	188	155	133	104	113	88	66	55	44
775	224	190	157	134	105	114	90	67	56	45
800	228	194	160	137	107	116	91	68	57	46
825	232	197	162	139	109	118	93	70	58	46
850	235	200	164	141	110	120	94	71	59	47
875	239	203	167	143	112	122	96	72	60	48
900	242	206	169	145	114	123	97	73	61	48
925	246	209	172	148	115	125	98	74	62	49
950	250	213	175	150	118	128	100	75	63	50
975	254	216	177	152	119	129	101	76	63	51
1000	257	218	180	154	121	131	103	77	64	51

Alternative scales have been prepared for use in the southeastern territory. The one preferred by the Railroad Administration is the same as the 100 per cent scale in Western Classification territory on condition that Western Classification be transferred to the southeast. The next class rate for 100 miles under the scale and classification preferred by the Railroad Administration is 58 cents, while under the scale intended to be used with Southern Classification the rate for that distance is 68 cents. The preferred scale is as follows:

STANDARD SCALE OF CLASS RATES FOR SOUTHEASTERN TERRITORY, APPLYING WESTERN CLASSIFICATION.

Percentages	100	85	70	60	47	51	40	30	25	20
Classes	1	2	3	4	5	A	B	C	D	E
5	25	31	18	15	12	13	10	8	6	5
10	27	23	19	16	13	14	11	8	7	6
15	29	25	20	17	14	15	12	9	7	6
20	31	26	22	19	16	17	13	10	8	6
25	33	28	23	20	16	17	13	10	8	7
30	35	30	25	21	16	18	14	11	9	7
35	37	31	26	22	17	19	15	11	9	7
40	39	33	27	23	18	20	16	12	10	8
45	41	35	29	25	19	21	16	13	10	8
50	42	37	30	26	20	22	17	13	11	9
55	45	38	32	27	21	23	18	14	11	9
60	46	39	33	28	22	23	18	14	11	9
65	48	41	34	29	23	24	19	14	12	10
70	49	42	34	29	23	25	20	15	13	10
75	51	43	36	31	24	26	20	15	13	10
80	52	44	36	31	24	27	21	16	13	10
85	54	46	38	33	25	28	22	16	14	11
90	55	47	39	33	25	28	22	17	14	11
95	57	48	40	34	27	29	23	17	14	11
100	58	49	41	35	27	30	23	17	15	12
105	60	51	42	36	28	31	24	18	15	12
110	61	52	43	37	29	31	24	18	15	12
115	63	54	44	38	30	32	25	19	16	13
120	64	54	45	38	30	32	25	19	16	13
125	66	56	46	40	31	34	26	20	17	13
130	67	57	47	40	31	34	27	20	17	13
135	69	59	48	41	32	35	28	21	17	14
140	70	60	49	43	33	36	29	21	18	14
145	72	61	50	43	34	37	29	22	18	14
150	73	63	51	44	34	37	29	22	18	15
155	76	65	53	46	36	39	30	22	19	15
160	79	67	54	47	37	40	32	24	20	16
165	82	70	57	49	39	43	33	25	21	17
170	85	73	60	51	40	43	34	26	21	17
175	88	75	63	53	41	45	35	26	22	18
180	91	77	64	55	43	46	36	27	23	18
185	95	81	67	57	45	48	38	29	24	19
190	98	84	69	59	47	50	40	30	25	20
195	103	88	72	62	48	53	41	31	26	21
200	106	90	74	64	50	54	42	32	27	21
205	109	93	76	65	51	56	44	33	27	22
210	112	95	78	67	53	57	45	34	28	22
215	117	99	83	70	55	60	47	35	29	23
220	122	104	85	73	57	63	49	37	31	24
225	127	108	89	76	60	65	51	38	32	25
230	132	113	92	79	63	67	53	40	33	26
235	137	116	96	82	64	70	55	41	34	27
240	142	121	99	85	67	73	57	43	36	28
245	146	124	102	89	69	74	58	44	37	29
250	150	128	105	90	71	77	60	45	38	30
255	154	131	108	92	73	79	62	46	39	31
260	158	134	111	95	74	81	63	47	40	32
265	162	138	115	97	76	83	65	49	41	32
270	166	141	116	100	78	85	66	50	42	33
275	169	144	118	101	79	86	68	51	42	34
280	173	146	120	103	81	88	69	52	43	34
285	177	149	123	105	82	90	70	53	44	35
290	181	151	125	107	84	91	71	53	45	36
295	184	154	127	109	85	92	72	54	45	36
300	188	156	129	110	86	94	74	55	46	37
305	192	159	131	112	88	95	75	56	47	37
310	196	162	133	114	89	97	76	57	48	38
315	199	164	135	116	91	98	77	58	48	39

The other one is as follows:

STANDARD SCALE OF CLASS RATES FOR SOUTHEASTERN TERRITORY, APPLYING SOUTHERN CLASSIFICATION.

Percentages	100	86	76	64	52	44	35	40	30	25
Classes	1	2	3	4	5	6	A	B	C	D
Miles.										
5	25	23	19	16	13	11	9	10	8	6
10	28	24	21	18	15	12	10	11	8	7
15	31	27	24	20	16	14	11	12	9	8
20	34	29	26	22	18	15	12	14	10	9
25	37	32	28	24	19	16	13	15	11	9
30	40	34	30	26	21	18	14	16	12	10
35	42	36	32	27	22	18	15	17	13	11
40	44	38	33	28	23	19	15	18	13	11
45	46	40	35	29	24	20	16	18	14	11
50	48	41	36	31	25	21	17	19	14	12
55	50	43	38	32	26	22	18	20	15	13
60	52	45	40	33	27	23	18	21	16	13
65	54	46	41	35	28	24	19	22	16	14
70	56	48	43	36	29	25	20	23	17	14
75	58	50	44	37	30	25	20	23	17	15
80	60	52	46	38	31	25	21	24	18	15
85	62	53	47	40	32	27	22	25	19	16
90	64	55	49	41	33	28	23	26	19	16
95	66	57	50	42	34	28	23	26	20	17
100	68	58	52	44	35	30	24	27	20	17
110	71	61	54	45	37	31	25	28	21	18
120	74	64	56	47	38	33	26	30	22	19
130	77	66	59	49	40	34	27	31	23	19
140	80	69	61	51	42	35	28	32	24	20
150	83	71	63	53	43	37	29	33	25	21
160	85	73	65	54	44	37	30	34	26	21
170	87	75	66	56	45	38	30	35	26	22
180	89	77	68	57	46	39	31	36	27	22
190	91	78	69	58	47	40	32	36	27	23
200	93	80	71	60	48	41	33	37	28	23
210	95	82	73	61	49	42	33	38	29	24
225	98	84	74	63	51	43	34	39	29	25
240	101	87	77	65	52	44	35	40	30	25
255	104	89	79	67	54	46	36	42	31	26
270	107	92	81	68	56	47	37	43	32	27
285	110	95	84	70	57	48	39	44	33	28
300	112	96	85	72	58	49	39	44	34	28
315	115	99	87	74	60	51	40	46	34	29
330	118	101	90	76	61	52	41	47	35	30
345	121	104	92	77	63	53	42	48	36	30
360	124	107	94	79	64	55	43	50	38	31
375	127	109	97	81	66	56	44	51	38	32
390	130	112	99	83	68	57	46	52	39	33
405	133	114	101	85	69	58	47	53	40	33
420	135	116	103	86	70	59	47	54	41	34
435	138	119	105	88	72	61	48	55	41	35
450	140	120	106	90	73	62	49	56	42	35
465	142	123	109	92	74	63	50	57	42	36
480	145	125	110	93	75	64	51	58	44	36
495	148	127	112	95	77	65	52	59	44	37
510	150	129	114	96	78	66	53	60	45	38
525	152	132	116	98	80	67	54	61	46	38
540	155	133	118	99	81	68	54	62	47	39
555	158	136	120	101	82	70	55	63	47	40
570	160	138	122	102	83	70	56	64	48	40
585	163	140	124	104	85	72	57	65	49	41
600	165	142	126	106	86	73	58	66	50	41
615	168	144	128	108	87	74	59	67	50	42
630	170	146	129	109	88	75	60	68	51	43
645	173	149	131	111	90	76	61	69	53	43
660	175	151	133	112	91	77	61	70	53	44
675	178	153	135	114	93	78	62	71	53	45
690	180	155	137	115	94	79	63	72	54	45
705	183	157	139	117	95	81	64	73	55	46
720	185	159	141	118	96	81	65	74	56	46

teen months after the election of its members. The framers of the constitution were not so anxious to have the lawmakers early at work after their election as some of their successors seem to be. When they fixed the time of meetings of Congress they left a long time between election day and the first day of the regular session following it.

The only way there can be a quick registering of the popular will, when the people decide to change the political complexion of Congress, is to elect a President in sympathy with the political views of the Congress. Inasmuch as this is not a presidential election year, even if there should be a change in the political complexion of House or Senate, or both, the effect of that change of the political thought of the country could not be made effective in less than thirteen months, unless President Wilson should call an extra session. Except in cases of great emergency no one would expect a President to call a politically hostile Congress into special session, because it could not be expected to legislate as he desired.

It is therefore to be remembered that even if peace comes by Christmas or by Easter, if there is a change at the polls next month, it is not to be expected that President Wilson would ask the new Congress to legislate on the subject of the control of railroads. The statute provides for a continuance of the control for twenty-one months after the signing of the treaty of peace. In other words, should the people next month order a change in the political composition of House or Senate, or both, it would not follow that legislation pertaining to the railroads would be undertaken. On the contrary, a political revolution would make for a continuance of control, unmodified, until at least December, 1919, and as much time thereafter as would be needed for a politically hostile Congress to persuade President Wilson that what it proposed in the way of modification would be for the good of the country.

The setting of the time for hearing by the Commission on the mileage scales, which was expected almost immediately by those who remembered the promptness with which the classification matter has been handled, is not in sight. The commissioners are not due to hold further conferences until next week. One explanatory suggestion is that the commissioners, knowing that the scales have not yet reached the hands of the state commissioners or the shippers, can see no reason for setting a time for the hearing until after there has been opportunity for examining the material submitted by Director Chambers.

ISSUES SUSPENSION ORDER

The Traffic World Washington Bureau.

The Commission, late October 25, issued its first suspension order since Director-General McAdoo began making rates. In I. and S. 1165 it suspended to February 26, Duluth, South Shore & Atlantic, I. C. C. No. 2922.

The Canadian Pacific or Grand Trunk lines in Canada, the filing road, claims the tariff filed by it is in compliance with permissive orders of the Commission in the fifteen per cent case and with rate authorities issued by Director Chambers.

The form of the suspension order differs from that used before the Railroad Administration began making rates. It therefore is reproduced in full, as follows:

It appearing that there has been filed with the Interstate Commerce Commission by the Duluth, South Shore & Atlantic Railway Company a tariff containing schedules stating new joint rates and charges, and new joint regulations and practices affecting such rates and charges, to become effective on the 26th day of October, 1918, designated as follows:

Duluth, South Shore & Atlantic Railway; I. C. C. No. 2922.

It is ordered that the commission upon complaint, without formal pleading, enter upon a hearing concerning the propriety of the increases and the lawfulness of the rates, charges, regulations and practices stated in the said schedules contained in said tariff in so far as said rates, charges, regulations and practices apply in connection with following named non-Federal controlled lines, viz.: The Akron, Canton & Youngstown Railway Company, the Algoma Central & Hudson Bay Railway Company, the Canadian Pacific Railway Company (Lines in Canada), Dayton, Toledo & Chicago Railway, Grand Trunk Railway (Lines East of Detroit and St. Clair Rivers in Canada), Michigan East & West Railway Company, Nesburgh & South Shore Railway Company.

It further appearing that said schedules make certain increases in rates for the interstate transportation of newspaper and woodpulp, carload, and the rights and interests of the public appearing to be injuriously affected thereby, and it being the opinion of the Commission that the effective date of the

said schedules contained in said tariff should be postponed pending said hearing and decision thereon;

It is further ordered that the operation of the schedules contained in said tariff be suspended, and that the use of the rates, charges, regulations and practices therein stated, in so far as same are applicable via said non-Federal controlled lines, be deferred upon interstate traffic until the 23d day of February, 1919, unless otherwise ordered by the Commission, and no change shall be made in such rates, charges, regulations and practices during the said period of suspension unless authorized by special permission of the Commission.

It is further ordered that the rates and charges thereby sought to be changed shall not be increased and the regulations and practices thereby sought to be altered shall not be changed by any subsequent tariff or schedule, until this investigation and suspension proceeding has been disposed of or until the period of suspension and any extension thereof has expired, unless authorized by special permission of the Commission.

And it is further ordered that a copy of this order be filed with said schedules in the office of the Interstate Commerce Commission, and that copies hereof be forthwith served upon the carriers parties to said schedules and that said carriers parties to said schedules be, and they are hereby, made respondents to this proceeding, and that they be duly notified of the time and place by the hearing above ordered.

By the Commission, Division 2.

Inasmuch as the Algoma Central & Hudson Bay and the Canadian Pacific are non-controlled roads and also the only initial carriers from Sault Ste. Marie, Ont., the tariff men of the Commission figure that the effect of the Commission's order is to suspend the proposed rates via all possible routes to destinations in the United States.

At first it was supposed, because the Duluth, South Shore & Atlantic was the publishing line, it was one of the originating carriers. If it were an initial line, the rates would apply over those routes composed wholly of controlled lines, but not on routes composed in part of non-controlled lines. The tariff was suspended because, as the commissioners believed, on an ex parte hearing, the rates, if allowed to become effective, would destroy the relationship they prescribed between Fox River paper mills and those at Sault Ste. Marie.

A similar tariff was offered, in supposed compliance with the Commission's permissive order in the fifteen per cent case. Before action was taken thereon it was withdrawn to make way for the twenty-five per cent increase ordained in General Order No. 28. Now the allegation is that the tariff has been brought back, without material change, so that if allowed to become effective, the disruption of the rate relationship established by the Commission, in a formal case, would be more distinct than before the twenty-five per cent was added.

The traffic officials of the Railroad Administration agree with the tariff men of the Commission that the effect of the suspension order is to close all routes from Sault Ste. Marie, Ont., except upon the existing rates.

USE OF N. Y. BARGE CANAL

The Traffic World Washington Bureau.

An organization known as the Canal and Terminal Interests Campaign Committee of New York City is trying to bring about a larger use of barges in New York. The committee called on Director-General McAdoo October 24. Prior to that time Capt. Charles Campbell, chairman of the committee, a barge man, had wired to the Director-General. The day after the call Mr. McAdoo sent a telegram to the captain. Both telegrams were then given out. The one from Mr. McAdoo is as follows:

"The federal government has not taken over the New York Barge Canal. New York State still retains entire control of it and should complete the waterway promptly so that it can be used to full capacity. The United States Railroad Administration is merely operating barges on the state's waterway and doing everything it can to make this waterway useful to the people of the state and of the United States. Every citizen and every corporation desiring to use the canal can do so as freely as the Railroad Administration is using it. They can purchase canal boats, barges and tugs and operate them on the canal without any interference from the Railroad Administration."

That was sent in answer to one from Campbell, reading as follows: "Present incompleted canals turned over to you by Governor Whitman's administration are of no use to federal government. Independent operation of our canal system of vital interest to New York. Give back her canals now and you will help all her people and also insure election of Democratic governor and congressmen this fall."

CLASSIFICATION HEARINGS

Furniture was the subject under consideration October 25 in the hearing on the proposed consolidated classification and the day ended in a disagreement caused by a ruling of Examiner Disque.

C. F. E. Luce, secretary of the National Association of Store Fixture Manufacturers, the first witness of the day, said that counters containing bins or drawers in item 12, page 189, of the consolidated book, carried no symbol, but that it is proposed to advance the rating in the south, and he felt that inasmuch as this proposition was before the Commission in case 9939, no change should be made in this book, and he therefore objected to the proposed increase.

The examiner told him that, as the descriptions to which he took exception were involved in 9939 and that as a decision in that case would doubtless be handed down before a decision was reached in this case, no testimony need be presented now.

F. H. Truax, representing the Simmons Company of Kenosha, Wis., filed a comprehensive exhibit showing the proposed furniture advances as to which his company took exceptions, and he said he would take the stand for cross-examination after the carriers had gone through it.

C. S. Bather, general traffic manager, American Furniture Manufacturers' Association, wanted a provision made one for cars shorter than 36 feet 6 inches. He also testified 6 of rule 34. He said there were still many of these smaller cars in use, that they were being offered to the furniture people for loading and that the minimum provided for the 36 foot 6 inch car could not be loaded in these shorter cars.

Frank E. Jones, representing the Furniture Manufacturers' Association of Grand Rapids, Mich., desired a provision made in this rule for 45-foot cars as well as for cars shorter than 36 feet 6 inches. He also testified to the fact that the minimum for these 36-6 cars could not be loaded into the cars that were shorter.

Mr. Collyer cross-examined this witness at length in order to ascertain why, he said, objection was now being made to this rule under which, in substance, the Grand Rapids people had been operating for sixteen years, and he pointed out that providing smaller minima for these shorter cars would have a tendency to reduce the minimum on all furniture car loading.

Mr. Jones said that providing a less minimum for these smaller cars, of which there were many in general use, would tend to conserve the car supply. He went on to say that even in the 36 foot 6 inch cars it was seldom possible for them to load the minimum provided, 198 of such cars loaded during the months of October, November and December, 1917, averaging only 11,061 pounds, and he felt that 10,000 pounds would be a fair minimum for a 34-foot car.

A. T. Lawrence, of the Official Classification Committee, stated that the only change now proposed was to add a twenty-six, a twenty-eight and a thirty thousand pound minimum as a base and that these were added because they had found that some of the heavier commodities could not be loaded and they had felt that the additions would conserve the supply of larger cars.

He said the occasion for the rule arose from the necessity on the part of the carriers to provide for reasonable minima for light and bulky articles as well as for heavy ones.

Mr. Lawrence said that the American Railway Association passed a resolution in 1901 fixing the standard car as one 36 feet long, 8 feet 6 inches wide, and 8 feet high and named a punitive scale for cars of larger dimensions. This scale was adopted by the Official Classification Committee in January, 1902. Shortly afterward the A. R. A. passed another resolution allowing a 6-inch tolerance, and this was subsequently adopted by the Official committee. The punitive scale for larger cars remained in effect only a short time in the Official Classification, being superseded shortly by substantially the scales now in effect.

Mr. Bather, again taking the stand, said that the matter of the general furniture packing specification had been taken up with the War Industries Board, and that because of a shortage of burlap and of kraft paper, their use should be reduced to the lowest possible minimum.

The classification men called his attention to the fact that the record in this case contained the testimony of

a manufacturer of burlap, which was to the effect that there was no shortage of that commodity, and Mr. Fyfe volunteered the information that the government had fixed its price.

Speaking of furniture specification note one, Mr. Bather said it had always been objected to by the furniture people and he would have it changed so as to provide that if furniture was not packed according to specifications it should be refused. He said they were having a great deal of trouble with inspectors in Western territory who were setting up rates for inconsequential departures from the specifications as to distance between the strips and dimensions of crating material used.

He desired section B changed so as to permit the use of one-by-two-inch yellow pine strips in the south—a concession which he said would not be taken advantage of by the northern factories where the crating was always heavier than the specifications.

Mr. Bather wanted the use of fillers in covering finished surfaces left to the discretion of the shippers, all of whom were anxious to have their goods reach destination in perfect condition and these coverings frequently damage polished surfaces in such a way as to make refinishing necessary.

J. T. Ryan, secretary-treasurer, Southern Furniture Manufacturers' Association, High Point, N. C., was called to the stand by Mr. Bather, and took exception to a statement previously made by Mr. Steadwell, of the Southern committee, to the effect that the furniture manufacturers of the High Point territory did not properly pack their furniture. He said at least 90 per cent of the southern furniture people properly pack and he felt that the proper thing to do was to have the shipments of those who do not properly pack refused, rather than to have all shippers put under this severe rule.

F. E. Jones, again called to the stand, said that from his past six years' experience he could testify to the fact that crates above the specifications were used by the northern furniture people.

L. H. Krenning, chief inspector for the Larkin Company of Buffalo, said that previous to five years ago the polished surfaces of all their furniture were fully covered and that they had had so many complaints of the paper sticking to the surface, the imprint of the paper being transferred to the finished surface, particularly in warm weather, that they had then discontinued the use of paper covering, the result being that their complaints had been reduced by at least 75 per cent.

Mr. Bather, again resuming the stand, said that in a notice from the War Industries Board, dated October 23, conservation of paper and burlap had been urged to the greatest extent possible.

He wanted detachable mirrors made subject to the crating specification in section 2 of rule 40, as he said it was frequently impracticable to crate these in locked corner crates as provided.

He desired to have section B of note 12, page 182, of the proposed book changed so as to provide that chairs up to \$12 per dozen might be shipped in bundles, not wrapped, and the classification men agreed to this change.

He asked that the wrapping provision in section C of this same note be eliminated, and this also was agreed to. Mr. Bather called attention to the fact that the packing requirements for store fixtures did not include any paper.

He filed an exhibit showing the present and proposed ratings on furniture and furniture parts and showing also what he felt the descriptions, minimum weights and ratings should be.

Objection was made by Mr. Fyfe, who asked for the elimination of all items as to which no change was proposed, and Mr. Bather said that the whole furniture proposition was before the Commission in this case and that inasmuch as the whole situation was to be gone into he felt that relationships should be maintained, and his exhibit was based on what he considered a logical line-up.

Mr. Collyer said that the crux of the whole situation was in the proposal to reduce the carload rating on metallic or wooden furniture N. O. I. B. N. from second class to rule 25, where he had agreed to an increase from ten to twelve thousand pounds in the minimum, hoping thereby to break down the second class rating on furniture in Official territory.

The examiner ruled that under the order of the Commission Mr. Bather could be heard on his proposition,

that where a carload minimum was proposed to be advanced the rating could be attacked, and that where, as in the east and south, an entire revision or line-up was proposed, Mr. Bather could be heard on his counter proposition. To this the classification men strenuously objected, and Mr. Colquitt reminded the carriers that the scope of the hearing had been very greatly broadened, particularly since the Atlanta hearing.

The examiner said that inasmuch as the Official and Southern committees had gone into a general revision of the furniture descriptions, he felt that the shippers should be given the opportunity to be heard on the whole proposition, but that it was different in the west.

Due to the continued objection of the classification men to this ruling, which, they said, would open up to attack every item in the proposed book, a recess was taken in an effort to come to some agreement. No understanding having been reached after a conference of more than half an hour, the hearing was adjourned until October 26 at 9:30 o'clock.

Ruling on Furniture Evidence

At the hearing October 26 a settlement was reached of the subject under discussion at adjournment the previous day, as to the exhibit offered by Mr. Bather. Mr. Collyer said that in deference to the view which he had understood Examiner Disque to express the previous day—that the Official Classification Committee should be prepared to meet the issue arising by reason of increased charges on furniture due to the proposed increase in the carload minimum weight where the ratings are unchanged—the Official Classification Committee wished to state that if a postponement could be granted, as had been suggested, it would be prepared to meet the issue at the Washington hearing on November 15 or thereafter, as the Commission might elect. He said the Official committee understood that where neither minimum nor rate had been changed in the proposed consolidated classification, as in the Western situation, complaint could not be heard in this proceeding.

Examiner Disque formally ruled in accordance with this proposal and changed his ruling of the day before as to L. C. L. items and items not connected with minimum weights and not proposed to be increased, stating that shippers could not attack the items on which increases were not proposed. He said shippers were willing to attend the Washington hearing beginning November 12 and the carriers were instructed to meet the issue. Mr. Collyer said the carriers, in order to protect the situation, would file a protest against what he termed this change in the method of procedure.

Mr. Bather asked if there were any possibility of having the entire case, as contemplated by his exhibit, presented in a separate complaint, considered at the Washington hearing in connection with the present matter scheduled. Examiner Disque said that under the law this would be impossible on account of the shortness of the time unless the carriers would waive their legal rights as to notice. This Mr. Fyfe refused to do on the ground that it would be impossible for the carriers, in such a short time, to prepare to meet the issue.

The day's testimony was devoted to chairs, the long list of items changed being monotonously considered. Frank Standart, of the Murphy Chair Company, Detroit, was on the stand the entire day for the chair manufacturers, Mr. Bather and others interpolating evidence and questions at times. One interesting bit of evidence offered by Mr. Standart, which would have appealed to newspaper men as perhaps the one bit of "human interest" in the whole day, was that formerly there was no carload movement of revolving chairs, but that now there is a large carload movement on account of the War Department.

There was considerable bickering between the chair men and the railroad classification men, the latter declaring that the former had backed down on a proposition agreed on at a meeting in Chicago last May, and the former declaring that the latter had done the same thing. So far as the record is concerned, nobody knows who is right or who is wrong. There was apparently, also, much difficulty in determining who represented whom. Mr. Fyfe declared that hereafter he would refuse to deal with anyone as representing the chair men, but would deal with them as individuals.

The railroad classification men did not put in their justification of the changes proposed, as in order for them to do that a night session would have been necessary. It was agreed that they could put it in at Washington, since the chair men had to go there later anyhow.

October 28 was the day set for the appearance of the packers and the poultry and dairy interests. Poultry and dairy products came first. W. T. Seibels, manager of the National Poultry, Butter and Egg Association, conducted the case, in the main, for the shippers, his principal witness being W. M. O'Keefe, traffic manager of the association.

Mr. Seibels was up against the objections of the classification men and the rulings of the examiner at several points, on the theory that the case, as presented by him, contemplated changes in things as to which the proposed consolidated classification book provided no change. One thing was as to the matter of exceptions to the classifications, Mr. Seibels withholding a part of his case as proposed, after the examiner had repeated emphatically the announcement that exceptions to the classifications would be canceled by the consolidated classification, if the latter became effective, but that where it was considered necessary for the protection of shippers the Railroad Administration would replace the exceptions by commodity tariffs.

The record in Docket No. 8469, known as the consolidated carlot cases, was submitted as a part of the record in this case. The principal objection was to the carload ratings on dairy products in Official Classification territory. Mr. O'Keefe offered exhibits to show that the advances on dressed poultry, C. L. for instance, to representative points, were greater than on many other commodities similar or in competition. The increasing spread between carload and L. C. L. was also illustrated.

Rabbits won a victory in Western Classification, Chairman Fyfe agreeing to restore the carload rating. It had been taken out, he said, because the committee had been unable to find any carload movement, but he capitulated when shown that there was such a movement.

Mr. Seibels also put on M. S. Hartman, traffic manager of the Fairmount Creamery Company, Omaha. E. H. Hoagland, representing the Kansas Egg Shippers' Association, made his own the testimony that had been offered by the others.

Ross Rynder, for Swift & Co., put on Mr. O'Hara to show some things along the same line. There was an exchange of words in an effort to discover whether the rates as stated include the refrigeration charge. Mr. Fyfe and Mr. Steadwell, for their territories, said they did not. Mr. Collyer, however, was not disposed at first to say. Examiner Disque remarked that it was safe to assume that the rates did not include refrigeration, and Mr. Collier finally said that was true in Official territory.

A. J. Killen, traffic manager for the William J. Moxley Company, appeared to object to the rating of oleomargarine, which, he insisted, did not compete with butter and which, he said, ought not to be classed with butter. He said there did not appear to be co-ordination in the departments of government, since one, the Internal Revenue Department, attempts to keep oleomargarine out of the butter class, and another, the Railroad Administration, attempts to put it in that class.

Cheese was the first subject considered at the hearing October 29. Mr. McEwen, representing cheese interests of the state of Wisconsin, which produces, it was stated, 65 per cent of the cheese of the entire country, protested against the proposed carload and less-than-carload ratings in Official Classification territory, desiring the any-quantity rating retained and the present minimum continued in the west. As his witness he put on Mr. Davis, chairman of the traffic department of the Davis Brothers Cheese Company, who spoke not only for his own firm, but as the representative of a meeting of Wisconsin cheese men.

A 30,000-pound minimum, he said, would be an imposition on shippers. He thought it was pretty small of the carriers to attempt to put in such a minimum after their appeal to cheese men for intensive loading for reasons of patriotism had been so satisfactorily complied with. It was brought out that 30,000 pounds was the minimum requested of shippers by the Food Administration. Mr. Davis was cross-examined not only by the carriers but by Ross Rynder of Swift & Co. The packers, it developed, desired the carload rating put in.

At one time in the proceedings flatcuffs seemed likely. Mr. McEwen, referring to the position of Mr. Collyer now as compared with his attitude at another time, said he must either have changed his mind or "perjured" himself. The usually suave Mr. Collyer announced that he would not stand for such a word and it must be withdrawn. Mr. McEwen withdrew it and time was called.

Martin Van Persyn, representing the Wholesale Grocers' Exchange of Chicago and Sprague, Warner & Co., testified briefly in favor of the proposed departure from the any-quantity basis, as did also W. W. Manker of Armour & Co.

Discussion as to Poultry

Mr. Hillyer had two witnesses—W. F. Blanchard and B. W. Redfearn, both of the Live Poultry and Dairy Shippers' Traffic Association. Their objection was to the proposed reduction on dressed poultry for the reason, they said, that such a reduction would put live poultry at a disadvantage. It was explained that they were not against the proposed reduction per se, but merely to the increase in the spread that would be caused thereby.

Examiner Disque said it was assumed that the proposed carload ratings on dressed poultry, butter and eggs would all three stand or fall together.

Mr. Lawrence, of the Official Classification Committee, took the stand to pick to pieces the exhibits offered the previous day by Messrs. O'Keefe and O'Hara. He made some figures of his own which, on their face, spoiled the value of the figures made by the protestants, but, of course, the latter did not admit that their method was incorrect.

Mr. Steadwell, for the Southern Classification Committee, in offering justification for the proposed changes, said:

"Live poultry, carloads, is not at this time classified, but provision is made for commodity rate application in the classification, 'same as horses and mules.' Horses and mules are not assigned a rating in Southern Classification, being covered exclusively by special commodity tariffs of the individual carriers. Practically speaking, therefore, we are undertaking now, for the first time, to establish a classified position for live poultry in the classification. In other words, inaugurating a rating that has not heretofore existed.

"There is, of course, no propriety in the relation between live poultry and horses and mules, whether by classification or commodity tariffs. There is nothing in common, either from a transportation, commercial or market standpoint.

"The Commission has approved the rating we are proposing on live poultry in several cases. For example, in Western Trunk Line territory, 32 I. C. C., 380; also in 49 I. C. C., 288, again, in I. C. C., 40, decision Jan. 7, 1918, the Commission found to be reasonable third class on live poultry from Mitchell, S. D., to Chicago and second class from Chicago to New York.

"In Southern territory there are only three lines which originate this tonnage to any extent (N. C. & St. L. Ry., L. & N. R. R. and Southern Railway in Kentucky and Tennessee). The principal markets are Chicago and eastern cities. Incidental to the traffic stop-over privileges for picking up lots of poultry to complete car loading is allowed by some of the lines at a nominal stop-over charge. The carriers pay the poultry car owners a mileage allowance of one cent per mile for the use of the cars.

"The hazard of transportation of live poultry, as I have indicated, is very great. When claims occur they are usually very heavy. I have records, for example, of four claims in June last in Southern territory amounting to \$4,098.84, or an average of \$1,049.21. Also in July last, ten claims, totaling \$3,004.01, an average of \$300.40 each.

"Live poultry is sold to some extent, of course, in competition with other meats and it is reasonable, in considering this matter from a classification standpoint, to take into connection the ratings, risk and tonnage of these products as compared with live poultry and also with dressed poultry.

"The general loading in Southern territory of live poultry is 18,000 pounds per car. This is the minimum weight prescribed in the classification and is practically the maximum weight. It is also the capacity of the special poultry cars operated by the Live Poultry Transportation Company, which is the principal concern in the live poultry car hiring business.

"All fresh meats are rated fourth class, with the present minimum of 20,000 pounds; proposed minimum 21,000 pounds.

"The value of fresh meats in the Chicago markets is:
Beef 16½ to 18c pound
Pork:

Green hams	28¾ to 30¼c pound
Bellies	26 to 28¾c pound
Ribs	23 to 23½c pound

"The value of dressed poultry, the rating for which, in carloads, 20,000 pounds, is the same as fresh meats, fourth class, ranges from 28c to 50c per pound.

"From a tonnage standpoint, taking the movement generally, there is scarcely any comparability between live poultry and meats. Fresh meats, including dressed poultry, while moved in refrigerator cars, does not necessarily mean the tying up of the equipment to a one-way haul. These refrigerators are largely used for return loads of perishables. This, of course, is not the case with regard to live poultry cars. Herein is a very material distinction from a transportation standpoint between live poultry, fresh meats and dressed poultry. As I have said, in our section the practical maximum loading of live poultry is 18,000 pounds. A certain amount of feed and water is permitted to be carried in the cars with live poultry for maintaining the stock en route. The value of live poultry ranges from 26c to 36c per pound. Considering the circumstances, I have enumerated the relation of the rating on live poultry to dressed poultry and other fresh meats is a proper and reasonable one.

"The third class rating is also relatively low as compared with the ratings on other commodities on which the third class rating or higher than third class is applicable which present less value (risk) and inherent hazard; equal or greater loading per standard box car than live poultry in special equipment; equal or greater weight density per cubic foot of space occupied; requiring no expedited or special service and equal or greater volume of tonnage than live poultry."

Mr. Steadwell submitted an exhibit containing an illustrative list of articles he had described. He said a study of this exhibit should be convincing that third class for live poultry, carloads, minimum weight 18,000 pounds, is an extremely low rating.

"It must be kept continuously in mind," said he, "that the equipment employed for the handling of the commodities named in this exhibit is of the ordinary box type and, therefore, utilizable for all general classes of freight, which is not the case with respect to the live poultry equipment."

He also made a comparison of the rating proposed on live poultry, carloads, with the present ratings on other perishable or semiperishable commodities, such as bananas, fresh berries, etc., which require refrigerator service, in some instances, or ventilator car movement, which latter, he said, does not involve necessarily a return empty haul. Neither, he said, does the refrigerator car service necessitate a return empty haul, as is the case with live poultry cars.

"It must be manifest on its face," said he, "that the live poultry rating proposed of third class is reasonable and indeed low by comparison with other perishables. I have not included in these exhibits articles that are rated third class in carloads and less than carloads, of which there are a great number (such as waxes of various kinds) and some articles in the new classification that are rated third class in carloads and carry the same or higher carload minimum weights than poultry—for example, floor or furniture wax, carloads, 20,000 pounds; cocon, carloads, 30,000 pounds, the movement of which is not attended by any such risk as poultry.

Less Than Carloads.

"The present rating on live poultry, less than carloads, is first class. It is proposed to make this rating double first class, the same as in effect in other territories.

"The movement of live poultry in less than carloads is very limited and what there is is principally by express service.

"Less-than-carload shipments have been practically limited or reduced very greatly by the establishment of stop-over privileges or pick-up car arrangements, the purpose of which is to expedite the handling of the traffic and get it in good shape to the markets. The less-than-carload

live poultry business, of course, is not attractive. The pick-up car arrangement, in other words, has for its object the reducing of waste transportation of this highly perishable product as much as possible by providing arrangements whereby a poultry car starts on its journey with a part load and fills out at way points on originating line and is delivered loaded to connecting line for transportation to the market instead of localing the live poultry in small lots to concentrating points and moving in full cars therefrom.

"Live poultry in less than carloads is one of the most hazardous classes of traffic, as may well be supposed. One, if not the principal poultry originating line in Southern territory, has, and has always had, an exception to the classification providing for double first class, except during winter months, because of the losses that occur from the smothering of the fowls in local cars. The object of this exception was to turn the business to the express service instead of the railroad going into the retail poultry business.

"Considering the great risk, the small movement, the inherent character of the traffic, which is peculiarly susceptible to injury and loss, the proposed double first class rating is extremely reasonable.

"Live poultry, less than carloads, is invariably a short-haul proposition as contrasted with live poultry, carloads, invariably long-distance haul.

"The range between the proposed carload and less-than-carload rating from that angle alone is more than justified. The crates of coops must be loaded so as to afford plenty of ventilation and be easily accessible, while, of course, no other freight can be loaded either above or against the crates of coops. From this standpoint the rating is properly comparable with the rating for small stock, such as shoats, pigs, lambs, sheep, goats and calves, on which the present and proposed rating is three times first class, but subject to a minimum charge of \$5 for the shipment (item 2, page 240). On live poultry no minimum charge, however, is proposed."

Statement by Seibels

Chairman Collyer, of the Official Classification Committee, was on the stand the entire day October 30 in justification of the changes proposed on butter, cheese, eggs and dressed poultry. He was cross-examined by Messrs. Seibels, McEwen, Burchmore and others.

One of the persistent questions was as to whether, if the breakage of eggs in transit is reduced, the resulting decrease in damage liability should not be reflected in the rates. Mr. Collyer insisted that shippers should expect no reward for a reform of this kind—that they would merely be fulfilling a public duty. He likened the position of Mr. Seibels on this point to that of a drunken man, who has been a charge on the community, expecting that community to take care of him after he has become a sober man as a reward for his reformation.

Another question repeatedly asked was as to why there should not be the same relationship between live and dressed poultry as between the rates on cattle and those on dressed meat. Mr. Collyer went laboriously into the differences involved, including the difference in the weight of the offal, the availability of the cars for return loads, and so on.

The following statement for the interests he represents as to the proposed ratings applying to dairy products is made by W. T. Seibels, business manager of the National Poultry, Butter and Egg Association:

"We approve of a uniform classification, but we contend that in adjusting the proposed ratings for dairy products in any one or all of the several classification territories, such adjustment should be made only by considering carefully the rate structure affecting all dairy products, together with their relation to competitive and analogous products.

"We regard the proposed ratings in Official Classification territory as being of far greater concern to us and to the general public than the changes proposed elsewhere for the reason that they affect a much larger portion of the total tonnage of dairy than will be affected by proposed changes in either the Southern or Western classification territories.

"In concurring in the general conclusion that a carload rating should be put in for dairy in Official Classification territory we do so on the presumption that it will be

fixed at the proper level in line with the principle I have stated. Merely to name some rate as the proper level is equivalent to selecting at random any rate; to get a correct carload rate is like finding the North Star in this sea of traffic, for having found it the matter of correct less-carload ratings is obviously simplified.

"We point out with regret that those responsible for the proposed carload rating in Official Classification territory ignored the fact that in I. C. C. docket 8469 the examiner, after an exhaustive investigation, recommended third class in straight or mixed carloads.

"We object to rule 25 being taken as the proper rating for dairy carloads in Official Classification territory. On the record it has been shown to be unreasonably high and of right should not receive further consideration.

"We protest against the maladjustment as between the proposed rating for dressed poultry, carloads, in Official Classification territory and the existing rating for live poultry for which no change is proposed, because, we contend, that under this new arrangement the principle of rating the raw product lower than the finished, which should govern, will have been entirely upset and actually reversed in practice.

"We submit that the proposed less-carload ratings for dairy in Official Classification territory are unjust, unreasonable and discriminatory, and that, unless special care be given to fixing the new less-carload ratings, serious harm is sure to follow. There are thousands of small creameries and medium-sized shippers of other dairy products whose narrow margins will be reduced—whose very businesses will be ruined—unless the rates they must pay to market their products are adjusted in the proper manner to the carload rate to be paid by their larger and stronger competitors. In the name of all that is fair and right let's try to keep every man who is shipping dairy products in the business, and let's keep every farmer producing more and more of them. Don't discourage and eliminate them by saddling on them an unjust burden when their load is already too heavy as to freight rates their products must bear.

"That the proposed ratings for less carlots in Official Classification territory would work harm in many producing sections where the dairy yield is not sufficient the year round to load straight cars at shipping points which must serve as the outlet for such sections, is not only a possibility, but a very real probability, for it is axiomatic in practice that the price which the country buyer or shipper can afford to pay the farmer, or other dairy producer, is limited strictly by the net returns or f. o. b. settling basis which the buyer or shipper can in turn realize for the product in the larger market centers. And it is self-evident that when the less-carlot shipper must sell his offerings in the open market he is in competition with products which will have borne the lower carlot dairy rate, and the latter will make the market. Hence, the higher the rate is made for less carlots, the lower must be the price paid to the producer for such dairy as must move in smaller quantities than carloads so as to adjust the spread between delivered prices when the large and the small shipments meet in consuming centers. To outsiders this may appear theoretical, but to those in our trade it is as plain as daylight, excepting only those who refuse to see. In the course of time proper refrigeration facilities and concentration rates may serve to minimize this positive inequality. But it is in the transition period that we fear demoralization among a large section of our great industry. The value of dairy products is well above a billion dollars a year. The movement within and into Official Classification territory is divided about half and half between carload and less than carload. It is fair to assume that the lower carload rating will attract a heavier portion of the tonnage, though the best thought in the industry agrees that the less-carload tonnage will always be a factor unless it is strangled to death by reason of unjust and preferential rates in favor of carloads. The flow of these products has been, is, and will continue, in obedience to natural conditions; some shippers can only load in carlots during the peak of production, usually about three months in the year, and must ship less carlots until the next period of heavy production.

"If further proof be required to emphasize our contention that the proposed less-carlot ratings in Official Classification territory are improper, we point out that they

are discriminatory (a) as to products; (b) as between territories. Taking up the first, we invite attention to the fact that no changes are proposed for either meats or fish, less carlots, in Official Classification territory, whereas poultry, directly competitive with both, would pay 1½ to 1½ times first class, which advance is determined in degree merely by the style of package and in the method of packing. Again, eggs, also more or less competitive with meats and fish, are advanced a full class despite the fact that the average commercial pack and packing of eggs is greatly improved from the transportation standpoint now as compared with any previous time. The record in I. C. C. 10012 shows by evidence submitted by the carriers that out of a total revenue on all egg traffic to New York City in 1917, amounting to more than \$3,000,000, the total claim payments were only \$69,000, or about 3 per cent claim payments to total revenue. As to territory discrimination in these proposed ratings for Official Classification territory, we emphasize that no changes are suggested in either the Southern or the Western classification territories, which brings in sharp contrast the unwarranted advances asked for over the present high rates for eggs and poultry in Official Classification territory despite the heavy tonnage, frequency of movement and improved shipping facilities, which important factors should make for a reduction instead of an advance in the latter.

"We have established the fact that a logical parity exists between the proper ratings between dairy, dressed meats, fish and other competitive and analogous products in all territories except Official Classification territory, and the exhibits we have submitted prove this conclusively. Why not carry the same reasoning process into the rate situation in Official Classification territory?"

"We have shown that, despite the handicap borne by dairy products because of excessive ratings, there is actually an increasing per capita consumption, which is clearly illustrated by O'Keefe exhibits 543 and 544. Irrefutable government statistics reflected in O'Keefe exhibit 544 show that our population is increasing constantly, whereas the best which can be claimed for meat production is that it is tending to a horizontal when compared with the curves representing population increase and the growth of provender for conversion into dairy products.

"Neither the producer nor the consumer has had a voice in this proceeding, though both of right must be considered now or somebody may regret it afterward. I want to be on record with the desire to escape the wrath of both for failure to consider their needs and their rights in disposing of the involved problem before us. I submit in all seriousness that whoever fails or refuses to comprehend the entire rate structure relating to dairy in arriving at proper rate schedules is taking the narrow view and assumes the consequences should the public be injured as the result of an unjust indirect tax—the proper name for an unwarranted rate increase.

"Finally, we contend that nothing is settled until it is settled right. But the limits prescribed in this proceeding unfortunately bar us from a full consideration of all the factors such as the universal concentration privilege, stop-over privilege and storage in transit privilege. We rest upon the presumption, however, that the Commission and the Railroad Administration will assent to the early adoption of those necessary helps to avoid possible demoralization, if not disaster, to a large section of our industry.

"We urge that if a carload rating be put in for Official Classification territory, it be established at a level not higher than third class. We pray that no advance be made over the current any-quantity rates, which we believe will be proper ratings for less carloads in Official Classification territory. We also urge that a lower rating be made for live poultry, carloads, than is fixed for dressed poultry, carloads, fourth class being a fair rating, in our opinion."

Packers Protest Changes

The packers were in the limelight at the hearing October 31. H. F. Sundberg was put on as a traffic expert by Walter McCormack, attorney for the Interior Iowa packers. Mr. Sundberg is traffic manager of the Cedar Rapids, Iowa, Chamber of Commerce and a member of the Chicago Western District Traffic Committee.

The principal objection set forth by him was to the proposed carload rating on cured meats, dried, and dry, salted

and smoked meats in packages. They are now rated fifth class in Official territory. It is proposed to make them fourth class. His position was that there should be a relationship (and by relationship he appeared to mean parity) between rates on the live animal and those on the products of the animal. He offered an exhibit showing the wide spread between the rates and between the earnings. There was no sense in such an adjustment, he said, and it would cause the kind of discrimination that the Commission had condemned in several cases. As to fresh salted meats, carload, he thought they should be rated no higher than fourth class. He had no objection to the minimum proposed.

In the course of the discussion it was suggested that the matter of rate ratings on loose meats, where no change is proposed in the consolidated classification, be gone into in order that the entire matter might be cleared up at this time. The carriers and shippers were both willing and so was Examiner Disque, but he was exercised lest it be thought he had been unfair in permitting a departure from the proceeding laid down in previous rulings—that there should be no discussion of anything on which no change was proposed. He finally agreed that his present ruling was justified by the fact that he permitted different treatment in the matter of meats from that accorded furniture, for instance, for the reason that, as to meats, the carriers had been on notice and were prepared to go ahead and that all parties were present and willing to proceed. He said he was not changing his ruling that evidence should be confined to items on which changes were proposed, but when all parties were in agreement the situation was different.

Mr. Sundberg was asked as to what would be the general effect on the packing industry if the consolidated classification were substituted for the Iowa classification. He said the Iowa packers would be handicapped on fresh pork cuts. Mr. Fyfe said that was just what ought to happen, for the Iowa ratings on fresh pork cuts had been disgracefully low.

H. W. Davis, of John Morrell & Company, Ottumwa, Iowa, was Mr. McCormack's second witness. He testified along the same lines, answering also some questions from Mr. Collier as to methods of packing.

C. J. Cornwell, assistant traffic manager of the Cudahy Packing Company, was the next witness. His testimony was confined to carload ratings. He expounded the theory that there should be a relationship between the ratings on the animal and those on the product. In spite of what he conceived to be the proper system, he said the carriers had come in with a proposal that had in no sense taken this relationship into consideration. He read from decisions of the Commission to show that his theory had the backing of that body.

These witnesses were supposed to reflect the attitude of the Missouri River packers.

Witness for Morris & Co.

Mr. Burchmore put on the stand W. T. Hickerson, in charge of the rate department of Morris & Co. His testimony concerned the same range of articles, I. C. L., that had been treated by Mr. Cornwell. In other words, he protested against the advances proposed on commodities in less than carloads, shown under the headings of "meats, fresh" and "cooked, cured and preserved," on pages 272 and 273, and lard and lard substitutes, on page 232, items 4 and 5. He filed an exhibit showing the present and proposed ratings in Official, Southern and Western classification territories, and made an analysis which, he said, showed that in Official Classification territory, on fresh meat and packing house products and lard and lard substitutes, in less than carloads, it is proposed to make twenty-three advances and eight reductions; in Southern Classification territory, six advances and no reductions; in Western Classification territory, seventeen advances and four reductions—a total in the three territories of forty-six advances and twelve reductions in the I. C. L. ratings alone.

Going further into detail, he first considered the changes proposed by the Official Classification Committee. Of the four reductions proposed on cooked, cured and preserved meats, he said all of these commodities are carried in exceptions to the Official Classification, which would have the effect of making these merely paper reductions. Of the two reductions proposed on lard and lard substitutes,

these, he said, were in containers (in glass or earthenware), that were not shipped by this company.

In Western Classification, he said, three of their reductions were on cooked meat, reduced from first to second class. While there is a constant movement of cooked meat, he said, the greatest volume of movement is on the cured meats, and lard and lard substitutes, and on these commodities seventeen advances were proposed. He remarked that in making the reductions on the cooked meats when in barrels, boxes, etc., no reduction appeared to be contemplated on shipments put up in baskets or crates. He considered the basket used by Morris & Co., which he said conforms to the note as shown in item 3, page 274, just as substantial a container, as boxes for cooked meats, and that it should therefore carry the same ratings as given to shipments in boxes, and, as there is so little difference between crates and boxes, shipments in crates should also be reduced to the second class basis.

Another exhibit offered by him showed the contents of a car containing seventy-eight actual shipments, and the results that would obtain in the event the rates proposed were applied on these shipments. This exhibit showed the destination of the shipments, description of the commodities and weights, the present charges based on the ratings indicated in the current Official Classification, the rate per hundred pounds, and the amount of each separate shipment; also ratings proposed by the Official Classification Committee, the rate per hundred pounds, the total charges, the increase in dollars and cents that the advances would amount to, and the percentage increase and decrease. In practically all cases the reductions he said were on cooked meats, while in a few instances there were neither advances nor reductions, but he observed that the advances approximated 25 and 26 per cent, while such reductions as are recorded were only 17 per cent.

In preparing this exhibit, he said he had based these ratings entirely on those shown in the Official Classification, proper, and had not observed exceptions to the Official Classification or the minimum charge rule. He had followed this plan for the purpose of illustrating more clearly just what the proposed advances would mean.

Rates indicated under the column headed "present charges" already represent one advance of 15 per cent, he said, and another advance of 25 per cent which have been given to these commodities the last fourteen months, and he said it was now proposed to make an additional advance of 25 per cent and 26 per cent on nearly all of the commodities contained in the exhibit, to which serious objection was made on the ground that an additional 25 per cent advance is not justified.

"If the advances proposed by the Official Classification Committee are permitted to become effective," said he, "the freight charges on the contents of the car indicated in the exhibit will be advanced \$10.42, provided the same method is used as we employed in making up the exhibit."

"To illustrate what is contemplated in Western Classification territory, we have prepared an exhibit showing the advances proposed from Chicago to Kansas City and Oklahoma City. It will be observed that on fresh sausage in barrels or boxes, in pails or metal cans or in baskets, L. C. L., the advances approximate 23 per cent to Kansas City and 16 per cent to Oklahoma City; on cured sausage in baskets, L. C. L., the advances approximate 44 per cent to Kansas City, 20 per cent to Oklahoma City; on the other commodities shown on the exhibit under the heading of cured meats and on lard and lard substitutes the advances to Kansas City approximate 41 per cent and to Oklahoma City 23 per cent.

"We have taken these cities as representative points, but the same results will doubtless obtain to any other destination in Western Classification territory.

"On March 28, 1918, a shipment consisting of five barrels of smoked beef was made by this company from Chicago to Kansas City, the weight being 1,321 pounds. The fourth class rate of 32 cents per 100 pounds was applied and the freight charges amounted to \$4.23. Under General Order No. 28 the fourth class rate was advanced to 40 cents, and if that figure had been applied the charges would have been \$5.28. It is now proposed to apply third class on this commodity. The present third class rate to Kansas City is 56½ cents, and if this figure is used on shipment in question, the charges will amount to \$7.46, an increase of \$2.18, or a further advance of 41 per cent over the rate effective June 25, which already represents

an advance of 25 per cent, and our contention is that no further advances are justified. Our objection applies with equal force to all of the advances proposed in this exhibit.

"It is our understanding there are five principles employed in classifying commodities—value of the commodities, hazard of transportation, bulk, weight and the volume of movement.

"As to the value, we submit that it is proposed to apply higher ratings on lower priced commodities, and lower ratings on higher priced commodities in the same kind of packages. This is evidenced by the fact that in Official Classification territory, third class is proposed on dry salt meats in bulk, in barrels or boxes, while it is the intention to retain rule 26 on pickled meats in bulk, in barrels, or boxes; and in Western Classification territory the dry salted meats are to be advanced from fourth to third class, while the rating on pickled meats is to remain on the fourth class basis, although the sale price of some of the pickled meats is more than double the price of some of the dry salt meats. Therefore, it is our opinion that the valuation feature cuts very little figure in so far as cooked, cured or preserved meats are concerned.

"We contend there is practically no more element of risk when shipments of cooked, cured or preserved meats are transported in baskets or crates than when in boxes or barrels. There is hardly any difference between the crates we use and the boxes. About the only thing is that the slats on the crates are not nailed so close together as on the boxes, although a great many people cannot tell the difference between the two. There is certainly not enough difference to make the rating one class higher on the shipments in crates. As to the baskets, there is no question in our minds that the same rating should be given shipments when in baskets conforming to the note specified in item 3, page 274, of the proposed consolidated classification, as when in boxes or barrels.

"These baskets are built especially for meat shipments and are composed of two heavy splint basket bottoms woven together and at the top has a heavy wooden nailing frame onto which a solid wooden cover is nailed in the same manner as a box. This construction gives the package a resiliency and strength to withstand shocks. Consequently damage to shipments in this type of containers have been, in the past year, very small. All containers of over twenty-five pounds' capacity have ends reinforced to withstand crushing strain and can be piled to the roof of the car.

"In Official Classification territory there has not, heretofore, been carried a qualifying note as to basket specifications, but inasmuch as this note is carried in the consolidated issue we see no reason why shipments in this container should not be rated the same as shipments in boxes and barrels. In view of the fact that our crate is practically as substantial a container as the box, we contend the same ratings should be given shipments in crates as in boxes.

"There is very little difference in the weight and bulk of any of the commodities shown under the heading of meats, cooked, cured, and preserved, and, in view of this fact, it is further proof that all the commodities should be given the same rating.

It has been stated by members of the classification committee that the volume of movement enters largely into the question of fixing the ratings. We don't know of any commodity that has a more constant movement than meats and other packing house products. These commodities move day in and day out the year around and are therefore entitled to reasonably low rates.

"The Official Classification Committee proposes to equalize the carload ratings on cured meats in bulk with cured meats in packages by advancing these commodities in packages from fifth class to fourth class, which is the bulk rating. In equalizing the ratings on pickled meats, loose, with pickled meats in packages, the equalization is brought about by reducing the bulk meat to the packed basis, or from fourth class to fifth class. We cannot conceive of any theory in rate-making that would justify higher rates on cured meats than on pickled meats. We have always contended that the same rates should apply on bulk meats as on packed meats in carloads, and as fifth class cannot be considered too low for both cured and pickled meats, packed, the equalization should be

accomplished by reducing the bulk meat to the packed basis on both cured and pickled meats.

Lard and Lard Substitutes.

"Having outlined our objections to the proposed advances on cured and pickled meats, and as lard and lard substitutes have been moving on the same basis as cured meats, these commodities should naturally continue taking the same rates. I might also mention that the Food Administration has fixed the price on crude cottonseed oil at 17½ per pound f. o. b. mill. This price not only includes the freight from the mill to the refinery, but includes the cost of refining, loss in weight, the cooperage in which it is packed and the freight on the finished product from the refinery to destination. Our instructions from the Food Administration are to sell lard substitutes at 5½ cents per pound over the price it has set on crude oil. This differential barely permits us to come out even and any increase in freight rates would mean no profit on these products. As lard compounds and lard are used for the same purpose and compete with each other, and as we have endeavored to show no advance should be made on the substitutes, naturally no advance should be permitted on the lard."

Summing up his testimony, it might be said that he objected to all the increased ratings, L. C. L., proposed in Official territory, and pointed out that the proposed reductions are, in many cases, merely paper reductions because they are already provided for in the exceptions, which would be canceled by the consolidated classification.

E. M. Medberry, traffic manager of the Indian Packing Company, Green Bay, Wis., objected to the proposed second class rating for cured meat in glass in Official Classification. It now is rated under rule 26.

EXPRESS RATE ADVANCE

The Traffic World Washington Bureau.

The advance in express rates suggested by the express company and disapproved by the Commission through the expression by it of a preference for either of two alternatives, will probably become effective about the first of the year. That is the estimate of men who know the mechanical difficulties that will have to be overcome. The clerks are at work on the material needed to recast the tariff publications in accordance with the plans the executive traffic officials made before they presented the subject to the Director-General.

How soon Mr. McAdoo will issue the order making the change was not known at the time this was written. His statement on the day the Commission gave out its report on the plan was taken as indicating an intention to issue an order just as soon as he got around to it. Then he went on an inspection trip that carried him as far from Washington as Duluth and as far west as St. Louis. However, his physical absence from Washington does not stop the issuance of orders or statements of fact attributed to him.

Whether there will be an immediate challenge of his right to issue an order increasing the express rates in the absence of an order from the President taking the express company under federal control as a "system of transportation," is also an unanswerable question. Those who insist that the Director-General has not the right admit that, if the Pullman company is a system of transportation, then the express company is also a system and subject to seizure under the act of August, 1916, under which control of the railroads was assumed. That being so, he can easily acquire the power.

There is a disinclination on the part of shippers to initiate steps against the express company because it is admitted that rising cost has made the life of the express managers an exceedingly unhappy one. They admit it is entitled to more money. That being the fact, the worth of a challenge of jurisdiction is deemed at least debatable.

In a statement October 26, with regard to express rates, Director-General McAdoo said:

"The Interstate Commerce Commission in its decision announced with reference to proposed increase in express rates indicates that the plan proposed constitutes a justifiable method of dealing with the necessities of the situation unless the Director-General should reduce the percentage basis of compensation which the express company

is to pay the Director-General or unless he should make what is in effect a similar change in the contract by providing that only half of the proposed increase in rates shall be made and that the entire increase thus made shall inure to the benefit of the express company.

"These alternatives had already been carefully considered by the Director-General and the conclusion was reached that neither alternative was justifiable in the circumstances.

"The contract between the Director-General and the express company provides that the express company shall pay to the government for the express privileges accorded to it by the Director-General 50.25 per cent of the gross revenues from the express business. This percentage represents the average which has been paid for ten years by the express companies to the railroads, and it is fair to assume that this percentage represents what is required for the performance of that part of the total service which has been performed by railroads in the past. Moreover, the heavy increases in operating costs on the railroads have necessitated substantial increases in freight and passenger rates averaging probably 25 per cent or more and averaging in the case of many passenger rates as much as 50 per cent. In such circumstances it is clearly unwise to make an actual reduction in the basis of the government's compensation for the express privileges accorded to the express company for services on passenger trains. By the preservation of the present established basis of compensation for the express privileges the increase in revenue of the Railroad Administration from the carrying of express business on passenger trains will be no greater than the increased revenue paid for transportation of passengers and their baggage and such increase from the express business is just as appropriate and necessary as the increase from the passenger business.

"Another consideration of first importance is that the relatively low rates for transportation of express matter have had the effect of transferring to passenger trains the transportation, as express, of many articles and commodities which ought normally to go by freight. This tendency has been accentuated by the substantial increases recently made in freight rates. The result of this undue transfer of freight matter to passenger trains has been to congest and delay the passenger train service. The proposed increase in express rates will probably fall short of establishing a proper relation between express rates and freight rates and certainly on this account no less increase in express rates than is proposed would be advisable.

"The entire amount of this increase which will inure to the express company is to be used for making necessary increases in wages of express employees. The portion of the increase which will inure to the Railroad Administration will be no more than is needed to provide for heavy increases in operating cost fairly chargeable to the express business."

In substance, the Commission's report, written by Commissioner Clark, on the application of the American Railway Express Company for increases in rates high enough to bring in nearly \$24,000,000, so that it may pay increases in wages amounting to nearly half that sum, is regarded as advice to the Director-General to allow that increase in wages without asking the public to contribute more money, unless he is willing to certify that the \$11,000,000 needed to pay the higher wages would make such a dent in the revenues of the railroads as to make him hesitate. It suggests two methods as preferable to the one suggested by the express company. It gives precedence to the method suggested by the state commissions, which is that of simply changing the percentage of division of the money taken from the public so as to give the express company 54.75 per cent of the total revenue instead of 49.75.

If that method is not acceptable, then it is suggested that there be an increase in rates exactly one-half of that suggested by the express company, with the whole of the resulting revenue going to the express company.

If neither method is acceptable, then it is suggested that the method of raising the revenue put forward by the express company is the one to be used, with its allocation of the burden of the expense to the eastern zones, where the cost of doing business is the heaviest and the rates the lowest.

From the report, however, the reader is forced to infer

that the Commission can see no reason why there should be an increase in express rates, producing a revenue the larger part of which would go into the treasury of the Railroad Administration, which, as pointed out, has not even suggested that more revenue than that afforded by the increases ordained in General Order No. 28 is needed.

The fixed percentage method of dividing revenue between the railroad and the express companies is characterized as "certainly not scientific" because the express company does not pay the railroad company for the service which the railroad performs, upon any demonstrably appropriate basis.

The last paragraph of the report is deemed of considerable significance, because it goes out of the way to touch on something that was not mentioned in the proceedings. It says: "No view as to jurisdiction of the initiation of the proposed rates has been requested or considered, and no opinion on that point is expressed."

Obviously, it is pointed out, somebody in the Commission considered the jurisdictional question long enough to suggest the inclusion of a paragraph which amounts to a reservation of that question against the time when someone will raise it. In doing that the Commission closed the door to a claim that, by passing on the method to increase revenue, it held that the Director-General has the right to initiate the rates suggested by the express company. As a rule a court does not raise a jurisdictional question. It waits for someone who thinks he is about to be hurt to do so. The Commission, however, it is believed, was not content to follow that rule, but thought it desirable to put up a fence for its own protection in the event that, some time hereafter, it cared to undertake to call to account either the express company or the Director-General, in his capacity as a "person (in the language of the act to regulate commerce) engaged in transportation."

The jurisdictional question has been debated among attorneys for shippers and state commissioners. Thus far no one has felt constrained formally to raise it, chiefly because it is admitted that the express companies have been running behind practically all the time since the Commission put them on the zone basis of rates instead of leaving them on the unscientific looking bases which had grown up, just like Topsy.

The gist of the Commission's report and the contention of the state commissioners at the hearing held at the request of the Director-General was that the railroads, since the rates ordered by General Order No. 28 went into effect, do not need more revenue and that it would be foolish to place additional burdens on the public when they could be avoided by simply changing the percentage to be used in dividing the revenue resulting from the joint enterprise between the carrier and the express company. The report is printed in full elsewhere.

Jurisdiction Over Wages, Etc.

In Supplement No. 9 to General Order No. 27, the Director-General gives jurisdiction to the Board of Railroad Wages and Working Conditions to hear complaints from employees of the express company and advise him as to what should be done. The supplement gives the board the same degree of control over wages and working conditions for express employees as it has over the wages of railroad employees. Taken in connection with the utterance of the Director-General in respect to the advance in rates, it constitutes indirect notice that the express company is a system of transportation that has been taken over by the President. The express company, in asking for advanced rates, proceeded on the assumption that it was to make advances to its men. This supplement makes it appear that Mr. McAdoo is going to handle that question himself.

FIFTEENTH SECTION ORDER NO. 870

The Traffic World Washington Bureau.

In fifteenth section order issued October 28, on application of Director Chambers, the Commission gave non-controlled roads the benefits of General Order 28 in so far as joint rates and fares in connection with controlled roads are concerned. Nothing is said in the order about intrastate rates, but inasmuch as controlled roads have applied Order No. 28 intrastate, the inference is that when Director

Chambers publishes joint rates for application via controlled roads the state commissions will be ignored.

The order is issued on condition that in the making of joint rates non-controlled roads will be treated the same as if they were controlled, but this permission is not to be regarded as authorizing cancellation of unused mileage or outstanding tickets. Changes may be made on one day's notice.

The fifteenth section order No. 870, that gives the short lines the benefit of General Order No. 28, is as follows:

The United States Railroad Administration, by Edward Chambers, Director of Traffic, having requested the Commission's approval for filing by all carriers subject to its jurisdiction, on one day's notice, of schedules establishing changes in fares, charges, regulations and practices and new fares, charges, regulations and practices, applying jointly to passenger traffic between points on or via the lines of carriers under Federal control, on the one hand, and points on or via the lines of carriers not under Federal control, on the other hand, as set forth in said application.

It is ordered, That carriers be, and they are hereby authorized, except as otherwise ordered herein, without formal hearing, to make the changes designated below in tariff publications in so far as same result in increases in fares or charges:

(a) Charges in fares or charges, or new fares or charges, that do not exceed the combination of fares or charges on the lines of carriers under Federal control, as authorized in General Order No. 28 of the Director-General of Railroads, and fares or charges on the lines of carriers not under Federal control. In making such changes in fares or charges, and in publishing such new fares or charges, the same general policy will be pursued as in the case of similar fares or charges applying wholly on lines under Federal control, short line fares to be confined to short line routes unless train service and traffic and other conditions and circumstances via indirect routes warrant the application of short line fares via such routes, a margin of 15 per cent of circuitry above the distance via the short line route not to be exceeded in such application unless exceptional circumstances as to train service or other controlling conditions justify a greater degree of circuitry. With the conditions stated in view, the same general policy as to the interchange of passenger traffic with carriers not under Federal control that has existed in the past will be continued, and as far as is possible such lines will be placed on a parity with carriers under Federal control in respect of fares, charges and other tariff conditions.

(b) Cancellation of joint fares or charges via indirect or unused routes. In cancelling such joint fares or charges the general policy will be as set forth in paragraph (a) hereof.

(c) Changes in charges applying for the handling of special cars or special trains, or the inauguration of new charges for handling special cars or special trains.

(d) Changes in routes or honoring conditions in connection with through tickets.

(e) Changes in transfer charges where such charges are changed by the transfer company and it is desired to apply the revised charges to through transportation.

(f) Changes in regulations or practices, or new regulations or practices, that are made effective on the lines of carriers under Federal control and are to be extended to joint passenger traffic with lines not under Federal control, this being desired in order to promote, as far as possible, uniformity in the general conditions under which passenger traffic is handled throughout the country. Changes in regulations or practices contemplated by this paragraph are to be made effective hereunder only in connection with tickets or other forms of transportation reading jointly between carriers under Federal control, on the one hand, and carriers not under Federal control, on the other hand, and not in connection with tickets or other forms of transportation reading locally over the lines of carriers not under Federal control.

It is further ordered, That the authority herein given shall not be construed as permitting the cancellation of any outstanding mileage or other tickets issued in accordance with the provision of tariffs lawfully on file with the Commission and in effect on the date such tickets were sold, nor the redemption of said tickets at a different fare or charge than that provided in said tariffs.

It is further ordered, That said fares, charges, regulations and practices may be established upon not less than one (1) day's notice to the Commission and to the general public by filing and posting in the manner prescribed in Section 6 of the Act to regulate commerce.

And it is further ordered, That the schedules filed under authority of this order shall bear on title-pages thereof the following notation:

Increases provided for in this schedule are filed on 1 day's notice under authority of the Interstate Commerce Commission's Fifteenth Section Order No. 870 of September 26, 1918, without formal hearing, which approval shall not affect any subsequent proceedings relative thereto.

The approval herein given is void if the schedule issued hereunder is not filed with the Commission within six (6) months from the date hereof.

BUILDING OF FREIGHT CARS.

In the seven months' period ending August 31, 4,703 freight cars of various kinds were built in the railroad shops of the country. In the six months' period to the end of June the construction amounted to 4,416. In July 518 were built and in August 769.

SHORT LINE CONTRACT

The Traffic World Washington Bureau.

More than 700 short line railroads of the country are eligible to make contracts with the Railroad Administration under the form of agreement for nominal control made by the Railroad Administration and a committee from the American Short Line Railroad Association during the ten months of their negotiations. Not all the railroads eligible are members of that association, but they will receive the benefits, if they care to make contracts.

It is the attitude of Director-General McAdoo that a short line is more of a liability than an asset. Therefore, he may not be expected to go abroad seeking to compel the short lines to make contracts. It is likely that in negotiations between the Administration and the short lines, the organization of the Short Line Association will be utilized by the Administration so as to make it unnecessary for representatives of the short lines to come to Washington until after they have done, at home, the work necessary to put themselves in position to sign the agreement.

In anticipation of the great amount of work that members will request the association to do for them, President Ird M. Robinson, at the suggestion of the committeemen who have been working on the contract clauses, has appointed regional assistants to the president of the association, with a view to having that preliminary work done without swamping the Railroad Administration. The regional assistants appointed are: L. S. Cass, receiver for the Kansas City Northwestern; W. M. Blount, president of the Birmingham & South Eastern; and Ben B. Cain, vice-president and general manager for the Gulf, Texas & Western.

It is the intention of the association to call meetings of the short line men in the various regions. The country, therefore, has been divided and assigned to the supervision of the elected regional vice-presidents and appointed assistants to the president. Mr. Blount will have charge of South Carolina, Georgia, Florida, Alabama and Mississippi; Mr. Cain of Texas, Oklahoma, Arkansas and Louisiana; Mr. Cass, of Missouri, Kansas, Illinois, Wisconsin, Iowa, North and South Dakota, Minnesota and the upper peninsula of Michigan; Sturgis G. Bates, vice-president and general manager of the Eastern Kentucky, will have charge of Kentucky and Tennessee; T. F. Whittelsey, secretary of the association, will have charge of North Carolina, Virginia, West Virginia and Maryland; President Robinson, of Indiana, southern Michigan, Ohio, and eastern and New England states. Messrs. Cain and Cass, jointly, will have charge of the eleven Pacific states.

The object of this division of the territory is to prevent the waste of time of all concerned, by explaining to the short line men, at regional meetings, the terms of the contract and informing them what must be done before a trip to Washington is either desirable or necessary. There are certain things that must be done before anything can be accomplished at Washington. Before a short line man can be in position to talk contract he must have a list of the division of joint rates; there must be a meeting of his board of directors and his stockholders to authorize negotiations. If there is a receivership, the court and the trust company concerned must be advised and their consent must be obtained. They are absolutely essential precedent things, the performance of which will not be helped by a trip to Washington for talking with the Railroad Administration officials.

The trunk lines, in their negotiations with the Railroad Administration, were represented by a committee from the Advisory Committee of Railroad Executives.

During the two weeks Director-General McAdoo had the contract under consideration he found only two points on which to make changes. The most important, from the point of view of the short lines, was the provision for freedom from per diem payments. That is contained in the sixth section. As written it allowed roads from fifty to one hundred miles long, one day freedom from per diem and for roads of less than fifty miles, two days. He made the allowance two days for roads up to 100 miles in length and nothing for those longer than that, presumably on the assumption that a road having a haul of one hundred miles obtains a division large enough to enable it to pay per diem.

The other change was in the twelfth section. As written, it was an acknowledgment that, for a time, the contracting road was out of federal control. As written the section said the road and properties described "are hereby again brought within the terms and under the control of the said federal control act." As changed, it says they are "fully brought," although there may be some who decline to believe the contract brings a railroad signing it "fully" under the control act.

The contract is satisfactory to the railroad men who formulated it. They are not lawyers, but they believe they have an agreement that saves them from ruin. Under it, as they analyze its provisions, the company continues to operate the property; rates are stabilized, because they are made the same as those on trunk lines; it receives a supply of cars, locomotives and repairs to them; obtains respect for routing instructions or reparation in case they are disregarded; it has its differences with trunk line connections settled by the Interstate Commerce Commission; the right to obtain repairs and supplies at prices made for the Railroad Administration; it has its tariffs published by the trunk line agencies formerly doing that work; it definitely fixes the legal status of the company and makes it immune from judicial sale in event of default, because courts are forbidden to issue writs against roads under federal control and gives it the right to exchange passes with the trunk lines.

Under the eleventh section of the agreement the government reserves the right to take full possession of the property, terminate the contract and make a new one giving the road compensation for the use of its property. The short line, by the terms of the agreement, gets no compensation other than that which it can earn, but the moratorium caused by the prohibition against the issuance of judicial writs will enable those that do not earn a net to remain in existence to the end of the war, at which time if pre-war conditions are restored, the officers can make arrangements to "get along" as they did before the war.

In announcing his approval of the contract Mr. McAdoo said:

"This contract follows the general principles announced by the President at the time he vetoed the short line resolution. It is believed that this will be satisfactory to short line owners and will enable them to continue in operation as successfully as before federal control.

"It provides that until it is necessary for the Director-General to exercise control over the short line roads for war purposes, they are to remain under the management and direction of their owners and are entitled to all the revenues and responsible for all expenses and obligations; that the rates, fares and charges for transportation services performed jointly by the short lines and the trunk lines shall be divided fairly between the Director-General and the company. The arbitraries and percentages of joint rates received by the short lines on Jan. 1, 1918, shall not be reduced, and when joint rates are increased the short lines shall receive their proportion of such increased rate in the same ratio; that the short lines are to receive an equitable allotment of cars (and, where feasible, motive power), and for the equipment furnished by the Director-General they shall pay same rental as the Director-General pays for their equipment used by him, and an allowance of two days' free time on cars for loading and unloading is made on lines of road of one hundred miles in length or less.

"Such arrangement shall be made for the routing of competitive traffic over the short line as will guarantee to it the same amount of competitive traffic as was enjoyed for the average of the three years ending Dec. 31, 1917, and the short line, as far as practicable, is to have the benefit of the purchasing agencies of the Director-General in the purchase of material and supplies, and at the prices paid by him; and have its repairs made at the shops of its connecting lines upon the same terms as was enjoyed before federal control.

"There shall be no discrimination against the company in the matter of publishing tariffs and routing. Short lines will be treated in the same manner as the trunk lines, except that nothing in the contract shall be construed to require the establishment of joint rates where joint rates were not in effect at the beginning of federal control.

"The order of relinquishment issued in June is to be

set aside, and the road restored to federal control on the basis of the contract, and the right is given to the Director-General to take over the operation of the road if in his opinion a war necessity arises.

"The Director-General will formulate definite rules and regulations governing exchange transportation which shall apply to the short lines without discrimination."

The contract is as follows:

This agreement, made this day of 1918, between William G. McAdoo, Director-General of Railroads (hereinafter called the Director-General), acting on behalf of the United States and the President, under the powers conferred on him by the Proclamation of the President, hereinafter referred to, and the Company, a corporation duly organized under the laws of the state (s) of (hereinafter called the Company):

Witnesseth that—

(a) Whereas, by a Proclamation dated December 26, 1917, the President, acting under the powers conferred on him by the Constitution and Laws of the United States, by virtue of the joint resolutions of the Senate and House of Representatives bearing date April 6 and December 7, 1917, respectively, and particularly by virtue of Section 1 of the Act of Congress approved August 29, 1916, entitled "An Act making appropriations for the support of the Army for the fiscal year ending June 30, 1917, and for other purposes," took possession of and assumed control at 1 o'clock noon on December 28, 1917, for war purposes of certain railroads constituting a system or systems of transportation (not including the railroad of the Company described herein), and appointed W. G. McAdoo, Director-General of Railroads; and

(b) Whereas, the Act of Congress called herein the Federal Control Act, approved by the President March 21, 1918, brought under Federal Control the railroad hereinafter described under the following provision: "That every railroad not owned, controlled or operated by another carrier company, and which has heretofore competed for traffic with a railroad or railroads of which the President has taken the possession, use and control, or which connects with such railroads and is engaged as a common carrier in general transportation, shall be held and considered as within 'Federal control,' as herein defined, and necessary for the prosecution of the war, and shall be entitled to the benefit of all the provisions of this Act;" and

(c) Whereas, by Proclamation, dated March 29, 1918, the President, pursuant to said Federal Control Act, authorized the said W. G. McAdoo, as Director-General, either personally or through such divisions, agencies or persons as he may appoint, and in his own name or in the name of such divisions, agencies or persons, or in the name of the President, to make with the carriers, or any of them, such agreements as may be necessary and expedient respecting any matter concerning which it may be necessary or expedient to deal and to make any and all contracts, agreements or obligations necessary or expedient in connection with the Federal control of such railroads as fully in all respects as the President might do.

Now, therefore, the parties hereto, each in consideration of the agreements of the other herein contained, do hereby covenant and agree to and with each other as follows:

Section 1. (a) This agreement shall be binding upon the United States, the Director-General and his successors, and upon the Company, its successors and assigns; and

This agreement shall not be construed as creating any right, claim, privilege or benefit against either party hereto in favor of any state or any subdivision thereof, or of any individual or corporation other than the parties hereto.

(b) Wherever in this agreement the words "Director-General" are used they shall be understood as designating William G. McAdoo, or such other person as the President may from time to time appoint to exercise the powers conferred on him by law with relation to Federal control.

Section 2. The Company's said railroad affected by this agreement shall be considered as including the following roads and properties:

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.....
.....

Section 3. (a) The Company accepts the terms and conditions of said Federal Control Act and the terms of this agreement, and expressly accepts the covenants and obligations of the Director-General in this agreement set out and the rights arising thereunder in full adjustment, settlement, satisfaction and discharge of any and all claims and rights, at law or in equity, which it now has or hereafter can have against the Director-General of Railroads, or against the United States by virtue of anything done or omitted, pursuant to said Act or by virtue thereof.

This is not intended to affect any claim said Company may have against the United States for carrying the mails or for other services rendered not pertaining to or based upon the Federal Control Act.

(b) The Company, on its own initiative or upon the request of the Director-General, shall take all appropriate and necessary corporate action to carry out the obligations assumed by it in this agreement or lawfully imposed upon it by or pursuant to the Federal Control Act.

Section 4. It is expressly agreed and understood that the possession and use of the railroad property herein described subject to the right to the Director-General to take the said property into actual possession as hereinafter provided, as a war emergency, shall remain in the Company, and the Company shall continue to operate the same, and all revenues accruing from the operation thereof shall belong to the Company, and all expenses arising out of or incident thereto, and all taxes of whatsoever character imposed therein, or upon the Company, shall be paid and borne by the Company, it being expressly agreed that unless and until the Director-General shall as a war necessity take over the actual possession and operation of said railroad, that he assumes no obligation for the payment

of any expenses or charges in connection therewith, nor of any risk or accident in connection with the operation or control of said property.

Section 5. All rates, fares and charges for transportation services performed jointly by the Company and any transportation system in the possession of, and operated by, the Director-General, shall be divided fairly between the Director-General and the Company. It is agreed that the arbitraries and percentages of joint rates, both passenger and freight, received by the Company as of January 1, 1918, shall not be reduced, and whenever joint rates have been or shall be increased, the Company shall receive as its proportion of such increased joint rates amounts in the same ratio as its arbitraries or percentages bore to the joint rates before they were increased.

Section 6. The Company shall receive an equitable allotment of the cars (and, where feasible, motive power) in the possession or under the control of the Director-General. For the equipment thus furnished it shall pay the per diem rentals now in effect or as they may be established from time to time by the Director-General, and like rentals shall be paid by the Director-General to the Company for any of the Company's equipment used by him. Provided, however, that there shall be a time allowance on roads one hundred miles or less in length of two days.

Section 7. Such arrangements shall be made for the routing over the Company's line of competitive traffic as shall insure to the Company in any month the same proportion of such competitive traffic as it had of the total of such traffic for the average of the three years, counting the fiscal years of 1915, 1916 and 1917, taking into account both class and quantity of tonnage, it being understood and agreed that if in any month such proportion of competitive traffic delivered to the Company shall be less than that based on the average for the three year period, that the Director-General will, within 60 days after the close of any such month, deliver such additional amount of competitive traffic as shall make up the required amount.

Section 8. If differences arise as to any matter arising under this contract, either party may refer the question to the Interstate Commerce Commission, and its decision shall be final and binding.

Section 9. The Company shall have the right to use, so far as practicable, the purchasing agencies of the Director-General in the purchase of materials and supplies at the prices which the Director-General shall pay therefor, and have its repairs done in the shops of its connecting lines to the same extent and upon the same terms as was enjoyed before Federal control; where roads have heretofore not had the repairs done at the shops of the connecting line, but at private shops which have since been closed, they may have their repairs done at the shops of the connecting line upon fair terms.

Section 10. There shall be no discrimination against the Company in the matter of publishing tariffs and routing. In all publication of rates, tariffs and routing, covering the territory in which the Company's road is situated, the Company shall be treated in the same manner as the trunk lines, except that nothing in this section shall be construed to require the establishment of joint rates where joint rates were not in effect at the commencement of Federal control.

Section 11. It is expressly agreed that if in the opinion of the Director-General of Railroads, a necessity shall arise making it necessary or desirable for any purpose connected with the war, for the Director-General to take into his own hands the possession, control and operation of said railroad and the properties herein described, he shall have the right to do so. In such event this contract shall be terminated and a new contract made providing for the payment of compensation as provided by the Federal Control Act; or if it becomes necessary in his opinion to issue any orders or directions to said Company affecting the movement of troops or war supplies, said Company shall obey such orders or directions.

Section 12. In view of the foregoing covenants and agreements, and subject thereto, the order of relinquishment issued on the day of June, 1918, is hereby rescinded and set aside as of the date when the same was issued; and the said railroad and the properties herein described are hereby fully brought within the terms and under the control of the said Federal Control Act, the same in all respects as if the said order of relinquishment had not been issued.

Section 13. The Director-General will formulate definite rules and regulations governing exchange transportation, which rules and regulations shall be made applicable to the Company without discrimination.

SCALE FOR LIGNITE

The Traffic World Washington Bureau.

The Railroad Administration has authorized the publication of a scale for lignite from mines in North Dakota to destinations in South Dakota and Minnesota the same as the scale applicable on the same commodity in Texas. It begins with a rate of fifty cents for the first twenty-five miles, with ten cents added for each twenty-five-mile step up to 350 miles and then ten cents for each fifty-mile step thereafter.

This matter has been hanging fire for a long time. In February, Senators Nelson and McCumber took it up with the traffic officials. The senators claimed to have received a promise of immediate action, but if they had what they thought they had the authorization of the scale was not forthcoming until a short time ago. Then the traffic officials said they would put in the Texas lignite scale, which was lower than that in use in North Dakota, if the rates were satisfactory to the South Dakota and Minnesota commissions. Inquiry was made of them. When they assented the western traffic committee was instructed to prepare the necessary tariffs.

The Open Forum

A Department for the Discussion by Patrons and Friends of THE TRAFFIC WORLD of Transportation Questions of Interest to Traffic Men Who Keep in Touch With the Times—Contributions are Welcomed

EXPRESS SERVICE DUPLICATION

Editor The Traffic World:

Referring to the statement of President Taylor during the express rate hearing in The Traffic World of October 12, 1918, regarding the economies resulting from the consolidation

We wish to say that there seems to be something lacking in the system of delivery in Los Angeles, and it is probably the same in other cities. We have on an average of about five deliveries per day and each wagon will deliver from one to three packages, including a delivery between the hours of 5 and 6 p. m.

We do not understand why these loads cannot be consolidated and thereby eliminate a great deal of uncalled for expense. We also know of some districts in the downtown section where two or three wagons will make pickups in the same block at about the same time.

We can see no just reason for the delivery between 5 and 6 p. m., as the goods are received too late that day for sale and could be delivered the following morning.

We believe that an investigation should be made relative to this duplication of service such as exists in this particular case, before any advance should be allowed in rates.

Frank J. Hart,
Southern California Music Co.
By A. C. Thompson,
Traffic Manager.

Los Angeles, Cal., October 19, 1918.

CONSERVATION OF PAPER

Editor The Traffic World:

I notice in your issue a short paragraph about conservation of paper. As there should be conservation in nearly all lines of business, why not have a conservation in Sunday newspapers? We have to conserve on gasoline on Sundays to help win the war. Now the Sunday newspapers are too per cent trash and most of the Sunday papers are printed through the week and consist of comic pictures, patent medicine advertisements, society news, scandals, fiction, sporting news, etc., which the public can get along without so why wouldn't it be a good idea to discontinue publishing Sunday papers for a while? People would then go to church or read the Bible in place of cheap advertisements mentioned above.

Milwaukee, Wis., October 16, 1918. Geo. H. Wilbur.

ROUTING VIA A SHORT LINE

Editor The Traffic World:

Permit me to refer you to editorial appearing in The Traffic World, Saturday, October, 19, under the heading, "Announcing the Obvious," especially to the second paragraph thereof wherein you state, among other things, that "the railroad receiving the car chooses to send it by some other route, the shipper cares nothing. He is interested only in the rate."

I am satisfied you have not intentionally tried to increase the burden of released short lines, but, nevertheless, your statement is misleading and quite likely to have this effect for the reason that a shipper rarely designates routing via a short line for the benefit of securing a lower rate. He designates "short line" routing because the short line has probably solicited the business or because either the shipper or the consignee has instructed that such short line receive a haul on the traffic, and the consignee or the shipper, or both, as well as the short line interested, are all desirous that the traffic move as routed by the shipper. Your statement that the shipper "is only interested in

the rate" is not true and by no means fair to the non-controlled short lines, especially at this time, when the solicitation by such lines, under present working arrangements, is very frequently interfered with. Furthermore, and reverting to the first paragraph of your article, permit me to state that as one fully appreciating the difficulties under which relinquished short lines are working at this time, the circular referred to (which, I take it, is that issued by Regional Director Markham, appearing on page 760 of this issue) is not only a direct expression from the Railroad Administration of its desire to be fair in every respect with such released properties, but is also of inestimable benefit in connection with the working conditions of such released properties at this time, owing to the wide distribution given it to railroad people and the shipping public alike.

The point I want to bring out is that up until recently it was generally supposed that government-controlled lines had the authority, when they saw fit to do so, to divert tonnage away from non-controlled lines regardless of the fact that the bills of lading and the waybilling carried specific routing via such short line, and as the short lines live on the results of their own efforts in this direction, it has naturally had the effect of diverting from such lines a considerable volume of traffic; consequently, the issuance of Regional Director Markham's circular, which has been reproduced by Regional Director Bush, in connection with the protection of short lines in this respect, clears up any misunderstanding as to the Administration's desires with reference to this feature.

G. L. Oliver, G. F. & P. A.,
Ft. Smith & Western R. R. and St. Louis, El Reno & Western Ry.
Ft. Smith, Ark., October 29, 1918.

RATES IN SOUTHWEST

The following letter, which is self-explanatory, is written under date of October 26, to the Director-General of Railroads by Gregory & Beals of Little Rock, Ark.:

"It has come to our attention that the Shreveport Chamber of Commerce has filed with you resolutions wherein they are objecting to any rate adjustments in the southwest at the present time, on the grounds that they fear any changes in the present rate structures will tend to unsettle business conditions and imperil that confidence necessary to the maintenance of financial integrity and seriously crippling its ability to subscribe to the government calls in the future.

"We wish to protest against the matters and conditions subscribed to by the Shreveport Chamber of Commerce, as being entirely at variance with the facts and conditions obtaining in Arkansas, and especially in the southern part of the state bordering on Shreveport-Texas territory.

"The rate adjustments in Arkansas, at the present time, discriminate unjustly against the smaller jobbing centers and in favor of Pine Bluff, Little Rock, Texarkana and Fort Smith. The Interstate Commerce Commission has already said in the Memphis case that the rates to southern Arkansas are unjustly discriminatory. This case, however, has been indefinitely postponed and the discriminations have not been removed.

"At the present time we have petitions before the St. Louis District Freight Traffic Committee asking for readjustments of the general commodity rates and grain and grain products rates from Kansas City, St. Louis, New Orleans, etc., to Arkansas points. In these cases we are not asking that undue advantage be given any particular shipper, city or locality, but that all be given equal rates mile for mile, preferential rates for none.

"If any shipper, city or locality is enjoying preferential

rates over its competitor, such discrimination should be removed at once. The ironing out of maladjustments in freight rates at this time should rather have the effect of stabilizing business and enable our shippers to meet the calls of the government to a greater extent, rather than limiting their efforts, as intimated by the Shreveport Chamber of Commerce.

"Where there are unjust discriminations in freight rates they should be removed and we sincerely trust that the Railroad Administration will not take any action that will deprive the shipper from bringing these matters to the attention of the Administration, and where such unjust discrimination is shown to exist, that immediate relief be given."

TICKET-SELLING SCHOOL

A new method of training ticket agents has been employed at the LaSalle Extension University, which received word from Washington several months ago that railroad ticket sellers would not be exempt and that women would replace them as the men were drafted. It immediately started resident classes for women ticket sellers. Two day classes and one night class were opened in the midsummer and completed in October. About fifty students in all were accepted for training. They averaged around thirty years of age. Some of them had had considerable business experience.

The work was conducted by Perry A. Marr. He began his railroad career as a clerk in the general passenger office of the Illinois Central Railroad; from that he was promoted to city passenger and ticket agent at Cincinnati. For four years he covered the Cincinnati territory as traveling passenger agent. His next move brought him the title of district passenger agent of the Illinois Central, in which capacity his territory was enlarged to include Cleveland and Pittsburgh, as well as Cincinnati. The next promotion brought him back to Chicago, where he remained as division passenger agent until, after eighteen years of practical railroading, he joined the staff of the LaSalle as instructor of passenger traffic.

For the practical teaching of the work, a complete ticket office, with tickets, case and counter, was installed. Official guides, local, interdivision and joint tariffs were obtained in sufficient numbers so that each student had one of each in class, in addition to an Official Guide for home study.

It is generally believed that the average woman has a poor sense of direction. The first two weeks were devoted entirely to railroad geography and time-tables. First, the initial lines through the various gateways were taken up; then schedules and equipment to and through the gateways; and later, connecting lines and through schedules and equipment. Special attention was paid the student in connection with the importance of correctly reading the characters in time-table work, such as "Daily except Sunday," "Sunday Only," "Special Stops," etc.

The next subject was rates, and it was treated in the following order, war tax being included in each case: Local—local interdivision, ditto with surcharge through and to junctions; interline—coach, with surcharge through and part way; combination fares—local and interline; special fares; Pullman fares; war tax minimums for section, drawing-room, etc.

In order that the student might visualize the various roads and gain a better knowledge of junctions, skeleton maps of the United States and Canada, with only outlines of state borders, were furnished. Routings as shown in Chicago sheet to farthest destinations east, west, north and south were traced and junctions filled in. Thus each student virtually made a railroad map and at the same time acquainted herself with permissible routings and intermediate junctions.

A stock of local, interline and Pullman tickets was obtained over eastern, southeastern, western, southwestern and northwestern roads and were taken up in the same order as rates.

Some of the students were frequently called on to go behind the counter and issue tickets to various destinations. In the meantime the remainder of the class also figured and checked the rates. On completion, the tickets were examined for error and then passed on for inspection by the class.

To keep up in time-table work, students were required to look up at home schedules to a number of the destinations that tickets were sold to in class and over various routes.

Ticket accounting as it is done by some representative roads was demonstrated, but this was not given as much time as most of the other subjects.

Last but not least, deportment and personal appearance was treated through the entire course as a subject of importance to the success of the future ticket agent.

It is the instructor's belief that women ticket sellers will make good.

PRESS AGENT STUFF

(Continued from page 836)

think that government ownership has changed railroad employes into a gang of thugs. We think they are much as they were before—some of them gentlemen and some of them not—but we do believe that the tendency of taking the roads out of private hands and out of competition is to alter to an appreciable extent, perhaps not the courtesy of railroad employes, but the attention such of them as come in contact with the public give to patrons. This is for the simple and economically sound reason that the desire to get new business and retain old customers is the controlling motive for the attention a seller bestows on a buyer or a prospective buyer, and without the factor of competition that reason vanishes. This condition can be affected to some extent by the efforts of the "higher ups" if they keep everlastingly at it and make the desired policy fully understood, but it can never be entirely overcome. Good service is attendant on competition.

We think Mr. Price is unfair in what he says as to some people forgetting the exigencies of war, assuming that the government is omnipotent, and being disposed to be more, rather than less, exacting in demanding perfection of service from the railroads under government control. If he means by "some people" the small minority that is always in evidence on any side of any question, then what he says is within the bounds of truthfulness, but if he means to convey the idea that there is any considerable portion of the public that takes that attitude, we say he is wrong. It has been our experience that the public has borne cheerfully, as it ought to bear, the inconveniences in transportation, as in other conditions caused by the necessities of war, and that this forbearance, as far as the railroads are concerned, has extended not only to inconveniences that are necessary, but also to those that seem entirely unnecessary. Indeed, one hardly ever hears a complaint from a traveller on a train that some other does not rise to explain that this is a time of war and that discomforts are to be accepted cheerfully. Such dissatisfaction as exists in any appreciable quantity, we have observed, is based entirely on the ills that sober and reasonable thought find to be unjustifiable, even on account of the war.

Legal Department

In this department a legal expert answers simple questions relating to the law of interstate transportation of freight. Readers desiring special service by immediate answer may obtain privately written answers to their inquiries by the payment of a small fee.

Address Legal Department, The Traffic Service Bureau, Colorado Building, Washington, D. C.

Filing Suit Conditioned on Filing Claim.

Michigan.—Question: Please advise the following: If a shipment is delivered in bad order, or upon arrival a shortage is found to exist, and notation on expense bill shows shipment received in bad order, or short, and the consignor or consignee proceeded to trace shipment, but after a diligent effort to have shipment delivered, failed to do so, and during the time that shipment was being traced the expiration of the four months' time as allowed on the bill of lading for filing claims expired, carrier thereupon refused to accept claim, referring to that clause of contract; would not complainant be entitled to privilege of filing suit in any court within two years from time of loss or injury to shipment?

Answer: The uniform bill of lading provision is that claims for loss or damage must be made in writing within six months after delivery of the property, and that suits shall be instituted only within two years and one day after delivery. It will be noted that the phraseology is that the owner must do two things; first, give notice in writing, and, second, bring suit within two years and one day. Where suit is brought, the right to do so is a condition precedent to a compliance with the stipulation that the claim for loss or damage has been filed in writing within six months. *Hirschberg vs. Dinsmore*, 12 Daly (N. Y.) 429.

The purpose of filing a notice of claim is to apprise the carrier that the goods have been lost or damaged, and to afford him an opportunity to make an investigation and determine for himself the conditions under which the loss or injury occurred, and his liability for the same. While the purpose for requiring the suit to be brought within two years and one day is to prescribe a time in which the remedy shall be limited—it simply prescribes a period of limitation that affects the remedy, and not the merit of the claim. In the case of *Adams Express Co. vs. King*, 3d Ill. App. in an action to recover for the loss of a package, to which the company pleaded that plaintiff had not complied with a condition of the contract providing that the company should not be liable unless claim be made within 30 days after the loss, the court said that the plea was sufficient, though it did not allege that the condition was known and assented to by plaintiff. Formerly the courts held that when the carrier consumed time in tracing the shipment, prior to the time that its exemption from liability had attached and become a vested right by reason of the failure of the owner to present claim, that such delay would extend the time for the shipper to file his claim. But under the act to regulate commerce, the courts and the Commission held that the stipulation must be strictly adhered to, and that the shipper must file his claim within the stipulated time, and that the carrier cannot waive the same.

Two Smaller Cars in Lieu of One Larger Car Ordered.

N. C.—Question: Car order placed with transportation company for car 36 ft. long, standard inside dimension, which is 8 ft. 6 in. x 18 ft., for shipment of carload of finished material for Newark, N. J., taking 24,000-pound minimum. Transportation company failed to furnish 36-ft. car as ordered, but instead placed a smaller car; this smaller car we loaded to full visible capacity, but only able to get into car net weight of 28,100 pounds. Would we not have recourse by claim for refund of the difference in the actual weight of 28,100 pounds contained in car loaded to full visible capacity as against the minimum of 24,000 pounds for such shipment, which minimum weight we could have gotten into car if furnished as ordered?

Answer: On the facts submitted it would appear as if the "2 for 1" rule applied on the shipment above described. This rule is announced by the Interstate Commerce Commission in rule 339, Conference Rulings Bulletin 7, as follows:

"That the act of a carrier in furnishing two smaller cars in lieu of the larger car ordered by a shipper under appropriate tariff authority is binding, at the rate and minimum applicable to the car ordered, upon all the carriers that are parties to the joint rate under which the shipment moves from the point of origin; the shipper is entitled to all privileges in transit, to reconsignment and to switching at the same charges as would be applicable under the joint tariff had the shipment been loaded into one car of the capacity ordered; and demurrage charges likewise accrue on that basis. If the shipment goes beyond the point to which the joint rate applies, the connecting line or lines are entitled to and should collect their transit, reconsigning, switching and demurrage charges as provided in their own tariffs. In all cases the initial carrier will be liable for such additional charges as may be imposed on the shipper by reason of its failure to furnish a car of the capacity ordered."

If the carrier fails to provide in its tariff a rule to the effect that when a larger car is furnished in lieu of a smaller car ordered, charges shall be assessed on the marked capacity of the car ordered, its action would be unjust and unreasonable and the Commission could allow reparation. *Cutler-Magner Co. vs. M., St. P. & S. S. M. Ry.*, 47 I. C. C., 250.

Freight on Duplicate Shipment.

Michigan.—Question: A carload of hollow building tile in interstate movement damaged in transit through causes for which carrier admits liability. To complete structure for which tile was purchased it is necessary to replace portion of tile, which was done at L. C. L. rate and charges prepaid. Claim made on basis of cost of material plus freight on replacing shipment declined by carrier, who uses this language: "Our general attorney advises us that we cannot legally refund this amount * * * and that all we can pay is the value of the material, plus the portion of the freight charges based on the carload rate from origin to destination."

This would leave us outstanding the difference between the L. C. L. and C. L. rates on the replacing shipment, which is more than the value of the material, in most instances. Will you kindly define measure of damage we can collect in an early issue?

Answer: Formerly the courts held that recovery for loss or injury to goods should be based on their value at destination and, in such circumstances, freight charges not paid were deducted, while, if they had been paid, the plaintiff could not recover the amount so paid in addition to the value of the goods. *Michie on Carriers*, Volume 1, section 1073. In the case of *Lago Marsino vs. Pacific Alaska Navi. Co.*, 170 Pac. Rep. 368, the Supreme Court of the state of Washington said that in fixing the measure of damages, freight charges should be deducted from the value of the goods at the time and place of delivery, if due and unpaid. So that a carrier was entitled to its full charge on lost or damaged shipments, although occurring through the fault or negligence of the carrier.

But now by contract the amount of any loss or damage for which the carrier is liable is computed on the basis of the actual value of the property at the place and time of shipment, including the freight charges, if paid. Thus the present bill of lading places the value at point of shipment, and includes the freight charges. If paid, or, if not paid, does not permit the carrier to deduct them from the value of the goods. But if the shipper entered into a contract of affreightment with the carrier on the basis of limiting the carrier's liability for loss or damage to the value of the property at the place and time of shipment, this would be the amount to which the carrier is liable, plus prepaid freight charges on the shipment covered by such bill of lading. The contract not providing that the carrier will replace the portion of a damaged shipment and carry it free of charge, and assuming that it has not provided such a rule in its published tariff, it is not legally responsible for the difference between the L. C. L. and C. L. rates on the replacing shipment, and its obligation is merely to pay the value of the damaged shipment plus the portion of the freight charges accruing thereon based on the carload rate from point of origin to destination.

Freight Allowance on Shipments Returned for Repairs

W. Va.—Question: In July, 1917, we had shipped from Schenectady, N. Y., three generators, consigned to our customer at Mount Vernon, O., same to be placed on shaft

for our gas engines at that point and then forwarded, with the machinery complete, to us at Charleston, W. Va. The shipment arrived at Charleston in a damaged condition. We immediately forwarded the damaged parts to Schenectady, N. Y., as that was the only point at which shipment could possibly be repaired.

After repairs were made and shipment returned to us we filed claim against the railroad company for damages to generators, plus freight charges to and from Schenectady, N. Y. The railroad pays claim for damage, but declines freight charges, stating that they are willing for us to amend claim on basis of freight to and from Mount Vernon, O., quoting us the following:

"Item No. 2070, Eugene Morris, Freight Tariff No. 130-J, exceptions to Official Classification as follows: 'If damaged while in transit and when returned to original point of shipment on lines of railroad named in tariffs as issuing carriers, such property would be carried free by these companies to point of shipment, or to such junction point

of shipment, provided it is returned by the route and line over which shipment originally moved.'"

We are outstanding freight charges to and from Schenectady, N. Y. Are carriers liable for charges incurred over and above Mount Vernon, O., rate?

Answer: In the absence of tariff regulation above quoted, a carrier would not be liable for any freight charges incurred by reason of returning the shipment for repairs. See our answer to "Michigan," above published.

By reason of the tariff regulation duly published by the carrier over whose line the particular shipment moved, the free transportation is expressly restricted to shipments returning from original destination, or junction point thereof, to original shipping point and over the route and line over which it originally moved. As a carrier cannot deviate from its strict compliance with published regulations, it follows that the free transportation applies only from Mount Vernon, O., the original destination, to Schenectady, N. Y., and return, and this rule and practice are in conformity with the Interstate Commerce Commission's ruling on this point.

Loss and Damage Decisions

Cases Recently Decided by State and Federal Courts

(Digests taken from Reporters and Digests of National Reporter System, published by West Publishing Co., St. Paul, Minn. Copyright, 1918, by West Publishing Co.)

TRANSPORTATION AND DELIVERY BY CARRIER.

Refusal by Consignee:

(Ct. of App. of Ga.) Upon the consignee's refusal of a shipment, it becomes the duty of the carrier to notify the shipper as to the refusal, and to hold the goods subject to the shipper's orders. *American Sugar Co. vs. McGhee*, 96 Ga. 27, 21 S. E. 383. The mere fact that the consignee, upon rejecting the shipment, might have given verbal directions for their return to the consignor, would not alter the rule or amount to a ratification by the consignee of the terms of the bill of lading under which the rejected goods were moved.—*Cincinnati, N. O. & T. P. Ry. Co. vs. Malsby Co.*, 96 S. E. Rep. 710.

LOSS OF OR INJURY TO GOODS.

Released Rate:

(Sup. Ct. of S. C.) Where jeweler, returning diamonds to company which had submitted them for inspection, filled in receipt of express company, excepting rate and agent's signature, agent inserting rate, signing receipt, delivering it, and receiving package, acceptance of receipt by jeweler made its provisions binding upon him.—*Tribble vs. Southern Express Co.*, 96 S. E. Rep. 712.

Agreed Value:

(Sup. Ct. of S. C.) Where express company's receipt stated that, if value was more than \$50, etc., it must be stated in writing, and excess charges paid, contract for shipment, made by acceptance of receipt, was for limited liability within law, and recovery against company must be limited.—*Tribble vs. Southern Express Co.*, 96 S. E. Rep. 712.

Presumption:

(Sup. Ct. of S. C.) In action against express company for loss of diamonds, it must be presumed company was conducting its business according to acts of Congress regulating interstate commerce.—*Tribble vs. Southern Express Co.*, 96 S. E. Rep. 712.

In action against express company for loss of diamonds, in absence of contrary evidence, court must presume from certificate of secretary of Interstate Commerce Commission that company's tariff was legally in effect.—*Ibid.*

Cummins Amendment:

(Sup. Ct. of S. C.) Under act Cong. March 4, 1915, where diamonds were shipped by express, wrapped to conceal them from view, and carrier was not notified of character of goods, it was not liable for loss beyond amount stated as value by shipper, by acceptance of a receipt limiting value and by obtaining a corresponding rate.—*Tribble vs. Southern Express Co.*, 96 S. E. Rep. 712.

Cummins Amendment. Notice of Claim:

(Sup. Ct. of N. C.) Act Cong. March 4, 1915, c. 176 amendatory of the Carmack amendment, and containing the Cummins amendment to the interstate commerce act, as amended (U. S. Comp. St. 1916, 8592, 8604a), deprives an initial carrier of any defense which might arise from the shipper's failure to give notice of claim, where the loss and damage complained of arose from the negligence of a connecting carrier.—*Mann vs. Fairfield & E. C. Transp. Co.*, 96 S. E. Rep. 731.

CHARGES AND LIENS.

Time to Sue:

(Ct. of App. of Ga.) Since no limitation of time for the bringing of actions by carriers for the collection of freight charges in interstate shipments is prescribed by act of Congress, the statute of limitations of the particular state must govern and control in such cases (*South Georgia Railway Co. vs. South Georgia Grocery Co.*, 17 Ga. App. 349, 86 S. E. 939); and since liability of the shipper or the consignee for such charges arises by virtue of an expressed or implied promise to pay, and not merely by operation of law, the law of this state governing the limitation of actions under statutory rights (Civ. Code 1910, 4360) is not applicable.—*Cincinnati, N. O. & T. P. Ry. Co. vs. Malsby Co.*, 96 S. E. Rep. 710.

While a bill of lading issued by a common carrier is a "contract in writing," within the meaning of section 4361 of the Civil Code (1910), and as such is binding, not only upon the carrier and the shipper, but upon the consignee as well, when the latter ratifies its provisions by taking possession of the goods shipped thereunder (*Seaboard Air Line Railway vs. Luke*, 19 Ga. App. 100 S. E. 1041), still, where an action by a carrier against a consignee for freight, storage, and demurrage is shown to have been commenced more than four years after the refusal of the shipment by the consignee, the suit is barred, under the provisions of section 4362 of the Civil Code (1910).—*See Central of Georgia Ry. Co. vs. Eatonton Lumber Co.*, 14 Ga. App. 302, 80 S. E. 725 (2).—*Ibid.*

SEMI-MONTHLY PAY

The Traffic World Washington Bureau.

Director-General McAdoo has asked all railroads under federal control to arrange their pay-rolls so that, not later than January 1, all men will be paid semi-monthly. About half of them are now paid on a monthly basis, the twice-a-month plan now being in effect, due to state laws, in approximately half of the country.

Miscellaneous Traffic Decisions

Cases Recently Decided by State and Federal Courts

(Digests taken from Reporters and Digests of National Reporter System, published by West Publishing Co., St. Paul, Minn. Copyright, 1918, by West Publishing Co.)

REGULATION OF COMMON CARRIERS.

Published Rates:

(Dist. Ct., W. D., Pa.) Rates of a railroad company, which conform to its published tariffs, cannot be contested in the courts as unreasonable.—*Baltimore & O. R. Co. vs. Carnegie Steel Co.*, 251 Fed. Rep. 682.

Right of Carrier:

(Dist. Ct., W. D., Pa.) It is not a defense, to a suit by a railroad company to recover its established rates for transportation of slag, ashes and other refuse delivered on private sidings "for wasting for the plant," that some of such material may have been used by the company for ballast.—*Baltimore & O. R. Co. vs. Carnegie Steel Co.*, 251 Fed. Rep. 682.

Common Carrier:

(Sup. Ct. of Ill.) A "common carrier" is one undertaking for hire to transport from place to place the goods of such as choose to employ it; and a railroad corporation exercising all its franchises is a common carrier.—*Kenna vs. Calumet H. & S. E. R. Co.*, 120 N. E. Rep. 259.

Transportation:

(Sup. Ct. of Ill.) Railroads are bound to receive and transport all goods which may be offered to them for that purpose, though they are not bound to receive goods at places on their line where they have no facilities for doing so.—*Kenna vs. Calumet H. & S. E. R. Co.*, 120 N. E. Rep. 259.

The law authorizes the incorporation of railroad companies for no other purpose than the carriage of goods and passengers, and their other powers are all incidental to such purpose, and they are not mere private corporations, but their franchise, together with all the other property, is affected with a public interest, and they are quasi public corporations which must devote all their property to the use of the public, and, in view of their power

of eminent domain, they cannot be organized for the purpose of private transportation, and the fact that a railroad's facilities are limited so as to enable it to serve only a few or only a single customer, does not change its character, as it is the right of the public to use the road and demand services, and not the extent of the business that determines its character.—*Ibid.*

Plant Facility:

(Sup. Ct. of Ill.) A railroad, organized under the general railroad act, which operated about five miles of switch tracks of standard gauge within the plant of a coke corporation partly included within a fence inclosing the corporation's plant and connected with delivery tracks, and whose only business was in switching cars for the coke corporation between its plant and the delivery roads, and which through its connections was bound to receive from and deliver to the coke corporation cars consigned to or shipped by it over four different railroads to and from points within and without the state and which received pay for such services as a part of the general freight rate paid by the shipper for the whole carriage, was not a mere facility of the coke corporation, but was a common carrier, engaged in interstate commerce and subject to the federal safety appliance act (act March 2, 1893, c. 196, 27 Stat. 531 (U. S. Comp. St. 1916, 8605-86-12)).—*Kenna vs. Calumet H. & S. E. R. Co.*, 120 N. E. Rep. 259.

Through Rates:

(Sup. St. of Ill.) The fact that under its discretionary power over joint rates the Interstate Commerce Commission may have refused to allow the railroad company to participate in the through rates, because such participation would create an unjust discrimination, did not establish that the company was not a common carrier within the meaning of the federal safety appliance act.—*Kenna vs. Calumet H. & S. E. R. Co.*, 120 N. E. Rep. 259.

Shipping Decisions

Cases Recently Decided by State and Federal Courts

(Digests taken from Reporters and Digests of National Reporter System, Published by West Publishing Co., St. Paul, Minn. Copyright, 1918, by West Publishing Co.)

Limitation of Liability:

(Dist. Ct., S. D., New York.) In a proceeding for limitation of liability on account of the loss of the British steamship *Lusitania*, which was torpedoed by a German submarine without warning, held, that the equipment of the vessel, the navigation and the launching of the lifeboats showed no negligence, so that passengers had no claim against the owner.—*The Lusitania*. Petition of Cunard S. S. Co., Limited, 251 Fed. Rep. 715.

The act of the German submarine commander in sinking the *Lusitania*, an unarmed British passenger vessel, without warning and without making any provision for the safety of passengers and crew, was illegal, being in violation of the laws of nations recognized by all civilized powers, and recognized even by Germany prior to the sinking of the *Lusitania*; hence the owners are in no way liable for the death of passengers.—*Ibid.*

Duty of Commanding Officer:

(Dist. Ct., S. D., New York.) It is a fundamental principle in navigating a merchantman, whether in peace or war, that the commanding officer be left free to exercise his own judgment.—*The Lusitania*. Petition of Cunard S. S. Co., Limited, 251 Fed. Rep. 716.

Proximate Cause:

(Dist. Ct., S. D., New York.) It is an elementary principle of law that, even if a person is negligent, recovery cannot be had, unless the negligence is the proximate cause of the loss or damage.—*The Lusitania*. Petition of Cunard S. S. Co., Limited, 251 Fed. Rep. 716.

Even if negligence is shown, it cannot be deemed the proximate cause of loss or damage, if an independent illegal act of a third party intervenes to cause the loss.—*Ibid.*

Acceptance of Cargo:

(Dist. Ct., D., Mass.) Consignees, accepting a cargo of coal under a bill of lading making detailed provisions as to demurrage, are bound by its terms.—*Davis et al. vs. Garfield & Proctor Coal Co.*, 251 Fed. Rep. 743.

Delay in Unloading:

(Dist. Ct., D., Mass.) Under a bill of lading establishing a daily rate of discharge, with demurrage if unloading is not completed within time so limited, and doubling rate in case other vessels be given preference, the consignee may direct discharge at a single wharf, or in a specified berth at a large wharf; and the double rate does not apply, if the vessel be given her turn where directed.—

Davis et al. vs. Garfield & Proctor Coal Co., 251 Fed. Rep. 743.

Effect of Usages:

(Dist. Ct., D., Mass.) Where a bill of lading provided for double rate of discharge in case a later vessel was given preference, the fact that later vessels are given preference throws on the consignee the burden of justifying such action, and it is not sufficient for it to show that no departure was made from the ordinary business practice, but it must also show that the practice was reasonable.—Davis et al. vs. Garfield & Proctor Coal Co., 251 Fed. Rep. 744.

Priority:

(Dist. Ct., D., Mass.) For a railroad which owned a dock to reserve discharge towers and prefer vessels carrying its own coal is not unreasonable; hence the owner of a coal-carrying schooner, directed to discharge at such dock, cannot recover from the consignee demurrage on the double rate of discharge provided for in the bill of lading in case later vessels were given preference, because vessels carrying coal for the railroad company were given a preference.—Davis et al. vs. Garfield & Proctor Coal Co., 251 Fed. Rep. 744.

RATE AUTHORITY NO. 10

The Traffic World Washington Bureau.

The rules for the application of increases under General Order No. 28 to the through movement of all commodities except grain and its products, originally set forth in telegraphic and mail correspondence, are embodied in freight rate authority No. 10. Their substance has been published in the Traffic World from time to time in connection with questions arising under No. 28, so that their general character is believed to be fairly well understood. To the end, however, that shippers may have the rules before them verbatim, the following from Director Chambers to the three freight traffic committees, under date of July 2, is reproduced:

"Under date of June 8, 1918, I wired you as follows:

"Rates as increased by section 2, paragraph A, Order 28 should be applied to the through movements of commodities except grain and its products. Where increase is on percentage basis the result will be the same whether applied to combinations or through rates, but where flat or maximum increase per ton or hundred pounds is made some adjustment will be necessary to apply the increases to the through movement. This should be accomplished where possible by publication of specific through rates or by use of proportional rates. Use this basis as far as practicable in publishing tariffs effective June 25."

"On the 17th instant I wired you again:

"Referring to my wire of the eighth authorizing application of increases under section 2, paragraph A, General Order 28 to the through movement of commodities except grain and its products. The Interstate Commission will accept special supplements containing the following: "When the total charges on a through shipment of any of the commodities specified below are constructed on combinations of separately established rates applying to and from junction points, first determine the through combination of rates in effect on June 24, 1918, and then increase such through combination of rates by the amounts set opposite each such commodity, viz." Here should follow a list of all of the commodities and the increases thereon named in paragraph A, section 2, except grain and its products and except coal and coke. We do not wish to apply the specific increases to the through haul of grain and its products and coal and coke rates are so accomplished as to make it impossible to use this general rule for them. Would be glad to have this provision used in supplements wherever needed and wherever possible to make effective by June 25."

"I appreciate that the time elapsing between the date of these telegrams and June 25 was so short that in many instances it was impossible to bring about the application of rates under General Order No. 28 as outlined in my wire of the 8th, and as it is desirable to bring this application about as rapidly as possible, this will be authority for such publication as is necessary to apply to the through continuous haul of the commodities named in paragraph A, section 2 of General Order No. 28, and increases as shown therein on grain and its products.

"You will also arrange such publication as will apply the minimum scale of class rates as provided for in paragraph D of section 1 and the minimum carload charge of \$15 per car as provided in paragraph B of section 5 of General Order 28 as amended to through continuous hauls.

"Please quote in schedules making such publication 'Freight Rate Authority No. 10' in the manner prescribed in Circular 1-A, July 1, 1918, as authority for the publication, which shall be made on one day's notice and filing with the Interstate Commerce Commission.

"Also show on title page of schedules in large type, 'United States Railroad Administration, W. G. McAdoo, Director-General of Railroads.'

"Please note that the provision which my wire of the 17th instant stated would be accepted by the Interstate Commerce Commission ran only to the special supplement to be published effective June 25, so that the publication should now be made in regular form by use of through or proportional rates or such other manner as you think practicable under the Commission's tariff rule."

GENERAL ORDER NO. 49

There are presented herewith and made a part of this general order, samples of standard forms of monthly ticket and excess baggage reports, upon which all accounting transactions with respect to the sale of passage and excess baggage tickets shall be reported by agents to the accounting officers having jurisdiction, also a form for reporting transportation requests exchanged for tickets.

All tickets sold, or exchanged, on and after October 1, 1918, shall be reported on the appropriate forms in such manner as may be directed by the director of public service and accounting.

The standard forms herein prescribed are reports of:

- Local ticket sales;
- Interline ticket sales;
- Local excess baggage collections;
- Interline excess baggage collections;
- Transportation requests exchanged for tickets.

For use at smaller stations, half-size report forms for interline ticket sales and interline excess baggage collections may be used.

The printing and ruling on the report forms shall be a facsimile of the samples herewith presented; provided, however, the name of the individual carrier shall be substituted for the designation "North and South Railroad" as shown on the sample forms. When advantageous to do so, the name of the carrier may be omitted. Provided further that each carrier may print destinations, rates and other similar data calculated to aid in compilation and accounting.

With the inauguration of these standard forms of monthly reports, all other reports of such transactions shall be discontinued, provided that special periodical reports of tickets furnished governmental departments, or other reports of a special nature necessary for accounting purposes, may be compiled and furnished.

The monthly reports herein prescribed shall be made in duplicate, either by carbon or press copy process; originals shall be forwarded to the proper accounting officer having jurisdiction; duplicates shall be retained by agents.

Distinctive colors shall be used for the two classes of reports; that is, forms for reporting local ticket sales and local excess baggage collections shall be printed on paper of light canary color, and forms for reporting interline ticket sales and interline excess baggage collections shall be printed on white paper, provided, however, that the color scheme may be disregarded in connection with the duplicate forms to be retained by agents.

These reports shall be introduced at the consolidated ticket offices on date named, and at all other agencies as soon as stock of forms at present in use becomes exhausted, but in any event not later than January 1, 1919.

BUILDING OF LOCOMOTIVES.

The week ended October 19, according to a report by the mechanical department of the Railroad Administration, the locomotive builders delivered to it 62 locomotives, 47 having been completed by the American, 9 by the Lima and 6 by the Baldwin.

Help for Traffic Man

This department is conducted by a traffic man of long experience and wide knowledge. In it he will answer questions relating to practical traffic problems. We do not desire to take the place of the traffic man, but to help him in his work. We reserve the right to refuse to answer any questions that we judge it unwise to answer or that involve situations that are too complex for the kind of investigation contemplated. Questions will be answered as promptly as possible. No answers will be given by mail except for a fee.

Address "Help for Traffic Man," The Traffic Service Bureau, Colorado Building, Washington, D. C.

Application of Advanced Rates.

Q.—A subscriber refers to the article in *The Traffic World* of Oct. 13, 1918, page 729, under the caption "Application of Advanced Rates," and states that it has been paying the increased rates based upon the increase being added to each factor of a combination rate. The subscriber then says: "The point I wish now to develop is the proper method of procedure to recover what has been erroneously collected by the railroad company. My idea is to file claims with the transportation company, and there is a question in my mind whether they will honor these claims without proper authority from the Director-General or someone of proper authority. Would you be kind enough to suggest the prerequisite steps to obtain prompt and proper action in the matter of refund?"

A.—Under the federal administration of railroads, the Director-General's office has held that all claims for loss, damage or overcharges should be filed with the railroad companies responsible therefor the same as prior to the taking over the control of the railroads by the federal government. Hence these claims should be filed with railroad company, but care should be taken to file them within the time prescribed on the bills of lading. If the carrier refuses to allow these claims and make settlement thereon, then the matter should be presented to the Interstate Commerce Commission in the same manner as claims have always been presented to that body for adjustment. In this case a formal complaint before the Commission will be necessary, since the question involved is not one which the Commission would probably desire to settle on the informal docket.

Time for Filing Claims.

Q.—A subscriber calls attention to the notice on the back of the standard bill of lading which provides that all suits for loss, damage or delay shall be instituted within two years and one day after delivery of the property, etc., and says: "We understand that a notice of our intention to file suit is sufficient to protect us in case the actual suit is not filed within the above time. We have several claims in our files that are approaching the two-year period and we are writing you to ask if the following notice to the carriers would be sufficient to protect us in case we wanted to file suit later." Then follows a form of notice which ordinarily would be entirely sufficient.

A.—The second Cummins amendment to the interstate commerce law provides "that it shall be unlawful for any such common carriers to provide by rule, contract, regulation or otherwise a shorter period for giving notice of claims than 90 days and for the filing of claims for a shorter period than four months, and for the institution of suits than two years," except that if the loss, damage or injury is due to delay or damage while being loaded or unloaded or damaged in transit by carelessness or negligence, then no notice of claim or filing of claim shall be required as a condition precedent to recovery. It will be noted, therefore, that the bills of lading are entirely within the provisions of the law when they set out that claims must be made in writing to the originating or delivering carrier within six months after the delivery of the property, and suits for loss, damage or delay shall be instituted only within two years and one day after delivery of the property. The shipper who has a claim against a railroad company which requires notice and filing of claim has therefore 90 days' time in which to give notice of claim, four months' time for the filing of claim after the delivery of the property and then has two years and one day after the delivery of the property

in which to bring suit. Hence the giving of notice of intention to bring suit is not sufficient to remove or lengthen the bar of the statute of limitations, but under the law as well as under the contract of shipments suits must be planted within two years and one day after the delivery of the property. Or, under the contract in case of loss, within two years and one day after a reasonable time has elapsed for the delivery of the property.

The Absorption of Switching Charges.

Q.—A correspondent called attention to the New York Central tariff 6779, I. C. C. 5868, governing the absorption of switching charges by the New York Central, and states that he is moving shipments from a point on the New York Central via and certain junctions where the shipments are delivered to a road "A," which switches them to the connection on road "B," charging the regular switching rates. The shipments then move over the road "B" to destination; that no through rates are in effect, but that the charge is the same as the local rates, although the shipments move on through bills of lading. The query is: "Can the New York Central be called upon to absorb this switching charge under the terms of its tariff?"

A.—Tariff referred to provides that the New York Central will absorb switching charges of connecting lines at certain named junction points on all carload freight except on coal, certain kinds of coke, live stock, dressed meats, etc., when originating at or delivered on the tracks or sidings of connecting roads destined to or shipped from points on or reached via the New York Central, provided that the freight charges for the road hauls of the carrier or carriers performing the road-haul service from point of origin to destination are not less than a specified minimum, and also providing that the switching charges of the connecting lines are not in excess of a certain figure, except when otherwise specified.

Therefore, if the switching charges to which attention is called by our correspondent are at one of the specified junction points and the total road-haul charges from the point of origin to destination are above the specified minimum and the switching charges are less than specified maximum, and the goods shipped are not eliminated from the provision by the exemptions, then the correspondent is entitled to have the switching charges absorbed by the New York Central, and inspection of this New York Central tariff will give our correspondent the junction point where the switching is absorbed, as well as the minimum road haul and the maximum switching charge which will make the absorption provision effective.

ORDER FOR COAL CARS

The Traffic World Washington Bureau.

The Railroad Administration has asked the car builders of the country to submit tenders on 2,000 all-steel hopper coal cars of 100 tons capacity for use on the Virginian Railway. That company has been using hoppers of as high a capacity as 120 tons. Its grades and curves are so easy that cars of the greatest capacity are usable.

This prospective order for 2,000 cars of 100 tons breaks the uniformity in car sizes the Administration has said was desirable. The hopper car set down as standard by the Railroad Administration is a 55-ton production. The Virginian has such a roadbed that it is considered almost a crime to think of using so small a car as a 55-ton affair, especially at a time when the need for coal is so great.

The big cars are to be of the Norfolk & Western type. Two years ago the 90-ton hopper was the standard on the Virginian, so the 100-ton car is a compromise between the standard of 1916 and the extreme style of cars delivered in 1918.

This order does not bring the orders for the year up to what would be deemed normal in normal years. The cars on order would not more than replace those scrapped under the depreciation rules of the Interstate Commerce Commission. Nothing has ever been made public as to the number of cars delivered under the initial order of 100,000. It is feared the number is few, because the call for equipment in France has been insistent, the latest order for cars to be used in the military operations being 43,000, some of which are to be constructed with a view to use on German railroads when the allies cross the frontier. A weekly report is made on the number of engines delivered, but not as to cars. At the end of Septem-

ber 1,951 had been delivered this year, so the total is probably something over 2,000.

It is hard to say what is the span of life of a locomotive. The railroad men, testifying in valuation proceedings, maintained that an engine is never scrapped except for obsolescence; that when it becomes too small for good road service it is sold to a smaller railroad and the money invested in a larger engine, while the smaller is put to work on another road and continues for an indefinite period. At present, medium sized and small engines are selling for more than they cost. All engines are rebuilt piecemeal, time and again, so there can be no true depreciation, except for obsolescence, and under existing conditions there is nothing of that kind, at least as reflected in prices.

However, an annual addition of 2,000 locomotives would not be deemed sufficient in normal times, although there may be no positive diminution in the quantity of freight hauled by reason of the inflow of new engines being less than usual.

The Railroad Administration is collecting a lot of disused freight cars, some of which have been carried in bad order reports and some not reported at all. The scarcity of charcoal pig iron makes it necessary that the cars that are not fit to be repaired shall be deprived of their wheels to the end that new cars may have some. By mixing the old metal with new, a sufficient supply of charcoal pig iron is procured. The old wheels are being sold by the Railroad Administration to the casting companies, who sell the wheels to the car builders. The price is \$30 a ton, nearly double the price of new pig iron in normal times.

LOADING OF COAL

The Traffic World Washington Bureau.

A report was made to Director-General McAdoo, October 26, by the Car Service Section of the Railroad Administration on the quantity of coal of all kinds loaded by roads for week ended October 12, as compared with the same period of 1917. A summary of the report follows:

	1918.	1917.
Total cars bituminous.....	214,011	188,233
Total cars anthracite.....	37,837	42,452
Total cars lignite.....	3,839	4,065
Grand total cars all coal.....	255,687	234,750

A summary of reports for week ended October 19, 1918, based on actual reports from most roads, but with the results of some roads estimated, follows:

	1918.	1917.
Total cars bituminous.....	195,143	171,041
Total cars anthracite.....	33,603	41,277
Total cars lignite.....	3,610	3,976
Grand total cars all coal.....	232,356	216,294

Increase of 1918 up to and including week ending October 19 over same period of 1917, 730,203 cars.

The number of cars loaded with bituminous coal at all mines throughout the country during the week of October 19 showed a marked decrease compared with the previous week, amounting to about 7 per cent. The falling off occurred mostly in the territory east of the Mississippi region, and apparently is a direct result of the epidemic of influenza which has been existent in that territory for some time, and seems to have reached the mining regions to an extent sufficient to affect coal loading during the week of the 19th and to a lesser extent during the previous week.

On those roads where the coal loading fell off more than five per cent, it was quite usually the fact that the orders for empty cars placed by the mines also fell off to the same or greater extent. The mines were not, however, able to load even up to their expectations, as evidenced by their car orders, a fact which is demonstrated by an extraordinary increase in the number of empty cars left standing over at these mines unloaded from day to day during the week.

The information concerning loading for the succeeding week of the 26th would seem to indicate that conditions have not improved in the coal loading territory, and a further decline in production must be expected during the week ending October 26.

RATES UNDER ORDER NO. 28

The Western Freight Traffic Committee has issued supplement No. 1 to reprint of Circular No. 3, explanatory rulings in connection with application of rates under General Order No. 28 of the Director-General, as follows:

Reprint of Circular No. 3, dated Aug. 1, 1918 (interpretations of and instructions for compliance with General Order No. 28), is amended as follows:

Arbitrarities or Differentials.

Increases required by the General Order are to be applied to the actual rate, whether such actual rate is made by use of differentials or arbitrarities. (Reissued from original Circular No. 3.) See also Rate Advice No. 178 (Freight Rate Authority No. 562) relative to disposition of fractions in reissues of rates made by use of differentials or arbitrarities.

Minimum Carload Charge (Revised).

Substitute the following for the minimum charge on carload shipments:

The minimum charge for carload shipments will be \$15 per car.

Does not apply to charges for switching service, either in connection with a line haul or for intra- or inter-yard switching.

Does not apply to carload shipments of following: Brick, cement, chert, coal, coke, forest products, viz.—bark, billets, bolts, logs, cordwood, fuelwood, pulpwood, waste forest products consisting of boughs, edgings, hog product, listings, broken lumber of miscellaneous widths and lengths but none as long as ten feet, sawdust, shavings, shingle tow, slabs; manure (see Rate Advice No. 176, F. R. A. No. 739), ore, sand and gravel, slag, stone, broken, crushed or ground; sugar cane, water, plain (not flavored or phosphated) other than carbonated (see Rate Advice No. 176, F. R. A. No. 739).

But one minimum should be applied to an entire shipment of a commodity which is subject to the "part lot" or "overflow" rule of the classification or tariff governing the movement.

Above mentioned exceptions to application of \$15 minimum charge per carload shipment should be interpreted strictly, so as not to include other articles ordinarily grouped with those named.

(See instructions in Rate Advice No. 32 of July 19, 1918, relative to Freight Rate Authority No. 100.)

Flour and other mill products and articles (except grain and seeds) listed therewith as taking grain or grain product rates will be increased 25 per cent, but not exceeding 6 cents per 100 pounds, except that if the rates so increased are less than the published through rates (local or joint) on wheat from and to the same points, then such wheat rates as increased under Order No. 28 will be the minimum rate on flour and such other articles. (Reissue from Circular No. 3). See also Rate Advice 263, F. R. A. No. 619, relative to rates on grain and grain products where wheat rates are not published.

Stone, artificial or natural, building, etc. (Addition.) Curbing, flagging and paving stone are subject to same rate of increase as building stone. (Reissue from Reprint of Circular No. 3.) See Rate Advice No. 198, F. R. A. No. 525.

Increase in Charges by Specific Amounts Under Combination Rates.

See Freight Rate Authority No. 10, distributed in Rate Advice Letter No. 39, July 26, 1918.

The following additional rulings will apply:

In Tariffs Naming Rates Which Will Apply on Articles Subject to Specific Increases as Prescribed in Section 2, Paragraph A of General Order 28.

Insert clause as follows: (Under Freight Rate Authority No. 10, dated July 2, 1918.)

When the total charges on a through continuous movement of any of the commodities specified below are constructed by combination of separately established class or commodity rates applying to and from junction points, first determine the through combination of rates in effect on June 24, 1918, and then increase such through combination of rates by the amount set opposite each such commodity.

Here should follow list of the commodities affected together with statement of the respective specified amounts of increase to be added to the combination of rates applicable, in so far as same may be covered by the tariffs amended namely: Brick, cement, plaster, etc., coal and coke, cotton, cotton linters, lime; live stock, lumber, shingles (applicable only when the increase to be applied is a specific amount per 100 pounds or per ton or per car); ores, iron; petroleum and petroleum products as covered by Freight Rate Authority No. 96, July 11, 1918; sand and gravel, stone; sugar, syrup (applicable only when the increase to be applied is a specific amount per 100 pounds or per ton or per car). Also other articles taking same rates and amounts of increase.

Note.—Where the rule above quoted (or its equivalent) has been published in a tariff it will govern in connection with any combination of which one of the factors is published in the tariff which carries said rule.

Note.—Where through charges on above mentioned commodities on June 24, 1918, were made on combination of separately established factors, subject to different minimum weights (the through charge being advanced an arbitrary amount in lieu of the 25 per cent increase) the minimum weight applying on the line originating the traffic shall be applied to the through movement.

See also Rate Advice 39, relative to combinations involving minimum class scales and minimum carload charge; also Rate Advice No. 93, F. R. A. 418, relative to minimum L. C. L. charge with combination rates.

Personal Notes

Edward Hart, Jr., was born of English parents in Allahabad, India. He came to the United States when about fourteen years old. He was first employed by the L. & N. Railroad, auditor's office, in 1881; Louisville, Evansville & St. Louis Railroad, auditor's office, in 1883; Canada Southern Line as contracting agent, in 1884; Cincinnati, Wabash & Michigan Railroad (Elkhart Line), 1891, as general southern agent; Traders Dispatch Fast Freight Line, as general southern agent, 1892; Baltimore & Ohio Southwestern Railroad, as assistant general freight agent, in 1897, and general agent at Louisville, Ky., 1898; assistant general freight agent, St. Louis, 1903; western general freight agent, St. Louis, 1912, and assistant general freight agent, St. Louis, under United States Railroad Administration, effective Oct. 1, 1918. He is now also secretary of the St. Louis Eastern District Freight Traffic Committee.



The American Tobacco Company announces that branch offices of the traffic department have been established at Baltimore, Md., and Louisville, Ky., in charge of H. C. McFadden, manager southern division of traffic department, Baltimore, Md., and W. J. Ryan, manager western division of traffic department, Louisville, Ky.

The Chicago, Rock Island & Pacific Railroad announces that Earl F. Feeney is appointed division freight agent, with headquarters at Alexandria, La., vice M. L. Hartley, who died.

The Oregon-Washington Railroad & Navigation Lines announce the following appointments: H. E. Lounsbury, general freight agent; Albert Kelling, assistant general freight agent; H. L. Hudson, Seattle, Wash., general agent; C. H. Dexter, Portland, Ore., general agent, freight department; Wm. Carruthers, Tacoma, Wash., district freight and passenger agent; H. P. Potter, Centralia, Wash., district freight and passenger agent; W. S. Elliott, Spokane, Wash., district freight and passenger agent; C. F. Van De Water, Walla Walla, Wash., district freight and passenger agent.

The Norfolk & Western Railroad announces the following appointments: B. W. Herrman, general freight agent, Roanoke, Va.; S. B. Bridgers, assistant general freight agent, Columbus, Ohio, succeeding Mr. Herrman; S. M. Stevenson, assistant general freight agent, assigned to special duty at New York City; C. A. Cowles, assistant general freight agent, Roanoke, Va.

A "get together meeting" of the Association of Railroad and Steamboat Agents of Boston will be held November 23 at the Boston City Club.

The jurisdiction of C. M. Kittle, federal manager of the Illinois Central Railroad, is extended over the Dunleith & Dubuque Bridge.

The jurisdiction of C. G. Burnham, federal manager, C. B. & Q. R. R., is extended over the Hannibal Union Depot and the Winona Bridge Railroad.

F. E. Emery is appointed southwestern freight agent of the New Jersey, Indiana & Illinois Railroad Company, with headquarters at St. Louis, Mo.

The appointment of E. D. Hungerford, superintendent of the Chicago, Rock Island & Pacific Railway, as terminal manager at Cedar Rapids, Iowa, is announced.

The Chicago Heights Terminal Transfer-Railroad announces the following appointments: Philip Meininger, general freight and passenger agent, Chicago, and H. D. Sheehan, general solicitor, Chicago, Ill.

The Lake Superior Terminal & Transfer Railroad an-

nounces the appointment of H. B. Dike, general solicitor, Minneapolis, Minn.

The jurisdiction of E. L. Brown, general manager, D. & R. G. R. R. is extended over the Pueblo Union Depot and Railroad.

The Pere Marquette Railroad, Ann Arbor Railroad, Detroit & Toledo Shore Line Railroad, Fort Street Union Depot Railroad, Lake Michigan Car Ferry Association, Grand Trunk Western Lines Railroad, Detroit & Mackinac Railroad, Detroit, Bay City & Western Railroad, Fort Huron Southern Railroad and Port Huron & Detroit Railroad, announce the following divisional and other traffic representatives: F. A. Butterworth, division freight agent, Chicago, Ill.; C. A. Gormaly, general agent, Chicago, Ill.; F. W. Goldie, general agent, Milwaukee, Wis.; W. F. Kerwin, district representative, Menominee, Mich.; A. Allison, district representative, Manistique, Mich.; W. H. Spicer, division freight agent, Detroit, Mich.; P. Birrel, general agent, Detroit, Mich.; F. M. Briggs, division freight agent, Grand Rapids, Mich.; A. Z. Mullins, district representative, Grand Rapids, Mich.; T. W. Avis, district representative, Grand Rapids, Mich.; W. Henderson, division freight agent, Saginaw, Mich.; C. E. Wagner, district representative, Saginaw, Mich.; W. G. MacEdward, division freight agent, Bay City, Mich.; R. W. Youngs, division freight agent, London, Ont.; J. E. Clark, general agent, Buffalo, N. Y.; J. W. Redmond, general agent, Toledo, Ohio. R. P. Paterson has been made assistant general freight agent and H. S. Bradley, chief of tariff bureau, with offices at Detroit.

TARIFF PUBLISHING AGENTS.

A circular of the Eastern Freight Traffic Committee announces that there have been established, under its jurisdiction, freight tariff bureaus for federal-controlled railroads in the former Trunk Line, Middle States Freight Association, New England and Central Freight Association territories. The following are appointed tariff publishing agents: F. S. Davis, New York City, for Trunk Line and New England territories, and E. Morris, Chicago, for Central territory. As rapidly as possible these bureaus will be organized and take over the preparation, publishing and distribution of all freight tariffs now issued by individual carriers or agencies in these territories.

LUMBER EMBARGO

The Traffic World Washington Bureau.

Lumber interests, especially the hardwood lumbermen, are trying to get rid of the embargo that was placed on lumber September 16. If they cannot get it taken off throughout the whole of Official Classification territory, they hope to get rid of it in the territory west of the Illinois-Indiana line.

Their reason for asking the revocation of that embargo is the code of rules to cover the manufacture of lumber put out by the War Industries Board October 26. By means of that code the board is trying to control the production and transportation of lumber by going to the mill, instead of trying to dam the stream after allowing it to rise to unlimited heights through the unlimited right to manufacture. Under the code issued by the board, the lumber mill is practically restricted to working only on orders from war or other essential users of lumber. They are, in effect, forbidden to accumulate stocks for the after-the-war trade.

That being the fact, the lumbermen can see no reason for continuing the embargo, which they think was the suggestion of Inland Traffic Manager Powell of the War Industries Board. They think it was a crude and clumsy method for the handling of a big matter. It was made on the theory that transportation must be conserved.

By edict, they say, all lumber tariffs were suspended on all routes into Official Classification territory except on condition. The condition was that the man who desired to use lumber should ask for a permit to have the lumber shipped to him for essential uses. Then it was promised that by another edict (so the lumbermen say among themselves) the tariffs should be restored, but restored only in part. All parts except that pertaining to reconsignment were to be restored.

Without discussing the legality of that method of setting aside the act to regulate commerce, the lumbermen sug-

gest that the embargo has done nothing more than cause a lot of needless work, discriminations and vexations; that the only saving in transportation that has been accomplished has been that which results when a shipper or a consignee goes out of business.

There has been no saving in transportation, it is pointed out, except such as results from the inability of the clerical forces to issue the needed permits, and for this reason: When the movement is to be over a single line, the local agents of that road, if it is not congested, issue the permits as a matter of course. There is no saving of transportation in that instance.

Nor does the denial, by edict, of the right of reconsignment result in any real saving. If the mill on the B road, in competition with that on A, in shipping to C, desires, it ships on a single line permit to the nearest junction to C. There it takes out new billing and a new single-line permit and forwards to C, so as to meet the competition of the mill that has only a single-line haul.

The only thing that has been accomplished, the lumbermen think, is the creation of more clerical work and the payment of two locals instead of one joint through rate. Parenthetically, it may be observed, the mill which had to resort to that kind of billing to evade the embargo probably has a valid claim for reparation on account of the informal way in which the right of reconsignment was cancelled.

It is admitted that there has been some saving due to the fact that it takes from five to twenty days to perform the clerical work needed to obtain a permit, get it to the shipper, and then obtain the car in which to load the stuff. The cars that were not used during the days while the embargo machinery was being got ready were saved—if something else was loaded in them. A good many, it is believed, simply remained idle because the embargo was put on overnight and those who might have used them, had they known an embargo was coming, were not prepared to offer loading the minute the cars were made unavailable for lumber shippers.

Under the code issued by the board, continuance of an embargo would be, it is argued, a mere continuance of an annoyance, without any good resulting therefrom. The manufacturer is not allowed to produce lumber except for essential uses and the prospective user must make use as to the purpose for which he has ordered it, so there is no possibility of lumber being offered for shipment except for essential purposes, unless some user is willing to commit perjury. If he is willing to commit perjury, he will not scruple to do the lying necessary to obtain a permit to ship.

N. A. R. & U. C. CONVENTION

The Traffic World Washington Bureau.

The thirtieth annual convention of the National Association of Railway and Utilities Commissioners will be held in the hearing room of the Interstate Commerce Commission for four days, beginning November 12.

It is doubtful whether the convention will be the routine affair it was in normal times, when no question greater than that created by the Shreveport decisions was before the state officials. The executive committee, of which C. M. Candler of Georgia is chairman, will meet the day before the convention with a view to arranging a tentative order of business.

The big question, it is believed, will be what, if any, position the state officials shall take with regard to the reconstruction of the laws relating to railroad control after the war. The seeming near approach of peace may result in the executive committee recognizing that, inasmuch as that is the question that is being informally discussed, it might as well be made the first thing in the formal program.

As a rule the order in which the committees are mentioned in the call for the convention is the order in which they make reports, thereby bringing forward the subjects each has had under consideration. The order in which they are named are: Executive; special war committee; public ownership and operation; safety of railroad operation; safety of operation of public utility companies; railroad service, accommodation and claims; service of public utility companies; railroad rates; public utility rates; car service and demurrage; express and other contract car-

riers by rail; statistics and accounts of railroad companies; statistics and accounts of public utility companies; grade crossings and trespassing on railroads; valuation; capitalization and intercorporate relations; state and federal legislation and publication of commission decisions.

The committee on state and federal legislation is due to bring in its report at next to the last minute before adjournment. It is believed to be obvious that the members of the convention will not be content to put off the most important topic until the last minute. Besides, the question of legislation, naturally, would come up as collateral to the points made in the report of nearly every other committee.

One of the obvious facts is that the state commissions are not co-operating as closely as they must if they intend to be factors in the reconstruction legislation. Nearly all who have been in Washington know that there are likely to be two forces contending before Congress in the making of laws to supersede the federal control act and, possibly, the act to regulate commerce—the railroads and the Railroad Administration.

Friends of the Interstate Commerce Commission regret that that body, which they believe has the confidence of the people generally, did not decide, when the federal control legislation was under consideration, to take a more prominent part. Commissioners went to the capitol when they were asked. Commissioner Anderson misled friends of the Commission by being there all the time. The misleading could not have been intentional, because, on every proper occasion, he said he was appearing for Director-General McAdoo. Nevertheless, there was misleading. Men who had depended on the Commission to look after the interests of the shipper as distinguished from those of the carriers were surprised, after the event, at the inroad that had been made on the established order of rate regulation. They were shocked to find that the Commission had been deprived, without question, of considerable power and that, in the practice of the Railroad Administration, it was being disregarded just as if the federal control act had definitely deprived it of still more power.

State commissioners who have been forced to come to Washington know that what is being done by the Railroad Administration leaves them hardly with a vestige of power. There are many shippers who, as a matter of academic interest, have been in favor of consolidating regulation in the hands of the Commission, but they have not found that the consolidation in the hands of the Railroad Administration has produced results altogether of the kind they hoped would come from a centralized control in the hands of the Interstate Commerce Commission.

The big idea, therefore, before the state commissioners get together will be the question as to whether they will take any steps to shape the post-bellum legislation and, if they do, what will be the nature of the organization they will create to make their influence felt.

GRAIN EMBARGO

Region Director Aishton in supplement No. 4 to Circular No. 34, grain embargo primary markets, says:

"Your attention is directed to the following provisions of Circular No. 34 of September 18, which apparently are not fully understood:

"Paragraph 2. When application is made by shipper it must be transmitted by railroad agent at point of origin to the grain control committee at destination.

Comment: Application for permit must be made on prescribed form GCC No. 1 by the railroad agent, who will give all information required and sign the form. The application should not be signed by the shipper.

"Paragraph 7. All permits except as indicated in paragraph No. 3 (*) will be transmitted by the grain control committee directly to railroad agent at point of shipment, who will note thereon date of receipt and immediately notify shipper that permit has been granted and that shipment covered thereby must be made within five (5) working days from date of such notification.

"The committee will also send copy of permit to transportation officer of the road on which shipment originates except when handled in accord with paragraph No. 3 (*). The third copy of the permit will be retained for committee's files.

"(*) Paragraph 3. Application for permit for shipment

from one primary market to another will be made to the grain control committee at the originating primary market for transmittal to the grain control committee at destination market; permit when issued will be returned through the same channel.

"Comment: In addition to promptly notifying shipper, agent should also notify the car distributor or dispatcher in order that there may be no unnecessary delay in providing cars. The copy furnished the transportation officer of the road on which the shipment originates is for the purpose of giving him advice of cars required, in order that the available supply may be properly distributed. The transportation officer should see that the division superintendent or other division officer responsible is advised of such permits as have been issued and provision made for cars being furnished within the five-day period before the permit expires. The agent should understand that if cars are not furnished before permit expires he should immediately file application for a new permit. Agent must keep a consecutive record of the requests received for permits showing the order in which received and action taken on each request. After permits are granted cars will be distributed with reference to the order in which permits were requested with due respect to the ability to load and ship.

"Paragraph 10. Agent at point of origin will advise grain control committee at destination on prescribed form as shipments are made.

"Comment: Form G.C.C. No. 2-A is specified for this report. The importance of making this report promptly is apparently not fully understood by all agents.

"There should be no failure to properly distribute to agents a sufficient supply of forms G.C.C. Nos. 1 and 2-A.

Please take necessary action promptly to avoid any further complaints as to handling of permits."

PERMITS FOR WHEAT SHIPMENTS.

At the request of the Food Administration, and because of lack of storage facilities at St. Paul and Minneapolis it has been found necessary by the Railroad Administration to establish an individual permit system for the shipment of wheat into Minneapolis. This system has been in effect on all coarse grains, but has not been in effect on wheat. It is now necessary to introduce the individual permit system as to wheat to prevent accumulations. The permit system went into effect October 23.

GENERAL ORDER NO. 50

The Traffic World Washington Bureau

By means of General Order No. 50, issued October 28, the Director-General directed that all suits against railroads, except for penalties or forfeitures, be brought against William G. McAdoo, Director-General. The order reads:

"Whereas, By the proclamations dated December 26, 1917, and April 11, 1918, the President took possession and assumed control of systems of transportation, and the appointments thereof, and appointed the undersigned, William G. McAdoo, Director-General of Railroads, and provided in and by said proclamations that 'until and except so far as said Director shall from time to time otherwise by general or special orders determine, such systems of transportation shall remain subject to all existing statutes and orders of the Interstate Commerce Commission and to all statutes . . . but any orders, general or special, hereafter made by said Director shall have paramount authority and be obeyed as such;' and

"Whereas, The act of Congress, called the federal control act, approved March 31, 1918, provided that 'carriers under federal control shall be subject to all laws and liabilities as common carriers, whether arising under state or federal laws or at common law, except in so far as may be inconsistent with the provisions of this act or any other act applicable to such federal control, or with any order of the President;' and

"Whereas, Since the Director-General assumed control of said systems of transportation suits are being brought and judgments and decrees rendered against carrier corporations on matters based on causes of action arising during federal control for which the said carrier corporations are not responsible, and it is right and proper that the actions, suits and proceedings hereinafter referred to,

based on causes of action arising during or out of federal control should be brought directly against the said Director-General of Railroads and not against said corporations:

"It is therefore ordered, That actions at law, suits in equity and proceedings in admiralty hereafter brought in any court based on contract, binding upon the Director-General of Railroads, claim for death or injury to person, or for loss and damage to property, arising since December 31, 1917, and growing out of the possession, use, control or operation of any railroad or system of transportation by the Director-General of Railroads, which action, suit or proceeding but for federal control might have been brought against the carrier company, shall be brought against William G. McAdoo, Director-General of Railroads, and not otherwise; provided, however, that this order shall not apply to actions, suits or proceedings for the recovery of fines, penalties and forfeitures.

"Subject to the provisions of general orders numbered 18, 18-A and 26, heretofore issued by the Director-General of Railroads, service of process in any such action, suit or proceeding may be made upon operating officials operating for the Director-General of Railroads, the railroad or other carrier in respect of which the cause of action arises in the same way as service was heretofore made upon like operating officials for such railroad or other carrier company.

"The pleadings in all such actions at law, suits in equity or proceedings in admiralty, now pending against any carrier company for a cause of action arising since December 31, 1917, based upon a cause of action arising from or out of the operation of any railroad or other carrier, may on application be amended by substituting the Director-General of Railroads for the carrier company as party defendant and dismissing the company therefrom.

"The undersigned Director-General of Railroads is acting herein by authority of the President for and on behalf of the United States of America; therefore no supersedeas bond or other security shall be required of the Director-General of Railroads in any court for the taking of or in connection with an appeal, writ of error, supersedeas or other process in law, equity or in admiralty, as a condition precedent to the prosecution of any such appeal, writ of error, supersedeas or other process, or otherwise in respect of any such cause of action or proceeding."

PROPOSALS FOR RATE CHANGES

The Western Freight Traffic Committee has issued Circular No. 16-A, canceling Circular No. 16, as follows:

"Pursuant to the authority of the United States Railroad Administration, issued by Edward Chambers, director, Division of Traffic, and Charles A. Prouty, director, Division Public Service and Accounting, the Western Freight Traffic Committee issues the following circular for the information and guidance of the general public and the freight traffic officials of the western railroads under federal control.

"All changes in freight rates, charges, regulations and practices published in the lawfully filed schedules of the carriers under federal control must be passed upon by one of the freight traffic committees, on which the shipping public is represented, before an application is made for freight rate authority as required by circular 1-A of the Division of Traffic.

"All recommendations of district committees shall be forwarded to the Western Freight Traffic Committee whether they be for or against the application.

"Shippers will present their rate problems to the freight traffic officers of the carriers serving them, or to the district committee located in their vicinity. If the committee first receiving a shipper's request is not the proper one to dispose of it, such request will be forwarded by the committee so receiving it, with a statement of its own views, to the proper committee, the shippers to be advised of such action.

"The work of the district committees shall not be confined to questions arising within any district or territory, but shall also extend to the consideration of any and all matters presented to them by shippers, by freight traffic officers of carriers (whether or not under federal control) or which such committees may initiate.

"Where a district committee is presented with, or in-

augurates a subject of general interest, or a subject which manifestly affects more than one district, they shall promptly submit such question, together with their recommendation, to the Western Freight Traffic Committee. The latter will docket same and will, in proper cases, send copy of such docket to all interested district committees.

"It is specially desired that the freight traffic officers of all carriers under federal control co-operate with the freight traffic committees to the fullest extent, and that they discuss freely with the shippers all requests for changes in rates, and the like, investigate such requests and forward them to the proper district committee, with their views and the result of their investigations. They should also advise the district committees of changes in rates or practices which they believe will be helpful to the carriers as a whole and in the public interest."

SWITCHING CHARGES INCREASED

The Western Freight Traffic Committee, in Docket No. 1198 (F. R. A. No. 1887), says:

"This will authorize the publication of the revision of switching charges, which were increased under General Order No. 28 by the addition of the specific amounts as provided in paragraph 'A' of section 2, of the order, on the following basis:

"Switching charges for intra-plant, intra-terminal and inter-terminal switching on commodities for which paragraph 'A' of section 2, of Supplement to General Order No. 28, provides increases by specific amounts shall now be published on basis of 25 per cent higher than the charges in effect on May 25, 1918, subject to a minimum charge of \$2.50 per car for inter-plant switching, and \$5 per car for intra-terminal or inter-terminal switching.

"These commodities are as follows: Coal, coke, ores, iron; stone, artificial and natural, building and monumental, except carved, lettered, polished or traced; stone, broken, crushed and ground; sand and gravel; brick, except enameled or glazed; cement, cement plaster and plaster; lime; cotton, any quantity; cotton linters; also other articles on which same amounts of increase were applied.

"Rule for disposition of fractions as provided in section 6 of General Order No. 28 to be used in applying this authority.

"This authority does not apply to switching charges which have been revised under freight rate authorities previously issued, nor to such charges the revision of which has been authorized by previous freight rate authorities, but not yet published.

"This authority does not apply to switching charges for services in connection with a line haul, as such charges were not increased by General Order No. 28.

"For the purpose of the application of this authority the terms 'Intra-plant,' 'intra-terminal switching' and 'inter-terminal switching' are defined as follows:

"Intra-Plant Switching.—A switching movement from one track to another within the same plant or industry.

"Intra-Terminal Switching.—A switching movement (other than intra-plant switching) from one track to another of the same road within the switching limits of one station or industrial switching district.

"Inter-Terminal Switching.—A switching movement from a track of one road to a track of another road when both tracks are within the switching limits of the same station or industrial switching district.

"This authority is issued to relieve the emergency existing at some points by reason of the fact that switching charges of the commodities named above were increased by the specific amounts provided in General Order No. 28, and out of proportion to the increase made in switching charges on other commodities for service not in connection with line haul. It is not to be understood as fixing a permanent or reasonable basis for such charges.

"Effective date.....On one day's notice to the Interstate Commerce Commission and the public.

"Tariff should show on title page preceding title of railroads 'United States Railroad Administration, W. G. McAdoo, Director-General of Railroads,' and should also show reference to Freight Rate Authority No. 1887, of the Director, Division of Traffic, United States Railroad Administration, dated Oct. 19, 1918."

COMPARATIVE FREIGHT HANDLING

The Traffic World Washington Bureau.

Director-General McAdoo, October 30, issued a comparative statement of the traffic handled by the railways under federal control for the week ending September 21, 1917, and 1918, at twenty-five of the more important railroad termini of the country. The purpose of the statement, which will be issued regularly hereafter, he said, is to provide the public with information which will assist it in measuring the business activity of the United States as shown by the traffic handled and at the same time give it an idea of the efficiency or inefficiency with which the railroads are functioning in so far as the car loading is concerned. The subjoined statement, he said, is noteworthy in that it shows an increase of 5.30 per cent in the tonnage and a decrease of 0.20 per cent (or one-fifth of one per cent) in the cars used to carry this increase in the tonnage. The loading of carload freight is done by shippers and not the railroads. The average carload this year is 36 tons as against 34.1 tons in 1917:

COMPARATIVE STATEMENT OF TRAFFIC HANDLED WEEK ENDING SEPTEMBER 21, 1918

	Cars		Tons	
	1917	1918	1917	1918
Atlanta	2,153	2,071	58,055	57,332
Birmingham	4,795	5,207	199,086	241,282
Boston	8,678	7,835	137,641	161,407
Buffalo	8,406	8,699	291,916	315,801
Chicago	49,368	49,480	2,043,298	2,085,268
Charleston	1,646	844	19,360	40,314
Cleveland	4,822	9,827	306,163	367,844
Duluth & Superior.....	29,366	28,102	1,301,451	1,227,966
Galveston	1,120	1,397	26,864	34,259
Hampton Roads	11,435	14,223	500,687	604,061
Kansas City	7,827	10,031	173,033	244,084
Los Angeles	2,258	1,464	44,276	34,779
New York	28,571	25,547	685,342	678,802
New Orleans	4,283	4,803	129,668	142,992
Omaha	3,794	4,311	119,283	145,877
Portland	1,855	2,394	39,776	62,935
Philadelphia	20,251	15,373	543,833	485,004
Pittsburgh	8,860	7,857	264,070	275,048
Seattle	2,083	2,446	60,012	76,641
St. Louis	12,390	12,892	413,229	451,423
San Francisco	3,551	2,526	109,166	71,475
Savannah	2,096	1,656	32,226	38,547
Tacoma	966	1,282	25,511	38,495
Twin Cities	12,700	12,420	316,543	375,368
Toledo	10,718	10,807	492,325	517,801
Total	243,992	243,494	8,332,864	8,774,805
Increase				441,941
Decrease	498			
	=0.20%			=5.30%
Average tons per car....			34.1	36.

STAMPING BILLS OF LADING

The National Industrial Traffic League Circular No. 91 to members, with respect to the notation required to be stamped on bills of lading, says:

"Attention is invited to League Circular No. 78 of August 5, 1918, containing a paragraph relative to the notation required on bills of lading on and after August 15, 1918, in compliance with instructions from the United States Railroad Administration.

"It was apparent at the summer meeting of the league, held at Buffalo, August, 1918, that a great deal of confusion had resulted from the issuance of the general instructions as to just what notation was required to be placed on shippers' bills of lading tendered carriers; furthermore, it developed that the carriers' agents were placing different interpretations on the order in various sections of the country. The subject was referred to the league's bill of lading committee with instructions to lay these difficulties before the United States Railroad Administration, and to ascertain just what notation should be stamped or printed on bills of lading. Advice has been received from the Administration to the effect that the rubber stamp to be used by shippers on shippers' forms of bill of lading should comprise the following language:

"United States Railroad Administration,

"W. G. McAdoo, Director-General of Railroads.

"(-----)"

"Therefore it will not be necessary to insert on the bills of lading the name of the individual railroad as a part of the printed matter, but the name of the railroad may be written in the space provided, thus substantially overcoming the objections of the league members as expressed at the recent summer meeting."

POSITIONS WANTED OR OPEN

GOOD TRAFFIC MEN ARE MORE THAN EVER IN DEMAND AND THE TRAFFIC WORLD is the logical medium for getting the men and the positions in touch with one another. The rates for classified advertisements are as follows: Five cents per word first insertion, three cents per word second insertion and two cents per word for each additional insertion, payable in advance. Answers to keyed advertisements forwarded free and all correspondence held in strict confidence. THE TRAFFIC WORLD, 418 South Market Street, Chicago, Ill.

TRAFFIC MAN, twenty years' experience with greatest railroad in United States, and now performing duties of chief of tariff bureau, desires position as Traffic Manager, or assistant, with industrial concern. Minimum salary, \$2,500. Best of references. Address A. 670, The Traffic World, Chicago, Ill.

WANTED—Position as Traffic Manager, twelve years' railroad experience, three years as traffic manager for large industrial concern. Thoroughly familiar with procedure before the Interstate Commerce Commission. Married, 31 years of age. Class 1A in draft. Address T. D. 942, The Traffic World, Chicago, Ill.

WANTED—Position with industrial concern, railroad department. Long and successful experience. Now employed as executive rate clerk. Have everything to make you valuable man. Will accept present salary, \$200 month, depending on increase when greater worth is demonstrated. Answer "Freight," care of The Traffic World, Chicago, Ill.

SALESMEN—Traffic men or railroad solicitors to handle our loose leaf freight rate guide on full or part time. Hundreds of testimonials from traffic managers and other executives stating ours is the only freight rate solution. Traffic men now employed, earning from \$25 to \$50 per week on their own time, through our liberal commission payments. All communications held strictly confidential, these business references when required. General's Transportation Rates, Inc. (Established 1894), Rochester, N. Y.

TRAFFIC ORGANIZATIONS

THE NATIONAL INDUSTRIAL TRAFFIC LEAGUE.—Object: The object of this league is to interchange ideas concerning traffic matters; to cooperate with the Interstate Commerce Commission, state railroad commissions and transportation companies in promoting and securing better understanding by the public and the state and national governments of the needs of the traffic world; to secure proper legislation where deemed necessary, and the modification of present laws where considered harmful to the free interchange of commerce; with the view to advance fair dealing and to promote, conserve and protect the commercial and transportation interests.

Headquarters—Tacoma Bldg., 5 North La Salle St., Chicago.

G. M. Freer President
Manager Traffic Department, Cincinnati Chamber of Commerce and Merchants' Exchange.

W. H. Chandler Vice-President
Manager Transportation Department, Boston Chamber of Commerce.

Oscar F. Bell Secretary-Treasurer
T. M. Crane Company, 836 South Michigan Avenue, Chicago, Ill.

E. F. Lacey Assistant Secretary
5 North La Salle Street, Chicago, Ill.

MANUFACTURERS' ASSOCIATION, in charge of Traffic of Industries Located at Sterling and Rock Falls, Ill.

A. M. Bradford President
P. W. Dillon Vice-President
W. J. Burleigh Secretary-Treasurer
W. E. Long Traffic Manager

All correspondence relative to movement of traffic to or from Sterling and Rock Falls, Ill., should be addressed to the Traffic Manager, General Office, Lawrence Building, Sterling, Ill.

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Our Analytical Advertising Counsel and Sales Promotion Service will improve both your plan and copy, thus insuring maximum profits. Submit your literature for preliminary critique and quotation—no obligation.

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Mailing
Lists St. Louis

SPARE THE WIRES

The Traffic World Washington Bureau.

Circular No. 61, issued by the Director-General to relieve the railroad telephone and telegraph facilities from unnecessary business, is as follows:

1. Use the telegraph and telephone only when the mail will not answer the purpose.
2. Send by mail messages written late in the day, on Saturday afternoons, Sundays or holidays which cannot be acted upon at once and which will reach their destination by mail in ample time for action.
3. Omit superfluous words; avoid unnecessary file numbers and repetition. — BE BRIEF.
4. Use telegraph code systems where it will effect a saving.
5. Limit the use of telephone facilities, both railroad and commercial, to railroad business and to the shortest time practicable.
6. The Telegraph Section, Division of Operation, will establish an effective system of censoring with a view of reducing the number and length of telegraphic communications.

CONTACT WITH PUBLIC

Director-General McAdoo has sent the following letter to each one of the regional directors:

"To the end that its patrons may fully understand the purpose, plans and general policy of the United States Railroad Administration, and that all employees may appreciate their part in taking care of the needs of the public, it is very desirable that the regional directors shall arrange occasionally for direct contact between the officers of the railroad and the public served by its line. This contact should not only occur at the larger cities which were formerly regarded as highly competitive points, but also at those points which are local to and served only by the one line of railroad.

"Without limiting your discretion it is suggested that the object may be successfully accomplished once in a while arranging trip of operating, accounting and traffic officers together, who shall visit city officials, Boards of Trade, Chambers of Commerce and important industries of each city or town for the purpose of informing the public why it was necessary in order to meet war necessity to do things in a certain way, also explain the advantages which

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Write for particulars

have accrued and will accrue in the future by the improvements in transportation conditions worked out by the Railroad Administration and which are bound to be continued permanently because of their efficiency, economy and expedition in the handling of traffic.

"An opportunity will thus also be afforded for advising the public as to the organization in each region for the conduct of business and direct them to the proper office with which to take up the various matters of rates, claims, car supply, service or other needs which may, from time to time, arise, impressing them with the fact that the local officers are prepared and anxious to handle all matters of mutual interest between the communities and railroads, and that it is not necessary to appeal to Washington in the transaction of the ordinary business of the railroad.

"The local officers should be impressed with the importance of giving every consideration and attention to matters that may be brought before them, and that all suggestions should have careful consideration, and there is no doubt that the stimulation of the local railroad agents and employees, as well as the satisfaction of the public, will amply prove the wisdom of this procedure."

HANDLING PERISHABLE FREIGHT

Regional Director Aishton in Circular No. 50 says:

"As a food conservation as well as claim prevention measure, your attention is directed to the following suggestions in connection with the handling of perishable freight during the winter season:

"1. The enormous loss of perishable food products by freezing in transit warrants the necessity of comprehensive instructions being in the hands of all concerned respecting handling, and the strict observance of same.

"3. Agents should discourage shippers from forwarding perishable freight during unfavorable weather conditions or when advance weather reports indicate low temperature, even though refrigerator cars may be available for loading.

"3. Exposure in warehouses and on open platforms should be avoided wherever possible, and preference given in the loading of such L. C. L. shipments when accepted for transportation.

"4. Prompt deliveries at destination should be rigidly enforced.

"5. Train crews should be warned of the necessity of keeping the train dispatcher advised of carload perishable freight in trains, especially during the approach of low temperature, so that protection may be arranged when possible.

"6. Agents and yardmasters are urged to keep a close check on all cars of perishable freight passing terminals and deliveries to connections, avoiding delays or mishandling to the utmost.

"7. Co-operation of all employees in the freight service should be urged, in the interests of conservation of food supplies, as well as saving many thousands of dollars in claims against the government."

Orders of similar character have been issued by Regional Directors Bush and Holden.

MOVEMENT OIL AND TANK CARS

In Circular No. 196, Regional Director Hale Holden says:

"Referring to Regional Director Aishton's Circular No. 72, dated April 9, addressed to all western railroads, under which a plan for concentration of oil and movement in trainload lots via one route to one destination or distributing center, together with systematic service for return of empty tank cars, was inaugurated.

"Generally the handling thereunder so far as applied to trainload lots has been very satisfactory, permitting the oil interests to make a substantial increase in their output. However, at a recent conference with the oil and tank car people attention was called to the importance of improving the service on miscellaneous shipments to various destinations, and the elimination of delays and misuse of the empties. The increased demand for oil as a war necessity makes it imperative that the question of prompt and proper handling of tank cars, both loaded and empty, be again brought to the attention of all officers and employees. Oil for railroad use must be given preferred attention. Investigation of delays indicates:

"1. Oil held in yards an unwarranted length of time before placed for unloading.

"2. Tank cars not moved promptly after being unloaded.

"3. The use of tank cars as peddler cars in distribution of oil to local stations.

"4. The use of tank cars for water or other company service.

"A careful study should be made as to the method used in the handling of railroad shipments and corrective action taken to avoid unnecessary delays to equipment. Where tanks are found in any yard without billing, the matter should be taken up promptly by wire with the Supervisor of Oil Traffic at Kansas City, who will furnish disposition promptly."

SUPPLEMENT TO WAGE ORDER

The Traffic World Washington Bureau.

The Director-General October 28 issued supplement No. 6-A to General Order No. 27, as follows:

"Supplement No. 6 to General Order No. 27 is hereby amended by adding thereto the following:

"Where differences of opinion arise necessitating a formal interpretation of any wage order issued by the Director-General and where the question involved is of general application and covers a large number of railroads, application for such interpretation may be made either by a regional director or by the chief executive of the railroad organization representing the class of employees involved or the chairman of any railway board of adjustment or the director of the Division of Labor. Such application shall be sent to the office of the director of labor and he will record and transmit it to the board of railroad wages and working conditions, which will promptly investigate and make recommendation to the Director-General. Upon the receipt of interpretation from the Director-General, the director of labor will send such interpretation to the railway boards of adjustment for their information and guidance."

COMBINED OPERATION

In order most efficiently to operate the Southern Pacific and Western Pacific railroads under federal control, plans have been made for operating lines of the two systems as a double track for about 182 miles in Nevada, where the roads are close together. According to Federal Manager W. R. Scott, final plans for construction of eleven crossover tracks and one water station have been agreed on, the work to cost approximately \$118,000. Connecting tracks have been constructed at Waso, two miles east of Winnemucca, and Alazon, four miles west of Wells. When the new plan becomes effective, all eastward trains will move over Western Pacific tracks, and western trains over Southern Pacific tracks.

This does not mean, the Southern Pacific Bureau of News says, that all traffic east or west bound between Salt Lake or Ogden and San Francisco will be handled by the Southern Pacific or Western Pacific. Both roads will retain their identity and will handle only their own trains. The only points where the two roads will consolidate are those mentioned above, and the purpose of so combining is to gain speed and eliminate waiting at meeting points. Outside of the section between Weso and Alazon, each road will handle its own freight and passenger trains as heretofore. That is, both the Western Pacific and the Southern Pacific will carry passengers and freight into San Francisco and into Salt Lake and Ogden over their own tracks, as they have always done.

Such an arrangement, it is stated, is only carrying out the plan that was worked out by the officers of both roads before the Western Pacific went into the hands of a receiver. As far as conditions will permit, one station in a town will be used for both roads. At Carlin arrangements are being made so that trains of both lines will pass through the Southern Pacific yards and at Elko through the Western Pacific yards. At Carlin the Southern Pacific station will be used by both lines and at Elko the Western Pacific station.

REHEARING DENIED

The Commission has denied complainant's petition for rehearing in case 8244, Walter A. Zelnicker Supply Co. vs. St. L. & S. F. R. R. Co. et al.

Shippers -:- Information

Buffalo, New York

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As prescribed by the **DIRECTOR GENERAL**, and can fill orders on the day of their receipt at the following schedule of prices:

100 of each or	200 of either	\$2.00 delivered
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250 of each or	500 of either	4.50 delivered
500 of each or	1000 of either	7.50 delivered

Quantity prices, with imprint if desired, quoted on request.

THE TRAFFIC SERVICE BUREAU, 418 So. Market St., Chicago

FIRE PREVENTION DAY

The Traffic World Washington Bureau.

Director-General McAdoo October 29 sent the following notice to all railroad employees:

"I am informed that Saturday, November 2, has been named 'National Fire Prevention Day' by the governors of the states, and am glad to urge its serious celebration. The annual fire waste in the United States is estimated at from \$300,000,000 to \$400,000,000. The latter sum will pay interest on more than \$9,000,000,000 of the Liberty Bonds thus far issued. It, therefore, becomes an urgent war duty to reduce this fire waste as far as possible. Nearly all fires are preventable. Most of them are avoidable and due to carelessness or failure to provide adequate fire prevention apparatus. 'Bad housekeeping,' as it is described by fire prevention engineers, meaning thereby the failure to keep the premises clean and to remove accumulations of rubbish and inflammable material, is the cause of a great many fires that cost the country an enormous sum each year. Fire Prevention Day is intended to be a reminder of our duty in regard to matters of this sort.

"The attention of railroad employees is especially called to the day. It should be observed by the removal of all rubbish heaps, the inspection of all fire apparatus, and a resolution to make and keep tidy hereafter all the property of the railroads wherever situated. I hope that the day will be widely and thoughtfully observed as a war duty."

MAKING OF OCEAN RATES

The Traffic World Washington Bureau.

Ocean freight rate making by the United States is being quietly carried on by the U. S. Shipping Board. It has recently established a rate of \$67.50 per gross ton on steel from American ports to Italy. A few weeks ago it established a rate on cotton to Spanish and Italian ports. The rates are usually announced by the War Trade Board, the body that grants export licenses, in the form of an announcement that it will grant such licenses to exporters.

Enforcement of the rates is made possible by the general order of the President prohibiting exports without licenses. It is a war power that is being exercised. The rates will fall, it is believed, as soon as the wartime prohibition is removed. That, naturally, will not be until after the exchange of peace treaty ratifications. The War Trade Board's announcement, made October 29, with regard to the rate on steel is as follows:

"The War Trade Board announces that licenses for the exportation of steel to Italy shall be granted only upon the receipt of satisfactory evidence that the steel will be transported at a rate of freight not exceeding the rate established by the United States Shipping Board, which is \$67.50 per ton of 2,240 pounds, or 40 cubic feet, ship's option, on pieces and packages not over 4,480 pounds. The rate applies upon the following commodities: Structural iron and steel, iron and steel shapes, plates, nails, bolts, nuts, sheets, plain and corrugated, plain and barbed wire, billets, bars, rails and fastenings, pig iron, pipe.

"This ruling does not apply to applications for licenses to ship steel purchased by the British, French or Italian governments."

WAR TRADE BOARD RULINGS

The Traffic World Washington Bureau.

The War Trade Board calls the attention of exporters to the fact that, in submitting applications for export licenses, only one copy of Form X and of any supplemental form is required. The only documents of which more than one copy is required are the lists of commodities, which in some cases are attached to Form X in answer to question (5). These lists must be furnished in triplicate.

It announces that the shortage of binnacles, sextants, compasses, chronometers and similar instruments for the navigation and equipment of ships is such that, in order to provide for the requirements of the Emergency Fleet Corporation and the United States Navy, the War Trade Board will refuse licenses for shipments of these commodities to any destination.

Exceptions to this rule will be made only if it can be

clearly shown, to the satisfaction of the War Trade Board, that the exportation of these instruments will be of material aid in the prosecution of the war against Germany and its allies, and then only when it can be further shown that such exportation will not interfere with the requirements of the Emergency Fleet Corporation, the United States Navy, any of the associates of the United States in war, or any firm handling contracts for any of the above.

METHOD OF ACCOUNTING.

The method for accounting as prescribed in P. S. & A. Circular No. 34, issued October 24, is as follows:

"The authorized method of stating lap-over items of revenue and expense, creditable or chargeable to the carrier corporation, is stated in General Order No. 17 and amplified in accounting bulletins interpretative thereof.

"Some federal auditors have indicated that they will state the revenue lap-over items according to the provisions of the proposed contract with the railroad corporation.

"Federal auditors, in respect to such items, must be governed only by the general orders and other instructions issued from this office, and must not, until directed, depart from those instructions for the fancied reason that the contract provides otherwise. If in any case the federal auditor has reason to believe that the contract requirement differs from the issued instructions, he should at once communicate with this office, stating the point of difference as he understands it, and asking for specific instructions.

"If lap-over revenue or expense items have been stated on the federal books in a manner different from the instructions contained in General Order No. 17, immediate steps shall be taken by the federal auditor to adjust such lap-over items to conform with instructions relating thereto."

P. S. & A. CIRCULAR.

By means of P. S. & A. Circular No. 25-A, issued October 24, Director Prouty ordered:

"1. Transportation charges are due and payable when carload or less carload freight is placed in storage, either on the property of the railroad company or in private warehouses. If charges are not collected from the warehouse company, they should be collected from the consignee under the terms of General Order No. 25 at or immediately succeeding the time of placement in storage and not after final delivery to consignee.

"2. The provision in Circular No. 25 with respect to industrial railroads applies to so-called plant facility industrial railroads. It does not apply to 'common carrier' industrial railroads so long as in good faith deliveries are promptly made by them to consignees and the trunk line carriers' agent is furnished with adequate information with respect to such deliveries so as to permit the prompt rendition of the freight bills."

POSTPONEMENT OF CONFERENCE

The Dallas District Freight Traffic Committee, upon request of the Southwestern Industrial Traffic League and others, postponed the conferences which were to have been held commencing October 28.

The committee will proceed with the disposition of all subjects on its docket without conference, except that matters which are recognized as of general interest will not be disposed of without conference, and all cases in connection with which requests for conference are received not later than November 1, will be held for that purpose until the next regular conference date, November 12. The views of those interested may be sent by mail to J. L. West, chairman, and will receive the same consideration of the committee that would be given to an oral presentation.

The Dallas District Freight Traffic Committee has postponed until November 15 the conference on dockets 5 (lumber, carloads, proposed readjustment of rates (domestic) on, between Texas points) and 163 (lumber, carloads, proposed readjustment of export rates—from Texas, Louisiana and Arkansas to Gulf ports). The reason given for this action is the request of a large number of those interested, it being felt that the continued prevalence of Spanish influenza rendered this course expedient.

Freight Rate Authorities

ISSUED BY THE

U. S. Railroad Administration

Are all printed in the Weekly

TRAFFIC BULLETIN

AND IN THE

DAILY TRAFFIC WORLD and BULLETIN

DOCKETS

of the Western District Traffic Committees are printed in the same publications. (We hope soon to print also the dockets of the Southern and Eastern District Committees.)

There is no other way to keep in touch
with these proposed changes in tariffs

Write for Particulars

THE TRAFFIC SERVICE BUREAU

418 South Market Street

Chicago, Illinois

Docket of the Commission

Note.—Items in the Docket marked with an asterisk (*) are new, having been added since the last issue of The Traffic World. Cancellations and postponements announced too late to show the change in this Docket will be noted elsewhere.

The Chicago assignments in the Consolidated Classification case are as heretofore published.

November 4—Washington, D. C.—Examiner Brown:
9200—Railway mail, pay.

November 8—Argument at Washington, D. C.:
8834—Kettle River Co. vs. Mo. Pac. et al.
9797—Robt. Abeles et al. vs. A. & W. et al.

November 9—Washington, D. C.—Before Division II:
8182 et al.—Western cement rates.

November 11—Chicago, Ill.—Examiner Bell:
10233—National Council of Farmers' Co-operative Assn. vs. Wm. G. McAdoo, Director-General of Railroads et al.

November 12—Washington, D. C.—Examiner Disque:
10204—Consolidated Classification case—For such interests as may desire to be heard.

November 14—Milwaukee, Wis.—Examiner Bell:
* 10245—Wilbur Lumber Co. et al. vs. William G. McAdoo, Director-General of Railroads et al.

November 18—Washington, D. C.—Examiner Disque:
10204—Consolidated classification case—cancellation of state classifications.

November 18—Hagerstown, Md.—Examiner Spethman:
* 10225—Trantum & Danzer, Inc., vs. N. Y. P. & N. R. R. Co.

November 18—Green Bay, Wis.—Examiner Bell:
* 10124—Green Bay Assn. of Commerce vs. C. & N. W. Ry. Co. et al.

November 18—Huntington, W. Va.—Examiner Gerry:
* 10190—Va. Coal and Fuel Co. vs. N. & W. Ry. Co.

November 18—Philadelphia, Pa.—Examiner Smith:
* 10120—Allan C. Wood vs. N. Y. P. & N. R. R. Co.

November 18—Columbus, O.—Examiner Pattison:
* 10250—The Ohio Cities Gas Co. vs. Wm. G. McAdoo, Director-General of Railroads et al.

November 19—New York, N. Y.—Examiner Smith:
* 9980—International Paper Co. vs. L. E. & W. R. R. Co. et al.

* 10206—National Wholesale Lumber Dealers' Assn., for Cypress Lumber Co., vs. Apalachicola Nor. R. R. Co. et al.

* 10237—Seaboard By-Products Coke Co. vs. Erie R. R. Co. et al.
* 10107—The Charles Lyons Co. vs. Adams Express Co.

November 20—New York, N. Y.—Examiner Smith:
* 10137—David Kauffman & Sons Co. vs. C. R. R. of N. J.
* 10170—American Cyanamid Co. vs. C. R. R. of N. J. et al.

November 20—Huntington, W. Va.—Examiner Sethman:
* 9185—W. Va. Rail Co. vs. P. C. C. & St. L. Ry. Co. et al.

November 20—Portsmouth, O.—Examiner Pattison:
* 10153—Board of Trade of Portsmouth, O., vs. A. C. R. R. Co. et al.

November 21—New York, N. Y.—Examiner Smith:
* 10114—Geo. C. Holt and Benj. B. Odell, as receivers of Aetna Explosive Co., Inc., vs. N. O. & N. E. R. R. Co. et al.

* 10239—Geo. C. Holt and Benj. B. Odell, as receivers of Aetna Explosive Co., Inc., vs. Wm. G. McAdoo, Director-General of Railroads et al.

November 21—Chicago, Ill.—Examiner Bell:
* 10250—Wm. E. Golden vs. Wm. G. McAdoo, Director-General of Railroads.

November 21—Cedar Rapids, Ia.—Examiner Gerry:
* 10231—Chamber of Commerce of Cedar Rapids, Ia., vs. Wm. G. McAdoo, Director-General of Railroads et al.

November 22—Helena, Ark.—Examiner Graham:
* 9482—The Helena Traffic Bureau vs. St. L. I. M. & S. Ry. Co. et al.

Also Fourth Section Applications 4218, 4219, 4220 filed by St. L. I. M. & S. Ry.; 2198 filed by C. & N. W. Ry. Co.; 4944 filed by St. L. S. W. Ry. Co.; 799 filed by St. L.-S. F. Ry. Co.; 2043 filed by W. & N. V. Ry. Co.; 2045 filed by I. C. R. R. Co.; 699 filed by F. A. Leland, agent, and J. F. Tucker, agent; 2060 filed by J. F. Tucker, agent; 1608 filed by C. E. Fulton, agent.

November 23—Chicago, Ill.—Examiner Bell:
* 10063—Marinette-Green Bay Mfg. Co. vs. C. & N. W. Ry. Co. et al.

November 23—Des Moines, Ia.—Examiner Gerry:
* 10149—Board of Railroad Commissioners of the State of Iowa et al. vs. M. & St. L. R. R. Co. et al.

November 25—Louisville, Ky.—Examiner Pattison:
* 10247—Southern Hardwood Traffic Assn. et al. vs. Wm. G. McAdoo, Director-General of Railroads.

November 25—Watertown, S. D.—Examiner Mackley:
* 10242—Watertown Sash & Door Co. et al. vs. Wm. G. McAdoo, Director-General of Railroads et al.

November 25—Galesburg, Ill.—Examiner Money:
* 10192—Western Stoneware Co. vs. A. T. & S. F. Ry. Co. et al.

November 25—St. Louis, Mo.—Examiner Graham:
* 10157—Walter A. Zelniker Supply Co. vs. La. Western R. R. Co. et al.

* 10158—Walter A. Zelniker Supply Co. vs. O. S. L. R. R. Co. et al.

* 10168—Walter A. Zelniker Supply Co. vs. Sou. Pac. R. R. Co. et al.

* 10196—Walter A. Zelniker Supply Co. vs. M. P. R. R. Co. in Ill. et al.

November 26—Sioux City, Ia.—Examiner Gerry:
* 10142—Traffic Bureau of the Sioux City Commercial Club vs. A. & N. Ry. Co. et al.

November 27—Minneapolis, Minn.—Examiner Money:
* 10207—Gamble-Robinson Co. vs. C. St. P. M. & O. Ry. Co. et al.

* 10208—Gamble-Robinson Co. vs. Northern Pacific Ry. Co. et al.
* 10216—Page-Hill Co. vs. C. St. P. M. & O. Ry. Co. et al.

November 29—Fargo, N. D.—Examiner Mackley:
* 10218—Fargo Iron and Metal Co. vs. Northern Pacific Ry. Co.

November 30—Omaha, Neb.—Examiner Money:
* 10200—The Refinite Co. vs. C. & N. W. Ry. Co.

November 30—Bismarck, N. D.—Examiner Mackley:
* 10180—Board of Railroad Commissioners of the state of North Dakota vs. Nor. Pac. Ry. Co.

December 2—Lincoln, Neb.—Examiner Money:
* 10138—National Supply Co. vs. Union Pacific R. R. Co. et al.

December 2—Grand Island, Neb.—Examiner Gerry:
* 10127—Commercial Club of Grand Island, Neb., et al. vs. C. E. & Q. R. R. Co. et al.

December 4—Spokane, Wash.—Examiner Mackley:
* 9998—Ryan & Newton Co. et al. vs. F. E. C. Ry. Co. et al.

MOVEMENT OF COTTON.

Regional Director Bush, for the reason that compresses are unable to secure sufficient tags so that both ends of bales can be marked, has modified his order No. 82 to the extent that until Jan. 1, 1919, cotton may be received for movement, marked by compresses in the same manner as heretofore.

EXPORTS TO HAWAII.

C. H. Markham, regional director, writes to roads in the Allegheny Region as follows: "Attention has been called to the fact that many railroad employes have the impression that export licenses should be required in connection with shipments to Hawaii. Please issue notice to all interested employes of the roads within your jurisdiction that, as Hawaii is a part of the United States, no export licenses are necessary in connection with shipments thereto."

EFFECTIVE DATE POSTPONED.

The influenza labor shortage has caused a postponement from November 1 to December 1 of the effective date of the plan for combining the sleeping car and extra fare charges in one ticket.

W. F. T. COM. DOCKET.

The Western Freight Traffic Committee announces that the following subjects have been docketed and that interests desiring to submit their views can do so in writing or, if conference is desired, date will be arranged therefor:

1779, October 24—General readjustment of rates on vehicles and furniture in Southwestern territory.

1518, October 28—Rates and minimum weights on acid, sulphuric and nitric, in iron drums and tank cars, Colorado common points to points in Oklahoma. Proper rate and relationship to be established.

LIBERTY BOND SUBSCRIPTIONS.

Incomplete reports received by Director-General McAdoo show subscriptions totaling \$164,992,150 made by railroad employes in the Fourth Liberty Loan campaign, as compared with \$106,655,450 subscribed in the entire Third Liberty Loan campaign. These subscriptions are entirely separate from those made by railroad corporations and represent total subscriptions of officers and employes of railroads under federal control.

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THE TRAFFIC WORLD

A working tool for traffic men, both industrial and railroad; a national journal of important transportation news; independent as between carrier and shipper.

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Saturday, November 9, 1918.

REGULATION OF FREIGHT RATES

It is our observation that there is a pronounced tendency among shippers and others interested in transportation problems toward increased discontent with and criticism of the course of the Railroad Administration in the regulation of freight rates. Discontent has been there from the start, but expression of it has been more or less restrained because of the "win the war" bar that has been raised against criticism of anything done or proposed by the government, and many of those who would otherwise have voiced their disagreement and taken steps to have the cause of it removed, have been held back by the fear of seeming to be unpatriotic and possibly, without meaning to, of hampering the conduct of the war. Not only has this discontent been increased recently in certain quarters but, even where it is no greater than it was, expression is being given to it with surprising freedom—surprising because of the reserve that has hitherto been maintained.

The reason for the change is not far to seek. It is undoubtedly due to two facts. First, our arms and those of our allies have triumphed over the Huns to such an extent that the outcome of the war is certain. The public is no longer frightened at the possibility that we may not win and, with that anxiety removed, it is more or less difficult, even where necessary, to remain alert and watchful. Second, the President, in his proclamation calling on the people to vote for men of his political faith for Congress—whether that proclamation was right or wrong, wise or unwise—undoubtedly had the effect of letting down the bars of criticism. Those who have felt disposed to criticise policies

of the Administration, but who have refrained from a feeling of loyalty and patriotism, now feel it permissible to speak their minds, and they are speaking. This is especially true among men of the political party in opposition to that of the Administration.

The Railroad Administration is one of the agencies of the Administration and its policies are a part of the Administration program. Such disagreement as has been felt with them may be expected now to make itself felt. That is the inevitable result of present conditions and its presence is evidenced by the remarks one hears on every side—remarks now made openly that a few weeks or months ago, if made at all, were made out of the corner of the mouth. We look for concrete efforts in Congress and elsewhere, before a great while, to change the present methods of rate control. Shippers are not satisfied with the treatment that is given them—though it is better than it was at first—and economists, though giving full credit for things that have been accomplished under government control of the railroads, are questioning the legality, the propriety, and the necessity of many things that have been done.

One of the things that still worries the shipper is the secrecy that is maintained with respect to proposed rate changes. The condition is not what it was at first, to be sure, but it is still bad. At first the Railroad Administration gave out absolutely no information with respect to rate changes contemplated by its freight rate authorities, issued under the new system of making rates. The shipper then had no information as to changes until they took form in tariffs and were effective. Now the Railroad Administration gives out these authorities and they are available to those who take the pains to keep in touch with them. But even yet the Railroad Administration has taken no action looking toward publicity of the dockets of the district freight traffic committees. The Western Freight Traffic Committee, composed of broad-gauge, fair-minded men, took action on its own responsibility and instructed its district committees to give publicity to their dockets. This is being done satisfactorily. But the Eastern and the Southern freight traffic committees have so far refrained from doing anything of the sort, and there is no indication that they intend doing it. The Railroad Administration should see that they do. Shippers are entitled to this information and it ought to be made available for them. That, however, is only one of the annoyances to which shippers are subjected by means of this new system of making rates—a system of freight-rate committees instead of the Interstate Commerce Commis-

sion, and freight-rate committees, at that, whose action, in the East and South, is covered by secrecy.

Within twenty-one months after peace is declared the United States must decide on its railroad policy. If nobody does anything, the roads revert automatically to their owners and all will go on as before the war and the federal control law; the President may relinquish the roads before the expiration of the twenty-one months; or, before he relinquishes them or they revert automatically to private control, Congress may adopt some new policy. But Congress need not wait until the war is over to put into effect a new policy. Already there are whisperings that proposed legislation is in pickle, waiting the proper time for introduction, giving back to the Interstate Commerce Commission power over rates and taking from the Railroad Administration, to that extent, the power in which it has been clothed. It was hardly to have been expected that anything of that sort would have been attempted in the days when the outcome of the war was more or less in doubt, at least as to whether the time would be long or short, but now that peace is in sight and peace policies must be considered, transportation will doubtless take its place among the economic problems that demand solution.

Congress undoubtedly, if it has had time to think about the matter at all, must have felt itself the victim of what is pretty near akin to double-dealing in this matter of rate control. The federal control bill proposed to vest in the President this power over rates. Certain senators protested that he ought not to have it. To this it was replied for the President, without any repudiation from him, that, of course, he would not exercise it except in a great emergency, but that he must be trusted for the sake of some such emergency. The argument prevailed, and the bill became law. Now, under it, the President, through the Director-General, through the Director of Traffic, makes every rate change of every description, large or small, important or unimportant, the Interstate Commerce Commission having no power whatever until after the new rate has become effective and a formal protest is made against it. Even this power some of the railroad attorneys have tried to deny. It would not be at all surprising if Congress should take measures to close the loophole it was deceived into leaving and see to it that the President retains only that power over rates which it was expected he would assume when the legislation was enacted.

In addition to the increased criticism which we have discussed there is the additional discontent mentioned. In some respects the dissatisfaction now is not as great as it was at first, for the Rail-

road Administration has made certain concessions—shippers as members of the freight traffic committees, for instance. But in certain quarters the dissatisfaction is growing. This is true, for instance, among members of state commissions, others interested in preserving intrastate rates, and advocates of the doctrine of states' rights. At first, the attitude of such persons was to stand back and let the Railroad Administration do what seemed to it right and proper for the winning of the war. But there have been mutterings and now, with the Railroad Administration proposing to set aside state classifications by the adoption of the proposed consolidated classification and paying less and less attention to the claims of the states with respect to their rates, the feeling may be said to have reached the boiling point. With the restrictions we have spoken of above removed and the arrival of an open season for criticism, this feeling may also be expected to take form. The members of the state commissions hold their annual convention in Washington next week, and it would not come as a shock to many if that convention took some action along the lines of what we have been saying, or at least if individual members had things to say.

As to this matter of federal power over state rates, we do not wish our own attitude to be misunderstood. Though we have expressed it before, we reiterate it. We believe in exclusive federal control of rates and, to that extent, think the federal power should displace the state commissions. But we have no wish for other than a legal execution. Until Congress says that rates should be so regulated we are not in favor of having it done arbitrarily and illegally, as we believe it is now being done. It may be necessary and legal, under the federal control act, that the President do as he is now doing in overriding some of the so-called rights of the states because of the war exigency, but we believe it is not necessary to the winning of the war, and therefore not legal under any existing law, that he regulate state rates.

SHIPPERS' REPRESENTATION

The difficulty that has been experienced in finding representatives of shippers to serve on the freight traffic committees may be expected to increase as time goes on. It is the result of the declination of the Railroad Administration to pay anything more than the expenses of the shippers' representative on a committee. That declination rests on the decision of Director Prouty. His idea seemed to be that if a man was to represent shippers in the consideration of questions arising out of proposed changes in rates, he should continue to

(Continued on page 908)

Current Topics in Washington



Effect of the Election on Railroad Regulation.—The outcome of the election gives satisfaction. It is believed, to those who believe in the regulation of railroad rates by the Commission. They wish there never had been a question about that control by a body created by legislation carefully considered by great men in the two dominant political parties and tried during a whole generation. They are glad there is to be a division of party responsibility in the administration of affairs during the period of reconstruction work.

Although President Wilson has not made a public record of his feelings regarding the work of the Commission, the supporters of that form of organization for regulation have felt that he reached the conclusion, some time prior to taking over the railroads, that the Commission was at least partly responsible for the "break-down" in transportation. Few intimately familiar with the work of the Commission subscribe to any such view. That, however, is not the point. The President is believed to have held such a conviction. During the war his view has been the one that controlled, not merely the executive branch of the government, but the legislative as well. It has not been necessary, in the view of those who are talking about the effect of the election on the Commission, to believe that Congress, during the war, had become a rubber stamp, to enable one to believe that the President was almost the government of the United States. Nor was it necessary to believe that the break-down in transportation was caused, not by the Commission, but by the tasks laid on the railroads by the executive branch of the government, to hold the belief that the President was the only fact in the government of the United States, aside from the courts, worth remembering. The large fact now is that the overwhelming impression among those who have fought for the retention of the Commission in full vigor is that a divided political responsibility is the best thing that has happened for the Commission and in the interest of a sane policy with regard to the railroads that has happened for a long time. It means, among other things, a forced consideration of the subject without thought of political advantage, on the basis of a return of the properties to their owners. Director General McAdoo, in various ways, has created the impression among the believers in Commission regulation that he was flirting with the government ownership people with a view to persuading them to support his management of the railroads on the theory that that would ultimately lead to what they desire. Division of political responsibility, the thought of Commission supporters, brings with it assurance that there will be real, constructive legislation in the course of the twenty-one months following the signing of a treaty of peace, instead of jockeying for advantage two years hence. The act to regulate commerce is the product of divided political responsibility. In the days of its shaping the House was first in the control of one party and then of another. The classified civil service law is also a product of such divided responsibility. In the framing of those statutes each party put forward its best thought and nothing could be "put over" under the whip and spur of party necessity. The thought that divided political councils are good may not appeal to strong partisans, but in the case of legislation on subjects that are not direct political issues, long continuance of such legislation on the books, it is believed, is assurance of its excellence. And that is the kind the election gives promise of producing for the people in the next two years.

Modified Conference Rulings.—The Commission's modification of conference rulings Nos. 409, 463 and 497, gives recognition to the substance and not the name of things. It allows elevators, warehouses and cotton compresses to sign the average agreement and reserve the benefits thereof, regardless of the form of the bill of lading on which the freight reaches the elevator, warehouse or compress. Un-

til it modified the rulings mentioned the theory was that a carload of freight consigned to John Smith, care Jones's elevator, was a carload of freight which John Smith might put into Jones's elevator and then again might not. The fact always has been that such a car was intended to be unloaded by Jones and never by anybody else. The form of bill was merely to show that the elevator was not the owner, but merely the custodian of the goods. The modified ruling enables warehousemen to carry on their business in the way that all other large consignees carry on theirs. They obtain the benefit of the average agreement and pay demurrage only when they are so slow that, on an average, during a given period, they have not unloaded all cars in the free time allowed on each car. The Commission, having ever before it the bugaboo of rebates and other illegal practices, leaned backward and insisted that inasmuch as Smith was the consignee, the freight could not be used either as a debit or a credit by the warehouse or elevator, although everybody knew that the warehouse and not Smith would be held responsible for delay in unloading. The right to count the individually consigned cars in the average agreement account of the elevator or warehouse has no effect on the title to the goods. The consignee, not the railroad, is the one that protects the title. When the railroad receives a car in care of a warehouse or elevator it delivers it to the warehouse or elevator and that constitutes delivery.

Railroad Sugar Economy.—Why cannot the Railroad Administration, as a housekeeper, do as much with its allowance of two pounds per capita of sugar as the ordinary housewife? That is one of the questions that has been asked by passengers who have been compelled by waiters on the dining cars to choose whether they would take sugar for their coffee or sugar for their cereal or grapefruit. The complaint is that waiters on dining cars are telling passengers they may not have sugar for both. That does not sound good to the woman who knows that with the two pounds per capita given her for use in the home she is able to provide sugar for the coffee, for the grapefruit, and the cereal and iced ginger bread, not to mention occasional makings of ice cream. Two pounds per capita per month is about as much as the Frenchman or the Italian used in the flush days before the war. The Englishman used about 81 pounds per annum, but much of what he used was put into jams and preserves exported to other countries. The average American family has not suffered—except when some member of it has been so unfortunate as to be forced to travel in war times in crowded trains at extremely high rates.

Government Press Agent Staff.—The Supreme Court of the United States and the Interstate Commerce Commission are about the only governmental bodies that do not issue press agent "stuff" of the kind the Railroad Administration issues through Theodore H. Price, who holds the title of actuary. The war greatly increased the output of press agent material. The Committee on Public Information, of which George Creel is chairman, is to the United States just about what the Wolf agency is to the government of Germany. It prepares news articles and hands them to newspaper correspondents who call at its offices. The committee does not confine itself to straight-out announcement work. It gives a tinge to material it issues. Most of its material is written in the third person, ready for the printer, and also for the indolent correspondent or editor or the editor and correspondent who have more work to do than they have hands and feet for the doing. Ten years ago it was rare for any branch of the government to go to the trouble of typewriting any announcement the head of the department desired made to the public. John D. Long, Secretary of the Navy during the war with Spain, read telegrams received from Dewey to an assemblage of newspaper correspondents and heads of bureaus. He did not go to the trouble of having clerks make copies. The late Mark Hanna, then chairman of the national committee and senator, was among those in the crowd listening to the good news from Manila. One of the newspaper men jocularly asked him to allow the use of his back as a desk while he copied what Long was reading. Hanna insisted on that use of his back. His example was followed by other public men, who naturally desired the circulation of good news. The stuff given out then was just what Dewey sent

over, unedited and undoctored. It was unlike the "story" put out by Creel on July 4 about an attack of submarines "in force" on American army transports. Nearly all matter prepared by the government press agents is in the most obnoxious form of the press agent's work. It is filled with praise for the head of the bureau or department for which the press agent is working. It is not nauseating praise such as poets used to write about their patrons, but the institution is still young. A few years ago Congress tried to put a stop to this praising of officials at the public expense by inserting a prohibition in an appropriation bill. That may still be a part of the law of the land, but if it is nobody pays heed to it. The government, in one way or another, in its efforts to feed the vanity of officials, probably spends \$5,000,000 or \$6,000,000 a year in that way, the chief items being the Congressional Record, the Official Bulletin, and the newspapers issued by the different bureaus and departments. All these public servants spend some of the public's money to tell their masters how good they are and how carefully they are spending their money. The Fuel Administration, in a circular dated October 11, forbade those employed in that Administration to give out any news except through the Administration's "educational bureau," which is what it calls its press agent institution. The object of the prohibition was to prevent "undesirable publicity" and to make "propaganda." Undesirable publicity was not defined, the presumption being that Dr. Garfield would be the person to decide what is desirable and what not.

A. E. H.

SHELLED CORN FOR EXPORT

CASE NO. 9746 (51 I. C. C., 248-249)
CINCINNATI GRAIN & HAY COMPANY VS. PITTSBURGH, CINCINNATI, CHICAGO & ST. LOUIS RAILROAD COMPANY ET AL.

Submitted Jan. 7, 1918. Opinion No. 5434.

Rate on bulk shelled corn, in carloads, from Rushville, Ind. to Pocahontas, Va., and reconsigned to Baltimore, Md., for export, found to have been unreasonable. Reparation awarded.

BY DIVISION 3:

Complainant, a corporation engaged in the grain business at Cincinnati, O., alleges by complaint filed May 28, 1917, that the charges collected by defendants on a carload of bulk shelled corn, shipped Dec. 30, 1915, from Rushville, Ind., to Pocahontas, Va., and reconsigned to Baltimore, Md., were unreasonable, and asks reparation. Rates are stated in cents per 100 pounds.

The shipment, weighing 73,685 pounds, moved over the Pittsburgh, Cincinnati, Chicago & St. Louis Railroad to Cincinnati, where it was unloaded at complainant's elevator. On Jan. 20, 1916, 56,290 pounds were shipped over the Norfolk & Western Railway to Pocahontas, where the corn was refused by the consignee and thereupon reconsigned to Baltimore, Md., for export. The further movement was over the Norfolk & Western to Shenandoah Junction, W. Va., and the Baltimore & Ohio Railroad to Baltimore. The complainant attacks only the freight charges, aggregating \$291.77, collected on the amount of corn that moved through to Baltimore. The rate legally applicable was 51.7 cents, composed of rates of 5.3 cents to Cincinnati, 19.1 cents to Pocahontas, and a joint sixth class rate of 27.3 cents, governed by the Official Classification, beyond. The shipment was overcharged 75 cents.

Pocahontas is on a branch line of the Norfolk & Western, about 1½ miles from Bluestone, W. Va., the connection with the main line, and therefore is not directly intermediate to Baltimore from Cincinnati. Under the contemporaneous reconsignment circular, the aggregate of intermediate rates from Pocahontas to Baltimore that would have applied in the absence of the joint sixth class rate was 16.9 cents, made up of 6.3 cents to Shenandoah Junction, one-half of the local rate, and 10.6 cents beyond. The representative of the Norfolk & Western, believing that, under the reconsignment tariff and but for the existence of the sixth class rate, components of 6.3 cents, each, to and from Shenandoah Junction, or 12.6 cents, would have applied, admitted that the rate beyond Pocahontas was unreasonable to the extent that it exceeded that amount and offered to make reparation on that basis.

By the terms of the reconsignment circular, when the ultimate destination was beyond the rails of the Norfolk & Western "and the rate from diverting or reconsigning

point thereto would be constructed by combination of full tariff rate to some Norfolk & Western Railway station plus full tariff rate beyond," the applicable basis would have been the full tariff rate to the reconsignment point, if not intermediate to ultimate destination and involving a back haul, plus one-half of the tariff rate thence to the Norfolk & Western rate-basing point and full tariff rate beyond. If a combination basis had been effective from Pocahontas to Baltimore, a rate of 16.9 cents would have been available to complainant, but the existence of the joint class rate excluded the application of the above provision.

May 25, 1916, provision was made for the reconsignment of corn at points, including Pocahontas, where out-of-line or back hauls were required, at the joint rate from point of origin to ultimate destination, plus certain additional charges for out-of-line or back hauls and for the reconsigning service. There was then and since has been no joint rate from either Rushville or Cincinnati to Baltimore over the route of movement or through Bluestone; and on Jan. 13, 1918, the amended rules were canceled, upon the expiration of our order in the Reconsignment case, 47 I. C. C., 590. The ensuing and present rules do not authorize reconsignment at Norfolk & Western points where out-of-line or back hauls are necessary, except at the rates to and from the reconsignment point, plus certain reconsignment charges.

We find that the applicable through rate was unreasonable to the extent that the component from Pocahontas to Baltimore exceeded 16.9 cents per 100 pounds; that complainant made the shipment as described and paid and bore the charges thereon; that it was damaged to the extent of the difference between the charges collected, inclusive of the overcharge, and those that would have accrued on the basis herein found reasonable; and that it is entitled to reparation in the sum of \$59.29, with interest. As the carriers concerned are now under federal control no finding or order for the future can be made effective in the present state of the pleadings.

An appropriate order will be entered.

EXPRESS COMPANY WAGES

The Traffic World Washington Bureau.

One hundred and twenty-five thousand employees of the American Railway Express Company have asked the War Labor Board to give them an increase in wages and a decrease in hours of labor. They sent their petition to that body, appointed to prevent industrial disputes eventuating in strikes during the war, before they were advised that Director-General McAdoo intended looking after their cases. His announcement was made in the form of a supplement to General Order No. 27, in which he added to the duties of the Railroad Administration wage board the troubles of the express company employees.

They did not ask for a specific increase, by percentage, in wages, but contented themselves with saying they were receiving less than a living wage and working from twelve to twenty hours per day.

At the Railroad Administration offices it was said, when the Labor Board made public the fact that it had filed a petition, that the petition would be taken over by the Administration and handled in the way wage questions raised by railroad employees are disposed of.

The supplement to General Order No. 27, relating to wages and working conditions, which seems to indicate that the Director-General considers the American Railway Express Company a system of transportation and that the President has taken it under federal control, is as follows:

"In addition to the duties heretofore conferred upon the Board of Railroad Wages and Working Conditions it shall be the duty of the Board to hear and investigate matters presented by officers and employees of the American Railway Express Company or their representatives affecting—

"(1) Inequalities as to wages and working conditions whether as to individual employees or classes of employees.

"(2) Conditions arising from competition with employees in other industries.

"(3) Rules and working conditions for the several classes of employees, either for the country as a whole or for different parts of the country.

"The Board in the performance of these duties shall, as in the case of railroad employees, be solely an advisory body and shall submit its recommendations to the Director-General for his determination."

MILEAGE SCALES HEARINGS

The Traffic World Washington Bureau.

The second week of conferences by the Commission since the Director-General submitted the class scales to it with the suggestion that it hold hearings has passed without action on its part. There is no intimation as to how soon hearings will be ordered. A well defined idea is getting abroad that the Commission may not hold hearings on the subject at all unless Mr. McAdoo desires to find a forum in which to point out who has asked for such scales, what war end is to be subserved by their adoption, and what emergency called them forth. In other words, the Commission may decide that, inasmuch as it is the body that will ultimately have to decide whether the proposed rates are just, reasonable and not otherwise in violation of law, it should not consider them until it calls on Mr. McAdoo for justification.

In the matter of express rates it held a hearing at which the attorney and witnesses for the company explained and justified advances which Mr. McAdoo later indicated he intended making effective. At the time the Commission closed its hearing on the subject the thought was that the express company would file tariffs and observe the forms prescribed in the act to regulate commerce and not have Mr. McAdoo exercise the war emergency power.

At this time it seems improbable that any such hearings as have been had on the proposed consolidated classification will be ordered on the mileage scales unless they are offered for filing under the fifteenth section.

Southern shippers, under the guidance of W. A. Wimbish and C. B. Jones, are preparing a petition to Congress to forbid the making of mileage scales, acting on the theory that Mr. McAdoo intends making them effective under the war emergency power. Such a petition would take the form of a protest to the Commission if the procedure were under the fifteenth section. They may decide to file the protesting petition with the Commission.

The Commission is expected shortly to make other decisions involving the question of its power under the federal control act. No one who has read the Willamette report expects anything other than a declaration that it has power to decide on reasonableness just as fully as before the control act was passed.

It is believed that whatever opposition there is to be to the mileage scales will rapidly crystallize now that the controversy has got out of the way. It is obnoxious to those who have been participating in rate regulation contests to think of someone having anything to do with the questions in which they have an interest, but they have not been able to ignore the fact that the question of the further usefulness of the Interstate Commerce Commission as a regulating body has been more or less bound up in the question of the present control of the next Congress. The men so interested in rate regulation have shrunk from admitting that the matter in which they were interested could have any political value.

The greatest interest among the representatives of shippers in Washington so far as the class mileage scales are concerned is in the rule the Railroad Administration will undertake to use in applying the proposed rates. In the Western cement case the Commission is proposing to have the scales apply through the nearest switch connection that is in existence or that can be made.

Application of mileage rates in accordance with that rule, it is believed, would result in great changes in the operation of trucks or the wasting of a considerable quantity of engine water. There are thousands of places in the country where the shortest route between two points would be made up of the rails of two or three carriers. For instance, the shortest route between Spokane and Seattle would be made up in a movement from Seattle to Spokane, of the Northern Pacific rails from Seattle to Easton, thence the rails of the Milwaukee to Lind, and thence the rails of the Northern Pacific to destination.

The shortest route, under conditions existing before government control, was furnished by the rails of the Milwaukee and Union Pacific. The combination of Northern Pacific rails as originating and delivering carrier would give a route of about 275 miles. This combination route would be substantially shorter. If the Northern Pacific rails were used all the way the route would be about 400 miles long.

The question is as to whether, when the mileage scales

have been adopted, a shipper is entitled to have the rates apply over the short mileage, without the payment of anything for intermediate switching from the Northern Pacific rails and back again, or would be entitled to the short mileage if his business is located on the Milwaukee at Seattle and an initial switching would be necessary to get the car to the rails to be used in making up the short mileage.

As a matter of physical operation the shipper would not be interested in the question as to how the Railroad Administration got the car from Seattle to Spokane. His interest would lie only in the question as to how the distance between the two points was to be calculated.

Under existing rules the rate between the two points is that made by the Milwaukee, because it has the shortest single-line haul. The Northern Pacific would have to meet the rate made by the Milwaukee or remain out of the competition.

But under the changed conditions some shippers expect, when the mileage scales come on for hearing, to contend that, inasmuch as the railroads are now all one, the scales should apply via the shortest physically possible routes. The actual routing of tonnage via the shortest physically workable routes would have the effect, as before pointed out, of making probable a waste of engine miles, because the diversion of cars from one set of rails to another would take place between division points. In the Seattle-Spokane case, the Milwaukee engine would have to run comparatively light from Seattle to Easton. Then the Northern Pacific, having delivered its stuff to the Milwaukee, would run light or lighter to Ellenburg, its division point. The same operation would be repeated at the Spokane end of the through movement, unless the Railroad Administration decided that the rates should apply over the shortest physically workable route, but that the traffic should move over the route that would cause the least waste of engine power.

There is a desire on the part of officials of the Railroad Administration to find out how much, if any, opposition is to be shown to the proposal to establish mileage class scales. They have not received many letters on the subject. They have not even heard from those they know to be in opposition. The regional and local traffic committees are also without much information as to the amount of opposition, if any, to be shown at the hearings.

It is believed the explanation is that those interested have not had time to analyze the proposals. The scales help a few communities. They help a much larger number, in theory at least, although as a matter of fact the larger number has little or no traffic to move. Until factories could be moved to the favored spots there would be no business on the proposed rates. The movement would be on the increased class rates applying from points which, according to Railroad Administration officials who do not care to get into controversies with shippers in advance of the hearings, are enjoying "special privileges."

Position of State Commissions

State commissioners, it is known, are working on the scales with a view to showing how they will affect communities in their states. They must be almost neutral in the impending fight, because some of the communities in their states will be favored and some penalized. Some of them will not be in position to take any decided stand. Washington is one of the states where there will be such a development. The old contention between Spokane and Portland is likely to break out again if the scales are made effective. In fact, the controversy has already been renewed in a mild way by a mere statement of what the proposed rates will do to those cities. The scales show this without anybody taking the trouble to point it out. That is, they show what will be done, if the man who is reading them has any knowledge of the rates that are now in effect. Of course, it means nothing to a man who knows nothing about rates to tell him that the scale proposed would make a rate of about \$1.68 between San Francisco and Portland because he would not have in mind the fact that the existing water-compelled rate is something like fifty-one or fifty-two cents. These figures are not given as the exact items in the tariffs, but are merely quoted from memory to illustrate the fact that great changes are proposed, but unless the man who reads the scale has before him the rates now in effect, they mean nothing to him.

Charles E. Elmquist, representative in Washington of the state commissions, in a circular letter has advised those bodies to study the scales so as to be able to make constructive criticism. In effect, he tells them that whether they like it or not, some kind of scales are going to be adopted and that they had better order their work so as to make them as acceptable as possible. His letter says:

"The Railroad Administration has prepared standard forms of class rates to apply both state and interstate, and has submitted the same to the Interstate Commerce Commission for its examination and recommendation. A letter attached to these forms has been sent to all state commissions. We may assume that it is the present intention of the Railroad Administration to put a standard scale of class rates into effect within the different zones that may be created. The standard scale will eliminate all state class rates as well as all present interstate class rates, and may vitally affect commodity rates. The Interstate Commerce Commission has not decided upon a course of procedure for the investigation of these rates. If it decides to proceed in the matter, it should have the benefit of criticisms as well as suggestions of state commissioners upon the effect of the rates as well as upon the manner of making the investigation.

"It is advisable, therefore, for the state commissions promptly to examine the proposed scale of rates for the purpose of determining:

"1. Whether the same will produce an increased revenue.

"2. The per cent of increase or reduction in the class rates which are now being charged pursuant to order 28 of the Director-General.

"3. The per cent of increase over the state as well as interstate class rates applying in your territory prior to the effective date of order 28.

"4. The necessity for continuing the existing commodity rates as exceptions to the proposed standard scale of class rates.

"5. Whether the standard scale has any relation to the operation of the railroads as a war measure.

"6. Whether it is advisable at this time to attempt any such far-reaching readjustment of rates, regardless of their amount.

"State commissions and the shippers of the country are facing a condition and not a theory. If the Railroad Administration is finally to adopt standard class rates, it is important for the commissions and the shippers to give the Interstate Commerce Commission all the information that they can secure, and also the best constructive criticism that can be brought to bear upon the question. This should be done regardless of the legal questions involved. The commissions have here an opportunity to give to the public the benefit of their knowledge of rates and local conditions. It now looks as if the war would soon be over, and suggestions should be made with due regard to the fact that the railroads will soon be again operated in times of peace."

ELECTIONS AND RAIL CONTROL

The Traffic World Washington Bureau.

Assurance that there will be legislation attempted on railroad control and regulation in the course of the next two years, even if the treaty of peace should be delayed more than two years, is given by the outcome of the congressional elections, especially if, as now seems probable, the Republicans control the Senate as well as the House. Had there been no reversal in control, the probabilities are that no successful attempt at revision of the federal control law could have been undertaken until after the treaty of peace was ratified. The fact that Director-General McAdoo has set out on a program for remaking the railroads of the country, aside from his utterances encouraging the belief that he favors a continuance of government operation, is reason, it is believed, for that assertion.

Assuming that the rules of seniority that have heretofore prevailed in the selection of chairmen of committees in both House and Senate, and that the final returns confirm the belief that the Republicans will have a majority in both houses, Senator Cummins of Iowa will become the chairman of the Senate committee on interstate commerce. By the same process of reasoning it is no

hard feat to come to the conclusion that John J. Esch of Wisconsin will become chairman of the House committee on interstate and foreign commerce.

Without detracting from the credit due Senator Smith of South Carolina or Representative Sims of Tennessee, it may be said that Senator Cummins and Representative Esch are more expert in all matters relating to the subject with which those committees deal. Both have specialized in the matter. Esch, as a young member of the House in 1905, joined with Representative (now Senator) Townsend of Michigan in framing the bill, which finally passed under the name of the Hepburn bill in 1906. The veteran lawmaker, Cummins of Iowa, was chairman of the committee at the time. While at first he and his younger colleagues were in opposition to each other, they framed the bill that passed and is now the foundation of the Commission's power over rates for the future. Because of the chairman's position and his prominence his name, rather than those of the younger members, became attached to the legislation. Hepburn made suggestions which Esch and Townsend accepted. Then the chairman reintroduced the amended bill and naturally his name was put on it as the introducer.

President Roosevelt was the moving force which finally constrained the Republican leaders to put teeth into the act to regulate commerce. The late Judson C. Clements of Georgia talked to the members of the two interstate commerce committees "like a Dutch uncle," practically telling them that they had better either give the Commission real power or quit trying to fool the people. Some of his colleagues were fearful about the effect of such plain talking, but, joined with the work of Roosevelt, Esch, Townsend and Hepburn, it had the effect of stirring Congress to action.

Cummins and Esch voted against the tenth section of the present federal control act. They could see no reason for giving the President the rate-making power in a statute that pretended to give him merely the power to operate the roads for the winning of the war. They did not accept the assurances given on the floor of the House and the Senate, that the power would not be used except in great emergencies.

Esch, for a time, appeared to have been able to organize the House so as to prevent the transfer of the rate-making power from a non-partisan board to the hands of the President. The House, while sitting as a committee of the whole, voted to leave the power over rates where it had been, in the hands of the Commission. However, when the bill came into the House, Republicans from Pennsylvania voted with those supporting the President and the bill under which General Order No. 28 was later issued and made effective, became a part of the law of the land.

Since the existing statute was passed over the protest of the men who, in the ordinary course of affairs, will become chairmen of the interstate commerce committees, it is believed to be a fair assumption that they will do everything possible, as soon as they have the power, to repeal or fundamentally modify that part of the law relating to the making of rates. That opportunity may come in March or it may not come until December, 1919. Southern members of Congress, both senators and representatives, have had unpleasant experiences with the new rate-making power. Therefore it is not improbable that the prospective chairmen will have support in excess of the numbers of their party associates, especially inasmuch as neither is a bitter partisan. Neither is at all inclined to find fault with a proposal simply because it happens to have been made by a partisan opponent. In fact, their fellow partisans have accused them often of being too liberal in their support of measures brought forward by political enemies.

Under the Constitution, of course, the President can prevent the passage of a bill unless it is supported by a two-thirds vote. Two-thirds is a big handicap, but President Taft several times saw bills passed over his veto even while his fellow partisans were in control of the Senate and the House was in control of his party opponents.

Legislation, therefore, is not impossible even without resort to the technically unlawful expedient of putting a bit of general legislation on an appropriation bill as a rider. The party in power has not hesitated to resort to that method. No one, however, is expecting the President to oppose legislation for a modification of the federal

control law now that the war is practically over and now that there has been an election in which the voters have said that divided political councils are desirable.

Assuming that history repeats itself, the election of a House of Representatives in political disagreement with the President, and leaving out the question of the control of the Senate, means the initiation of numberless investigations. That is what happened when the change of political control of the House was completed after the election of 1910, for instance.

Regardless of what opinion one may hold of the quality of the management of railroads by Director-General McAdoo, it would be more than could be expected from human beings to assume that the Railroad Administration would not be brought under the fire of inquiry. It is not a bipartisan institution, such as is the Commission. The regulating body was not "investigated" in 1911, when the control of the House passed into hands hostile to the executive then in office. It has stood, in the respect of Congress, the same as the Supreme Court and other judicial bodies, regardless of the political beliefs of the personnel. That, however, is not the fact with regard to the Railroad Administration. The head of it is a member of the President's cabinet. Even if he were not he would be identified with the appointing power.

In its operation of the carriers the Railroad Administration has scrambled a good many eggs. It has not been regardless of the jurisdiction of the Commission, although in language the Director-General has at all times admitted that it has the final word in saying what is the just, reasonable and non-discriminatory rate.

Unless the President feels constrained to call into special session a politically hostile Congress, the House of Representatives elected November 5 cannot come into full life until the first Monday in December, 1919. Congress has the power to change the meeting time appointed in the constitution, but, except during the Civil War and during the fight between it and Andrew Johnson, it has never exercised the right to appoint any other day than the first Monday in December as the day for what is called the regular session. Therefore, it is hardly desirable for those who might want to tell a committee of the House of Representatives something about the work of the Railroad Administration to begin gathering together their material just yet.

Extravagance is one charge that has been made generally against President Wilson's administration. The Railroad Administration, through its spokesmen to the newspaper correspondents, has often promised to make public the salary roll, but it has never done so. Shippers, however, as a rule, have had no fault to find with that. They know the average voter regards a salary of more than \$10,000 as evidence of extravagance. Shippers and their traffic managers know that the quality of brains needed in the operation and management of railroads cannot be had for such a small sum as they.

It is safe, therefore, to say that if there is an investigation of the Railroad Administration such as may be expected unless the new controllers of the House of Representatives are more angelic than human beings usually are, shippers and their representatives will not encourage an investigation because they think the salaries paid have been excessive.

Another safe conclusion in respect of the proposed investigation is that it will not be wholly partisan. The Director-General has given offense, and even affronts, to men of his own political faith. The southern senators are the ones who compelled him to recede from the mandate that state rates should be brought up to the level of interstate rates in the same territory as a condition precedent to the imposition of the twenty-five per cent increase in all rates.

Opposition to the proposed mileage scales is coming from the men who constrained the southern senators to force the Director-General into the change in General Order No. 23, which preserved the state rates as bases for the twenty-five per cent advance. They profess to see in the mileage scales a determination on the part of the Director-General to achieve, by means of those scales, the thing they forced him, through the intervention of the senators, to forego.

Not all the shippers of the country are backing the southern men in that opposition. There are many who believe the dual regulation should be eliminated by any

means possible. That, however, does not change the character of the support that will be given the prospective investigation. As before remarked, the investigation is expected to be sympathetically viewed by state commissioners and by shippers even of the same political faith as that of the Director-General.

CLASSIFICATION HEARING

Proposed changes in ratings and in mixtures on fresh meat and packing house products continued to be the subject considered at the hearing November 1, without apparently much progress being made.

W. W. Manker, assistant traffic manager for Armour & Co., the first witness, objected to the advance to rule 26 on partially cured meats in Official territory.

He said there were but three classes of meat—first, strictly fresh; second, lightly salted; and, third, the cured products, and he saw no reason for the advance on the second of these classes, which were of less value than the fresh meats.

He also objected to the proposed advance on cooked meats, N. O. I. B. N., dry salted or smoked or cured meats N. O. I. B. N. and on pickled meats.

As to the reductions proposed on pickled meats, he said they would not begin to compensate for the increases, the reductions on the pickled meats covering 5 per cent and the increases 95 per cent of their product, and that, considering the domestic and export movement of cured meats, they would total for his company more than 15,000 cars a year and the pickled less than 2,000.

Mr. Manker said the dry salted and pickled meats should be rated the same and at fifth class, although the dry salted meats loaded somewhat heavier, the average loading from their Chicago plant the week before being 40,000 pounds of the former and 32,000 pounds of the latter.

He said the range of prices on sweet pickled meat in bulk was from 19 to 40 cents per pound and in barrels from 19 to 30, while the dry salted ranged from 18 to 30 cents in bulk and the packed smoked meats, which would include hams, bacon and shoulders, would range from 23 to 50 cents.

He saw no reason for a difference in rating between those packed and loose, as there was no difference in their handling from a transportation point of view.

There was at this point a cross fire of discussion as to the effect of value on rating and Mr. Manker said he was simply asking that the same principle be applied on the cured meats as was applied on the fresh products and the same as on hats, shoes, clothing and many other commodities—that is, that the same rating be applied regardless of the varying values.

Mr. Collyer cross-examined the witness at length as to the relative perishability of the different kinds of meat and Mr. Manker said that from a transportation point of view there was none, as the packers maintained for the protection of their products in transit an organization to see to it that the carriers followed instructions, the result being that, in so far as his company was concerned, its claims amounted to less than seven-eighths of one per cent of the transportation charges.

Mr. Manker had serious objection to the mixing provisions in items 6, 7, 8, 9 and 10 on page 273 and in items 1 and 2 on page 274, and he would have the rules provide a carload rating on each of the products named at a minimum of 21,000 pounds and the mixtures take the fresh meat carload ratings.

On the questions of mixtures he felt that the basis for packing house products was more liberal to the carriers than was the basis on mixtures for other industries and he referred specifically to canned goods, jellies, jams, etc. He said, however, he had no objection to those mixtures, but wanted to be treated with the same consideration.

Mr. Manker called attention to the fact that lard and lard substitutes are not included in the articles named in items 8 and 9 and the classification men said they would include these in the rule if it went into the new book.

Objection was raised by Mr. Manker to item ten because the exceptions to Official Classification carried lower ratings on boneless chunks.

He felt that as to item one on page 274 it should provide a fourth class rate subject to the 30,000-pound minimum. As to item two, he said the mixture could now be moved

at fifth class in Official territory, B in the south and fifth in the west.

He wanted sausage casings, bladders, neatsfoot stock, oleo oil, oleo stock, animal stearine, animal tallow, weasands, lard oil, neatsfoot oil and tallow oil included in the mixtures.

To show the effect of the proposed mixing rules, Mr. Manker said that on a mixed car weighing 26,000 pounds from Fort Worth, Tex., to Birmingham, Ala., the total charge prior to June 25, 1918, would have been \$145, with per car mile earnings of 21.17 cents, the mixture consisting of fresh meat, dry salted meat, sausage and lard. After June 25 the charge would have been \$181.50, earning 28.6 cents per car mile.

Under the proposed rules the charge would be \$629.50 and allowing the lard to go into the mixture, as had been agreed to, the charge would be \$406.40, while if rule 10 applied the charge would be \$597.30, the latter earning 87.2 cents per car mile.

On a car from Kansas City to Atlanta the charge prior to June 25 would have been \$159.30, with per car mile earnings of 17.92 cents; after June 25, \$199.50, with per car mile earnings 22.45 cents; and under the proposed rules \$478.40, with per car mile earnings of 53.81 cents.

On a car from Chicago to Miami, Fla., the charges would be \$348.40, \$435.76 and \$644.09, respectively, while on a car from Chicago to New York they would be \$116.50, \$145.80 and \$294.40, respectively.

Instead of items 6, 7, 8, 9 and 10 on page 273 and items 1 and 2, page 274, he would have them all taken out and the present mixing rules in the south retained.

Mr. McCornack said he desired to make a statement for the smaller packers, and he said that the narrowing of the mixing rules would hurt them more than the bigger ones, as the volume of their business being less, there was more demand for the mixing privileges.

F. H. Minife, of the car route sales department of Swift & Co., was called to the stand to testify as to prices on the various packing house products. He stated that the price of dry salt butts was 20¼ cents; bacon slabs, 52 cents; premium sliced bacon, in one-pound cartons, 59½ cents; sweet pickled meats, including "picnics," 24 cents; sweet pickled No. 1 fancy bellies, 45½ cents; corned beef, from \$37 to \$44.50 per barrel of 200 pounds; pickled tripe, \$15; and pickled feet, \$19.30 per barrel; cooked boneless pig souse, 15 cents per pound; cooked loin roll, 49¼; boiled ham, 48; liver sausage, 16½; summer sausage, 51½; cervelat sausage, 17½; bologna, 18½ to 20, and frankfurts, 18½ to 26½ cents.

R. O'Hara, of the transportation department of Swift & Co., said that the mixing rules in Official and Western territories were not carried in the classification, but that in the south and into the south they are, and he desired to lodge an emphatic protest against the proposed mixing rules, stating that the Commission, in I. and S. 555, 603 and 693, had passed on these mixtures. He submitted the following mixing rules in their stead:

"Fresh meats, fresh sausage, leaf lard (not rendered)—in straight or mixed carloads, 21,000 pounds at fresh meat carload rate.

"Boneless chucks, boneless veal, cheek meat, hog hams, hog necks, shank meat, beef or pork trimmings, hams, shoulders, sides or other hog meats (salted), straight or mixed carloads, minimum 30,000 pounds at respective carload rates.

"Cooked, cured or preserved meats and sausage (with or without vegetable ingredients), lard, lard compounds or substitutes (in solid form), bladders, casings, glue, grease, hog skins (green, green salted, pickled or smoked), neatsfoot stock, oils, lard, neatsfoot, oleo and tallow; oleo stock, ox gall (liquid), stearine, tallow and weasands, in straight or mixed carloads, minimum 30,000 pounds, at their respective carload rates.

"Any or all articles specified under lists II and (or) III will be handled in mixed carloads with any or all articles specified under list I, at their respective carload rates, subject to a minimum of 21,000 pounds at the fresh meat carload rate on the entire shipment.

"Any or all articles specified under lists II and III will be handled in mixed carloads at their respective carload rates, subject to a minimum weight of 30,000 pounds, any deficit in weight to be paid for at the rate applicable to the rates on the commodities specified under list II."

In the proposed rules Mr. O'Hara said he had excluded

all articles of other than animal origin. It was developed, however, that lard compounds or substitutes might contain a percentage of vegetable material.

Mr. Fyfe wanted to know if he would be willing to have these rules made general in their application and have them embodied in the tariffs and he said he thought pretty well of them, but that it might be necessary to have some reconsideration of the rates, which, in the cases above referred to, had been increased, due to what were said to be the exceedingly liberal mixing rules then provided.

It was developed on cross-examination that butter, oleo-margarine, dressed poultry and cottonseed cooking oil had been eliminated from Mr. O'Hara's proposed rules, although in the present Southern Classification rules, and he insisted that glue, as one of the packing house by-products, should be continued in the mixture, his proposal, as he expressed it, being the limit of what would be conceded.

Mr. Fyfe wanted him to eliminate glue and limit the mixture to the edible products and Mr. O'Hara said he had gone the limit. Mr. Fyfe asked why not then include the hides, hoofs and horns, which were, of course, packing house by products.

Mr. Hickerson, of Morris & Co., said he felt that some mixing rule should be adopted which would take care of all the packers and he would have substantially the present Southern Classification rule put in.

Mr. Manker said his company had built a plant at Jacksonville, Fla., and another at Moultrie, Ga., and he was sure others would be established if liberal rules for mixtures were established.

It was developed at this point that the various packing concerns were not in agreement as to what should be included in the packing house mixtures and as Mr. Hargis of Wilson & Co., who wished to speak on the subject, was not ready to proceed, adjournment was taken for the day.

Adjournment was taken the evening of Saturday, November 2, until Monday without the schedule for the week having been completed. It was arranged that the remaining evidence on soap and other uncompleted packing house items should go over to Washington, where the justification of the carriers on these items and on lard compounds will also be heard. Examiner Disque announced that if the evidence on state classifications, scheduled for November 18, was completed before the day was over, soap would be taken up that day and completed on the nineteenth, and that it would be taken up on the nineteenth, if not possible to take it up on the eighteenth. He said the other packing house items would be taken up on the nineteenth if soap was finished before that day was over or, if not, on the twentieth, anyhow.

Time for Briefs Extended

Examiner Disque also announced that the time for filing briefs in the case had been extended from December 1 to December 15.

Mr. O'Hara was the first witness on the stand Saturday and was subjected to a long friendly examination by Mr. Collyer with a view, the latter explained, to arriving at a proper principle of classification. His effort was to develop from the witness the peculiarities of the packing business that made it necessary for its products to move under specific mixtures rather than under a general mixing rule. One of the points made was that meat deteriorates when kept in stock, even under refrigeration, whereas hardware, for instance, does not, and that a hardware dealer may ship in a car articles not needed for immediate consumption in order to take advantage of a mixture rule, whereas the ability of a packer to do that is exceedingly limited. A stock of meat, Mr. O'Hara said, cannot be held indefinitely in a branch packing house.

It was to the benefit of the public, he said, to continue the branch house method of doing business for the reason that, by means of these branch houses, the public in the smaller communities is enabled to get what it wants instead of what the butcher happens to have on hand. If the proposed rules were put into effect, he said, the business would have to develop along other lines than the branch house method—the peddler car method, for instance—which would be a disadvantage to the consuming public. In order to ship to advantage to their branch houses, he pointed out, the packers must have their own specific mixtures based on the needs of the trade.

Mr. Manker, for Armour & Co., also testified that the proposed rules would make it unprofitable for his concern to operate branch houses to any great extent.

R. R. Hargis, of the transportation department of Wilson & Co., offered testimony as to the relationship of rates between fresh meats and packing house products, packed. He said his concern would present at Washington a practical man who would offer testimony to cover branch house operations, this evidence to go to the matter of **REVISED RATES**.

Mr. Kellon, of William J. Moxley & Co., was on the stand again with some additional information, drawn out of him by Mr. Burchmore, as to oleomargarine.

Mr. O'Hara was interrogated by Ross Rynder as to soap rates, objecting to the proposed classification. He said carriers and shippers had agreed on a sixth class rating on soap released to the value of twenty cents a pound and Mr. Chambers had even, by means of a rate authority, instructed the Southern Classification Committee to put in such a rating, but that now the Southern committee proposed something else. Mr. Steadwell explained that that rate authority was meant only as a "tideover," pending the adoption of the consolidated classification, but Mr. O'Hara continued, apparently, to regard the situation as an evidence of bad faith.

Mr. Burchmore said he objected to having cheap soap overtaxed by the plan proposed. "If you want to fix it up so as to get more revenue out of the high-priced toilet soap," said he, "we might concede something." It was brought out in the evidence as a surprise to most of those present, probably, except the soap dealers themselves and the classification men, who know considerable about everything, that toilet soap retails for as high as seventy-five cents a bar. Mr. Burchmore said his clients wanted the dog to wag his tail instead of being wagged by it and the rating should be made proper for the bulk of the movement instead of on the high-grade product. At present, he said, the manufacturers were ready to accept the released value plan, which Mr. Collier characterized as "absolutely worthless." Mr. Hyde suggested that the soap men ought to get together on a line of demarcation between high-grade and low-grade stuff.

E. W. Erickson, of the transportation department of Armour & Co., objected to the advances proposed on liquid soap.

Mr. Steadwell took advantage of a lull to answer, for the Southern Classification Committee, a question propounded by Examiner Disque at the Atlanta hearing. The question was this:

"Assume for the purposes of this question that a majority of the commissioners should think that this wholesale radical increase in the south should not be put into effect at this time; if such a general denial were made, what exceptions do you think should be made?"

Mr. Steadwell's answer was as follows:

"The principle of classification making is definitely established and clearly defined. When the ratings are tested and the grouping is found to be incorrect, revision should be made. Any different action would be unnatural and unfair. We desire and expect that the Commission will decide each case on its merits, but should the recommendation be as outlined in your question, then, and in that event, all reductions, other than those referred to below, should be eliminated, and the following exceptions should be made:

First—Advances proposed on specific articles due to necessary revised descriptions and packing requirements.

Second—Advances proposed on articles related to those commodities on which necessary revised descriptions and packing requirements are made in the consolidated classification including mixtures affected by rule 10.

Third—Advances and reductions proposed in the Southern Classification Committee's dockets for the 91st, 92d and 93d meetings which had been discussed in public hearings, but not yet published in the classification, to the extent that such items are not changed in producing uniform descriptions thereof in the consolidated classification.

Fourth—Advances and reductions on articles affected by relationship to those described in paragraph 3.

Fifth—Changes not specifically protested and which are not affected or controlled by any of the foregoing conditions or circumstances."

Stoves and Hollowware

At the opening of the hearing November 4, on the subject of stoves and hollowware, Examiner Disque announced that there had been too much argument in the course of

the hearings and that he hoped witnesses would confine themselves to the presentation of facts that would be of help to the Commission in deciding what its recommendations should be.

Mr. Boswell, of Quincy, Ill., had charge of the case for the National Association of Stove Manufacturers. In his opening statement he referred to the changes that were now proposed with respect to things that had been agreed on by the Uniform Classification Committee. Examiner Disque interposed with the suggestion that the Commission knew nothing about any such agreement by the Uniform Committee and that if the stove men thought the conclusions or recommendations of that committee should be put into the Consolidated Classification it was up to them to show that that was the reasonable thing to do.

This brought on a colloquy as to where the burden of proof rested. Examiner Disque repeated that he had ruled that the burden was not on the carriers, but, he explained, he did not mean that the burden was necessarily on the shippers. The proceeding, he explained, was merely one in pursuit of information by the Commission that it might be able to give proper advice to the Railroad Administration. It was getting information from both carriers and shippers.

Mr. Boswell, in his statement, said:

"In the consideration of the pending proposition we are at once confronted with a situation which invites special attention, in that the subject matter to be discussed as applied to proposed descriptions, method of packing, carload minimum weights and rules applying to stoves, ranges, etc., have been heretofore considered before the Committee on Uniform Classification by committees of the stove manufacturers and after continued conferences, concluded to the satisfaction of both of these committees."

"For your information, we desire to state these conferences with the Committee on Uniform Classification were held under dates of March 5 and 6, 1914; July 28, 1914; April 2, 1915, and April 27, 1915; resulting in its final report under date of June 8, 1915, its P. F. I. 3520. It is our understanding this report was submitted to the various classification committees. Therefore, with the exception of the changes or advances in the ratings contained in the proposed consolidated classification, we have previously closed the subject."

"We are now called upon to face a change in this situation. The conclusive action of the Committee on Uniform Classification, which was presumed to govern, if not determine, the making of a uniform classification, has been amended and new issues are now presented, which differ from the report of that committee."

"We deem it proper, therefore, to enter our protest against the departure from the report and considerations of the subject, in so far as it pertains to the conclusions of the Committee on Uniform Classification in the matter of descriptions of stoves, ranges and parts, also carload minimum weights and rules applying thereto, and say that we insist on its final report prevailing. We entered on the hearings before that committee in good faith and accepted its decision in the same spirit, and nothing has transpired since that time which, in our opinion, justifies the proposed changes now being offered by the carriers for your consideration, other than the advance in ratings."

"Unless we can obtain the protection we seek, as a result of our endeavors and long continued conferences before the Committee on Uniform Classification, our previous efforts are lost, or nullified, and we shall be clearly placed at a disadvantage due to the absence of required consideration, or guidance by the committee which framed the proposed Consolidated Classification No. 1 in respect of the report and conclusions of the Committee on Uniform Classification."

"We wish to avoid the loss of any rights we possess as a result of the consideration of the entire subject before the Committee on Uniform Classification. It is obvious if we enter into the consideration of this subject before you at this time without requesting the reservation of such rights, we might forego them, and it would be concluded we do not deem them either of present force or pertinent to the subjects to be discussed. Our attitude is quite the contrary, for we insist on the acceptance of the report of the Committee on Uniform Classification herein referred to, and that it shall form the basis for the new classification, in so far as it applies."

Based on the foregoing statement, it was announced as the purpose of the stove men to present to the Commission the required facts, supported by figures and other

data, to sustain the objections of manufacturers to advances as they appear in the Consolidated Classification and in the matter of crating, which is also an advance in the cost of transportation to manufacturers, it was argued.

It was stated that in their negotiations and conferences with the Committee on Uniform Classification, the stove manufacturers were most insistent in protecting their interests involved in the following items, as applied to carload and less than carload shipments. The movement of L. C. L. shipments of coal or wood stoves, cast or plate or sheet with cast bases or tops, wherein the word "loose" is to be applied, this item involving the subject of crating and an advance in the ratings; the crating of stoves, L. C. L. The shipment of gas stoves, both L. C. L. and C. L. and an advance in the L. C. L. and C. L. rates by change of minimum weight and rating; the minimum carload weight to be applied to stoves in straight or mixed carloads, and mixed carloads of stoves or ranges and stove furniture and parts thereof; the application of the B rule to stoves in either straight or mixed carloads, as noted.

"As we view it," said Mr. Boswell, "the alterations contained in the proposed consolidated classification, relating to descriptions, method of packing, carload minimum weights and rules applying, or the proposed advances in ratings, are not due to the exigencies of war, nor directly helpful or necessary to winning the war, but designed to establish a new basis of classification which shall prevail for all time. Therefore, we must look at the issues from a general and not a patriotic standpoint. If it were the latter, then, during the term of war and for its successful conclusion, we would be willing to go to the limit in conceding all things helpful or needful. It would rather appear more in the nature of a revision or advance under the guise or protection of unusual conditions, for the benefit of the carriers, which materially affect the manufacturers, seller and buyer not only at this time, but for future years.

"Such advances in tariffs or rates usually require some justification before the Commission, and it is well established that 'the burden of proof to show that the increased rate or proposed increased rate is just and reasonable shall be upon the common carrier.'

"As a result of a state of war, stove manufacturers are faced with conditions of most unusual aspect and effect. They are restricted by the departments at Washington in the purchase and use of materials that ordinarily enter into the construction of the articles they make. This involves lumber, and if they are restricted by governmental orders in the supply or use of it on the one hand and then compelled to make use of more of it in crating, by the carriers, they stand in a position of being penalized severely by both branches of the government. We desire to avoid this, therefore, contend the proposition to enforce crating of stoves where not required is neither justifiable or helpful, in the matter of shipping stoves, ranges, etc., and should not be permitted.

"In the matter of carload shipments, stove manufacturers are now held in restraint by the government in the production of the various styles of stoves, ranges, etc., also in the number that can be manufactured in a season, and, beyond this, must make only the lighter patterns.

"It must be evident that there is and will be less opportunity of their making up the required carload weight, under these governmental restrictions and requirements in the conservation of materials, hence they would be doubly penalized were the carload minimum weights to be advanced to 24,000 pounds, entailing a direct loss in weight, or an additional cost for carriage on four thousand pounds that could not be loaded into a 36 foot car.

"In the matter of crating all stoves or ranges, we have always insisted on manufacturers' discretion being exercised. We deny that crating is necessary in all cases, or will overcome the liability of breakage, but will rather tend to increase it. The carriers have not shown that the burden of fault rests on shippers, nor can they shift it from themselves, based on their own exhibits as to causes for loss or damage to this freight. We deny that all responsibility is attachable to the shipper and insist that the carrier is now amply compensated for its risk as applied to shippers, in the rates of freight charged under ratings which have prevailed for many years, and upon which our trade relations were established and have been maintained.

"The proposed advances due to crating or increase of L. C. L. rates is wholly unjustifiable."

Although Mr. Boswell made much of war conditions as

affecting the stove industry, the carriers discounted them. Mr. Collyer said these conditions affected all industries and there was nothing peculiar about the stove business entitling it to special consideration. Referring to certain questions asked of one of the witnesses concerning the lighter weight of stoves manufactured now because of the restrictions of the War Industries Board, Examiner Disque said he wasn't interested in such figures, because this consolidated classification was proposed for an indefinite time and could not be cut to fit war conditions that are temporary.

The classification men said that the recommendations of the Uniform Committee had no binding force and were, at most, only recommendations to the territorial classification committees.

M. H. Owen, traffic manager of the National Association of Stove Manufacturers, was Mr. Boswell's principal witness. He was on the stand most of the day. For all that, he did not reach the subjects of carload ratings and crating, which were therefore carried over to Washington with other uncompleted subjects. The stove interests will be heard then, November 25. Mr. Fyfe, however, offered his justification for the ratings, and Mr. Allison, formerly of the Official Classification Committee, was put on by Mr. Collyer to speak for that body.

Mr. Owen discussed the proposed minimum for coal and wood burning stoves, which is 24,000 pounds, rule 34, instead of the present 20,000 pounds, rule 34. He said the present smaller minimum was necessary in order to take care of the smaller buyer in sparsely settled territory.

Among other requests, he asked that a provision be made so that a certain amount of hollowware might be included in a car of stoves at the 20,000 pound minimum. He went into L. C. L. ratings at length.

Other witnesses for the association were W. H. Cloud of Louisville, who spoke also for the Southern association, and M. T. Curran, of the American Stove Company, St. Louis. The latter proposed that ovens and cabinets be permitted to mix with gas, gasoline or oil stoves at 16,000 pounds, 4th class, and the carriers agreed to the proposal.

K. D. Ely, of the Edison Electric Appliance Company, Chicago, discussed electric bake ovens, C. L. He wanted to be permitted to ship the large bakers' ovens loose at the same rating as in packages. The carriers said they would try to get together with him in this matter outside of the record in this case. Mr. Ely also objected to the proposal to increase to 24,000 pounds the minimum on electric stoves and ranges in carload lots. Mr. Fyfe said he admitted that the record did not seem to justify the proposed increase nor even the present 20,000 pound minimum. The carriers finally consented to the retention of the present minimum and the protest was withdrawn.

O. R. Livinghouse, of the Globe Stove & Range Company, Kokomo, Ind., offered objection to the proposed L. C. L. ratings.

A. A. Phillips, of the Majestic Manufacturing Company, St. Louis, and A. M. Field, of the Wrought Iron Range Company, St. Louis, represented the malleable iron stove end of the industry. They offered objections to the proposed third class rating on their stoves, loose.

Canned Goods

Canned goods items occupied most of November 5, the first of the days in the Chicago "clean-up" hearings devoted to miscellaneous subjects. Maryin Van Persyn, of Sprague, Warner & Co., and the Chicago Wholesale Grocers' Exchange, was in the limelight a considerable portion of the time. He first took up a number of canned goods items, L. C. L., that formerly moved in Official Classification, fourth class, that now move under rule 26, and on which it is proposed to raise the rating to third class. Among them were clam juice, fishballs, fruit other than dried, soups, and vegetables, canned or preserved.

Mr. DePass, traffic manager of the Carnation Milk Products Company and representing also the milk division of the National Cannery Association and several canneries, protested all proposed L. C. L. ratings on canned goods and canned milk. He wanted the same classification for canned milk as for canned goods. Every L. C. L. rating on canned milk is now taken care of, he said, in exceptions to the Official Classification, and if the exception were canceled it would be an immense task to take care of this situation by commodity tariffs, as is proposed where the cancellation of exceptions leaves situations that must be taken care of. The proposed consolidated classification, he said, would make the rating

third class in the south, third in Official and fourth in Western. He advocated making it fourth class in all territories if real uniformity was desired. The proposal, he said, meant another advance in freight charges of fully twenty-five per cent on canned goods and a further departure from uniformity instead of a nearer approach to it.

Herman Mueller, traffic commissioner of the Lansing, Mich., Chamber of Commerce, representing wholesale and retail grocers, also protested proposed L. C. L. ratings in Official territory.

Mr. Van Persyn then discussed canned goods in glass. He protested the reductions proposed because, he said, they were not sufficient to bring about uniformity. Examiner Disque at first ruled him out on the ground that he could not show that he was discriminated against by the reductions and that he would be better off than at present with regard to these items. The carriers, however, said they did not object, and Mr. Van Persyn was finally allowed to go ahead. His case was that the carriers propose to increase canned goods in tin and reduce the same commodities in glass, thereby lessening the spread between two competitive lines. He thought the ratings ought to be the same.

Mr. Collyer spent some time on the stand in justification of the proposals made by his committee.

At the afternoon session Mr. Van Persyn discussed groceries in Southern territory, asking for first class rating instead of double first class. He also discussed packing rules.

Mr. Berry, of Reid, Murdoch & Co., considered the same line of commodities in kits, objecting to the proposed increase on articles so packed as against the same articles in barrels. All air-tight packages, like kits or barrels, he said, should take the same rating. The railroad really had an advantage in the use of the kit, he argued, as against the barrel or keg.

W. T. Hayes, of Sears, Roebuck & Co., also discussed grocery items.

R. L. Ruble, of the Western Wheel Scraper Company, protested several items on which increases were proposed on road-making machinery.

Agricultural Implements—Cereals

Cereals and agricultural implements occupied the attention of the examiner at the hearing November 6, the former subject being taken up first. Cereal manufacturers interested in the items protested had formed a committee, with L. Richards, traffic manager of the Quaker Oats Company, Chicago and Battle Creek, as chairman, and he presented the case, using the traffic men of some of the other concerns as witnesses to offer exhibits on various phases of the matter. His witnesses were: W. W. Hamill, traffic manager, the Shredded Wheat Company, Niagara Falls; E. E. Gonn, traffic manager, United Cereal Mills Company, Buffalo and Quincy; E. E. Nettles, traffic manager, Postum Cereal Company, Battle Creek; and E. E. Wallace, traffic manager, Kellogg Toasted Corn Flakes Company, Battle Creek. Other members of the committee were W. J. Downes, traffic manager, H. O. Company, Buffalo, and A. R. McCormick, traffic manager, Jersey Cereal Food Company, Irwin, Pa.

The protest of this committee was directed to item 27, page 166, of the proposed consolidated classification. It asked that the present classification ratings on the commodities covered by this item remain as at present, the reasons of the manufacturers being that they have had an advance of 45 per cent in the freight rate, and that therefore no further advance should be made through change in classification; the large increase in the cost of material, grain, labor and mill supplies of all kinds, including coal, and the additional burden of war and income tax, government regulation, the indifferent transportation service as regards equipment; that, while the gains from which the product is manufactured, with the exception of wheat (the price of wheat being fixed by the government), fluctuate in price and are at this time very high, the products involved in the protest are sold to the consuming public at a fixed price over practically the whole country, and are in direct competition with all cereal breakfast foods; that the exhibits offered show that should the classification proposed become effective the increase in rates will mean an advance in freight of from 15 per cent to 150 per cent, which, in addition to the 45 per cent increase in the freight rate, would be an unreasonable advance on any commodity, and can-

not be justified; that the number of years the present classification has been in effect on these commodities would indicate its reasonableness, and under it the industries have been built up at various locations. They also opposed any rule that would change the present right to ship mixed carloads of cereal products.

At one point in the discussion it was remarked by Examiner Disque that the regulations of the Food Administration which had so seriously affected this industry were a temporary condition. Mr. Richards replied that they were likely to be more or less permanent if this country continued to be expected to feed the world after the coming of peace.

When Mr. Nettles was on the stand he took exceptions to remarks made by Mr. Fyfe the day before which carried the inference, Mr. Nettles said, that formerly ratings were made at someone's request, but now, under the Railroad Administration, they were made because something new had happened. The element of competition in business, he said, must not be lost sight of. He said the carriers were proposing in this consolidated classification another increase of thirty per cent in freight charges paid by this industry, but there were two sides to the matter of increased costs, and the business man was just as much entitled as the carrier to consideration on this score, the cost of transportation being one of the items in his increased expense.

Mr. Disque again explained, for the benefit of Mr. Richards and his associates, that the proposed consolidated classification, if it becomes effective, will cancel the state classifications and the exceptions to present classifications; that there will be a hearing in Washington November 18 on the subject of cancellation of state classifications; and that it is the plan of the Director-General to have the traffic committees consider commodity tariffs to provide for situations that must be taken care of by reason of the cancellation of the exceptions.

"The Director-General will be a very popular man, won't he?" remarked Mr. Richards.

Mr. Richards also protested, under item 29, the proposed L. C. L. rating of second class on puffed cereal in Southern territory. He accepted the carload ratings and the minimums as proposed in all territories, after some discussion. At first he had protested them. This also was true as to the L. C. L. rating in the west.

The carriers put in their justification at the afternoon session. Mr. Richards tried to bring out from Mr. Collyer that the plants in this industry were built after an understanding with the railroads that the rates would be maintained. Mr. Collyer said he knew nothing about any such arrangement, but Mr. Richards said it must at least be assumed that there was one, else the plants would not have been built where they were. Mr. Richards also insisted that the proposed rates would mean confiscation, or at least a very serious blow to the business. Mr. Fyfe said that if that was the fact it ought to be placed in the possession of the Commission. Mr. Disque said the Commission was not in possession of any such fact, the protestants not having attempted to prove it, so there need be no worry on that score.

Mr. Miller, of the Emerson-Brantingham Company, was the first witness when agricultural implements were taken up. He merely put in some figures that, when he testified last August, he had been asked by Mr. Fyfe to furnish. They were in connection with the protest against proposed rule 24, with 24,000 pounds minimum. Mr. Miller said the 24,000 minimum would be satisfactory without the rule.

The case in general for the National Implement and Vehicle Association was presented by Mr. Bradford, assistant traffic manager of the International Harvester Company, Mr. Snow appearing as counsel.

Mr. Bradford protested the proposed changes in ratings as not having been ordered by the Director-General and as not being justified either because of the need for more revenue or for the sake of uniformity. All of the changes that would produce increases in charges were protested, but Mr. Bradford made an exhibit of some of the most important ones for specific treatment.

The question of where the burden of proof lies was raised again, this time by Mr. Snow, who asked if in this case the Director-General did not occupy much the same position as would the receiver for a railroad. Examiner Disque said he did not know as to that, but he repeated

what he had said before as to the nature of the proceeding under section eight of the federal control act and the burden not being on the carrier, or necessarily on the shipper either.

A Rush to the Finish

In an effort to hear everybody who desired to be heard in Chicago before the end of the week, Examiner Disque began the session Thursday, November 7, at nine o'clock in the morning, after having continued the session the day before until 6 p. m.

Mr. Bradford went on with the discussion of his long exhibit, entering into explanations with regard to a dozen or fifteen of the list of fifty or sixty on the exhibit, which was supposed to contain the more important of the items protested. The carriers cross-examined and put in their justification, item by item. Consideration of agricultural implements was finished at 10 o'clock.

Herman Mueller, of the Lansing Chamber of Commerce, Lansing, Mich., appeared for the Lansing Company, Lansing, Mich.; the Sidney Steel Scraper Company, Sidney, O.; and the Jackson Manufacturing Company, Harrisburg, Pa. They protested the following proposals in Official Classification territory: Item 22, page 391, wheelbarrows, carload, from fifth to fourth class, 20,000 pounds minimum; item 18, page 391, carload rating on handcarts, N. O. I. B. N., from fifth to fourth class, 20,000 pounds minimum; item 27, page 396, platform or warehouse motor trucks, carload rating, rule 26, 20,000 pounds minimum, to rule 25, 15,000 pounds minimum, and L. C. L., $1\frac{1}{2}$ times first class to double first class.

He put on as witnesses T. H. Wallace, secretary of the Lansing Company, and M. A. Pefferle, of the Sidney Steel Scraper Company.

After considerable discussion while Mr. Wallace was on the stand, the carriers consented to go to a minimum of 24,000 pounds, fifth class, on item 22, wheelbarrows, and on item 18, page 391, handcarts, it was agreed that the scheme should be fifth class in Official, no change in Southern, and class A in Western, with a 24,000-pound minimum. Mr. Hayes, of the Sears, Roebuck Company, also concurred in this arrangement. Mr. Collyer then put in his justification of the proposal on motor trucks.

Mr. Mueller also put in the following protest against the proposed rule 10, with the consent of the carriers, Mr. Fye reserving the privilege of replying to it:

"On behalf of the shippers and manufacturers in the following cities in Michigan, viz., Saginaw, Bay City, Midland, Lansing, Battle Creek, Kalamazoo, Grand Rapids, St. Joseph, Benton Harbor, Muskegon, Jackson and Flint, whose interests would be adversely affected by a change in or elimination of rule 10 of Official Classification No. 44, as at present in effect, I am authorized to protest against any change in or modification of rule 10 for the following reasons:

"First, this rule has been in effect and operative for many years, during which time many large industries in the cities above named have been built up and developed under its provisions.

"Second, that the business of these industries is largely within the territory governed by the Official Classification and, while we favor the extension of the present rule 10 of the Official Classification into territory governed by the Western and Southern classifications, we are primarily interested in having it retained in its present form, without change or modification, in Official Classification territory.

"Third, the proposed change, which means the application of the highest rate and the highest minimum weight on any article loaded in the car, will have the effect of making it prohibitive for the manufacturer or jobber of different kinds of manufactured articles subject to different ratings and minimum weights to continue shipping such commodities in mixed carloads.

"Fourth, it is submitted that the change in rule 10 as proposed rests upon an erroneous theory of rate-making. The carriers are primarily interested in revenue per car and under the present rule they receive all of the revenue that can consistently be expected or exacted. When, as in the proposed rule, they seek to penalize the shipper for conserving car space by loading low rated high minimum commodities with the lighter low minimum commodities it is an unwarranted attempt to exact added revenue to which they are not reasonably entitled. It will tend to

prohibit and discourage mixed car loading, which this Commission has repeatedly held is in the interests of all concerned."

The closing hour of the morning hearing was made difficult for both witnesses and listeners by the uproar of the peace celebration in the streets, but the examiner kept steadily at it until one o'clock, adjourning one hour for luncheon. The noise was just as bad in the afternoon, but the examiner refused to let sentiment influence him, his purpose being to hear everybody possible by Saturday evening.

W. S. Crowl, traffic manager of the Michigan Alkali Company and the Wyandotte Terminal Railroad, Wyandotte, Mich., talked about packages used for caustic soda. The rule protested would necessitate the use of material thicker than is now used.

Edward Leveille, traffic director of the Chicago Piano Manufacturers' Association, protested items 16, 17, 19, 23 and 24, page 279, pianos and organs.

G. R. Browder of Chicago, traffic commissioner of the Corrugated Fibre Association, protested item 39, page 211, hats or caps other than millinery, N. O. I. B. N.; items 13 to 17, page 94, bottle wrappers or covers, made of paper, pulpboard, or strawboard; and item 10, page 80, the wrapping of organ and piano benches.

Under the chaperonage of Walter McCornack, attorney, Frank D. Wilder, traffic manager of the Chicago Railway Equipment Company, and representing several other concerns also, discussed item 25, page 330, protesting the increase proposed in Official Classification from fourth class to rule 26, brake beams, iron or steel, loose or in packages, L. C. L. He did not object to the proposed increase in the south and no change is proposed in the west. He said the change proposed in Official was a departure from uniformity instead of an approach to it.

He said his concern sold brake beams to the government at a fixed price and to the railroads at a contract price, based on present freight rates, and now it was proposed by the Railroad Administration to increase those rates.

Mr. McEwen appeared for the Hunt, Helm & Ferris Company and the Nelson Manufacturing Company on tank heaters, items 24 and 25, page 212. The carriers agreed to strike out the sheet iron item and leave the heaters on the old basis.

Mr. Hillyer cross-examined Mr. Collyer with respect to a statement made by Mr. Collyer in response to questions asked by packers when Mr. Hillyer was not present. Mr. Collyer had stated that he did not think there should necessarily be a relation between the rates on live and dressed poultry. Mr. Hillyer endeavored to show that Mr. Collyer and the packers were the only ones who thought so. He put on Alex Getz, a live poultry dealer of Chicago, to show the competition between live and dressed poultry.

Mr. Hillyer also took strong exception to remarks that it had been reported to him that Mr. Collyer made, off the record, with respect to Abe Cassell, one of Mr. Hillyer's witnesses at the New York hearing. Mr. Collyer had said that no one who heard Mr. Cassell testify believed him. Mr. Hillyer said that neither the Director-General nor the President of the United States had any right to send a representative to a hearing in support of a government proposal who would thus attack the character of a citizen. Mr. Collyer said that no such remarks were to be found in the record and that if they were he should be glad to ask that they be expunged. Mr. Hillyer replied that though the remarks were not in the record the examiner had heard them and might be influenced by them. Examiner Disque remarked that he had retained no impression whatever from them.

W. F. T. COM. DOCKET.

The following subjects have been docketed by the Western Freight Traffic Committee, with the announcement that interests desiring to submit their views can do so in writing, or, if conference is desired, date will be arranged therefor:

1814, October 31—Adoption of rules and regulations to govern in connection with concentration of shipments of butter, eggs, poultry, etc., for application in states of Missouri, Oklahoma, Kansas and Nebraska, state and interstate.

681, October 30: Live Stock, L. C. L.—Proposed cancellation of all commodity rates, L. C. L., throughout Western territory and substitution in lieu thereof Western Classification and class rates.

ELECTRIC RAILWAY REPORT

The Traffic World Washington Bureau.

The War Board of the American Electric Railway Association has submitted its first annual report for the year ending October 31 to the executive committee of the association. The report is signed by Thomas N. McCarter, Lusus S. Storrs, P. H. Gadsden, Britton I. Budd, Arthur W. Brady, as members of the committee, and E. C. Faber, W. V. Hill and E. B. Burritt, as manager, assistant manager and secretary of the organization, which has an office in Washington.

As might be expected, the report places the financial aspect of the electric railways to the forefront as the most important with which the Board has had to deal. When the war broke out it was found that the electric railways had maturing obligations falling due in 1918 amounting to \$225,000,000, the renewal of which would be impossible without governmental assistance. That block of maturing obligations, the report says, presented not only a question of importance to the utilities, but stood as a menace to the stability of the financial structure of the entire country, because the securities were held by insurance and trust companies and banks. Its solution was deemed essential to the government's successful prosecution of the war. The War Committee, after much investigation, analysis and careful study, submitted a report to the effect that if the credit of the public utilities was to be preserved four things would have to be done, as follows:

1. Rates must be increased sufficiently to absorb the increased costs of producing the service.
2. The utilities must be relieved during the period of the war of all non-essential and unproductive requirements, such as paving, undergrounding of wires, duplication and unnecessary extension of service.
3. Some way must be found to enable the utilities to take care of obligations maturing while the war lasts.
4. Assistance must be provided to enable the companies to finance the unavoidable extensions of service made necessary by the nation's war program.

At the time the report was made the four propositions were being handled not in a wholly satisfactory way, but being handled just the same. The biggest proposition is that presented by the fact that the War Labor Board is forcing increases of wages on the companies faster than they are able to persuade the local and state utility authorities to increase the rates. Another troublesome phase of the questions with which the committee is dealing is that presented by war revenue legislation. Mr. Gadsden appeared before the Senate finance committee in the middle of September to argue against the proposal contained in the revenue bill to tax undistributed net revenue at the rate of 18 per cent. The purpose of the provision imposing the tax of 18 per cent was to force the distribution of the net revenue of corporations during the period of the war so that the government might obtain the benefit of taxes thereon. It was argued that if the government did not take steps to force the distribution of profits during the war they would be held over until the end of the conflict and then distributed without any part of them being handed over for the payment of war expenses. The public utilities pointed out that such a statute would be extremely burdensome upon them, because street railways have been forced to keep on hand unusually large amounts of money for necessary additions and extensions required by law, and the payment of increased wages. It was necessary to increase the amount of current funds so held because the banks are not authorized by the treasury to finance such operation, even if the controllers of the banks were disposed to put money into enterprises the outcome of which is so uncertain.

Throughout the report the fact is made clear that the public utility industry of the country is in a precarious position and that unless both national and local officials take a broad view of the matter hundreds of public utility corporations will be forced into the hands of receivers.

Question of Public Ownership

The Electric Railway Association, through its executive committee, is considering what steps, if any, it should take to bring about public ownership of the electric railways. This action in referring the subject to the executive committee was taken at a conference of the association held in New York, November 1. Some New York

newspapers erroneously reported the action then taken to have been the adoption of a resolution favoring such ownership. The association officials have been constrained by the error in that declaration to set forth the fact that J. D. Mortimer, president of the Milwaukee Electric Railway and Light Company, presented a resolution reciting the present condition of the industry and its inability to continue service unless substantial relief was afforded to it. The resolution recommended to the member companies of the association that they afford every facility to states and municipalities for the acquisition of transportation facilities. The resolution did not approve or disapprove the policy of government ownership. It merely recommended to the members that they help cities and states that are inclined to believe the solution of the problem lies in public ownership. The Mortimer resolution, together with its supporting argument, is as follows:

"The whole structure of the franchise relationship between electric railways and the various communities has broken down under the strain of the war. The rapid increase in the cost of all material, the extraordinary demands of labor made necessary by the rise in the cost of living, the alarming decrease in the purchasing power of the nickel, have brought the electric railways of this country face to face with bankruptcy.

"Practically every other industry except public utilities, whose rates are regulated by law, has been able readily to adjust its methods of doing business to meet the war demands, and the radical increases in the cost of operations and manufacture have been promptly reflected in the selling price, and so passed on to the consumer. In all other departments of our commercial and industrial life where the economic laws of supply and demand have been unhampered and allowed free play, the inevitable increase in the cost of production has been taken care of in the perfectly normal way of increased cost to the consumer.

"It is only in those industries where the public has attempted to fix a just and fair price for service rendered and where the artificial standard has been substituted for the natural one, that we find this complete breakdown under war conditions.

"Industry generally was never so prosperous, notwithstanding the increase in the cost of labor and material. The public utilities, and especially the electric railways, present practically the only exception to this rule of prosperity. They, on the contrary, are steadily being destroyed by the war.

"A tabulation of 338 electric railways, representing over 63 per cent of the electric mileage of the United States, shows a falling off in income of 82 per cent for the first six months of 1918 as compared with the corresponding period of last year. Many of the companies are facing an actual operating deficit in spite of the increase in gross receipts. The scale of wages established by the National War Labor Board in cases already decided, when applied to the industry generally, will add over \$100,000,000 to its already greatly increased operating expenses.

"As a consequence of the rapidly mounting costs of operation and the steadily declining net income, the financial standing of the electric railways has been seriously affected, and it is no longer possible to attract new capital for the efficient operation of the properties in the interest of the public.

"These facts lead inevitably to the conclusion that the present relationship between the companies and the public, as evidenced by existing franchises with fixed rates of fare, is economically unsound; that the present system of regulating fares by franchises or commissions is admittedly not sufficiently responsive to violent and radical charges in operating conditions. Under the present system, before the company can justify an increase of its fare it must first show that for a longer or shorter period it has suffered loss under the existing fare, which loss cannot be compensated for by the new rate. In any other business the prudent manager is able to provide against increases in cost by promptly advancing his selling price.

"Now, therefore, be it resolved by the American Electric Railway Association:

"First. That it is the deliberate judgment of this association that, in the light of the experience of the industry during the war, the entire subject of the relationship between electric railway companies and the public should have, now and during the reconstruction period following the war,

the most earnest consideration of the representatives of both the public and the companies.

"Second. That among other things, a radical revision of electric railway local franchises should be made, if the industry is to continue to render efficient service to the public.

"Third. That a committee be appointed by the president of the association, whose duty it shall be to make a study of reconstruction problems, particularly those relating to local franchises, and report their recommendations at an early date."

EVASION OF LUMBER EMBARGO

The Traffic World Washington Bureau.

The War Department authorizes the following:

"The action of the Board of Appraisers of the War Department in awarding just compensation for lumber passed through the railroad embargo by fraudulent devices and subsequently commandeered, has resulted in stopping practices that interfered considerably with the war program.

"In the early part of 1918 the requirements on the part of the government for lumber to be used at various projects in the state of New Jersey and the adjoining states produced a marked shortage in the local supply. The government was attempting to control shipments through a railroad embargo and the issue of governmental authority for approved car movements.

"Largely as a result of curtailed shipments and increased governmental needs, the market prices for local supplies advanced very rapidly. It became apparent to a group of operators, centering chiefly in and around Newark, N. J., that if lumber in carlots could be brought into the northern zone—that is, north of Norfolk—it could be offered to the government purchasing officer as lumber in transit north of Norfolk, and, if accepted, the subsequent movement would be at governmental direction and the consignees could claim the enhanced prices prevailing in the northern zone.

"It soon became apparent from the reports of the railroad companies, as well as through the tenders to the government of cars alleged to be in transit north of Norfolk, that fraudulent devices were being used to obtain the movement of such cars from points in the south. A number of commandeer orders were issued for the purpose of seizing these cars, and under these orders a very considerable number of cars was taken and diverted to the various governmental projects in New Jersey, Pennsylvania and New York.

"It was the practice of the operators to wire orders to the mills in the south to consign lumber directly to an army officer, real or fictitious, thereby creating the appearance of a government car movement. As soon as these cars were reported to the operator as being north of Norfolk, he would then tender these cars to a purchasing officer, who usually accepted them as bona fide shipments, whereby the operators, before their practices were discovered, received a very considerable profit.

"Subsequent to the issue of the commandeer orders, all such carlots were taken by the government wherever they could be located. The real owners promptly filed claims for the contents of these cars at the prices obtaining in and around Newark, N. J. At the time the commandeer orders were issued attention of the Department of Justice was called to the situation, and an investigation was made by that department, which resulted in the indictment recently of a considerable number of such operators.

"Meanwhile the claims of some of them were pending before the War Department Board of Appraisers. The board has recently announced its conclusion that compensation would be awarded to such claimants, upon proof of ownership at the government mill base rate, applicable at the point of origin and at the time of shipment.

"The result of this ruling is to deprive the claimant of the profit which it was expected would result from the use of fraudulent means of forwarding these shipments. The material itself will not be confiscated, but will be paid for at the rate which the government would have been obliged to pay had it been the original purchaser at the mill. As a matter of course, if it appears in any instance that the price paid by the fraudulent operator was in fact less than the government mill base rate, compensation will be awarded upon the lesser amount actually paid."

SHIPPERS' REPRESENTATIVES

The Traffic World Washington Bureau.

The Railroad Administration is finding trouble in carrying out that part of its plan calling for the participation of shippers' representatives in the work of the traffic committees. The vacancy on the southern committee that has existed since the resignation of Mr. Spivey continues. The place was offered to Charles Kimmich of Charleston, who declined. The tender of the place did not reach him for a considerable time after it was made because he was ill and his mail did not reach him.

There is such a demand on the time of a shippers' representative on a committee that it is out of the question, almost, to have a single organization of shippers continue paying the salary of the man selected for that duty. Even when the organization employing the eligible man is willing to release him for part of the time, it is hard to persuade the other organizations in the particular territory to contribute anything toward the expense that falls on the organization that is furnishing the man by reason of the help that must be employed to carry on that part of the work which the representative is unable to perform for the organization by which he is employed.

MAIL PAY HEARING

The Traffic World Washington Bureau.

Hearings on the question of compensation to the railroads for carrying the United States mail were begun on November 5 before Attorney-Examiner George N. Brown in the big hearing room of the Commission. The case was created by the legislation which the railroads procured, giving the Commission the authority to say what would be just and reasonable rates for the service they performed for the government.

The morning session of the first day was wholly consumed by Jos. Stewart, formerly Second Assistant Postmaster-General, but now attorney and expert in charge of the matter for the government, in reading into the record nineteen exhibits showing what the government claims to be improvements resulting from the substitutions on Nov. 1, 1917, of the subjects for the weight basis of calculating railroad mail pay. One of the exhibits showed the saving of 72,896,495 car miles by reason of the substitution. Most of the saving of car miles was caused by the elimination of railway postoffices and the substitution therefor of storage safes in which mail was carried for distribution, not while the train was in transit, but at the various terminals.

At the afternoon session Samuel N. Gaines, superintendent of railway mail service in district No. 11, which is composed of Arkansas, Texas and Oklahoma, was put on the stand to explain the workings of the new system of paying for mails.

On cross-examination by Fred H. Wood, for the trunk lines, and S. S. Ashbough for New England lines, Mr. Gaines admitted that mails which formerly were "worked" in railway cars is now being sorted in the terminals.

"But all the essential mail is distributed on the trains, contended Mr. Gaines. All the letters and daily newspapers are distributed on the cars while the mail matter is en route."

Mr. Wood persuaded Mr. James to admit that when the space on a car in a passenger train is reduced en route, the railroad company cannot obtain the benefit of the space turned over to it unless and except it removes the mail and baggage from that car into another in which there is a different division of space allotted to each different kind of traffic. The point Mr. Wood was making was that the government requires railroads to carry equipment for what amounts to a peddler car service without paying for that car throughout the journey. Instead, it pays for the use of that car only for the time its mail is therein, no matter how far the railroad company has to carry that bit of equipment.

Further hearings on railway mail pay, suspended November 5 because some of the exhibits were not ready, will be resumed January 9, by which time both sides are expected to be ready to proceed.

Legal Department

In this department a legal expert answers simple questions relating to the law of interstate transportation of freight. Readers desiring special service by immediate answer may obtain privately written answers to their inquiries by the payment of a small fee.

Address Legal Department, The Traffic Service Bureau, Colorado Building, Washington, D. C.

Time Within Which to File Claim for Lost Shipment.

Illinois.—Question: Please refer to page 59 of your March 16 issue, relative to "Time Within to File Claim." I have noted what you have stated relative to the Cummins amendment, requiring that claims for total loss must be made in writing within four months after a reasonable time for delivery has elapsed. I have heard this matter discussed many times, but have never yet seen or heard anything on what constituted a "reasonable time for delivery." Who is allowed to determine what this time is? I will thank you to advise me along these lines.

Answer: The provision of the uniform bill of lading is that claims must be made in writing within six months. In case of failure to make delivery, after a reasonable time for delivery has elapsed. Ordinarily what is such a reasonable time cannot be defined by any general rule, but must be dependent upon the circumstances of each particular case. Thus the mode of conveyance, the distance, the nature of the goods, the season of the year, the character of the weather, and the ordinary facilities of transportation are matters properly to be considered. A carrier is not an insurer of the time when a particular shipment is to be delivered. There are many causes for which a carrier would not be responsible for a delay in delivery, and allowances must be made for such causes in delivery whether the shipment arrives within a reasonable time or not. This is not a question of law, but one of fact, and therefore to be determined by the jury upon the circumstances of each particular case. In the absence of any knowledge by the shipper or consignee of the circumstances under which a given shipment was delayed or lost in transit, a safe rule to follow is to give the carrier written notice of the loss within six months of the time when the shipment should have arrived as calculated by the time that was usually required by the carrier in making other and similar shipments from and to the same points.

Consignor Liable for Freight Through Bankruptcy of Consignee.

Ohio.—Question: "A" sells car of lumber originating in Kentucky to "B" at Marion, Ind., at a price f. o. b. destination. "B" being on the credit of the delivering transportation line, agent permitted delivery of car without collection of \$132.28 freight. Two weeks later "B" is thrown into hands of receiver, with result of both shipper and delivering carrier being creditors of "B," the former to the extent of full invoice and the latter to the extent of freight charges. "B" later is adjudged bankrupt, the shipper and transportation company each being allowed 50 per cent of their claims in full settlement. One year later the delivering carrier, through its attorney, threatens suit against shipper for 50 per cent balance due of freight charges, claiming shipper equally liable with consignee who actually accepted delivery. Kindly advise if in your opinion this collection can be legally enforced.

Answer: At law, and prior to the U. S. Railroad Administration's General Order No. 25, dated May 20, 1918, a carrier may enter into a credit arrangement with a consignee regarding the matter of paying freight charges. Even by ruling of the Interstate Commerce Commission, *American Coal & Coke Co. vs. Mich. Cent. R. R. Co.*, 36 I. C. C., 197, a carrier may deal on credit with certain patrons and refuse to do so with others, without being chargeable with a discrimination that is unlawful under the act. But, nevertheless, a carrier's claim for his freight is not barred by delay in making demand after delivery within the period of limitation, or by endeavoring to collect the freight charges from the consignee instead of from the consignor or by the bankruptcy of the consignee. Under the act to regulate commerce, the duty is imposed upon the carrier to collect its lawful published freight charges, and it is not optional with the carrier to choose

its debtor, as between the consignor and the consignee by relieving one and holding the other. It is beyond the power of the carrier, by any agreement, express or implied, to fix upon the consignee the exclusive liability for paying the charges, or by its course of conduct, to accept the consignee as the real consignor, and divest the latter of his liability as the party with whom the contract of carriage was made. The legal effect of the bill of lading is a promise on the part of the consignor to pay the freight charges if the consignee fails or refuses to do so. So that, in the shipment in question, the carrier may legally enforce its claim for freight charges against the consignor by reason of the bankruptcy of the consignee, and the carrier's inability to collect the full amount through bankruptcy proceedings against the latter.

We have fully treated this subject in numerous answers to questions published in this department, and particularly call your attention to our answer to "Massachusetts," published on pages 545 and 546 of the March 9, 1918, issue of *The Traffic World*. Also see our answers to "Missouri" and "Indiana" on page 498 of the Sept. 7, 1918, issue and to "Nebraska," on page 597 of the Sept. 21, 1918, issue.

Misrouting Under General Order No. 1.

New Jersey.—Question: Seven carloads of bituminous coal were shipped from mines on "A" railroad to point of destination "X" on "B" railroad. Due to congestion over route of movement involved, between point of shipment and delivery point "X," the traffic officials of "A" railroad directed the scale clerk of "A" railroad to route shipment by other connecting lines to the same point of destination "X." This movement would have involved using railroad "C" as an intermediate carrier which was not a party to the published rates applying on the shipment of seven cars.

The traffic officials of "A" railroad ordered the cars moved to the same destination "X" by using the intermediate carrier "C" under Director-General's Order No. 1, Dec. 29, 1917, paragraph 4, which provides for the application of the shipper's rate over unpublished routes.

The scale clerk of road "A" neglected to carry out traffic officials' instructions and shipped the seven cars via a published route and under a published rate of 60 cents higher, which route was made up of railroad "A" and railroad "C" which carried the cars to a different destination, different in name only, said destination being on railroad "C." When cars arrived they were placed on the receiving tracks with other shipments from other points of shipment and unloaded by the consignee before it was discovered that the cars had been misrouted. What remedy has the consignee under rulings of the Commission? Can he insist that the originating carrier apply the rate published to the original destination point "X" as provided by Director-General's Order No. 1?

Answer: This shipment is subject to the general rule of the Interstate Commerce Commission applicable to all misrouted shipments, that is, where the shipper specifies the routing and the carrier disregards the same, and moves the shipment via a route by which a higher rate is charged than that applicable via his routing instructions, and is entitled to reparation. The shipper is entitled to have the shipment move over the cheapest route consistent with his instructions. *National Wholesale Lumber D. Assn. vs. Sou. Ry.*, 48 I. C. C., 679. If, however, the shipper did not route the shipment via carrier "C," and carrier "C" had no published rate applying over the route specified by the shipper, then the rate applicable via carrier "C" under direction of the railroad officials would not apply, because the purpose of paragraph 4 of General Order No. 1 is not to give the shipper the benefit of any lower rate than that applicable via his routing instructions, but simply to enable the United States Railroad Administration to adopt some other routing than that specified by the shipper to secure speed and efficiency of transportation service as a paramount need of the nation. See also *McCaul-Dinsmore Co. vs. C., B. & Q. R. R.*, 48 I. C. C., 508.

Time to Collect Undercharges.

Illinois.—Question: Please advise, through your valuable columns of *The Traffic World*, the time allowed by law relative to collection of additional freight charges on interstate traffic, where carriers are requesting payment of several large amounts which we refuse to pay, account of their age, as had they been brought to our attention

at an earlier date, we would have had some recourse for collection.

Answer: An action for freight charges or undercharges on an interstate shipment may be brought in either a state or a federal court. As Congress has failed to legislate on the point as to the time when such an action must be brought, the limitation period provided by the statute of a state where the action is brought would govern in actions in the state court. If an action is brought in the federal court, that court will ordinarily follow the state statute of limitations and give it the same force and construction which are given by the local courts.

When the consignee accepts a delivery under the uniform bill of lading, the law implies a promise on his part to pay the charges. These charges being duly published in the carriers' tariffs, the law imposes upon the consignee the duty of knowing what they are. As was said by the Interstate Commerce Commission in Rule 314, Conference Rulings Bulletin 6: "The law requires the carrier to collect and the party legally responsible to pay the lawfully established rates without deviation therefrom. It follows that it is the duty of carriers to exhaust their legal remedies in order to collect undercharges from the party or parties legally responsible therefor."

SOUTHERN CAR RECORD BUREAU

The Traffic World Washington Bureau.

To assist shippers in keeping in touch with freight, Regional Director Winchell, with the approval of the Administration, has formed a plan for the Southern Region which it is hoped will meet the situation. A central organization in Atlanta has been established, which will maintain records of interline carloads passing Southern Region border line gateways, as well as certain interior junction points. If, for example, a carload of freight from New York for Memphis is overdue at destination, the Memphis merchant can call up the freight service bureau at Memphis for information as to the car's whereabouts, and communication with the central office of record at Atlanta ordinarily will develop the facts without delay.

Director-General McAdoo expects the bureau to show solicitude as to the transportation necessities of shippers.

DISMISSES WESTERN UNION SUIT

The Traffic World Washington Bureau.

The Supreme Court, November 3, dismissed for lack of jurisdiction the case of the Western Union Telegraph Company against the L. & N. In that case the Western Union tried to prevent the railroad from ordering the removal of its poles and wires from its right-of-way in Georgia. The dismissal leaves the case as decided in the Circuit Court, which was against the Western Union.

R. R. FIGURES ON LIBERTY LOAN

The Traffic World Washington Bureau.

The final reports received by Director General McAdoo from the various regions, submitting complete returns for the Fourth Liberty Loan, show that railroad officials and employees in the United States subscribed a total of \$184,868,300, as compared with a total of \$106,655,450 subscribed by them to the Third Liberty Loan—or an increase of \$78,212,850 in the Fourth Loan.

These subscriptions are entirely separate from those made by the railroad corporations. Details follow:

Region.	Number subscribers.	Per cent employees.	Amt. sub- scriptions.	Amt. per sub- scriber.
Administration headquarters (Washington)	1,014	100.	\$ 502,000	\$495.10
Eastern	532,173	96.	54,697,200	102.00
Southwestern	170,333	99.1	21,487,650	126.00
Central western	307,546	96.69	36,082,850	120.58
Pocahontas	48,954	87.23	4,380,550	89.48
Southern	184,035	78.	16,253,200	88.00
Allegheny	291,985	94.86	23,611,100	80.86
Northwestern	248,165	97.92	27,853,750	112.24

CASE DISMISSED.

The Commission has dismissed proceedings in case 3606, A. S. Lee & Sons Co., Inc., vs. S. A. L. Ry.

Help for Traffic Man

This department is conducted by a traffic man of long experience and wide knowledge. In it he will answer questions relating to practical traffic problems. We do not desire to take the place of the traffic man, but to help him in his work. We reserve the right to refuse to answer any questions that we judge it unwise to answer or that involve situations that are too complex for the kind of investigation contemplated. Questions will be answered as promptly as possible. No answers will be given by mail except for a fee.

Address "Help for Traffic Man," The Traffic Service Bureau, Colorado Building, Washington, D. C.

Car Demurrage Rules.

Q.—After calling attention to the car demurrage rules as contained in P. R. R. tariff I. C. C. 101, section B, relating to bunching, and also to section C of rule 9, being the average agreement rule, question is propounded whether a consignee who enters into the average agreement automatically cancels his right to file claims under the bunching rule. The circumstance leading to this question is that a delivering railroad was so congested that it could not make any definite promises of delivery of any one of the cars on the road and would finally deliver an accumulation of 15 or 20 cars.

A.—Rule 8 of the P. R. R., car demurrage rules as contained in I. C. C. 101, is a rule placed in that tariff by direction of the Director-General of Railroads following the issuance of General Order No. 7 under date of Jan. 29, 1918, and the average agreement rule, which is rule No. 9, is also a rule promulgated and enforced by the Director-General of Railroads, having been published in the same General Order No. 7. Consequently, these rules are the rules issued by the controlling power which has in charge the operation of the railroad systems of the country. Section C of rule 9 provides that when a consignee enters into the average agreement he shall not be entitled to refund of demurrage charges which might accrue under section B of rule 8. Moreover, when a consignee enters into the average agreement that average agreement incorporates as part of its terms rule 9, and hence the contract which the consignee signs with the railroad company prohibits him from making any refund claims under section B of rule 8. The circumstances set out in the query do not appear to warrant any departure from this rule and contract, since the circumstances set out are those which are covered in rule 8.

Application of Carload Minimum Rule.

Q.—A shipment of a certain article weighing 10,500 pounds was tendered to the railroad agent at the point of origin with a bill of lading showing the full billing reference, car number, initial, full description of the article and the actual net weight. The shipment was loaded on a 40-foot car, without any request therefor having been made by the shipper. The railroad company charged the consignee on the basis of the carload weight, 26,880 pounds, at the fifth class rate, which was the carload rate applicable to the article shipped. The contention of the shipper is that the shipment should be charged under rule 11 of Official Classification, and that the carload minimum of 24,000 pounds at the carload rate should be the basis of computing the charge, the 24,000 pounds being the minimum carload prescribed for the article shipped.

A.—Rule 11 of Official Classification provides that the charge for a consignment of freight on one car will not be greater when computed at the actual weight and L. C. L. rate than upon basis of the carload rate and minimum C. L. rate. But the shipment here under consideration is specifically classified as subject to rule 27 with a minimum weight of 24,000 pounds. Section A of rule 27 provides that, excepting as provided in sections B and C (which refer to furnishing longer or shorter cars than are ordered by the shipper), if such articles are loaded in or on cars exceeding 36 feet 6 inches in length, the minimum carload weights to be charged shall be as provided in section F. Section F provides in the table that the minimum weight on a 40 foot 6 inch car for the ordinary 24,000 pounds minimum shall be not less than 26,880 pounds. Section D of rule 27 also provides that, except when furnished by a carrier in place of a shorter car ordered, if a car over 36 feet 6 inches in length is used

by a shipper for loading articles "subject to rule 27," without a previous order having been placed by the shipper with the carrier for a car of such size, the minimum weight shall be that fixed for the car used. In this case the car used was a 40-foot car and, following the requirements of section A and section F of rule 27 and also the requirements of section D, the minimum charge for the shipment should have been based legally upon the minimum weight of 26,880 pounds at the fifth class carload rate. This is the only charge which would have been legal under the tariffs as published. In this case the shipper should have protested against placing his shipment, which weighed but 10,500 pounds, in so long a car unless the article shipped was of such length that it could not be loaded in a car less than 40 feet long, and the shipper should have demanded a shorter car, one as to which the required minimum weight would have been at the outside the minimum weight prescribed for the article shipped.

However, it is believed that this rule as applied to this case is an unreasonable rule and resulted in the charging of an unreasonable rate. Rule 11 would have applied had not the classification specifically made this article subject to rule 27, but, having been made subject to rule 27, the shipper should have seen to it that the car which was used was a car under 36 feet long.

The Advances in Rates in G. O. 28 as Applied to Combination Rates.

Q.—Will you kindly give us your opinion, through the columns of your valued paper, as to the proper manner to apply General Order No. 28 on joint or combination rates; that is, whether the 25 per cent advance should be added to each factor of a joint or combination rate or to the total rate; also whether there is an arbitrary added to the rate?

A.—The proper manner in which to compute the increased rate is to add the percentage increase to the total rates. Adding the 25 per cent increase to each factor of a total rate will produce exactly the same result as if added to the through rate, with the exception of the calculation on fractions of cents and the disposition of fractions. Whenever an arbitrary is added it should also be added to the through charge and not to each factor. This is in accordance with a ruling made by the office of the Director-General of Railroads in a case which was presented involving that question, this ruling, however, not having been generally published. The ruling was not published, doubtless because it is so apparent that the increases provided for in General Order 28 apply to the total charge for transportation and not to the various factors making up a combination rate. If any carrier attempts to apply the increased rates with percentage or arbitrary to each separate factor of a through charge the matter should be called to the attention of the Railroad Administration, when it will be remedied at once.

BUILDING OF ENGINES

The Traffic World Washington Bureau.

Chairman Baruch, of the War Industries Board, in statement given out through George Creel's committee, November 1, calls attention to the fact that in the last week the American Locomotive Works had turned out 144 engines without spending a dollar for increasing their plants. That is double the average weekly production during the year of highest attainment—3,776 locomotives, or 72.6 per week. This result was accomplished by redistribution orders, so that a given plant specialized on what it could produce in the large numbers instead of, as proposed, spending twenty-five millions by the government to enlarge plants. While the "trust-busters" were working, locomotive builders who had so redistributed orders among themselves would have been indicted under the anti-trust laws for combining their operations.

This government has persuaded England and France to adopt the Pershing type of locomotive for their military railroads, thus enabling American engine shops to turn out immense numbers. The government this year is spending about two hundred millions on locomotives for this country and France.

Hale Holden, regional director, has instructed that, beginning not later than Jan. 1, 1919, all payrolls which are now being rendered on a monthly basis should be made up semi-monthly.

Personal Notes

Charles A. Lutz, formerly chief of the Interstate Commerce Commission's Division of Carriers' Accounts, later with the American Express Company and the Remington Arms Company, has been appointed treasurer of the Railroad Administration, vice L. G. Scott, comptroller of the Wabash, who was acting treasurer for a while and who resigned.

Daniel Willard, president of the Baltimore & Ohio, has been named colonel of engineers and ordered to report as assistant to the Minister of Transport of French Railways.

Arthur E. Haid, formerly assistant general attorney, St. Louis-San Francisco Railway, announces that he has resigned that position to enter the general practice of the law at St. Louis, Mo., where he will be associated with Messrs. Holland, Rutledge and Lashly.

The Sugar Land Railway Company announces the appointment of E. T. Mulquin, manager, and S. C. Griffin, traffic manager and freight claim agent.

W. B. Hinchman is appointed assistant traffic manager of the Tonopah & Tidewater Railroad Company, Death Valley Railroad, Company and Bulfrog Goldfield Railroad Company, with office at Goldfield, Nevada.

F. B. McIlvaine is appointed auditor freight overcharge claims of the Michigan Central Railroad and Chicago, Kalamazoo & Saginaw Railroad, with offices at Detroit.

C. E. Fellows is appointed assistant auditor of freight accounts of the Southern Pacific Railroad.

B. F. Seggerson is appointed traffic manager of the New Mexico Central Railway Company, vice C. A. Richardson, assigned to other duties.

The Nashville, Chattanooga & St. Louis Railroad announces that T. M. Wilson is appointed assistant division freight agent, Western & Atlantic Division, Atlanta, Ga.

Earl F. Feeney is appointed division freight agent of the Chicago, Rock Island & Pacific Railroad, with headquarters at Alexandria, La., vice M. L. Hartley, who died.

E. A. Rouse is appointed traveling freight agent of the Kansas City Southern Railroad and the Texarkana & Ft. Smith Railroad, with headquarters at Texarkana & Fort Smith R. R. passenger station, Beaumont, Texas.

The Trans-Continental Freight Company announces the appointment of H. G. Heineman, in charge of the export department of the Cincinnati office. He was formerly associated with the American Express Company in its foreign department.

G. F. Hawks, general manager, El Paso & Southwestern Railroad and El Paso Union Passenger Depot, is appointed federal manager, with jurisdiction over the same properties.

The jurisdiction of E. E. Calvin, federal manager, Union Pacific Railroad, is extended over the Salina Northern Railroad.

The resignation of E. L. Brown, general manager of the Denver & Rio Grande Railroad, Rio Grande Southern Railroad, Denver Union Terminal Railroad, Salt Lake City Union Depot & Railroad, and Pueblo Union Depot & Railroad, on account of ill health, having been accepted, James Russell has been appointed general manager, with headquarters at Denver.

The jurisdiction of J. E. Gorman, federal manager, is extended over the Des Moines Union Railroad, Des Moines Western Railroad, Iowa Transfer Railroad. J. A. Wagner is appointed general manager. C. W. Jones is appointed terminal manager of the Des Moines switching district, with office at Des Moines, Iowa.

DOINGS OF THE TRAFFIC CLUBS

The Association of Railroad and Steamboat Agents of Boston will hold a smoker and business meeting November 23. The by-laws have been revised so that past members not now in the employ of railroads may still be members. The following are now the officers: Willard Massey, president; Thomas Barber, vice-president; Stewart A. Colpitts, secretary-treasurer.

The Traffic Club of New England will, November 11, have the program that was postponed from October 14.

The Toledo Transportation Club postponed its monthly

meeting one week to November 9 by reason of the influenza epidemic.

The Worcester (Mass.) Traffic Association has been organized with the following officers: President, Daniel N. Bates, traffic manager, American Steel & Wire Company; first vice-president, Benjamin F. Curtis, traffic manager, Norton Company; second vice-president, Charles H. Sparrell, traffic manager, Spencer Wire Company; secretary, Ernest E. Opitz, traffic manager, Chamber of Commerce. The president appointed the following to act as chairmen of the standing committees: Rates, P. Sweeney, traffic manager, Morgan Spring Company; classification, Harold L. Gulick, traffic manager, Norton Grinding Company; claims, Henry A. Rousseau, traffic manager, Graton & Knight Mfg. Company; grievances and complaints, J. P. Sloan, traffic manager, Crompton & Knowles Loom Works; meetings and entertainment, George N. Brown, Allen-Higgins Wall Paper Company. It was voted to have a luncheon served at the next meeting and that this meeting shall be primarily for the purpose of getting acquainted. Following a general discussion of Rule 10 at the organization meeting, it was voted to send the following message to H. W. Wheeler, president of the New England Traffic League: "At a meeting of the Worcester Traffic Association it was unanimously voted to notify the New England Traffic League that we will vigorously protest against eliminating Rule No. 10 from the proposed Consolidated Classification." Fifty-one traffic men and shippers representing Worcester industries were present.

The nominating committee of the Traffic Club of New England reports the selection of the following candidates for office, all of whom have accepted service: President, Jacob Karcher, Jr., production officer, Boston district, Ordnance Office, U. S. A.; vice-presidents, C. E. Mayer, traffic manager, Stone & Webster Engineering Corporation; B. Campbell, chairman Eastern Freight Traffic Committee, United States Railroad Administration; Geo. O. Sheldon, New England service agent, United States Railroad Administration, Coastwise Steamship Lines; W. T. LaMoure, freight traffic manager, Boston & Maine Railroad; secretary-treasurer, C. A. Anderson, general agent, Judson Freight Forwarding Company; directors (two years), Perry H. White, traveling representative, Talbot Dyewood & Chemical Company; E. L. Wilson, assistant general passenger agent, N. Y., N. H. & H. R. R.; B. F. Curtis, traffic manager, Norton Company; F. F. Farrar, commercial agent, Boston & Maine Railroad; Jno. D. Hashagen, traffic manager, American Glue Company; Willard Massey, agent Bureau United States Imports War Trade Board; J. H. Sibley, auditor supplies and freight, New England Telephone & Telegraph Co. The annual meeting will be held the evening of Thursday, December 5, at the American House.

TRAFFIC CONDITIONS

The Traffic World Washington Bureau.

Director-General McAdoo November 5 made public a summary prepared in his office of traffic conditions for the week ending Oct. 26, 1918, as follows:

Eastern Region: Movement of freight traffic continues heavy, with little or no congestion.

Arrangements completed for handling in solid trains of meats, butter, provisions, etc., from Chicago to eastern destinations.

Labor difficulties at lake ports, temporarily interfering with operation of steamers, have been settled.

Arrangements for consolidation of L. C. L. merchandise and elimination of circuitous routing are being continually pressed.

Passenger traffic is still affected to a considerable extent by the influenza.

All consolidated ticket offices in the Eastern Region which were contemplated are now in operation.

Scrip books increasing in popularity.

Allegheny Region: Result of influenza on freight movement diminishing.

Perishables moving freely, with satisfactory service, and produce movement from New York state shows increase of more than 50 per cent over last season.

Improvement in L. C. L. freight movement and removing of embargoes on such traffic.

Passenger travel continues to show effect of epidemic. Arrangements made for sale of through tickets between points on Philadelphia & Reading Railroad and Pennsylvania Railroad via Philadelphia.

Passenger train performance comparatively good and no complaints of service in consolidated ticket offices.

Sunday night passenger steamer service between Norfolk and Baltimore re-established.

Pocahontas Region: Effect of influenza on freight movement believed to be on the decline.

Progress being made in loading L. C. L. freight to avoid transfers.

Situation at Newport News better.

Passenger traffic curtailed by prevalence of influenza.

No changes in train service and fewer complaints regarding ticket offices.

Additional passenger train service to be inaugurated November 3 between Washington and Memphis to provide for increasing travel between these sections.

Southern Region. The effect of the epidemic on trainmen has resulted in some local congestion of traffic and consequently embargoes.

Car supply easy and refrigerator cars on way to the south for the Florida perishables.

Work on various freight committees somewhat hampered by sickness, but situation improving.

Decrease in travel due to influenza still noticeable, and several circus companies have disbanded during the epidemic.

General changes in passenger schedules effective October 20, some of the schedules being lengthened.

Cincinnati-Asheville service will be re-established November 3.

Thirty of the women students in the ticket selling school will qualify about November 4th and be available for service.

Northwestern Region: Loading of grain and live stock shows an increase, but other business shows slight falling off, due to general business conditions.

Control of grain movement is now complete and working satisfactorily, the amount of grain that can be moved depending on domestic consumption and export requirements.

Receipts of grain at principal primary markets in 1918, 21,500,000 bushels, as against about 11,000,000 bushels for same period last year.

Car situation generally satisfactory, and individual roads able to handle freight offerings.

Ticket office situation satisfactory, and new dining car service meeting with public approbation.

Central Western Region: Influenza has quite seriously affected freight service in the intermountain country.

Grain movement shows increase of about 15 per cent; coal loading an increase of about 30 per cent; live stock movement also continues heavy.

Passenger travel shows decrease, due to epidemic, but troop movements quite heavy.

Chicago, Burlington & Quincy Railroad discontinued trains between Omaha and Lincoln.

Southern Pacific Railroad report that Liberty Loan Special operated through California, Arizona and Nevada, covering 4,781 miles, and visited 145 towns, reaching 380,000 people.

Reports from consolidated ticket offices satisfactory. Chicago office will be opened November 4.

Southwestern Region: Movements of lumber and grain show small decrease.

Shortage of labor at cotton compresses has resulted in some temporary embargoes, but the cotton in the main is receiving good handling.

Oil from midcontinent field increasing satisfactorily, and trains averaging higher mileage per hour.

Attention to L. C. L. freight and sailing day plan continues active.

Freight and passenger schedules well maintained, and it is anticipated any decrease in passenger travel will disappear as the epidemic wanes.

War Industries Board: Building program for the past week comprises 143 projects, necessitating 15,256 cars to move material required therefor.

Two projects involving Chesapeake & Ohio Railroad declined to prevent further demands on that line, which is occupied in moving more important material, working

closely with lumber sections to avoid cross-hauling lumber as far as possible.

War Department: Slightly increased amount of export traffic held at New York, the arrivals exceeding the unloading by about 500 cars.

Special train service to expedite movement of motor trucks, hay, oats and subsistence for urgent need overseas.

Labor conditions at Philadelphia district continue bad.

Threatened congestion at Penniman, Va., prevented by additional track facilities.

Pittsburgh situation shows considerable improvement. Some shortage of open top equipment at Chicago.

Twenty-five specials run from Chicago to eastern seaboard during the week.

Taking the situation throughout the entire country, the transportation conditions continue to be satisfactory.

Navy Department: Transportation situation generally satisfactory.

Improvement in moving L. C. L. traffic noticeable, but still susceptible of further improvement.

Less complaint over shipping lumber from the south.

Some congestion at Boston and Washington navy yards, which is being given attention.

Fuel Administration: Eastern, Allegheny and Pacific regions' car supply ample, but placement irregular, account influenza.

Lake situation shipments very heavy, with some accumulations at ports.

Southern and western territory situation good.

Production further reduced account epidemic.

Shortage of labor causing some delay in unloading cars.

Reduced production of coke and slower movements, endangering to some extent supplies for furnaces and foundries.

Fuel Administration; Oil Division: Routing of oil from midcontinent and other western fields to points east of the Mississippi River arranged.

Production of crude in the new Texas fields exceeding pipe line facilities.

Supply of empties and service satisfactory.

Food Administration: Only complaints in regard to movement of grain under permit system were one from the governor of Nebraska and one from the Omaha Grain Exchange.

Efforts being made to relieve Omaha in order to enable them to bring in more grain.

Movement of fresh meats and packing house products satisfactory.

Some complaint of lack of refrigerator cars for north-west potato traffic, but situation is still in hand.

U. S. Shipping Board: Few accumulations of cars at some of the separate shipyards, which are being looked after in each case.

General movement of traffic satisfactory.

Export: Situation at practically all Atlantic and Gulf ports continues easy, although the deliveries to vessels show slight decrease under the arrivals.

Heavy movement of cars and car parts to French government.

Improvement effected in release of cars account American Red Cross and Y. M. C. A.

Situation at Philadelphia and Baltimore reported as subnormal.

Pacific coast situation promises improvement, and reduction of cars for Seattle made to the extent of 235 cars.

Allies Traffic Executive: Report car supply and movement good and arrivals at the ports satisfactory.

General: Iron furnace situated affected by epidemic.

No complaint of transportation conditions as affecting operation of the furnaces.

Box car shortage reported in Wheeling district is having attention.

Live stock at Union Stock Yards, Chicago, shows decrease in receipts of cattle, but nearly 20 per cent increase in hogs and 50 per cent increase in sheep over same period last year.

Coastwise steamship lines report increase in traffic from southern ports.

Movement of 4,000 head of Texas cattle reported at southern points and Pocahontas Region; also reports cattle being received under the reduced rates made to move the cattle from the drought district.

Onion crop of 1918 reported to exceed that of 1917 by 2,000,000 bushels.

Interchangeable scrip books show increase in popularity.

The consolidation of the additional passage charge in Pullman cars with the Pullman charge is postponed until December 1 by reason of trouble with printers.

Table d'hôte dining car service continues to meet with approval.

Assignment of dining car seats on "Congressional Limited" at particular hour to be put into effect at an early date.

Miscellaneous Traffic Decisions

Cases Recently Decided by State and Federal Courts

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REGULATION OF COMMON CARRIERS

Joint Switching Charges:

(Supreme Ct. of Mich.) Where the relation of two railroads is that of co-operation merely, they are entitled to have sustained a joint rate and a reasonable charge for switching service.—*Pontiac O. & N. R. Co. et al. vs. Michigan R. R. Commission* (J. T. Wylie & Co. et al., Interveners), 166 N. W., Rep. 927.

Where entire capital stock of a railroad company was owned by another company and road was operated and controlled as a part of latter's system, under same general officers, though first road's independent organization was maintained, it was, for the purpose of ratemaking, part of controlling system, so that switching charges between them were properly eliminated.—*Ibid.*

Special Contracts:

(Supreme Ct. of Mich.) A special contract, whereby railroad company gave lumber company free use of cars for unlimited time when other shippers were required to pay \$1 per day for all time over two days, it unenforceable, under Pub. Acts 1909, No. 300, as unjustly discriminatory.—*Grand Rapids & I. Ry. Co. vs. Cobbs & Mitchell, Inc.*, 168 N. W. Rep. 961.

Pub. Acts 1909, No. 300, making discrimination by com-

mon carriers unlawful, did not exempt from its operation special contracts existing at the time of its enactment, which were not common to all shippers for a like kind of traffic.—*Ibid.*

Pub. Acts 1909, No. 300, making discrimination by common carriers unlawful, by not exempting it from its operation special existing contracts, did not impair the obligation of such contracts; the parties thereto having contracted, knowing that the state, in the exercise of its police power, could pass laws regulating common carriers within its borders.—*Ibid.*

Governmental Control:

(Supreme Ct. of Mich.) The property of a carrier is charged with a public interest and its business is subject to governmental control, within the limits of the Constitution.—*Grand Rapids & I. Ry. Co. vs. Cobbs & Mitchell, Inc.*, 168 N. W. Rep. 961.

Demurrage Charges:

(Supreme Ct. of Mich.) Demurrage charges are recognized as legitimate charges, and, properly levied and collected, serve a useful purpose.—*Grand Rapids & I. Ry. Co. vs. Cobbs & Mitchell, Inc.*, 168 N. W. Rep. 961.

Pub. Acts 1909, No. 300, making discrimination by common carriers unlawful, is as applicable to discrimination

through demurrage charges as it is to discrimination through a charge for line haul.—Ibid.

Discrimination:

(Supreme Ct. of Mich.) Discrimination by common carrier may be as unjust and unfair, when provided for in an existing contract, as though indulged in without prearrangement.—Grand Rapids & I. Ry. Co. vs. Cobbs & Mitchell, Inc., 168 N. W. Rep. 961.

Where lumber company's contract with railroad, whereby it was to have use of cars without demurrage charge, was made unlawful by enactment of Pub. Acts 1909, No. 300, making discrimination by common carriers unlawful, it could not recoup its damage for breach thereof in railroad's action for demurrage charges.—Ibid.

EXPORT LICENSE PROCEDURE

The War Trade Board, in Bulletin 293, announces the revision of the procedure set forth in W. T. B. R. 184, dated Aug. 3, 1918, for the issuance of export licenses for shipments (A) destined to the United Kingdom, France, Italy, or Belgium (excluding their colonies, possessions and protectorates), either directly or by way of any other country or colony; or (B) destined to any country or colony by way of the United Kingdom, France, Italy, or Belgium, excepting shipments destined to Switzerland by way of France or Italy.

The change in the procedure is in regard to the manner of granting licenses for the exportation of commodities to France. The French government, owing to the shortage of tonnage, has instructed the French High Commission in this country to indorse applications for export to France only when definite instructions have been received from the French government that such indorsement should be given.

In the future, therefore, when filing applications for licenses to export commodities to France, it will not be necessary for exporters to state the number of the French permission or authority to purchase and, or import, nor to present, when filing applications, a copy of the French government "attestation." The French High Commission will indorse applications without the presentation of such authority, provided that proper instructions have been received from the French government regarding the particular shipments in question. As to small non-commercial shipments by parcel post, however, such definite instructions as to indorsement will not be necessary.

"The French High Commission will inform exporters as to particular shipments with respect to which the proper instructions from the French government have been received by the Commission and for which applications for export licenses have not been filed with the War Trade Board. Exporters, upon receiving such advice, should file applications for export licenses with the War Trade Board, stating in paragraph (2) of Form X-115 the reference number of the letter from the French High Commission.

For the convenience of exporters, the following is published as the procedure now to be followed in exporting commodities to the United Kingdom, France, Italy, or Belgium (excluding their colonies, possessions, and protectorates), the procedure being the same as set forth in W. T. B. R. 184, except for the change in the procedure for France noted above:

1. Applications for licenses to export any commodity to the destinations and in the manner mentioned above in paragraphs A and B will be refused if the applicant, on or after August 12, 1918, and prior to the issuance of the license applied for, shall have purchased or otherwise acquired or commenced to manufacture or produce or fit the articles specified in the application for the fulfillment of a specific export order.

2. Applications for licenses to export any commodity to the destinations and in the manner mentioned above in paragraphs A and B must include one of each of the following papers properly executed:

- (A) An application on Form X, to which should be attached
- (B) Such supplemental information sheets as may be required by the rules and regulations of the War Trade Board to be used in connection with shipments of certain commodities or shipments to certain countries (as Form X1, X2, etc.).

(C) Supplemental information sheet, Form X115.

3. In Form X115 the applicant is required to give certain information and make certain agreements in conformity with the purposes above mentioned. Applicants must also show thereon that permission to import or purchase (if required) has been duly granted by the government of the allied country to or through which the shipment is to be made.

4. Applications filed with X115 attached should be mailed directly to the War Trade Board, Washington, D. C. They

will then be referred by the War Trade Board to the War Mission of the allied country to or through which the shipment is to be made, and to the United States War Industries Board or to the United States Food Administration, if necessary, and these applications will be considered by the War Trade Board in accordance with its rules and regulations. This will relieve applicants for export licenses from the necessity of applying to the War Mission, to the War Industries Board or to the Food Administration, as required by former War Trade Board Ruling No. 104.

5. Export licenses issued under this procedure will be valid for ninety days. In unusual cases the War Trade Board will grant licenses for longer periods if from the nature of the business a real necessity is shown to exist for the issuance of such licenses.

6. Reapplications for licenses to take the place of expiring or expired licenses, issued either under the revised procedure above described or under the procedure announced in War Trade Board Ruling 104, dated May 13, 1918, should include the papers mentioned in paragraph 2 above as necessary for an original application, with the exception that Form X115 should be omitted and Form X8 (as revised on August 1, 1918) should be added.

7. It is the policy of the War Trade Board to discourage and prevent exporters purchasing, manufacturing or producing articles for the fulfillment of specific export orders until an appropriate export license has been issued. The attention of the War Trade Board has been directed to a number of instances in which manufacturers before obtaining export licenses have made articles for specific export orders which were useless for domestic consumption but which under the regulations of the War Trade Board could not be exported. It is essential for the proper conservation of commodities in the United States that this practice be stopped, and it is the purpose of the War Trade Board to refuse licenses to exporters who violate this policy.

COTTON COMPRESSION RATES

The Traffic World Washington Bureau.

The War Industries Board authorizes the following: At the request of the Administration, the price fixing committee of the War Industries Board, after consultation with the representatives of cotton compress companies, have agreed upon a price of 15 cents per hundred pounds for compressing cotton to load seventy-five bales per 36-foot standard car, the price to take effect immediately and to remain in force up to and including July 31, 1919, and to apply to all points where cotton is thus compressed. The present price is 10 cents.

MOVEMENT OF COTTON

Regional Director Bush, in order No. 82, supplement No. 2, says:

"Effective Nov. 1, 1918, the Western Weighing and Inspection Bureau is authorized to inspect and check cotton in Arkansas and Louisiana, the same as they have been doing in the states of Texas and Oklahoma.

"Their duty is to check cotton into the compresses, certifying to the agents the number of bales received and examine same for country damage, also checking out-bound compressed cotton for country damage on the same general lines that govern the Maritime Association at the ports, certifying conditions to the agent before bills of lading can be signed, enforcing rule as to minimum loading, keeping record of number of bales topped; also maintaining a force at ports to check cotton for delivery to steamships against the Maritime Association.

"The Western Weighing and Inspection Bureau inspector at each press will keep in close touch, through the railroad agent, with the amount of cotton for daily delivery to each press and notify superintendents of the railroads as soon as the situation at press threatens to become congested, so that the superintendent can have time to make his own investigation and issue embargo, if necessary.

"In order that each agent at a compress point may know what cotton is en route for each press, superintendents will arrange to notify agent daily of the approximate number of bales signed for previous day for delivery to such press.

"The expense in Texas and Oklahoma will continue to be divided between the several roads on basis of the number of bales handled and the Western Weighing and Inspection Bureau is authorized to assess the new expense in Louisiana and Arkansas on the same basis."

REFRIGERATOR CAR REPAIRING

In Mechanical Circular No. 7, issued October 31, Frank McManamy, assistant director of operations, gave directions to be followed in the heavy repairing of railroad-owned refrigerator cars, with a view to having them put in the best shape for handling and conserving foodstuffs.

Traffic Lesson No. XLIX

State Commission Regulation—Forty-ninth in the Course of Fifty-two Lessons Written for the Traffic World by Grover G. Huebner, Ph.D., Assistant Professor of Transportation and Commerce, University of Pennsylvania, and Published Bi-weekly—(Copyrighted)

The regulation of railroads in the United States is unavoidably complicated by the dual jurisdiction of the federal government and forty-eight states. Under the federal constitution the regulation of foreign and interstate commerce is vested in Congress, but the states exercise control over intrastate commerce. While Congress, directly by statute and the Interstate Commerce Commission, regulates the charges, services, regulations and practices of carriers in so far as they concern a shipment from a point of origin in one state to a destination in another state, the states, through numerous statutes and the state commissions, regulate the carriers' charges, services, etc., in so far as they apply to intrastate shipments. From the nature of the railroad business, as described in previous lessons dealing with rates and rate-making, a conflict of authority has unavoidably arisen.

When certain of the eastern states first began to regulate railroads through commissions, the problem of conflicting authority was of little practical importance, because Congress had as yet neither created a federal commission nor attempted to regulate by statute, and because the state commissions were known as "weak" commissions in that they possessed no mandatory power over rates. Later in the '70's, when various western and southern states enacted their so-called "granger legislation," which embodied stringent regulation, the problem arose in a manner quite different from that now awaiting final decision. The granger commissions proceeded to regulate rates both on intrastate and interstate traffic—a practice which was contested in the courts. The Supreme Court in 1877 upheld the granger commissions when it held that "until Congress acts in reference to the regulations of this company to interstate commerce, it is certainly within the power of Wisconsin to regulate its fares, etc., so far as they are of domestic concern."¹

This interpretation of the powers of the states continued until 1886 when the Supreme Court, in the *Wabash* case, held that the states had no power to regulate interstate commerce.² In the following year the Interstate Commerce Commission was created. For many years the federal and state commissions proceeded on the theory that the former could regulate only such rates as apply to interstate and foreign shipments coming within the scope of the act to regulate commerce, and that the state commissions could establish intrastate rates even though, in some instances, such rates indirectly caused a readjustment of competitive interstate charges or resulted in discrimination between interstate and intrastate traffic. The interdependence of interstate and intrastate charges and the consequent conflict of authority, became an issue which has resulted in numerous commission and court decisions.

In the Minnesota rate cases the Supreme Court, in reviewing the effect which state regulation had on interstate traffic, upheld the plenary power possessed by Congress, but decided that Congress had not by statute specifically conferred on the Interstate Commerce Commission the power to regulate intrastate charges. In view of congressional inaction on the subject it held that each state commission "has to establish maximum intrastate rates for intrastate carriers which are reasonable in themselves, although the states' requirements may necessarily disturb the existing relation between intrastate and interstate rates as to places within zones of competition crossed by the state boundary line."³ Meanwhile, however, the Interstate Commerce Commission, March 11, 1912, as the result of a proceeding initiated by the railroad commission of Louisiana, decided the first of the so-called Shreve-

port cases.⁴ It prescribed maximum rates from Shreveport, La., to specified destinations in Texas and ordered the carriers to "abstain from exacting any higher rates for the transportation of any article . . . than are contemporaneously exacted for the transportation of such articles from Dallas or Houston for an equal distance toward said Shreveport."

The Commission acted under the provisions which empower it to prevent unreasonable discrimination. The Supreme Court upheld the Commission in its decision of June 8, 1914, in which it reiterated the plenary power of Congress over interstate commerce and also held that the authority of the Interstate Commerce Commission to remove discrimination "includes the power to control the intrastate rates maintained by a carrier under state authority to the extent necessary to remove the resulting unjust discrimination arising out of the relation between such intrastate rates and interstate rates which are reasonable in themselves, notwithstanding the proviso in section 1 of the act that its provisions shall not apply to purely intrastate traffic."

Following the original decision, the scope of the Shreveport case was broadened in a supplementary case of June 17,⁵ 1915, so as to include many carriers not parties to the original proceeding, also all points in the territory defined as "Eastern Texas," all commodities for which the Texas commission prescribed rates and all articles classified in the Western Classification. The tariffs then published by the carriers, however, resulted in various discriminations for which no justification could be shown, and their effective date was postponed by the Commission. A second supplementary order was issued on July 7, 1916,⁶ in which modified maximum class and commodity rates were prescribed between Shreveport and Texas points, and the carriers were ordered to remove unjust discrimination as between interstate traffic and intrastate traffic moving like distances in Texas both as regards their rates and their minimum carload weights. Proceedings were again reopened on petition in behalf of the state of Texas and commercial interests in that state, the order of July 7, 1916, however, to remain in effect meanwhile.⁷ As a result, the maximum rates formerly prescribed by the Interstate Commerce Commission were modified in various particulars in its order of March, 1918,⁸ and the portion of the order requiring application of the Western Classification to traffic within Texas was modified. The intervenors in this decision conceded the authority of the Commission to establish reasonable maximum rates between Shreveport and Texas points, but insisted that such authority to displace intrastate rates in Texas applied only "within the territory that is substantially tributary to Shreveport," and not to all points in Texas. The Commission, however, held that "it seems elementary that under our laws and institutions Shreveport has the right to an equality of opportunity with Texas cities to ship freight on these interstate highways from and to every point within the state of Texas. . . . There are no transportation conditions justifying higher rates, distance considered, between Shreveport and Texas points than between points in Texas."

Meanwhile the efforts of the Interstate Commerce Commission to prevent undue discrimination between interstate and intrastate traffic was similarly contested in other states, and in the decisions rendered various points of interest arose. In the so-called Missouri rate cases, the Nebraska State Railway Commission contested that the

¹ *R. R. Com. of La. vs. St. Louis S. W. Ry. Co. et al.*, 23 U. S. Repts., 31 (Traffic World, March 30, 1912).

² *Wabash v. Illinois & Pacific Ry. Co. et al.*, 35 U. S. Repts., 131 (Traffic World, July 24, 1915).

³ *I. C. C. Repts.*, 33 (Traffic World, August 19, 1915).

⁴ *I. C. C. Repts.*, 45, January 26, 1917 (Traffic World, February 10, 1917).

⁵ *I. C. C. Repts.*, 312 (Traffic World, March 9, 1918).

⁶ *Ill. v. Chicago & Northwestern Ry. Co.*, 34 U. S. Repts., 131 (Traffic World, March 9, 1918).

⁷ *Ill. v. Chicago & Northwestern Ry. Co.*, 34 U. S. Repts., 131 (Traffic World, March 9, 1918).

superior authority of the Interstate Commerce Commission may not be exercised unless it is found that the intrastate rates are confiscatory, but the Interstate Commerce Commission held that "the act gives it no authority to determine whether state-made rates are confiscatory," and that "the position is wholly indefensible that this Commission must inquire into an issue as to which it has no jurisdiction for the purpose of determining a question as to which its jurisdiction is not only complete but exclusive."

In Arkansas the state Supreme Court decided "the issue so far as that state was concerned by ruling that when the Interstate Commerce Commission states what a reasonable rate under like circumstances and conditions would be, such rate may be offered within the state by the carriers where an order requiring the removal of undue discrimination is issued by the Interstate Commerce Commission."⁴⁰ In its decision of June 11, 1917, concerning the South Dakota express rate conflict, the U. S. Supreme Court restored the superior power of the Interstate Commerce Commission, but held that the express companies in applying the Commission's order had gone further in revising their intrastate rates than the Commission had specifically authorized. The companies were prevented from generally applying the rates which had been authorized between five named points in South Dakota and Sioux City, Ia. The court disclosed a desire to make specific the decisions of the Commission and their application by the carriers.⁴¹

This desire was amplified in the Illinois two-cent fare cases⁴² in which the carriers in applying an original and supplemental order of the Interstate Commerce Commission⁴³ endeavored to increase all passenger fares from the intrastate rate of two cents per mile to the 2.4-cent rate approved by the Commission for travel between points in Illinois and adjacent states. The Supreme Court decided that the supplemental order could not be enforced because the language did not show with sufficient definiteness the application intended by the Commission. The Commission then established maximum fares between designated points and ordered the carriers to remove undue prejudice.⁴⁴

Types of State Commissions.

Subject to the restrictions imposed on state regulation, outlined in the preceding section, the states continue to regulate in part through commissions and partly by statute. The mandatory commissions now in existence do not possess uniform powers and the scope of their jurisdiction is wider in some instances than others. The largest number are of the type known as "public service" or "public utilities" commissions, although some of the commissions properly classed as such continue to be officially designated as railroad commissions. Their scope is wider than that of the railroad commissions of the past in that they regulate not only railroads, express companies, sleeping and private car companies, fast freight lines and other concerns connected with rail carriers, but also street railway, telegraph and telephone lines and public utilities such as electric light and gas companies. The kind of concerns included are not identical, but all of the following states have created commissions with jurisdiction over public utilities as well as carriers: Alabama, California, Colorado, Connecticut, Idaho, Illinois, Indiana, Kansas, Maine, Maryland, Massachusetts, Michigan, Missouri, Montana, Nevada, New Hampshire, New Jersey, New York, Ohio, Oregon, Pennsylvania, Rhode Island, Utah, Vermont, Washington, West Virginia, Wisconsin, Wyoming.

The commissions in the following states do not have jurisdiction over all public utilities, and are, therefore, referred to as railroad commissions, but their jurisdiction has gradually been widened so as to include not only railroads, but also express companies and other concerns and facilities connected with the railroads: Arkansas, Florida, Georgia, Iowa, Kentucky, Louisiana, Minnesota, Mississippi, Nebraska, North Dakota, South Carolina, South Dakota, Tennessee, Texas.

Five states have so-called "corporation commissions"

with powers over corporations other than railroad and public utilities as well as over carriers and public service corporations: Arizona, North Carolina, Oklahoma, New Mexico, Virginia.

There is only one state (Delaware) in which no public utilities, railroad or corporation commission has been created.

Powers of State Commissions.

The powers of the commissions vary widely. The rate powers of some include the power to establish complete maximum rate schedules. Others possess rate revisory powers like those of the Interstate Commerce Commission enabling them to declare individual rates unreasonable and to substitute reasonable maximum rates in their stead. Some of the commissions may act on their own initiative, while others act on complaint filed by shippers, shippers' organizations, municipalities, or other complainants specified in the commission laws. Some possess the power of suspending proposed rate advances, while others act after a rate advance has gone into effect.

Their powers regarding matters other than charges also vary. They variously possess the powers over railroad accounts, shipping rules and regulations, services, safety appliances, private sidings, franchises and permission for the construction of new facilities, investigation of financial arrangements, statistical reports and the issue of securities. Twenty-four states, for example, have not conferred on their commissions the power to regulate the issuance of securities: Alabama, Arkansas, Colorado, Connecticut, Florida, Idaho, Kentucky, Louisiana, Minnesota, Mississippi, Montana, Nevada, New Mexico, North Carolina, North Dakota, Oklahoma, Oregon, South Carolina, South Dakota, Tennessee, Utah, Washington and Wyoming.

Some of the commissions with jurisdiction over capitalization have only weak powers over the stocks of certain concerns and no power in case of their bonds. Some have only the power to enforce publicity, and some are limited to examining into the truth of statements contained in a company's application for approval. Certain commissions may, however, specify the purpose of security issues and limit their extent and some are authorized to prescribe the character of the securities and the terms of issue. Four commissions have complete power over security issues: Arizona, California, Illinois and Vermont.

The tendency in commission legislation has been to confer on them not only the power to prescribe reasonable rates and other charges and to prevent undue discrimination in charges, but wider administrative powers over services, rules, regulations and finances.

Organization of State Commissions.

The practice of having a single commissioner with few powers has given way to commissions of from three to five members. In New York there are two commissions of five members each, one supervising the utilities of the city of New York, and the other the utilities of the remainder of the state. The more common practice is a single commission of three. In many of the states the commissions continue to be elective, while in others the members are appointed. The terms of office vary from two to six years, with a tendency in the direction of long rather than short terms. The state commissions are supported by statutory provisions similar to those contained in the act to regulate commerce, although such provisions are subject to variations. Thus, the state commission laws usually prohibit extortionate rates, unfair discrimination and rebates, and require the filing of tariffs, leases, contracts and arrangements with the commission, the publication and posting of rates, and the giving of a notice of a prescribed number of days before changing a rate. The commissions are likewise authorized to call witnesses, inspect accounts, books, records and memoranda, examine witnesses under oath, and to issue subpoenas when necessary. Hearings are conducted under rules determined in part by the provisions of the commission laws and in part by administrative rulings of the commissions.

The commission laws variously provide for the enforcement of orders. The orders of the state commissions are mandatory, except that in so far as they are subject to judicial review by the courts, as will be described in lessons 51 and 52.

⁴⁰ I. C. C. Repts., 201, July 3, 1916.

⁴¹ Arkansas Supreme Court decision of July 9, 1917.

⁴² 244 U. S. Repts., 617, June 11, 1917.

⁴³ 245 U. S. Repts., 493, January 14, 1918.

⁴⁴ 1 I. C. C. Repts., 13 (Traffic World, August 5, 1916); 41 I. C. C. Repts., 503 (Traffic World, November 11, 1916).

⁴⁵ 49 I. C. C. Repts., 713 (Traffic World, May 25, 1918).

The Open Forum

A Department for the Discussion by Patrons and Friends of THE TRAFFIC WORLD of Transportation Questions of Interest to Traffic Men Who Keep in Touch With the Times—Contributions are Welcomed

ABSORPTION OF SWITCHING

Editor The Traffic World:

The Portland District Freight Traffic Committee has under consideration under its docket No. 190 a subject which will be of general interest throughout the country. The committee has been requested to amend the tariffs of carriers under federal control to provide that the railroad reserving the main line haul shall absorb the switching charges of other railroads at point of origin or destination. This request is made on the theory that the terminal expense is provided for in every freight rate and the collection of switching charges for delivery to industrial concerns is a duplication of charges.

This subject has at various times been discussed, but the carriers have never been willing to absorb switching charges on non-competitive business, although it has been a general practice to absorb switching charges on competitive business. The point is made that since there is now but one railroad and no competition exists, there is no reason why the terminal expense should not be taken care of in the main line haul.

Believing that the matter is of general interest, I am calling it to your attention in the hope that some of your readers may express their opinions on the feasibility of such a practice being generally adopted.

Jay W. McGuire, Secretary,
Traffic and Transportation Bureau

Tacoma, Wash., Oct. 26, 1918.

PUBLICITY FOR RATE CHANGES

Editor The Traffic World:

What is the matter with the shippers in the east—those north of the Potomac and east of Pittsburgh? It would seem that they had all gone to war or ceased to exist, or could it be possible that the application of Order No. 28 failed to make or produce any maladjustment in rates of freight in the territory referred to?

You have been publishing, in your Traffic Bulletin, the district committees' dockets in the west, and also published freight rate authorities, beginning with authority No. 1290, since October 5. A careful check of these shows that 80 per cent of them have application to the territory comprising south and the west. Is it possible that the Director-General is paying for favors in this territory and the eastern committees are doing so little work that they are ashamed to publish their dockets?

New York, N. Y., Oct. 31, 1918.

F. W. Pancoast.

We have done our utmost to obtain from the eastern and southern freight traffic committees action that would result in publicity for the dockets of their district committees similar to that provided for the district committee dockets in the West, but without success. We do not know who has taken action in these. We do not, however, thank the Director-General or his Division of Traffic for playing favorites. The case seems rather to be that neither shows any interest in the subject. The action of the Western Freight Traffic Committee, permitting and even soliciting publicity, was taken on its own responsibility without suggestion or approval from the Director-General or his Division of Traffic. Editor The Traffic World.

DELAYS IN TRANSIT

Editor The Traffic World:

In your issue of October 19 I note an article headed "Prompt Reports on Delays" which refers to the unloading end of the proposition.

It has seemed to me for a long time that the regional directors or someone else who is in charge should take up the delays in transit and information regarding such cases. I have a number of instances which could be referred to where cars are from three to eight days behind schedule time, and in many cases we are unable to get

information regarding the whereabouts of the cars in question. The longer delays seem to occur between the northwest territory—Washington and Denver—but some of these delays and lack of information cover shipments from the east.

For instance, N. Y. C. No. 145591 from Portland, New York, October 19. We were unable to get any information whatever about this car through the Rock Island office at Denver, which is supposed to handle the shipments from the New York Central. The car arrived this morning, having been out twelve days, and no information at all.

I could cite a number of instances where the delay would be from three to eight days, and when these cars do arrive they usually find the market in poorer condition for prompt unloading than it would have been had they arrived when due.

We, of course, are assessed car service, whereas the railroad company's delay is, in many cases, the cause of delays in unloading, and the railroads should be made to pay for the time in excess of regular running time, or at least some of it, putting them on the same basis regarding car service as shippers and receivers.

Denver, Colo., Nov. 1, 1918.

George H. Knifton.

THE LA FOLLETTE SEAMAN'S LAW

Editor The Traffic World:

There has been a world of opposition written against the La Follette seaman's law.

There was a reason for its enactment. Since time out of mind the sailor has been robbed, beaten, cramped and abused in every way. Owners, masters and mates did not class with Abou Ben Adhem, "who loved his fellow man." On the contrary, there was nothing too harsh or mean or cruel to put on the sailor. Now, the sailor has a friend at court and, while the law may not be all that is perfect, it is, at least, a move in the right direction and amendments may follow on full and free discussion.

If we are to have a merchant marine, a whole lot of bunk and junk of the past will have to go into the discard. The war has shown us that a lot of things which were firmly established in the minds of many as inexorable facts have been scrapped. Moreover, the calling of the sea must be made attractive to the youth of our land. Going to sea is neither a Sunday school picnic nor a pink tea—it is a "he man's" job. No matter how hard the work may be, if brutality and dishonesty toward the sailor is eliminated and there is held out a chance for advancement and a stimulus to ambition, there are enough of adventurous spirits among our young men to take up the calling. It is not a matter of pay nor of labor, but one of reasonably square treatment and a chance to get ahead. With that policy we can man our merchant marine and make it a winner.

Boston, Mass., Nov. 2, 1918.

J. D. Hashagen.

SOUTH AND MILEAGE SCALES

Editor The Traffic World:

From recent items in your paper it appears you have misunderstood the attitude of the Southern Traffic League as to the proposed uniform mileage scales to be applied in Southern Classification territory. The understanding of the writer (who has attended all meetings) is the league has not yet gone on record as being either for or against. At its meeting of July 10-11 the officers stated the adoption of a uniform scale of mileage rates for the Southeast, to be applied both intrastate and interstate, was being considered and all interests would have an opportunity to be heard on the question before the scales were made effective. In the discussion that followed the opinions of the

members were very much divided, some being for the proposition, some against and some unwilling to commit themselves either way without knowing just what scales were to be proposed. One member—very strongly interested in state rates—expressed the view that a general scale of mileage rates would localize industries of this section and force many plants to dismantle. Another member—very strongly interested in interstate rates—stated uniform mileage scales would remove numerous discriminations, especially between intra and interstate rates, and no legitimate objections could be made if the scales were fair.

The following motion was offered:

That the Southern Traffic League go on record as being opposed to any general changes in rates brought about by the application of a uniform mileage scale in the South during these abnormal times, and that we are not opposed to the principle of uniformity in rates and will gladly render aid to the government in bringing about uniformity when conditions are such that business will not be disrupted by changes.

This motion, which, if followed, would have the effect of postponing indefinitely the proposed uniform scales, was mainly supported by members whose greatest interests are the preservation of the mileage scales of their particular states and was opposed by members mainly interested in interstate rates. After full discussion it was withdrawn and another motion passed asking the Railroad Administration that we be permitted to present our views before any general changes are made.

The understanding of the writer also in regard to the Consolidated Classification is the league is only opposed to the several thousand heavy increases the railroad classification men are trying to slip through, and not to the general principle of having all rules, descriptions, ratings, etc., published in one book. This is shown by the following motion, which was unanimously adopted at the league meeting of September 17-18:

While not opposing the principle of a consolidated freight classification, in so far as it would generally produce uniformity in rules, descriptions, packing requirements and minimum weights, we are unanimously opposed to Consolidated Freight Classification No. 1 in so far as it would cause any change in rates or ratings.

CHATTANOOGA SEWER PIPE WORKS.

B. R. Shepherd, Traffic Manager.

Chattanooga, Tenn., November 5, 1918.

THE LUMBER EMBARGO

Editor The Traffic World:

This company and its various subsidiary companies have been informed of drastic action taken by the Car Service Section of the United States Railroad Administration under what is known as Lumber Embargo C. S. S. No. 2, prohibiting the movement of lumber from all points in the United States and Canada to destinations east of the Mississippi River and north of the Ohio and Potomac rivers except where an application is filed for certain permits to allow this lumber to move to and from the restricted territory.

This embargo is somewhat modified, allowing shipments direct to (a) certain officers of the United States government; (b) the United States Shipping Board, etc.; (c) direct to car and locomotive manufacturers; (d) railroad material consigned to officers of railroads; (e) walnut logs and various excepted products.

The wholesale lumber industry is the result of many years of steady growth and at the present time there is invested many millions of dollars in capital, plants, yards and other essentials necessary to its successful conduct. This branch of the lumber industry is sanctioned both by state and federal laws, such facts being borne out through the states permitting incorporation of the wholesale dealer and both the state and government receiving revenues in the form of taxation. The legitimate wholesaler has a large investment and his capital is used as a function to produce and market lumber of all kinds. The largest percentage of his business is in the financing of small mill and timber owners who are not in a position to obtain necessary capital through the banks or from the large mill manufacturer; thus it can be seen his only recourse to capital is in the form of the wholesale lumber corporation. It is customary in this branch of the industry to advance a small mill owner from 75 to 80 per cent of the total of the invoice on shipment. It is also customary to advance certain moneys to the small mill-man

whereby he can meet his original expenses, cut and produce the lumber after receiving an advance per thousand feet, and place this lumber at the disposal of the wholesale operator who furnishes the capital. It is interesting to know that Ovid M. Butler, assistant director, Forest Products Laboratory, United States Department of Agriculture, in Report No. 115, issued Dec. 17, 1917, states on page 13:

Lumber must be sold; the more wholesalers and mill salesmen, the keener the competitive tendencies. Under intense competition the manufacturer who cannot exercise direct control over the men marketing this product necessarily feels less independence than the manufacturer who employs his own salesmen.

Notwithstanding the opposition of many large manufacturers, not less than 90 per cent of the mills in operation to-day depend upon the middleman to a greater or less extent for the disposal of their product. According to figures obtained by the Forest Service (Bulletin 506, Production of Lumber, Lath and Shingles in 1915) the number of mills in that year producing 10,000,000 feet and over annually was less than 3 per cent of the total number in operation, and it would be a manifest error to assume that all of these mills sold their output through their own salesmen or selling agencies. In point of volume, however, these mills produced 56 per cent of the total output; and, as has already been pointed out, recent figures obtained for the Central States show that the greater volume of lumber is bought direct from the mill by retailers and large consumers. It will be clear, however, that any move looking to the elimination of the middleman by the large mills must take into consideration, among other things, the economic place of the small mill and the problem of marketing its output.

In addition to his function as a distributor, the wholesaler is of direct financial service to the small mill in a great number of cases, and not infrequently to large mills. It is a more or less common practice for him to advance 75 or 80 per cent of the cost of the lumber to the mill upon receipt of the invoice. Small mills, as a rule, are not financially strong enough to hold their lumber, but must ship it as soon as cut and obtain some money on it immediately in order to continue operations. This practice is another source of opposition to the wholesaler by some large mill owners, under the belief that there are too many small mills, and that if this system of financing were not practiced by the wholesalers the number of small mills would be reduced. Wholesalers also finance retailers in some instances, either directly or through credit arrangements, thus contributing to financial stability.

A further service performed by the wholesaler is that of handling accounts for the mills which he represents. Wholesalers, as a rule, discount their bills to the mill and then assume the risk and expense of collection from the customer. In this way the mill is relieved of the trouble and expense incident to carrying and collecting accounts and of losses from bad accounts. In the final cost of distribution, however, this is simply a shifting of the cost from one unit to another.

From the standpoint of both consumer and producer, the wholesaler has many advantages in large-scale lumber merchandising. Being located in the consuming district, he can often learn the consumer's needs more thoroughly than can the mill salesman who covers large territories. With this knowledge of consumer's requirements, he may often locate a stock of the required quality at lower prices.

The wholesaler's position enabled him to keep in close touch with these stocks on hand at various mills, and thus to meet the demands of his customers with certainty and promptness. He can further keep in closer personal contact with market prices than the mill, and can, as a rule, be more aggressive in competition than the mill salesman, who is bound, ordinarily, by price instructions from his employer. By representing various mills the wholesaler has at his disposal a large variety of stock and is enabled to meet a great variety of demand promptly. Often he can place orders to the direct advantage of the mills. He can often handle large orders which one mill could not meet, by division among several mills. Being on the ground, he is in a position to represent both mill and consumer in cases of complaint, particularly where the mill is not in an organization having an inspection department. Instances were found where buyers preferred to deal through wholesalers because the latter would relieve them of all trouble incident to complaints arising with the mill.

The wholesale lumber industry has grown to its recognized position through certain legislation enacted on the part of Congress to protect it and to preserve to it the secrets of its business. For years past it has been the privilege to ship lumber from a certain producing point, and reconvert same in transit to the final destination, therefore, preserving to the wholesale industry the shipper's name and consignee's name. This practice has been recognized as legitimate. In fact, the act to regulate commerce as amended carries in the fifteenth section the following:

It shall be unlawful for any common carrier subject to the provisions of this act, or any officer, agent or employee of such common carrier, or for any other person or corporation lawfully authorized by such common carrier, to receive information therefrom, knowingly to disclose to or permit to be acquired by any person or corporation other than the shipper or consignee, without the consent of such shipper or consignee, any information concerning the nature, kind, quantity, destination, consignee, or routing of any property tendered or delivered to such common carrier for interstate transportation, which information may be used to the detriment or prejudice of such

shipper or consignee, or which may improperly disclose his business transactions to a competitor.

This has been upheld by the Interstate Commerce Commission time after time in numerous decisions made by that body. In the case of *Albre vs. B. & M. Railroad*, 22 I. C. C., 321, the Commission comments on this section of the act by saying:

The above language clearly indicates an intent upon the part of Congress to secure to every shipper immunity from a disclosure of his business at the hands of a common carrier.

Again, in the case "*In the Matter of Freight Bills*, 29 I. C. C., 495:"

We have broadly held that the act indicates an intent upon the part of Congress to secure to every shipper immunity from a disclosure of his business at the hands of a common carrier. We look upon this as a sound view of the law and as the construction to which carriers should adjust their practices.

The issuance of the Lumber Embargo C. S. S. No. 2 has totally discontinued these sound principles and, in addition, has discontinued the right of reconsigning. Under the procedure of doing business in the face of this embargo it is impossible for the wholesaler to continue in business, as the manner in obtaining permits and the method in which shipment is permitted under these permits discloses to the shipper the consignee and to the consignee the point of origin, the latter in most cases being a small point where only one mill is located.

It is our belief that when Congress permitted government control of carriers that it was not the intent to allow certain branches of the Railroad Administration to promulgate rules and regulations that would be in direct violation of the act to regulate commerce and the past decisions of the Interstate Commerce Commission, noticeably among which is the Commission's decisions in the *Charles Becker vs. Pere Marquette Railroad*, 28 I. C. C., 645 and 651.

We, therefore, petition that immediate action be taken to amend or modify the aforementioned embargo to permit at least one reconsignment of lumber, so that the wholesale lumber industry will not be eliminated and can still continue to perform its duty to the government, which it will not be able to do if this embargo continues in effect in its present application.

The Fullerton Powell Hardwood Lumber Co.

H. J. Aldworth, Traffic Manager.

South Bend, Ind., Oct. 29, 1918.

OVERSEAS BEEF SHIPMENT

The Traffic World Washington Bureau.

Director-General McAdoo, November 4, made public the following letter received from an official of the Inland Traffic Service of the War Department, showing the condition in which beef is being delivered to soldiers of the American Expeditionary Forces in France:

"I have before me a shipping tag taken from a carcass of frozen beef in a kitchen on the Western Front, together with a letter from an army officer, complimenting the quartermaster department on the prime condition in which American beef is being served to the American Expeditionary Forces in France.

"An investigation develops that the carcass from which the tag in question was taken was loaded at one of the packing points at Kansas City on July 10, was placed under refrigeration in the plant of the Detroit Refrigerating Company, Detroit, Mich., on July 15, where it was given an intensive freezing and shipped out to an Atlantic port on August 12 and served for supper to our soldiers in the trenches in France on September 20.

"This is made possible only by the splendid railroad service rendered, coupled with the perfect system of the quartermaster department with respect to the handling of this highly perishable commodity."

CONFERENCE RULING

The Commission, in conference October 31, approved the following ruling:

"Application of average agreement under uniform demurrage law. . . . Upon further consideration, conference (minutes 109, 462 and 497 are qualified as follows: No average agreement made under the uniform demurrage

rules may properly combine in one account the cars of more than one consignee; each average agreement must cover the business of one consignee only; provided, however, that this rule is not intended to prohibit the application of the average agreement at a public elevator, warehouse or cotton compress so far as it applies to cars consigned to or handled by such elevator, warehouse or compress, and so long as the elevator, warehouse or compress is held strictly responsible to the carrier for the detention of cars and for any demurrage that results from such detention. In pursuing this course carriers must accept full responsibility for the correct application of the rule (see conference ruling 498).

LOADING OF COAL

The Traffic World Washington Bureau.

A report was received November 2 by the Director-General from the Car Service Section of the Railroad Administration on the quantity of coal of all kinds loaded by roads for week ended Oct. 19, 1918, as compared with the same period of 1917. A summary of the report follows:

	1918.	1917.
Total cars bituminous	199,382	173,883
Total cars anthracite	38,603	41,277
Total cars lignite	3,621	3,967
Grand total, cars, all coal.....	236,606	219,127

A summary of reports for week ended Oct. 26, 1918, based on actual reports from most roads, but with the results of some roads estimated, follows:

	1918.	1917.
Total cars bituminous.....	192,529	187,939
Total cars anthracite	32,059	41,747
Total cars lignite	3,416	4,148
Grand total cars, all coal.....	228,604	233,834

Increase of 1918 up to and including week ending Oct. 26, 1918, over same period of 1917, 724,978 cars.

MOVING FLORIDA CITRUS CROP

The Traffic World Washington Bureau.

Director-General McAdoo, on November 3, completed arrangements for moving the Florida citrus crop expeditiously by the following plans:

- (a) Time schedules, arranged by agreement with shippers, fast enough to reach the markets satisfactorily, but not so fast as to prevent punctual deliveries, and
- (b) Consolidation of this traffic upon direct routes and attention at the hands of transportation and traffic representatives who are experienced in handling the same.

Plans were worked out at a meeting called by Regional Director Winchell and attended by representatives of shippers. At this meeting satisfactory understanding was reached as to diversion arrangements, passing reports, etc. It is anticipated that this year's citrus crop will exceed that of last year by about 5,000 cars.

EFFECTIVE DATES POSTPONED.

The Commission, by means of supplemental fourth section orders, has postponed the effective dates of several fourth section orders as follows: No. 7290, relating to commodity rate in C. R. I. & P. I. C. C. C-8831, from October 1 to January 15; of No. 6672, relating to class and commodity rates from and to points on the C. M. & St. P. R. R. in Iowa, from November 1 to December 1; of No. 7279, class rates between Rock Island and Moline, Ill., and Storm Lake and Britt, Ia., from September 1 to January 15; of No. 7291, class and commodity rates in C. R. I. & P. I. C. C. C-8864 and subsequent issues from October 1 to January; of No. 6749, live stock from Omaha, from November 1 to January 1; of No. 7334, wheat to El Paso, Tex., from December 1 to February 1; of No. 7262, brick and clay products between Mississippi River points and destinations in Illinois, shown in C. R. I. & P. I. C. C. C-3745, from September 1 to January 15; and of No. 7084, live stock to Alabama points from October 1 to January 1.

The Commission has postponed the effective date of its order in No. 8857, Natchez Chamber of Commerce vs. Yazoo & Mississippi Valley, from December 1 to December 15.

SHIPPERS' REPRESENTATION

(Continued from page 884)

be an employe of shippers and not of the Railroad Administration. The theory that the shippers should pay the salary might work well if the shippers of the country were banded together in one organization, as are the railroads. They are not, however. To be sure, the traffic managers of various shippers and chambers of commerce organized the National Industrial Traffic League. That, however, is not an organization of shippers, but of representatives of shippers. It works for their interest, but it has not the funds to pay representatives on these committees. Its officers, after consultation with the traffic managers of shippers, recommend men for appointment to the Railroad Administration traffic committees, but they cannot say to the man recommended: "You are assigned to that duty and your pay while so serving will be \$5,000 a year." The recommended man must make his own arrangements for obtaining his pay while working for the whole body of shippers, by appealing to the various commercial organizations in his district, or his particular employer must pay it and hire someone in his place.

The fundamental fact is that the shippers are not closely enough organized to work under the plan formulated by the Director-General. Their interests, by law, are in the hands of the Interstate Commerce Commission. Until that body was created the shippers had to take, in the way of rates and regulations, what the railroads handed them. One of the benefits of subsequent legislation was the authorization of suspension pending investigation. But under the federal control act the Commission was deprived of the power of suspension. When Director-General McAdoo acted under the power conferred on the President to prescribe rates and make them effective on whatever notice he thought advisable, the protests from shippers were so numerous and pointed that some check on the rate-making power seemed desirable. The result was the appointment of the traffic committees, on which the shippers have minority membership.

That is the only substitute for the suspension power of the Commission that has been suggested. The necessity for some restraint was recognized, although the fact that the abolition of the power of suspension was the cause of the evil condition against which provision was being made was not mentioned as being the reason for the creation of a check. A further check was provided when it was announced, at the summer meeting of the National Industrial Traffic League in Buffalo, that no rate order would hereafter become operative without the approval of Director Prouty. No mention was then made of the fact that the abolition of the power of

suspension was the cause of the condition against which provision was being made by thus giving Director Prouty, an employe of the Commission, supervision over the work of Director Chambers.

Creation of these checks on the power, given first to the President, handed by him to Director-General McAdoo, and then transferred as to details, if not of general policies, as to rates, to the men in the traffic division of the Railroad Administration, found the shippers unprepared. Their traffic managers know the situation, but the men who pay the bills do not. Many of them believed the railroads were being starved by the Commission. Nearly every big business man, prior to the control of railroads by the government, believed rates should be higher—on everything except his own traffic, perhaps—but not one in a hundred had any notion that the primary question raised in every rate increase is that of the relationship. The traffic manager knows, but in only a few organizations is he able materially to influence the views of the heads of the corporation. He merely saves money. He does not bring it into the treasury. If the sales manager finds himself out of a market because the rates are against him, and the exclusion therefrom is not compensated by acquisition of new markets in other directions, the traffic manager is likely to be dismissed for not having, by himself, held up the mal-adjustment by representations to the Railroad Administration.

Since the shippers are not prepared to admit that there is a share for them to pay of the cost entailed by the removal of the Commission from a position to give help in advance of a break in the relationship, it is hard to obtain men to serve as shippers' representatives on the committees. The committees, by reason of the supposed influence and powers of persuasion of the shippers' representatives, are expected to persuade the traffic division officials in Washington that such and such an adjustment should be changed, or that a suggested change should not be made. If the shippers do not make provision for paying men to represent them on the committees, the Railroad Administration will be without advice as to what they think about proposed changes, except such as it may obtain by means of hearings, such as some of the traffic committees are now holding.

The giving of testimony is not all there is to a case. Traffic managers know that, but it is a question whether the heads of the concerns employing traffic managers appreciate that if only one party is represented in the discussion of the testimony, the decision may be not so wise or fair as if the discussion of the facts had been carried on by men representing opposing views.

SENIORITY RIGHTS

The Traffic World Washington Bureau.

General Order No. 51, of the Director-General, is as follows:

"The majority of railroads under federal control have already made announcement with respect to the preservation of seniority rights for employes who have entered the military service of the army and navy, and have indicated that, so far as practicable, preference in re-employment or reinstatement would be given to soldiers and sailors when mustered out of the service.

"(1) In order that, as nearly as practicable there shall be a uniform treatment of this matter, the following general principles will govern:

"(a) In the case of an employe having established seniority rights, so far as practicable, and where the employe is physically qualified, he will be restored to such seniority rights.

"(b) In the case of employes who do not have seniority rights under existing practices, a consistent effort will be made to provide employment for them when mustered out of military service.

"2. Upon railroads where the assurances given on this subject have been more specific than the provisions of paragraph (1) hereof, such assurances shall be observed."

MOVEMENT OIL AND TANK CARS

Regional Director Ashton, in supplement No. 4 to circular No. 72, says:

"The importance of prompt movement of oil and tank cars is such that the plan in operation as outlined in circular 72 of April 9, will be adopted by the Chicago & Northwestern Railroad at the Casper, Wyo., oil fields, effective Nov. 11, 1918. Particular attention is called to paragraph 13, reading:

"That the originating railroad will establish a system of Train Movement Notices and manifests under which will be moved all solid trains of oil for one destination or distributing center, as outlined in sample form attached.

"Also paragraph 19, reading:

"The railroads are requested to arrange for a systematic daily service for motion of tank cars, and in solid trains, so far as is practicable, to distributing centers.

GRAIN, COAL AND LIVE STOCK LOADING

The Railroad Administration announces that in October, 1918, the roads comprising the Central Western Region loaded 33,418 cars of grain, an increase of 4,596 cars over the corresponding month last year, or 15.9 per cent. The lines comprising this region loaded 182,380 cars of coal, an increase of 24,461 cars over the same period last year, or 15.5 per cent. In the same period 68,749 cars of live stock were loaded, an increase of 4,644 cars, or 7.3 per cent over the same month last year.

HEAVY GRAIN LOADING.

Grain loading, since the beginning of the harvest to October 26, according to a report made by the Railroad Administration November 1, has resulted in the dispatch of 535,224 cars. In the same period of 1917 the loading amounted to 388,175 cars. In the eastern district the total loading was 99,062, compared with 79,389; in the Allegheny, 7,223, compared with 7,679 in the Pocahontas, 1,476, compared with 1,233; Southern, 13,677 and 10,830; northwestern, 176,401, compared with 133,190; central western, 157,619, compared with 111,633; and southwestern, 69,877, compared with 44,221.

LOADING OF APPLES.

In supplement No. 2 to bulletin No. 41, Car Service Section, Manager Kendall notified railroads that the following trade unit has been added to the United States Food Administration rule 9:

"From October 15 to April 30 apples in standard barrels must be loaded on bilge three barrels across, end to end, four barrels high in ends, and three barrels across and three barrels high in door of car."

POSITIONS WANTED OR OPEN

GOOD TRAFFIC MEN ARE MORE THAN EVER IN DEMAND and THE TRAFFIC WORLD is the logical medium for getting the men and the positions in touch with one another. The rates for classified advertisements are as follows: Five cents per word first insertion, three cents per word second insertion and two cents per word for each additional insertion, payable in advance. Answers to keyed advertisements forwarded free and all correspondence held in strict confidence. THE TRAFFIC WORLD, 418 South Market Street, Chicago, Ill.

FREIGHT TRAFFIC MANAGER. fifteen years' experience freight traffic department as executive rate clerk, chief tariff clerk and chief clerk general freight department large southern line. Can furnish best of references as to ability and character; will accept \$3,000 if future prospects good. Address T. W. 92, Traffic World, Chicago, Ill.

WANTED—Position as Traffic Manager, twelve years' railroad experience, three years as traffic manager for large industrial concern. Thoroughly familiar with procedure before the Interstate Commerce Commission. Married, 31 years of age. Class 4A in draft. Address T. D. 942, The Traffic World, Chicago, Ill.

TRAFFIC ORGANIZATIONS

THE NATIONAL INDUSTRIAL TRAFFIC LEAGUE.—Object: The object of this league is to interchange ideas concerning traffic matters, to co-operate with the Interstate Commerce Commission, state railroad commissions and transportation companies in promoting and securing better understanding by the public and the state and national governments of the needs of the traffic world; to secure proper legislation where deemed necessary, and the modification of present laws where considered harmful to the free interchange of commerce; with the view to advance fair dealing and to promote, conserve and protect the commercial and transportation interests.

Headquarters—Tacoma Bldg., 5 North La Salle St., Chicago.

G. M. Freer President
Manager Traffic Department, Cincinnati Chamber of Commerce and Merchants' Exchange.

W. H. Chandler Vice-President
Manager Transportation Department, Boston Chamber of Commerce.

Oscar F. Bell Secretary-Treasurer
T. M. Crane Company, 336 South Michigan Avenue, Chicago, Ill.

E. F. Lacey Assistant Secretary
5 North La Salle Street, Chicago, Ill.

MANUFACTURERS' ASSOCIATION, in Charge of Traffic of Industries Located at Sterling and Rock Falls, Ill.

A. N. Bradford President
F. W. Dillon Vice-President
W. J. Burleigh Secretary-Treasurer
W. E. Long Traffic Manager

All correspondence relative to movement of traffic to or from Sterling and Rock Falls, Ill., should be addressed to the Traffic Manager, General Offices, Lawrence Building, Sterling, Ill.

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WHEAT AND FLOUR IMPORTS

Hereafter, according to a new ruling (W. T. B. R. 295), no licenses will be issued by the War Trade Board for the importation of wheat or wheat flour except to cover the following:

a. Shipments of wheat or wheat flour originating in Canada or Mexico when brought across the border in wagonload lots by producers.

b. Shipments consigned to the U. S. Food Administration Grain Corporation or to the Wheat Export Company, Ltd. (such shipments are covered by P. B. F. No. 19, which remains in force, as announced in W. T. B. R. 234).

c. Shipments from Canada or Mexico representing the customary retail border traffic.

d. Shipments in bond in transit to allied countries.

As an exception to List of Restricted Imports No. 1 (item 49), licenses may now be issued under a new ruling of the War Trade Board (W. T. B. R. No. 296) when the application therefor is otherwise in order, for the importation of nickel matte from Australasia under the following provisions:

1. Shipment shall be made as ballast in sailing vessels carrying wool.

2. The maximum quantity of nickel matte to be loaded in any one ship shall be fifteen per cent of the dead weight carrying capacity of such ship.

TRACTION CARS MISSING.

In bulletin CS-62, Car Service Manager Kendall says: "The following cars belonging to the Monongahela Valley Traction Company and intended to protect a specific line of traffic have been misused or diverted and it desired to get them back to the owners as promptly as possible: 700, 705, 706, 710, 712, 714, 715, 716, 718, 721, 723, 724, 726, 728, 729, 730, 731, 733, 737, 741, 745, 749, 751, 752, 755, 760, 763, 767, 768, 769, 771, 772, 774, 775, 778, 780, 783, 784, 790, 794, 799, 802, 803, 807, 813, 815, 817, 821, 823, 825, 827, 828, 829, 830, 831, 832, 834, 835, 836, 840, 842, 844, 846, 847, 848, 849, 851, 853, 855, 856, 857, 858, 859, 861, 865, 866, 867, 869, 870, 872, 877, 881, 883, 884, 885, 889, 890, 897, 899, 903, 905, 906, 907, 910, 911, 912, 914, 915, 916, 917, 921, 922, 926, 931, 932, 933,

935, 936, 938, 940, 941, 942, 943, 946, 948, 954, 957, 965, 972, 973, 974, 981, 983, 984, 985, 986, 987, 989, 991, 994, 995, 997, 998.

"Please locate and forward to the M. V. T. Company via shore route and have check maintained for period of sixty days with a view to proper disposition of any that may reach your line during that period. Information should be shown on billing for each car to the effect that same has been billed to owners via short route, authority Car Service Section."

PERMISSION TO VOTE.

Director-General McAdoo, November 1, sent the following telegram to all regional directors:

"In accordance with usual practice and the laws and customs of the various states, please instruct all federal and general managers to give to railroad employes the largest possible opportunity, without interfering with necessary railroad operations, to exercise their right of suffrage on election day, November 5."

TRANSPORTATION OF DANGEROUS ARTICLES.

The Commission has approved the addition of the following note to paragraph 43 (c) of the regulations for the transportation of dangerous articles:

"Note.—During the duration of the war or until further order of the Commission, fiber cartons may be substituted for interior metal cans. These fiber cartons must be of not less than 0.05 inch material and must be securely closed."

SHIPPERS' EXPORT DECLARATIONS.

Regional Director Bush, in Order No. 110, says the Treasury Department complains that rail carriers and the American Railway Express Company fail to comply with the amended regulations relative to shippers' export declarations, which provide that shippers shall prepare and sign four copies of such declaration if the goods are destined to foreign ports and two copies if destined to non-contiguous territories of the United States. He repeats the instructions printed on the back of United States Treasury Department Form "Customs Cat. No. 7525."

Docket of the Commission

Note.—Items in the Docket marked with an asterisk (*) are new, having been added since the last issue of The Traffic World. Cancellations and postponements announced too late to show the change in this Docket will be noted elsewhere.

November 11—Chicago, Ill.—Examiner Bell:

10233—National Council of Farmers' Co-operative Assn. vs. Wm. G. McAdoo, Director-General of Railroads et al.

November 12—Washington, D. C.—Examiner Disque:

10204—Consolidated Classification case—For such interests as may desire to be heard.

November 14—Milwaukee, Wis.—Examiner Bell:

10245—Willbur Lumber Co. et al. vs. William G. McAdoo, Director-General of Railroads et al.

November 18—Hagerstown, Md.—Examiner Spethman:

10225—Trantum & Danzer, Inc., vs. N. Y. P. & N. R. Co.

November 18—Green Bay, Wis.—Examiner Bell:

10124—Green Bay Assn. of Commerce vs. C. & N. W. Ry. Co. et al.

November 18—Huntington, W. Va.—Examiner Gerry:

10190—Va. Coal and Fuel Co. vs. N. & W. Ry. Co.

November 18—Philadelphia, Pa.—Examiner Smith:

10120—Allan C. Wood vs. N. Y. P. & N. R. Co.

November 18—Columbus, O.—Examiner Pattison:

10250—The Ohio Cities Gas Co. vs. Wm. G. McAdoo, Director-General of Railroads et al.

November 18 and 19—Washington, D. C.—Examiner Disque:

10204—Consolidated Classification case—cancellation of state classifications, first, and soap, second.

November 19—New York, N. Y.—Examiner Smith:

9980—International Paper Co. vs. L. E. & W. R. R. Co. et al.

10107—The Charles Lyons Co. vs. Adams Express Co.

10237—Seaboard By-Products Coke Co. vs. Erie R. R. Co. et al.

November 19 and 20—Washington, D. C.—Examiner Disque:

* 10204—Consolidated Classification case—soap, first, and other packing house products, second.

November 20—New York, N. Y.—Examiner Smith:

10137—David Kauffman & Sons Co. vs. C. R. R. of N. J.

10170—American Cyanamid Co. vs. C. R. R. of N. J. et al.

November 20—Huntington, W. Va.—Examiner Sethman:

9185—W. Va. Rail Co. vs. P. C. C. & St. L. Ry. Co. et al.

November 20—Portsmouth, O.—Examiner Pattison:

10153—Board of Trade of Portsmouth, O., vs. A. C. R. R. Co. et al.

November 20—Argument at Washington, D. C.:

* 9842—Western Pacific R. R. Co. vs. Sou. Pac. Co. et al.

* 10012—National Poultry, Butter and Egg Assn. et al.

November 21—New York, N. Y.—Examiner Smith:

10114—Geo. C. Holt and Benj. B. Odell, as receivers of Aetna

Explosive Co., Inc., vs. N. O. & N. E. R. R. Co. et al.

10239—Geo. C. Holt and Benj. B. Odell, as receivers of Aetna

Explosive Co., Inc., vs. Wm. G. McAdoo, Director-General of

Railroads et al.

November 21—Chicago, Ill.—Examiner Bell:

10250—Wm. E. Golden vs. Wm. G. McAdoo, Director-General

of Railroads.

November 21—Cedar Rapids, Ia.—Examiner Gerry:

10231—Chamber of Commerce of Cedar Rapids, Ia., vs. Wm.

G. McAdoo, Director-General of Railroads et al.

November 21—Argument at Washington, D. C.:

* 10182—City of East Liverpool vs. S. E. L. & B. V. T. Co.

* 10080—R. T. Feltus Lbr. Co. et al. vs. Gt. Nor. Ry. Co. et al.

November 22—Helena, Ark.—Examiner Graham:

* 10032—Helena Traffic Bureau vs. A. T. & S. F. Ry. Co. et al.

and portions of the following 4th section applications, by

which the carriers named as parties thereto ask authority

to continue to charge for the transportation of classes

from Kansas City, Mo., Omaha and Lincoln, Neb., and

points taking same rates, to Memphis, Tenn., rates which

are lower than the rates contemporaneously maintained on

like traffic from the same points of origin to Helena, Ark.,

and other intermediate points: 799—Plea by St. L.-S. F. Ry.

Co.; 1613—Plea by A. D. Hall, agent; 1667—Plea by W. H.

Hosmer, agent; 1698—Plea by W. H. Hosmer, agent; 1951—

Plea by K. C. S. Ry. Co.; 2043—Plea by Y. & M. V. R. R.

Co.; 4218, 4219 and 4220—Plea by Mo. Pac. R. R. and St. L.

I. M. & S. R. Co.

9492—The Helena Traffic Bureau vs. St. L. I. M. & S. Ry. Co.

et al. Also Fourth Section Applications 4218, 4219, 4220 filed

by St. L. I. M. & S. Ry.; 2198 filed by C. & N. W. Ry. Co.;

4944 filed by St. L. S. W. Ry. Co.; 799 filed by St. L.-S. F.

Ry. Co.; 2043 filed by W. & N. V. Ry. Co.; 2045 filed by I. C.

R. R. Co.; 699 filed by F. A. Leland, agent, and J. F. Tucker,

agent; 2060 filed by J. F. Tucker, agent; 1606 filed by C. E.

THE TRAFFIC WORLD

A working tool for traffic men, both industrial and railroad; a national journal of important transportation news; independent as between carrier and shipper.

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Saturday, November 16, 1918

OCEAN SHIPPING.

Because of the certainty that with anything like wise treatment by government and business the foreign trade of the United States will greatly increase after the war, and because of the resulting fact that traffic men will be needed to take care of the actual handling of this new business, so that there will be additional traffic positions and that traffic men whose attention has heretofore been engaged solely with railroad business will now be forced to interest themselves in ocean shipping, The Traffic World has arranged for a series of articles that will be of help to the man who is confronted with the necessity of informing himself along such lines.

The articles will be written by Grover G. Huebner, Assistant professor of transportation and commerce, University of Pennsylvania, whose course of traffic lessons, written especially for us, have been running for the last two years. We shall begin publishing the new articles early next year after the course of traffic lessons is finished. The first one will deal with the growing importance of ocean shipping. Others will deal with the measurement of ocean traffic and tonnage, the organization of ocean freight service, ocean shipping papers, ocean freight rates and tariffs, the services of ocean freight forwarders, packing and marking of ocean shipments, marine insurance and ocean freight shipping, federal regulation of ocean service and charges. These topics are, of course, subject to change or may be added to, but they furnish an idea as to what we offer.

Professor Huebner needs no introduction to the readers of this magazine, who can have no doubt

as to his ability to deal with transportation questions. As to his special fitness to discuss the subject of ocean shipping, we call attention to the fact that for ten years he has conducted a course on ocean transportation at the Wharton School of Finance and Commerce, University of Pennsylvania; he is joint author with Professor E. R. Johnson of the text book, "Principles of Ocean Transportation;" he acted as special statistician on Panama Canal traffic and tolls for the Panama Canal Commission for two years and as such collected data used in the determination of Canal tolls and in preparation of measurement rules applicable at the Canal; he wrote the sections on foreign trade in the History of Domestic and Foreign Commerce of the United States, published by the Carnegie Institution of Washington, which was written jointly by E. R. Johnson, T. W. Van Metre, D. S. Hanchett and himself; he is conducting a course in foreign trade methods at the Wharton School of Finance and Commerce; jointly with Professor E. R. Johnson he wrote the unit on ocean shipping for the Business Training Corporation of New York; and he has written many technical papers at different times on shipping and foreign trade.

It is already part of our function to chronicle the activities and discuss the problems of the United States Shipping Board, though this department has not occupied much space lately by reason of the fact that the attention of the Shipping Board has been given almost solely to the war. But it will soon resume the function for which it was created in peace times and will doubtless furnish news of interest and value to those concerned in any way in export or import business. We shall at all times, in addition to these and other special features, endeavor to keep abreast of the foreign trade situation for the benefit of our readers.

THE STATE COMMISSIONERS

We are printing elsewhere in this issue a complete report of the convention of the National Association of Railway and Utilities Commissioners—that is, it is complete as far as it is possible to carry it this week. Anything of importance to our readers done too late to publish this week will be printed next week.

The convention, so far as the subject of railroad regulation is concerned, is much more important than usual and the commissioners seem so to regard it. This is because of the railroad situation, due to the fact that the carriers have been under a temporary form of war control and that the war which brought this system of regulation into being is now at an end.

The war plan of regulation has ignored the state

commissions. They have fretted under the treatment given them, but because none wished to be held responsible for trying to circumvent any plan of the administration for the conduct of the war, even when the necessity for some particular measure was not apparent, there was little disposition to voice objection to what were generally held to be improprieties, or even illegalities. But now the war is over and the lid, so to speak, is off. The commissioners are taking advantage of that fact to make heard their protest. There would seem to be no doubt as to as to the general feeling among them that the Railroad Administration has gone too far and that it must be curbed now that the "win the war" cry can no longer be raised.

RECONSTRUCTION PROBLEMS.

The elections over and peace in sight, questions of domestic concern will soon begin receiving close attention, even if the terms of permanent peace settlement are still far in the future. During the war the executive branches of the government were duplicated in practically every part. Great executive departments were created, the greatest being the Council of National Defense, of which the War Industries Board, with Bernard Baruch at its head, is a subsidiary. Other great executive departments are the Food, Fuel and Railroad administrations.

Distinguishing these departments from the ones of earlier creation is the fact that the heads thereof have not been appointed "by and with the advice and consent of the Senate." At the time of their creation they may not have been regarded as great executive departments, but in practice they have become much greater than some of the executive departments, such as the Department of Commerce, Department of Labor, Department of the Interior and Department of Agriculture. In many of their activities they have trenched on the work and responsibilities of the older executive departments, although their heads have not been appointed "by and with the advice and consent of the Senate," as provided in the Constitution, which says, speaking of the President: "He shall have power, by and with the advice and consent of the Senate, to make treaties, provided two-thirds of the senators present concur; and he shall nominate and by and with the advice and consent of the Senate shall appoint ambassadors, other public ministers and consuls, judges of the Supreme Court, and all other officers of the United States whose appointments are not herein otherwise provided for, and which shall be established by law; but the Congress may, by law, vest the appointment of such inferior officers as they think proper in the President alone, in the courts of law, or in the heads of departments."

If the courts were constrained to define the grade or quality of the Food Administrator, the Fuel Administrator, or the Director-General of Railroads, they would have to say either that they are "inferior officers," the appointment of which Congress had seen fit to vest in the hands of the President alone, after it had created their places, or that the Congress had done something not authorized by the Constitution. As officers, their constitutional status is inferior to that of all commissioned officers of the army, navy and marine corps and the consuls. The appointments of the officers mentioned, by the terms of the Constitution, are made "by and with the advice and consent of the Senate." The three big officials mentioned were appointed by the President alone, because the Lever law and the federal control law, by their terms, placed the power of appointment in the hands of the President alone, Congress, to keep its legislation within the bounds of the Constitution, branded them as inferior officers because neither Congress nor the President can be assumed to regard the Constitution as a mere scrap of paper. That congressmen—senators and representatives—do not regard the officials mentioned as "inferior officers," although they have upheld that fiction during the war, may be inferred from the fact that Senator Overman, a Democrat, and Senator Weeks, a Republican, have introduced, the former a bill (S. 4968) and the latter a concurrent resolution (S. Con. Res. 21), each looking to after the war reconstruction of the executive or administrative branch of the government of the United States.

In each of the pieces of proposed legislation, the transportation problem is specifically mentioned in a separate paragraph. In the Weeks resolution, the Interstate Commerce Commission is mentioned by name. In the Overman bill it is covered by a general item concerning "inland transportation by rail and water." Neither places the transportation problem at the head of the list of things to be considered in the reconstruction of the administrative or executive branch of the government.

There is a radical difference between the two proposals. The Weeks resolution proposes the preparation of a reconstruction program by a legislative commission composed of twelve men, six senators and an equal number of representatives. The caucuses of the two big political parties, under the Weeks resolution, would choose the twelve law-makers who would propose changes in the laws for the reconstruction of the executive branch of the government devastated by the war. The Overman bill would create a body to be known as the Federal Commission on Reconstruction, to be composed of five men at a salary of \$10,000 a year, not more

(Continued to page 963)

Current Topics in Washington



Three Schools of Railway Physicians.—Those who are thinking on what to do with railroads and their regulation after the war promise to divide into three camps. The first will be those who desire to preserve the good things of competitive system, slough off the foolishnesses thereof and save the \$50,000,000 the people have invested in the jurisprudence built up by the Interstate Commerce Commission during the thirty years of its life. The second will be composed of those who are not particular

about the regulatory part of the question, but believe the government should not expect the owners of the property to submit to a limiting of their profits without assuming a reciprocal burden in assuring them some profits at all times. The third party will be composed of those who believe that government ownership and operation is the panacea for all ills, notwithstanding the exploded state shop experiments of the French revolution, the Sevres pottery shop being the chief reminder thereof, although the Western Railroad of France is regarded as a legitimate successor to the atelier nationaux idea. The first mentioned, in a broad way, think the benefits of the competitive system can be saved by a few amendments to the act to regulate commerce. The chief of the amendments would be one which would authorize the leasing of equipment and roads, or perhaps alone, or portions on particular kinds of business, whatever the Commission might be of opinion that that would serve the public interest. That would take care of the wasted ton-miles now commanded by the prohibition against short-hauling through routes. Another amendment would forbid the construction of railroads except under a certificate of convenience and necessity issued by the Commission. That is so general that it covers every case. Those who revolt at the idea of government ownership and operation, but some of the opponents of government ownership know that hundreds of millions have been spent on blackmailing parallel lines for which the public is now paying. Therefore they accept that as one of the ills to be borne rather than tolerate the other ills. The third amendment, closely related to the preceding, would curtail speculation over the issuance of stocks and bonds. Perhaps that amendment could be drawn so as to make the preceding one unnecessary. A fourth amendment would be for federal incorporation necessary on the theory that that is the only way unified regulation would be possible.

The Federal Regulation Plan.—The second party is composed of those who will favor federal incorporation and federal regulation, merging of the railroads in a given region (presumably those in the districts created by the Railroad Administration) and the guaranteeing of a small dividend on the stock issued by the federally-incorporated companies. That guarantee would be made on the theory that inasmuch as the government regulated the profits, by means of rate orders, it should see to it that the regulated corporation always earned something for its stockholders, because it had been deprived of the inherent right of capital to manage itself so as to obtain a return for its services. Although there is nothing definite in the way of authority for saying so, the impression is fairly definite that that plan will be found to be the one proposed by the men who really own the railroads—not necessarily by those who, before their seizure, operated the properties for the owners. The idea that the railroads would never be returned to their owners in the form in which the government took them over has been assiduously spread during the tenure of the government. Nearly every publicist, especially those who know least of the actual regulation of the railroads, has given voice to the thought that they would never be returned to their owners in the form in which the government took them. That idea has been much circulated, although there is not a word in anything

Congress has done to create it. It has been discussed among those who believe in the first-mentioned plan with the result that it has been pointed out that amalgamation of corporations has been set down as unnecessary, because, if pooling is to be authorized, there can be such a union of very strong and comparatively weak roads that the public can be given the benefit of amalgamation without being committed to an eternal union of now separate properties, which at some time in the future might be considered not desirable. Supervised pooling, it is the conviction of those who advocate the first plan, will give all the benefits of unification without the scrambling of existing corporate entities. A merger of companies is not necessary to bring about the elimination of wasteful operation.

Government Ownership Plan.—As to the government ownership and operation party, there is this general belief: It is composed of men who know little about the handicaps of the system of transportation built up under the laws commanding competition. The fundamental proposition of government ownership men is that American railroads are a failure. The owners of the railroads, it may be intimated, have fostered a conviction of that kind in the minds of half-baked economists. Their propaganda, during the ten, five and fifteen per cent advanced rate cases, helped create the thought that American railroads are financial, if not operating, failures. President Wilson is believed to hold that view, notwithstanding the fact that steadily from 1893 the net of the railroads, in every three or five year period, has shown a steady climb instead of a decline. The three-year period ending with June 30, 1917, shows the highest net the railroads ever achieved. The rent the government is to pay for their use for the winning of the war will be a tremendously higher return upon their capital than they ever earned when they had unlimited rate-making powers. The high rent President Wilson proposed to pay for the use of the railroads (for he is now regarded as the real force back of the federal control legislation) was regarded with amazement by opponents of that legislation, such as Senator Cummins and John J. Esch, the men who are to become chairmen of the interstate commerce committees when the two houses of Congress are reorganized. There are those who believe the owners of the railroads will not regard the advocates of government ownership with horror if the latter will enroll among themselves men like the President, who believe the public in a money sense has shamefully treated the carriers and that it is incumbent on Congress now to do the justice the rate regulatory bodies did not hand out to the carriers. No one has ever tried to take a poll of Congress with a view to ascertaining how many out-and-out government ownership men there are among the elected law-makers. There is an impression, however, that their number is few, especially among the members of the majority party and among the men of real substance in the party that is about to step down and out so far as the control of the legislative machinery is concerned.

Proposed Legislation.—At this time there is only one definite proposal before Congress in any way relating to the railroads and their regulation. That is Senator Cummins' bill, S5020, repealing the tenth or rate-making section of the federal control law. If the American administration were a "responsible government" in the sense in which those words are used by those who differentiate between the rigid and flexible cabinet types, then President Wilson and his whole administration and his party followers in Congress would now be out of office. The President asked for a vote of confidence and did not obtain it. Those who framed the constitution of the United States did not believe in that kind of hair-trigger responsibility to the will or whims of the people. They deliberately provided definite terms of office so that there would be time for thought between voting and acting. In England, the Cummins bill would be one of the "government's" proposals and in a fair way to enactment into legislation within a few weeks after the result of a general election were known. Americans may be veritable Mercuries in business, but they are snails in legislation, hence, unless the men favoring the Cummins bill are willing to use hold-up methods, or the President is willing to give up the rate-

making power, there is not much chance of action for months to come, possibly not before the spring of 1920.

The Proposed Class Scales.—One of the clearest thoughts on the mileage class scales that has yet been developed is that there is no real resemblance between them and the New York-Chicago scale, or the various scales that have been prescribed by the Commission. They are mileage scales pure and simple. They are not made, as the New York-Chicago scale was devised, on the commercial fact that New York and Chicago are great markets, created, not by the railroads, but by the natural trade routes and that all that the railroads could do in the way of making rates was to recognize the fact that all the points between those cities must bear some kind of relation to either one or the other of those cities. A scale based on the transportation facts existing at Chicago and New Orleans, it has been suggested, would be akin to the New York-Chicago scale. A scale based on the commercial facts at Norfolk and at New Orleans would be another scale that might bring about a reasonable relation at points between those cities. The proposed scales, however, are for miles only, the assumption being that the 1,000-mile scale for use in the southeast would fit commercial conditions created by the fact that Norfolk and New Orleans are on the water and when normal conditions return their rates for all-rail transportation will be dictated, to a considerable extent, by the ships that will ply from Norfolk to New Orleans, not directly, but by means of loops from one port to another. The suggestion is made that the tentative scales propose that business was created for the railroads, instead of the railroads for business. Under war conditions, nearly every man who discusses the subject is willing to admit, the most "scientific" rates can be made to work. But, it is suggested, when the British ships begin carrying goods for the merchant again, the rail rate from manufacturing points in Ohio to destinations in the southeast will be influenced by those British ships that go to New Orleans—or else the shops in Ohio will become convenient frames for use in hanging the products of industrious spiders.

FREER'S RESIGNATION

The Traffic World Washington Bureau.

The resignation of Guy M. Freer from the eastern traffic committee, announced November 11, leaves the eastern and southern committees with attenuated shippers' representation. No one has been found for either place. The Railroad Administration officials asked Mr. Freer at the time he told them he would have to return to his work in Cincinnati to find someone to fill the vacancy created by his retirement. He has suggested a number of men.

This question of shippers' representation may be considered at the next meeting of the National Industrial Traffic League. Their power on the committees is not great, but there is believed to be a general feeling that it should be continued. However, the Cincinnati Chamber of Commerce cannot afford to give Mr. Freer indefinite leave of absence and Mr. Freer cannot afford to give up his place in Cincinnati and devote himself to serving the interests of shippers generally in Official Classification territory. He cannot be a dollar a year man. As a matter of fact, if railroad employees are government men, the services rendered by the shippers' representatives have been without warrant of law. The law makes it impossible for the United States to receive gifts of that kind. That statute is the reason for the existence of the dollar a year men. That is the way the law is evaded. In that way the government obtains free service.

At the time Mr. Freer accepted membership on the committee the Cincinnati Chamber of Commerce gave him three months' leave of absence. That time expired November 12 and he made his arrangements to return to Cincinnati November 15. He accepted the assignment with the understanding that he could not remain more than three months, so the resignation was no surprise except to those who thought the Cincinnati commercial body might make a further sacrifice in behalf of all the commercial bodies and shippers in Official Classification territory. Mr. Freer did not ask for further leave. On the contrary, he declined to make any move in that direction.

Shipper members of some of the committees have declared, in discussing the subject, that the scheme might be made workable if the railroad members of the committees would take cognizance of the fact that the way to dispose of a subject is to act promptly and not assume that the shippers' representatives have no other work to do. In other words, they have intimated that the railroad members, having no other work to do, are able and do proceed upon the assumption that it is no loss of time if they do not dispose of a subject at the meeting called for that purpose. The men representing shippers, having other work to do, have insisted upon disposing of questions, without adjournment.

But even greater diligence, it is believed, will not result in making the system a readily workable one.

Only one suggestion has been made looking to making the regional committees a feasible scheme. That is to have them raised to the dignity of regional Interstate Commerce Commissions, to which there is decided opposition among those who know that there is hardly any rate question that could be finally disposed of without bringing it to Washington, whether the bringing be of first instance or on appeal.

TARIFF SUPPLY IN HANDS OF DISTRICT FREIGHT TRAFFIC COMMITTEES

The Traffic World Washington Bureau.

Shippers who have been unable to obtain tariffs in the usual way, probably because the local traffic officials have too much of an idea that, as more than one of them has expressed the thought since the railroads went under government control, they "have the shippers where they want them" may use the following circular letter from Director Chambers directed to the three big territorial committees as authority for demanding what they have heretofore been entitled to receive.

"In the past it has been customary for tariff bureaus to furnish copies of tariffs to shippers or others entitled to them upon request of a member or issuing line for which the bureau acts as agent. It appears that the practice of different railroads in making such requests is not uniform, and I now desire to place this matter in the hands of the District Freight Traffic Committees.

"Will you please instruct all District Freight Traffic Committees and bureau agents in your respective territories to the effect that hereafter bureau tariffs shall be furnished to representatives of public commercial bodies, shippers or others entitled to them upon request or indorsement of any District Freight Traffic Committee, as it will usually be most practicable for the party desiring the tariffs to make this request through the committee in whose district he is located, regardless of where the tariffs are published.

"In this connection I attach copies of a ruling made by the Interstate Commerce Commission and of a letter written by the acting secretary of the Commission on Aug. 11, 1915, the latter referring particularly to tariffs to so-called claim bureaus.

"It is not intended that this shall in any way change the present practice of furnishing tariffs free to public bodies or actual shippers and charging for them when sent to others, such as claim bureaus.

"The district committees are in position to know who are entitled to tariffs and will make proper use of them, and I am sure we can rely on their judgment without attempting to lay down any definite rules."

ADOPTS TIME SETTLEMENT AGREEMENTS

The Traffic World Washington Bureau.

In General Order 53 Director-General McAdoo indorsed and adopted the settlement of time agreements entered into between Regional Directors Smith, Markham, Holden, Bush, Winchell and Maher with the Order of Railroad Telegraphers and Brotherhood of Railway Clerks, Switchmen's Union and United Brotherhood of Maintenance of Way Employees.

National Convention of Railroad Commissioners' Convention

Many Important Topics Discussed and Radical Action Taken As To the Attitude of the R. R. Administration Towards the State Commissions

The Traffic World Washington Bureau.

The National Association of Railroad and Utilities Commissioners, opening its 1918 annual convention in Washington, November 12, made it clear that one of the effects of the coming of peace is to release the state commissioners from the obligation they had voluntarily taken on themselves not to oppose the will of the Railroad Administration, even when what they have all the time thought to be the rights of the states, were invaded without apparent justification in the necessities of the war.

The annual address of Charles E. Elmquist, acting president of the association, printed elsewhere in this issue, was clear and firm in the assertion of the rights of the state regulators in certain respects and was taken by his hearers as a declaration of independence.

He was warmly applauded and was congratulated by many after the session. His speech was an indictment of the Railroad Administration for not keeping its word as to certain promises made to the state commissioners. The President himself was excused from blame on the ground that he had been too busy with other and larger things to give railroad regulation his minute attention, but his agents were not spared. Turning from his manuscript at one point, he expressed the hope that the Interstate Commerce Commission would postpone consideration of the new standard mileage scales as proposed by the Railroad Administration, until business has had a chance to adjust itself to the new peace conditions. He said the scale could by no means be considered a war measure.

The same spirit prevailed in the report of the special committee on war service. Mr. Eastman, of Massachusetts, chairman. This report is printed in full elsewhere in this issue of *The Traffic World*.

Chairman Daniels, of the Interstate Commerce Commission, made the customary address to the convention. He was listened to with close attention. In his speech could be detected, it was thought, a note of quiet satisfaction with the situation and there was an outspoken expression to the effect that the Commission was not dead and had never been so. He made some suggestions as to the policy that might be observed in the future regulation of the carriers.

Director-General Mcadoo was to have addressed the convention, but it was announced that he was indisposed and that Director Prouty would speak in his stead some time in the course of the meetings. Postmaster-General Burleson had also been invited to speak, but he was uncertain as to whether he would be able to find time.

The committee on public ownership and operation made no definite recommendations, because of the war situation and rapidly changing conditions.

It asked that it be continued. Its report, with many others, was received and ordered printed. Its chairman is Mr. Irvine of New York. Mr. McChord, of the Interstate Commerce Commission, read the report of the committee on safety of railroad operation, of which he is chairman; F. J. H. Kracke, chairman, that of the committee on safety of operation of public utility companies; C. S. Cunningham, of Michigan, chairman, that of the committee on railroad service, accommodations and claims; and Mr. Jacobson of Minnesota, chairman, that of the committee on car service and demurrage. These reports are printed elsewhere in this issue.

At night there was a conference of members interested in the proposed mileage scales to discuss a proper course of action. Ira B. Mills of Minnesota presided. After a long discussion filled with bitter condemnation of the Railroad Administration and its purpose in proposing the scales, the conference, on motion of Mr. Helm of Kansas, instructed the chair to appoint a committee to prepare a resolution to submit to the convention expressing to the Interstate Commerce Commission the opinion that

now is an inopportune time to consider the adoption of the scales, and stating reasons why. Mr. Lewis of Iowa favored the motion, but made the point that it ought to be made clear that the state commissioners in no way admitted that the Railroad Administration had jurisdiction over state rates. "The war is over now," said he, "and I think we are ready to begin another one."

The only discordant note in the conference was sounded by Mr. Lewis of Indiana, Mr. Lee of North Carolina and Mr. Eastman of Massachusetts. Neither Lewis nor Eastman is yet affected by the proposal for mileage scales, but the former said Indiana, though asserting its jurisdiction over state rates, had been moving toward a degree of uniformity with neighboring states, and did not like to appear in the attitude of opposing something that promised more general uniformity. He thought there might be something to be gained from this temporary centralization of authority. Mr. Lee expressed agreement with him. He did not think the commissioners ought to go on record as opposing the principle of a uniform scale. Mr. Eastman suggested that the resolutions be not too sweeping against all moves toward uniformity of class rates, for he thought that when the eastern territory was taken up, his community might find itself the gainer by the proposal.

Mr. Burr of Florida made a fiery speech in which he told of the recent conference he and others held with the Director-General while the consolidated classification hearing was on at Atlanta. He said he would the next day offer a resolution asking the Interstate Commerce Commission to sit informally and hear the state commissioners on the question of the propriety of the proposed scales. He said he thought the time had come to strike.

Some doubt was expressed as to whether the Commission had any discretion as to what its conduct should be under the request of the Director-General, but Mr. Elmquist and others insisted that the Commission would be within its rights in hearing the matter and deciding that the time was not proper for the putting in of such scales.

G. Powell of Nebraska said that a distance scale in a certain territory would be impracticable and that the proposed western scale would ruin business in his state. He said railroad men were holding a conference in Kansas City this week to iron out the rough spots in the proposed scale and that the plan was to recommend its adoption soon.

Mr. Jackson of Wisconsin said the effect would be to kill jobbing business in every western city except Chicago and he thought the western scale must have been devised by Mr. Barlow of Chicago himself.

Mr. Helm said the proposal for these class scales had its foundation in the Memphis-Southwestern case and that if the case goes to a hearing the railroads will at first pretend that they are not pushing it and then, when asked for advice, will appear with trunks full of evidence which the shippers will not be prepared to meet. He said the evident purpose of the men around the Director-General was to raise rates to the highest possible level and have them in effect when the roads finally revert to their private owners.

The chair appointed the following as members of the committee provided for by the Helm motion: Helm of Kansas, Burr of Florida, Jackson of Wisconsin, Lewis of Iowa and Taylor of Nebraska.

Wednesday's Session.

The state commissioners at their meeting November 13 adopted the report submitted by the Helm committee, appointed the night before, expressing to the Interstate Commerce Commission and the Director-General their disapproval of the attempt to put mileage class scales into effect at this time and advocating a plan by which at

the proper time the federal Commission and the state commissions may co-operate in such a scheme.

The text of the report of the Helm committee as finally adopted was as follows:

"Whereas, The Director-General of Railroads has caused to be prepared and sent to the Interstate Commerce Commission certain proposed schedules of mileage scales of standard class rates for application, intrastate and interstate, within defined Western and Southern percentage territories, and has announced that similar schedules will be presented for application in other parts of the country, and, further, that the Director-General has requested the Interstate Commerce Commission, after a full investigation, to advise him what ought to be done in reference to the establishment of such scales, and whether such uniform scales can be properly applied at this time within the respective defined Western and Southern percentage territories and, if so, whether the scales proposed are reasonable for the respective territories; and

"Whereas, The Director-General has invited the various state commissions to consider whether the scales proposed are properly constructed and inherently reasonable, for application within their several states, and as individual commissions or through some body representing all the commissions in the affected territory, to express their views to the Director-General or Interstate Commerce Commission concerning the proposed action of the Director-General; therefore,

"Be it resolved, That the National Association of Railway and Utilities Commissioners, representing all commissions in the United States, does hereby declare to the Director-General and Interstate Commerce Commission that it is the opinion of this association that the present is an inopportune time to undertake to establish uniform standard scales of distance class rates to apply upon all traffic within the territories as defined in the suggestion of the Director-General, and, as reasons for this opinion, we desire to call attention to the fact that the state commissions are charged with the duty, under the statutes of their several states, of prescribing and establishing reasonable schedules of freight rates within their several states. These commissions cannot and do not subscribe to the view that these commissions can be required in times of peace to surrender their jurisdiction over such matters.

"We further believe that the present abnormal conditions, due to the war, resulting in the establishment of abnormal and excessive unit costs of all items of expense which have been incurred in the operation of the carriers, and the disturbed conditions of business in general, make it inadvisable to enter upon an investigation for the purpose of establishing in the territories in question standard scales of rates revolutionary in character until conditions have again become normal.

"We believe that when the time is again favorable for the consideration of such matters the work of readjusting and establishing uniform schedules of rates for application on intrastate and interstate traffic should be taken up by the Interstate Commerce Commission, in co-operation with the several state commissions and that, after full investigation, orders should be made by these commissions covering their respective jurisdictions, establishing, as far as practicable, lawful uniform schedules of rates for the purpose of preventing unlawful discrimination and making progress in the direction of establishing scientific scales of reasonable transportation charges."

Mr. Burr of Florida, who, in the course of the Helm report, had expressed the thought that the people were the court of last resort in rate-making and that it was time for them to get on the bench and judge the case, offered his promised resolution inviting the Interstate Commerce Commission to sit informally and hear the state commissioners, while they are here on the subject of the mileage scales and inviting members of the Director-General's staff to be present if they desired. It was tabled by a vote of 38 to 6, on the theory that the commissioners had already adopted a method of procedure in the Helm resolution, that it might cause unnecessary hard feeling and that the state commissioners could hardly be prepared at this time to present the details of the case to the federal Commission. The Indiana members were not present when these resolutions were considered.

A resolution, offered by Mr. Powell of Nebraska, approving that part of the Commission's express report rec-

ommending to the Director-General that if any further increase in express revenue is necessary it should be obtained by a reduction in the percentage of express charges now paid to the railroads and requesting Mr. McAdoo not to increase interstate express rates now, was adopted.

Director Prouty, of the Division of Public Service and Accounting, addressed the commissioners as the representative of the Director-General, who, it was said, the day before, was indisposed, but who, Mr. Prouty now said, was prevented from appearing because of duties connected with the Treasury Department. Many of the commissioners expressed the feeling that the Director-General was trying to avoid them.

Mr. Prouty was plainly at a disadvantage in answering the many questions fired at him. It appeared in some matters that he was not in agreement with his associates and in others that he did not know or could not say what the position of the Director-General was. He advised that, whatever the commissioners might think as to their rights in the matter of state regulation, they ought not to fight about that now, but to try to co-operate to get this done, even submitting to the Railroad Administration for approval things that they might think they had power to decide. The commissioners did not seem to take kindly to this. Mr. Helm wanted to know if, now that the war was over, state commissioners must continue to take up questions with the traffic committees. Mr. Prouty said it was never expected that state commissioners should go to the traffic committees. They should confer with him or with Mr. McAdoo. Mr. Burr said Luther Walter, Mr. Prouty's assistant, had actually referred the Florida commission to a district traffic committee. Mr. Prouty said Mr. Walter was wrong to do so. Mr. Helm said undoubtedly, whatever Mr. McAdoo's wishes had been, matters had been so handled.

Mr. Wilson of Nebraska thought there ought to be a definite announcement of administration policy as to jurisdiction. Mr. Prouty said he was in favor of that, but Mr. McAdoo had not made any such announcement. He said the staff of the Director-General was not in agreement on the question of jurisdiction. He said that up to this time the Railroad Administration had done everything it thought should be done in handling the railroads during the war, regardless of the question of jurisdiction, but that, now that the war was over, pressure in this respect might be expected to grow less. He said the purpose from now on would be to render the best possible service for the least possible money. He said his own opinion was that the state commissions had the same functions now that they always had, but that this was a legal question, into which he preferred not to enter. He said he believed the railroads would never again be permitted to initiate their own rates. Rates would be made by the Interstate Commission, in co-operation with the state commissions. He favored a uniform classification and he said no one in the Railroad Administration was committed to the class mileage scales as proposed. There was no disposition to make a further advance in rates. Rates, he said, were high enough, and if there were any slack to be taken up the government itself ought to do it. He said he would like to get together with the state commissions on a uniform system of accounting.

The field part of the valuation work, he said, would take about another year and the office part still another year.

Thursday's Session.

The state commissioners in their meeting November 14, adopted more resolutions. One of the most important of the whole convention was offered by W. L. Ranson of New York. It expressed the desirability of action being taken forthwith by the President or the Director-General to recognize the authority of the states over intrastate matters, but stated that in any event it was the duty of the states to exercise their authority. The resolution stated also that consideration ought to be given by the President and Congress to legislation defining the future status of the railroads, and that whatever plan of operation is adopted, the powers of local tribunals should be safeguarded.

Mr. Helm of Kansas made a speech on this resolution before it was adopted in which he said the time had come to demand and not merely to supplicate and adopt resolu-

tions. He thought a committee ought to be appointed to wait on Mr. McAdoo and tell him an understanding was desired. He said Mr. McAdoo had promised the state commissioners that they would be allowed to function as usual under war operation, and had said he would issue a bulletin to that effect. Such a bulletin, he said, had been dictated by Mr. McAdoo and Commissioner Aitchison had been authorized to circulate it. It reached Judge Payne's desk, he said, and there it died.

Mr. Hall of Nebraska thought the states ought to take their jurisdictional questions into court, as his state had done. Mr. Helm said he thought the railroad administration may have desired to co-operate with the states, but that the men charged with the details of government operation were not of that mind and had desired to put the state commissions out of business.

Mr. MacLeod of Massachusetts thought federal control in the main had been successful, and that it had not really had a fair chance. Mr. Clendenning of Ohio thought the commissioners were treading on thin ice in threatening to go to the mat with the Director-General. He thought Mr. McAdoo ought to have a chance, now that peace had come, to alter his policies to fit new conditions.

President Elmquist said the responsibility for bringing about reductions in rates seemed to rest with the state commissions, which should make a study of the situation.

Another resolution by Mr. Ransom was adopted continuing the Special War Committee to consider after-the-war problems.

A resolution offered by Mr. Shaw of Illinois was adopted providing for co-operation between the state commissions and the Interstate Commerce Commission as to intrastate rates when discrimination might be caused. The resolution authorized the Special War Committee to confer with the Interstate Commerce Commission with a view to getting proper legislation enacted.

Postmaster-General Burleson addressed the convention on government operation of the wire companies. He made no reference to a change in the plan of control, now that the war is over. So far as anything he said to the contrary was concerned, he seemed to regard his control as permanent. As was later pointed out by Mr. Hill of New York, his address was disappointing to the commissioners, who had hoped they might get some helpful information from him. Mr. Hill offered a resolution to the effect that the war purposes of government control of the wire companies had been served as far as it was possible for them to be served, and that the state commissioners were embarrassed by the assumption of control by Mr. Burleson. It asked that federal control cease as soon as practicable and the military necessity had ended. The phrase in regard to military necessity was added by amendment. After some debate, the resolutions were adopted.

Commissioner Clark made a few remarks congratulating the convention on its intelligent treatment of subjects considered. Commissioner Aitchison, chairman, read the report of the Committee on Statistics and Accounts of Railroad Companies.

It was decided to hold the next convention at Indianapolis, Ind., the second Tuesday in October, 1919.

A special committee made a report on organization of the Washington office and budget, which was adopted. Mr. Haynes of Indiana was chairman of the committee. It was decided that Mr. Elmquist, who is the Association's valuation solicitor, should also be general solicitor, with an assistant, the office to act as a general clearing house for the state commissioners in obtaining information and to appear before congressional committees and bureaus and departments of the government on business for the state commissions as far as practicable.

The Association on November 13 elected the following officers: President, C. E. Elmquist, Minnesota; first vice-president, C. M. Candier, Georgia; second vice-president, J. B. Eastman, Massachusetts; secretary, James B. Walker, New York (re-elected); assistant secretary, L. S. Boyd, librarian of the Interstate Commerce Commission (re-elected).

Following is the text of the Shaw resolution looking toward co-operation between the state and federal commissions:

"It appearing desirable in the public interest that authorization should exist for effective co-operation between

the Interstate Commerce Commission and the commissions of the several states having jurisdiction over intrastate railroad rates in cases where discrimination between interstate and intrastate rates might otherwise exist; and

"Whereas, Such co-operation can now be secured only to a limited extent, and then only by voluntary action, for which no provisions exist in the statutes; and

"Whereas, The Interstate Commerce Commission, in its annual report for the year 1916, among its recommendations to Congress, recommended as follows:

"That, without abdication of any federal authority to finally control questions affecting interstate and foreign commerce, the Commission be authorized to co-operate with said Commission in efforts to reconcile upon a single record the conflicts between state and interstate rates;" and

"Whereas, It is believed that legislation along these lines will go far to meet the requirements of any such rate situations;

"Be it resolved, That the Special War Committee be, and it is hereby, directed to confer and co-operate with members of the Interstate Commerce Commission in bringing said matter before the federal Congress and the Director-General of Railroads, with the view of securing the necessary statutory authority for effective co-operation between the Interstate Commission and the regulatory commissions of the several states.

"Be it further resolved, That it shall be the duty of said committee to inform the members of this association, from time to time, of any such legislation proposed for enactment by the federal Congress, and that such notification shall be full and timely and that all members of the association shall have full opportunity to appear and be heard on all such proposed legislation, and to take such action in regard thereto as they may deem best for the public interest."

Following is the Ransom resolution continuing the Special War Committee:

"The National Association of Railway and Utilities Commissioners, assembled in annual convention during the week of the ending of the war, declares its belief that the return of peace brings imperative need for affirmative and constructive policies, on the part of the national and state governments, in readjusting railroad and public utility rates, service, finance and management to a peace basis. The association desires that the state public utility commissions, in behalf of the people of their respective states, shall render all possible aid in bringing about these readjustments on a sound and forward-looking basis which will assure the continued protection of public rights and the preservation of state authority over matters best administered through knowledge of local needs and conditions.

"For the acceptable solution of these after-the-war problems, this association pledges to the President of the United States and to the Congress the continued co-operation of the members and representatives of this association, along the lines and in the spirit which has characterized the patriotic service of the Special War Committee created at the last annual meeting of this association. To that end it is hereby

"Resolved, That the Special War Committee be continued as a special committee of the association, with power on the part of the President to appoint two additional members and to fill vacancies at any time existing in its membership; that, in addition to the functions indicated in the resolution creating such special committee, the committee shall be charged with the duty of acting along similar lines with respect to the railroad and public utility problems arising out of war-time conditions and incident to their readjustment to a normal basis; that the special committee as constituted under this resolution shall be charged with the duty of conferring with the appropriate federal and state authorities and with each state commission, and of making appropriate suggestions as to the form and substance of legislative, executive and judicial action with respect to after-the-war conditions affecting railroads and utilities under the jurisdiction of any of the state commissions, it being understood that such special committee shall act in behalf of this association, but that no action of the special committee shall be deemed to bind any state or state commission or member thereof."

ADDRESS OF C. E. ELMQUIST

(Delivered before the convention of the N. A. R. U. C. at Washington, November 12.)

When the convention met in annual session in October, 1917, the nation was at war. The mighty energy and limitless resources of the republic were being devoted to its successful prosecution. The demands of our army and navy and of the civilian and military population of our allies for food, material and supplies of all kinds, had placed colossal burdens on American industry and American transportation systems. Strenuous exertion and self-denial were evident everywhere. New construction and improvements contemplated by the railroads had been abandoned. "Business as Usual" was junked, and "Unusually Busy" was the order of the day.

Having to some extent anticipated this strain, the carriers had already organized a central board with headquarters at Washington. Five eminent railroad presidents composed it, with Fairfax Harrison as chairman. Curtailment of expenditures of money was called for. Restrictions in freight and passenger service were required. The demand went forth for more generous distribution of equipment and motive power among carriers, heavier loading and more prompt unloading of cars, and shipment of freight by the shortest line, irrespective of billing instructions. The emergency demanded that the railroads be operated as a unit, and the board was endeavoring to meet this demand.

They appealed to the state commissions for co-operation, and the response was prompt and effective. There were no slackers in our camp. Every one of these organizations, from its chairman down to its assistant office boy, worked patriotically and nobly in the cause. Their knowledge and experience, their familiarity with local needs and desires, their nearness to the people and the places, made them a potent factor in the struggle. By word and example they soon created among the citizens of the states a wholesome public sentiment and a spirit of consideration for the carriers and of co-operation with them.

For the purpose of more perfectly co-ordinating the powers and activities of state commissions with the railroad board and the federal government, the convention created a special war committee of five members, made up as follows: Max Thelen of California, chairman; Travis H. Whitney of New York; Frank H. Funk, Illinois; Joseph B. Eastman, Massachusetts; Ralph W. E. Donges, New Jersey; Edward C. Niles, New Hampshire, ex officio. This committee organized in November and proceeded at once to establish a proper working basis with the railroad board. Though differing from the carriers on many service and economic questions, they subordinated their own views and co-operated harmoniously in securing the changes in practices and operation necessary to the speedy transportation of troops, equipment and supplies and the conservation of money, material and labor. They were performing a useful and necessary public service, and it seemed at that time that state commissions were an important arm of the military and regulatory branches of the government.

This was the situation when the President took over the possession and control of the steam railroads on the twenty-eighth day of December, 1917. Immediately upon the assumption of federal control the commissions tendered their support and assistance to the President and the Director-General. Without exception the state officers believed that government operation could be made successful if properly conducted, and, moreover, they felt that they should be a part of the public organization which had been called upon to operate these important instrumentalities of commerce. It was fully realized that the actual operation should be left to experienced railroad men, but the commissioners felt that their experience, knowledge and thorough understanding of service and local conditions should be utilized by the Director-General. Indeed, this impression was strengthened by that part of the language of the President's proclamation which states that control was assumed "to the end that such systems of transportation be utilized for the transfer and transportation of troops, war material and equipment to the exclusion, so far as may be necessary, of all other traffic thereon; and that so far as such exclusive use be not necessary or desirable, such system of transportation be operated and utilized in the performance of such other

services as the national interests may require and of the usual and ordinary business and duties of common carriers." And the following paragraph, which reads:

Until and so far as said director shall from time to time otherwise by general or special orders determine, such systems of transportation shall remain subject to all existing statutes and orders of the Interstate Commerce Commission and to all statutes and orders of regulating commissions of the various states in which said systems or any part thereof shall be situated.

And the following, taken from the President's message to Congress, Jan. 4, 1918:

The common administration will be carried out with as little disturbance of the present operating organizations and personnel of the railways as possible. It is necessary that the transportation of troops and of war materials, of food and of fuel and of everything that is necessary for the full mobilization of the energies and resources of the country should be first considered, but it is clearly in the public interest also that the ordinary activities and the normal industrial and commercial life of the country should be interfered with and dislocated as little as possible, and the public may rest assured that the interest and convenience of the private shipper will be as carefully served and safeguarded as it is possible to serve and safeguard it in the present extraordinary circumstances.

Naturally the advent of government operation gave rise to important legal and practical considerations. Did federal control operate to suspend all existing state and federal laws which had been passed with respect to privately operated railroads? Did it divorce the federal and state commissions from all regulatory powers? Did it prevent the exercise of the powers of taxation or the ordinary police powers of the states? Did the exercise of the war power over railroads vest in the President original and exclusive power over rates, service and practices? These, and many allied questions, were being asked. Representatives of the carriers very promptly rallied under the banner of exclusive control by the President, and they permitted it to be known that in their opinion the federal and state commissions had lost all jurisdiction over the railroads which had been taken over by the government for military purposes. Thus the status of hundreds of pending cases before federal and state commissions was left in doubt, and the public was not in possession of information as to the proper method to be employed in securing the redress of grievances which were entertained against the railroads.

At this juncture, and solely for the purpose of having the status of federal and state commissions clearly understood, eighteen representatives of these commissions met the Director-General at Washington on Jan. 15, 1918, at which time the whole problem was discussed. At the close of this conference the Director-General intimated that he would issue a statement to the public outlining his position, but this has not been done. However, the testimony of the Director-General before the Senate committee on interstate and foreign commerce January 21, in support of the federal control bill, sheds light upon the question. Among other things he said:

As it stands today the state commissions are exercising precisely their same functions. The Interstate Commerce Commission is exercising its same functions, and, for my own part, I believe as little disturbance should be made as possible in those matters. Yet at the same time it is very essential that the President should exercise his full powers as the public necessity requires. * * * As I said to the state commissioners who called on me the other day, the ordinary procedure will continue to be observed; that the advice and suggestion and assistance of these commissions could be made of great value in the management of the railroads; but the purpose of the President was and is not to exercise any power he possesses to override the authority of the Interstate Commerce Commission and various state commissions except in cases where it is clearly necessary to do so to meet the war emergencies or to serve the public interest. * * * Why it would be foolish for the federal government to undertake to pass upon local questions, for instance, laying a side track to an industrial plant, or other such affairs. For my part, I am willing that state commissions shall continue to exercise their powers. They are not going to be interfered with at any time except in cases where it is clearly necessary for the public interest and for the purposes of the war. Their powers should not be allowed to override the judgment of the federal government as to what the war necessity may be in the management and control of these railroads.

In testifying before the House committee on January 23 the Director-General in part said:

As to intrastate rates, I think that the state commissions ought to continue to consider such questions as they arise. Questions affecting local conditions are coming up from time to time, and they ought to hear them and pass upon them; and

so long as their views and judgment do not run counter to the common interest they will be regarded and accepted just as heretofore. I had a conference with, I think, about twenty representatives of the state commissions recently, and I told them that I thought there would be no forward and no backward movement in the present position so far as procedure and board powers and exercise of the powers of the state commissions were concerned, with the understanding that the President has the power to override any decision they may make when he thinks it necessary to do so in the public interest.

The Director-General expressed his opinion upon the subject of rate control before the committees of the House and Senate. Speaking upon this point before the House committee on January 23, he said:

Now as to the rate-making power, I think the President undoubtedly has the power to control rates during the time of federal possession under the present law. I think, on the other hand, that that power ought not to be exercised, and I am sure it will not be exercised except in such cases as may be necessary in the public interest. I think it will be very unusual for the federal government to undertake through the Interstate Commerce Commission, which is a body representing the President in this regard, to pass upon all the rates in the country either de novo or as questions may arise concerning them. I think that the exercise of the Interstate Commerce Commission's duty to be impartial and that it ought to have some opportunity to come to some of the public interests involved, and that the views of the Interstate Commerce Commission or their judgment as to what ought to be done in the circumstances ought to prevail, and I think would naturally be permitted to prevail except in so far as it might be wise for the President to modify or to override them. Now that question has not arisen yet. As to intrastate rates, I think that the state commissions ought to continue to consider such questions as they arise.

Before the Senate committee on January 23 he testified as follows:

Just now that the regulation of rates is a very complicated question. We have a federal tariff and customs law, the Interstate Commerce Commission, and the various state commissions, and a great deal of other power. It is not a question of the President of the United States, or of the effect of the present different commissions. I think that the President has the power to do so, and the President, in the exercise of his power, I think that once upon a time, perhaps, he will be asked to do so, but I think that he would not be asked to do so, and I think that the power he has under the law to destroy or disturb rates lightly or unnecessarily.

In discussing the question of the economies which might be expected from unified federal operation, the Director-General testified before the House committee as follows:

I am hopeful that no deficiency will result. I am expressing a hope, of course, when I say that it may be possible through economies that may be expected under unified and coordinated operation of the railroads of the country to experience any advances that may have to be made in wages and for the cost of material and supplies owing to the very high prices of these things. I think that there are good grounds for that hope, and I think there are good grounds for that hope.

The federal control act approved March 21, 1918, gave the President the power to initiate rates, fares, charges and classifications by filing the same with the Interstate Commerce Commission, and authorized the Commission upon complaint to hear and determine the justness and reasonableness of such charges. Intrastate rates were not mentioned in the act, but section 15 provided that—

Nothing in this act shall be construed to amend, repeal, suspend or affect the existing laws in force in any state in respect to taxation or the lawful police regulations of the several states, except in so far as such police regulations may affect the transportation of troops, war material, government supplies or the mails of states and bonds.

The right to make intrastate rates emanates from the police powers of the states, and the decisions which support the proposition of law are too numerous to mention at this time. The proclamation and address of the President to Congress, the testimony of the Director-General before the Senate and House committees, and the language of the federal control act, gave rise to the belief that the functions of the federal and state commissions would not be disturbed unless they directly interfered with the transportation of troops, war material and supplies, or the operation of the railroads for military purposes; that no change in the rate structure of the country would be made unless it was imperatively needed as a war measure, and in such event commissions would be consulted before the rates were initiated and that through a unified system of operation there was good reason to hope that economies would be put into effect which would take care of any increase in wages or other operating costs.

But the facts are otherwise. The Railroad Administra-

tion has questioned the exercise of the most ordinary police powers of state commissions. It initiated rates which destroyed schedules that had been prepared by the states, and it has deliberately sought to deprive the states of the exercise of any jurisdiction over intrastate rates, fares and charges. Wages of train employees have been increased about \$635,000,000 over the wages received in 1917, and there are now pending before the wage board applications which, if granted, will add another three or four hundred millions to the operating cost of the railroads. Demurrage charges and freight and passenger rates have been increased so as to bring in not less than \$800,000,000 per annum, and it was recently announced that at least \$25,000,000 of increased charges will be added to the express rates. At no time prior to the introduction of these rates did the Railroad Administration consult with state commissions or shippers with reference to the reasonableness of the rates or as to the effect which the added rates would have upon the business or the industries of the country. Within the past ten days the Railroad Administration has submitted to the Interstate Commerce Commission for its consideration standard scales of class rates which will apply to both state and interstate commerce, thus indicating an intention of bringing to a uniform basis all freight and passenger rates on all lines of railroad. Of course, this proposed scale is not a war measure, nor does it seem to be designed to increase revenue. It will disturb many shippers who have hitherto borne all increased rate charges patriotically and uncomplainingly. It is intimated that state commissions may be permitted to criticize this scale or make helpful suggestions looking to an improvement in the schedule, but only in an advisory capacity, as in the case of an individual shipper.

It should be distinctly understood that not a single word in this or any other address to be delivered before this convention is intended to reflect on the integrity or the high purpose of the President of the United States. The great problems of national and international policy have, since the taking over of the railroads, so consumed his attention that he could not take cognizance of these minor matters.

To subordinates fell the work of originating the policies and directing the operations of the unified railroad systems. Most of these men were former railroad employees, and, whatever their motives, they repeatedly hampered the activities and usefulness of the state commissions. They promulgated rules, rate orders and practices that quickly deprived the people of the land of rights and privileges secured by years of struggle. The increase and unification of rates, charges and classifications seemed their dominant passion. They cracked the egg-shell boundaries of states and scrambled intrastate and interstate rate schedules into an omelette. Before the Liberty motor could be perfected or the unsinkable ship made safe for democracy, they had visualized and fabricated a structure so nearly resembling the plan suggested by the railroads before the Newlands committee that he who runs may read.

With very few exceptions the state commissions are of the opinion that the Railroad Administration has exceeded the powers conferred upon it by the act of Congress. It has been generally recognized, however, that during the period of the war there should be no litigation of these questions.

This was the situation during the war. While the negotiations over the terms of final settlement may be slightly prolonged, peace has already become almost a practical reality. Acts unquestioned as "war measures" may be investigated as "peace measures." We have reached that time when it is our privilege and duty to discuss transportation problems in terms of peace. Let us consider a few of these problems:

1. Upon the cessation of hostilities state commissions should proceed to exercise the powers conferred upon them by law in such a way as not to interfere with the obligations assumed by the government to meet the standard return or to successfully operate the roads. The new conditions of operation must, of course, be recognized and considered as part of the evidence in proceedings. The fact, however, that commissions suspended many of their activities during the war, and hesitated to engage in litigation with the federal government over questions of jurisdiction should not be taken as an indication that

they will or should do the same thing in times of peace. Technically, the nation is at war until the peace treaty is agreed to, but for practical transportation purposes we are at peace, and the wise rules and practices which have grown up in the country should be restored without any unnecessary delay.

2. The proposed scale of standard class rates should be given prompt and immediate consideration by this convention. Rate standardization seems to be the hobby of the Railroad Administration. The shippers have made many sacrifices during this war and have borne unusually heavy transportation burdens. Their efforts to reconstruct their affairs on a peace basis should not be hampered by any scheme of rate-making which is not necessary to the successful operation of the railroad lines. Idealistic schemes are the hobby of the scientific man, but when put into effect they frequently go hard with the one who pays the freight. Standardization is generally toward higher levels.

3. The public, and most regulating officials, are satisfied that the rates which were established in normal times failed to meet the demands and increased operating costs during the war. Efforts will be made to readjust these rates upon a peace basis, but this will not be an easy task on account of the many changes which have been made in operating conditions. It is to be hoped that the Railroad Administration will undertake a study of this question with the view of making such reductions as the conditions may warrant. In the absence of such an action, and even if it is undertaken, it is certain that many of the large shippers will file complaints charging that the rates upon their particular commodities or classes are unreasonable. Large shipping organizations are equipped with men who are able to assist in this investigation, but the general public is not represented. The state commissions should avail themselves of this opportunity to make a close study of the operating accounts now maintained by the carriers, and to prepare data to be used in proceedings before either the railroad committees or state and interstate commissions. In the eastern and western rate advance cases the co-operative work of the commissions resulted in substantial savings to the public. Many of your commissions have expert accountants who have long made a study of railroad accounts, and it would be well to set them to work on this job.

4. The announcement recently made by the Director-General of a \$25,000,000 increase soon to be made in express rates prompts the suggestion that a careful examination should be made of the cost to the railroads of doing the express business. The question will be discussed in the report of the Special War Committee. It goes without saying, however, that unified control of both railroads and express presents an unusual opportunity for making a close study of the cost of carrying the latter. The result of such an investigation will be helpful in determining whether the express business should be conducted by the railroads, by the government or as it is at present. So long as the Railroad Administration can change at will the terms of the contract as to division of the gross earnings, there is slight hope of any substantial reduction in the express charges.

5. At present, the power to fix wages and rates rests in the hands of the Director-General. As heretofore stated, that power has been exercised by increasing wages over \$635,000,000, and rates in a sum greatly exceeding that amount. In the future adjustment of the railroad situation careful thought should be given to the advisability of uniting the wage and rate making power in the hands of one body. The public is willing to pay rates that will allow liberal compensation to employees of the railroads. When the Adamson bill was before Congress Senator Underwood offered an amendment for the purpose of placing the wage-making power in the hands of the Interstate Commerce Commission. Undoubtedly this question will be given prominence in the near future, and this association should give it serious consideration. It is too important to be passed upon hastily, and therefore it may be wise to refer the matter to an appropriate committee.

6. The report of the Special War Committee will deal with the subject of street and electric railways. Many of these companies have found it hard to meet expenses during this period of high operating costs, and they have been embarrassed by the restrictions imposed by local

franchises. Under the circumstances it has been extremely difficult to maintain the standard of service. Perhaps the time has come for our association to consider the advisability of recommending a change in the contract relationship of these utilities. One of the methods suggested is that state laws or constitutions be modified so as to give all state commissions jurisdiction over rates of utilities and that an indeterminate permit, free from all local limitation as to rates, be issued upon the surrender of the existing license or franchise. This plan seems to have worked out satisfactorily in Wisconsin.

7. The Special War Committee will also deal with the telephone and telegraph question. The government has been in control of these properties only since August 1, and necessarily but few changes in rates or operating conditions have been perfected. The Postmaster-General claims that he has jurisdiction over rates, and that it is his purpose to standardize toll and exchange rates throughout the country. A rate committee has been appointed, and it is our understanding that it will be enlarged by the addition of two members from the state commissions. The act giving the President authority to take over the telephone plants for military purposes reserved all the police powers to the states. Thus we are confronted with the same practice as well as the same legal problem that we have met in dealing with the Railroad Administration. With the suspension of hostilities it will be no longer necessary for the government to operate the telephone plants for war purposes, and it would therefore seem to be the duty of state commissions to proceed to hear, try and determine service and rate complaints as heretofore. There is no need of getting into a conflict with the government over questions of jurisdiction unless the public interest or some substantial principle is involved. While members are in Washington they should visit Mr. Burleson and the men who have taken charge of the work for the government. In governmental activities the representatives of the corporations are always on the ground. State commissions can well follow their example. Frequent contact with government officials will be helpful to the cause of regulation, and will tend to establish a proper comradeship and understanding between those who represent the states and those who represent the nation.

8. The Bureau of Standards is a government department which should be cultivated by state commissions. In the scientific study of service, standards, accounting and other questions relating to utilities, it is, and should be, closely allied to the states. A representative of this bureau will appear before our convention and explain the purpose of that board and the plan it has of co-operating with the state commissions. As far as possible we should all strive toward uniformity in service, rates, standards and accounting of public utilities. Absolute uniformity is not possible, because operating conditions vary greatly in different parts of the country. Nevertheless, the reports of the Bureau of Standards, which are based upon scientific investigation by impartial men, are worthy of careful consideration. I trust that this association will give some time to that subject.

Under the law the railroads must be returned to private ownership twenty-one months after the exchange of ratifications of peace. One of the most important problems to be dealt with during the reconstruction period is the disposition to be made of the railroads. Operation by the government has forced attention to the question of public ownership. All students of transportation problems realize that the railroads must either continue under government control, be restored to private ownership in the same condition in which the roads were when taken over, or be returned to private ownership under a modified plan. This question will be fully discussed in the report of the Special War Committee. In all probability the carriers will themselves unite upon some plan and present it to Congress. Whether the roads are to be privately or publicly operated, due regard must be given to the issue of securities, the change and establishment of rates, and the necessity of some form of local regulation over local affairs. In the consideration of these problems state commissions should take an active part. It is to be hoped that this convention will decide upon a course of action which will enable the commissions to appear before the congressional committee either to criticize, suggest amendments to, or approve of any plan which may be under consideration.

While we have defeated the military machine that sought to overpower and dominate the world, we are apparently far short of having caused the world to be made safe for civilization. The anarchy in Russia, now sweeping over Germany with death and destruction in its wake, is a storm signal that we need all heed. Readjustments of prices and wages to a peace basis in this country may cause unpleasant disturbances. As public officers, we are all sworn to obey and uphold the laws and the constitutions of our several states and the nation. This obligation, like that of citizenship, should not be accepted thoughtlessly. It carries a grave responsibility. All of you have made sacrifices during the war—sacrifices of sons and money, of food, energy, property and conveniences. Bureaucratic orders have been issued, and by you accepted uncomplainingly. The sole thought has been to help the country. No demand remains uncomplished with. When the pro-Germans and pacifist elements threatened the success of our military efforts, you unhesitatingly met every call to patriotism, without giving a moment's thought to the effect which such action might have upon your personal fortunes or social relations. "My Country!" was the watchword of your actions.

Now that war is over, "My Country" must still be the watchword of your actions. The storm may be severe and the danger great; you will not falter in the performance of your duty. The days following the Civil War are the darkest pages in our history. Selfishness and cupidity seemed to be rampant, and great fortunes were born out of the misery of a defeated people. The opportunities for fraud and corruption were never more inviting than they will be during the reconstruction period which is now upon us. We should profit by the experience of the past and seek in every way to prevent any injustice to the people of our beloved land. State officers should take the front line trenches during the period of reconstruction and assist in punishing the evildoer, in cultivating the proper relation between those who toil and those who employ labor, those who produce things, whether on the farm or in the factory, and those who conserve the products of labor, and to utilize the wide experience which, through public favor, they have been permitted to gain in an effort to bring about a proper solution of the transportation and utility problems of our country.

REPORT OF SPECIAL WAR COMMITTEE

(Read by Chairman Hartman at the meeting of the National Association of Railway and Utilities Commissioners.)

This committee was created under a resolution of the National Association, unanimously adopted at the convention last year, which authorized the president "to appoint immediately a Special War Committee of five members, which shall be charged with the duty of conferring with the appropriate Federal and State authorities and with each State commission, and of giving advice and suggestions as to what each commission can do affirmatively and constructively to help the nation in the present emergency; and to select agents to carry out its objects and to make effective the offers of co-operation made by the president and the executive committee." The resolution also made the president of the association ex-officio a member of the committee.

Immediately upon its appointment the Special War Committee organized and selected as its secretary the solicitor of the Valuation Committee and the present acting president of this association, Hon. Charles E. Elmquist, of Minnesota. We should be derelict indeed if we did not, in beginning this report, record our deep appreciation of the work which our secretary has done. If the committee has been of use to the Nation and to the States, the credit is largely his. Under most difficult conditions, with the situation changing from day to day, he has been indefatigable in his efforts to keep the committee and the commissions fully informed and to represent the public interest before the Washington authorities.

The committee has been handicapped by the habit which the government has developed of taking its members into the national service. Our first chairman, Max Thelen, of California, became surveyor of contracts in the War Department last June, and Ralph W. E. Donges, of New Jer-

sey, became a Lieutenant-Colonel and member of the board of assessors of the same department. Shortly afterward Edward C. Niles, of New Hampshire, president of the Association, was taken over as Manager of Short Line Railroads by the Railroad Administration, while more recently Christopher B. Garnett, of Virginia, has been commissioned Lieutenant-Colonel and is chairman of the board of contract adjustment of the War Department. The present committee is only in part the committee which was originally appointed. We have felt keenly the loss of the men whose services the government has claimed, but have tried to carry on the work with the same fidelity and energy with which they began it.

Since its organization, the committee has held ten meetings in Washington and has issued many bulletins of information and advice, with which the members of this Association are familiar. In the performance of its duties it has conferred or corresponded at various times with the President, the Secretary of War, the Director-General of Railroads and his staff, the Postmaster General and his staff, members of the Interstate Commerce Commission, the Director of the Council of National Defense, the Capital Issues Committee, the Railroads' War Board, the Fuel Administrator, the National War Labor Board, and other similar bodies. The fact was impressed upon all that the one dominating, controlling desire of the State railroad and utilities commissions was to help win the war, and that they and their trained organizations were at the command of the Federal government for the accomplishment of that end.

A mere resume of the work which the Special War Committee has done would, we think, serve little purpose. The members of the Association are informed in regard to the quantity and quality of that work by the bulletins, which have been issued, and this convention is more concerned with the future than it is with the past. The opportunity should not be lost, however, to express our belief, founded on information from all over the country, that the State commissions have a record, since the war began, in harmony with the spirit and needs of the times.

They have helped their country by allowing and facilitating reductions of service needed for the conservation of labor and fuel; by refraining from requirements, reasonable under ordinary conditions but wasteful of capital and energy in time of war; and by permitting without undue delay or controversy increases in rates fairly demanded by the rapid advance of wages and prices and necessary to relieve utilities of more than their fair share of the burden of war conditions. On the positive side, they have also helped their country by special investigations and proceedings directed toward the more efficient handling of freight by both carriers and public, the conservation and better use of electrical energy and of labor, provision of transportation facilities for war industries, co-operation with fuel administrators, and the like. They have responded loyally to every call for assistance made upon them by those more directly connected with the prosecution of the war, and it is our only regret that such calls have been too few and that those in authority have too seldom appreciated the capacity for assistance which the commissions possess.

It was inevitable that in the war emergency radical changes should have been deemed necessary in the conduct of the affairs of the transportation and utility companies. It was inevitable that these changes should have raised perplexing questions of practice and of policy affecting the future as well as the present. It was equally inevitable that these questions should have caused doubt and anxiety to the State commissions, for they have occupied a difficult position. On the one hand has been the earnest desire not to interfere with measures, however drastic, which were essential to the prosecution of the war. On the other hand has been their duty to safeguard the public and to protect and preserve rights established after long struggle in the past. It is with some of the more important of these vital questions that the committee wishes to deal in this report.

The spirit in which these questions are approached is important, and it may not be amiss to suggest certain general principles which ought, in our judgment, to guide in their consideration. These are:

First: The country has been engaged in a gigantic task. Every nerve and energy has been in action and it has exerted a force, directed across the water, which few con-

ceived it could exert in so short a space of time. Those in authority have been and are still under dire strain and responsibility, and the force exerted abroad, has diminished the fund available for use at home. Shortage of labor and materials is a constantly disturbing factor. It is not to be expected that either the old or the new machinery of industry should move perfectly. We ought not to be too prone to criticize, and such criticism as we offer should be directed toward fundamental errors in policy, rather than toward defects in practice which are the natural result of the grievous times in which we are living.

Second: Every effort should be made to secure desired results by friendly co-operation. No principle or right vital to the public interest ought to be surrendered, but this is no time for antagonism or litigation if either can reasonably be avoided.

Third: Jealousy of jurisdiction ought not to enter in. It is of no possible consequence whether State commissions gain or lose power so long as the rights of the public are preserved. We are only a means to an end, and if that end can be accomplished as well or better in some other way there is no good reason why anybody should object. The welfare of the public is the test and nothing else matters.

Passing from this preliminary discussion to the consideration of special questions:

Railroads.

On December 28, 1917, the President took over the possession, use, control and operation of all the railroads of the country engaged in general transportation, including controlled water lines, and provision was made by Congress for the operation of these transportation systems while under Federal control and for the just compensation of their owners in an Act approved March 21, 1918. Control is to continue during the period of the war and for a reasonable time thereafter, not exceeding twenty-one months.

The situation has been productive of uncertainty and unrest. The Act of Congress provided that the carriers, while under Federal control, should be "subject to all laws and liabilities as common carriers, whether arising under State or Federal laws or at common law, except in so far as may be inconsistent with the provisions of this Act or any other Act applicable to such Federal control or with any order of the President." It was also provided that nothing in the Act should be construed "to amend, repeal, impair, or affect the existing laws or powers of the States in relation to taxation or the lawful police regulations of the several States, except wherein such laws, powers, or regulations may affect the transportation of troops, war materials, Government supplies, or the issue of stocks and bonds."

The language quoted leads to the inference that Congress did not intend to reduce State regulation to a nullity, but wished to preserve it, so far as it did not interfere in any proximate and tangible way with the transportation of troops and munitions, and that this regulation which it sought to preserve included authority over intrastate rates, for the regulation of rates is undoubtedly an exercise of police powers. The interpretation placed upon the Act by the Railroad Administration, however, has apparently been very different. We say "apparently," because no authoritative and comprehensive statement upon this subject has been made either by the Director-General or by his immediate legal advisers. In practice it has been assumed by the Railroad Administration that the President, acting through the Director-General, has power to initiate intrastate as well as interstate rates, regardless of the provisions of State statutes, and that the State commissions have no power of review over rates so initiated. They have been filed with the State commissions "for information only" and not in accordance with State statutory provisions. In the case of service, the practice has varied, but it has seemed to be the assumption that the power of the Director-General over service and accommodations is complete and that the State commissions may exercise authority, if at all, on sufferance only. In certain instances their authority has been directly challenged, even in matters of purely local concern. Recently, for example, representatives of the Illinois Central Railroad under Federal control have formally declared that the Board of Railroad

Commissioners of Iowa "has no power to render an order effective in any way affecting the property in any manner connected with the use and operation" of that railroad, and that all its property "is in the possession and under the control of the United States Government; that said control and possession are exclusive of all other controls and possession."

Confronted by this situation it has been the belief of this committee that the State commissions ought not to embarrass the government, at least while the war continued, by litigation, but should seek the adjustment of differences by friendly negotiation, and endeavor in every way, regardless of jurisdictional questions, to aid in making Federal operation a success. We have acted from the beginning upon this belief, and it is our information that this has been very generally the attitude of the State commissions.

You are familiar with what has taken place and only a brief reminder is necessary. On December 27, 1917, the president of this Association wrote the Director-General tendering the hearty co-operation of the State commissions and stating that their organizations were at his command for the service of the country. This was followed by a conference at Washington on January 16, and by a further conference at White Sulphur Springs on June 6, at which as many as thirty states were represented. The Director-General was told that the State commissions wished to be of all possible assistance, but were perplexed by doubt and uncertainty; that shippers and the general public were calling upon them for relief, while many railroad officials challenged their jurisdiction. The following paragraph from the resolutions then presented indicates the remedy suggested:

The state commissions do not desire to work at cross-purposes with the national railroad administration. We know that in unity there is strength and we want to help present a common front in this hour of need. We believe that most of the difficulties which now portend would be swept away if you would issue a general order or in some other way set forth clearly and definitely your conception of the relationship between the national railroad administration and the state commissions. We believe that a definite plan can be worked out under which, waiving for the time bothersome questions of jurisdiction, the states will know definitely your views on what they should do and what they should not do. While we cannot prevent any passenger or shipper from raising issues of jurisdiction, and while we cannot bind even the commissions, we can say to you that such a plan, worked out between ourselves and definitely announced by you, would undoubtedly receive the hearty and loyal support of most of the state commissions and would go far to prevent questions of jurisdiction being raised from other sources.

Subsequently, at the Director-General's recommendation, this matter was taken by the War Committee with Judge Prouty of his staff and a definite draft of a general order on the plan suggested was prepared.

Up to the present time, neither this general order nor any order with similar intent has been issued by the Director-General. But even if one should be issued, while the situation would be clarified and improved, there would still be need for further action, at least now that the war is over. There will no longer be the same need for concentration under a single leadership upon one end, regardless of all others, and the powers and duties of the State commissions with reference to the railroads ought not, we think, to be dependent either upon the sufferance of the Director-General nor, so far as it can reasonably be avoided, upon interpretation by the courts of ambiguous provisions after prolonged litigation. Undoubtedly the question could be raised in the courts, for there are many who believe that the Railroad Administration has gone, even in time of war, beyond constitutional right in limiting State regulation, and the power of the Federal government over intrastate matters is certainly far more restricted in time of peace. But, without waiver of legal rights, it is desirable that the subject should receive renewed consideration by Congress. In other words, if Federal control is to continue after the war ends—and we assume that it will, for some time at least—the issue ought to be faced squarely, and there should be a more definite determination by Congress than is contained in the present Act, of the status of State regulation with reference to such control.

From the experience already gained, it seems to your committee that the following conclusions, among others, may fairly be drawn:

(1) The operation of a national system of railroads in

the United States is not like the conduct of an ordinary business—if for no other reasons, because of tremendous size. There is danger in too great centralization of control and the creation of a bureaucracy too far removed from the immediate influence of public opinion. However well-intentioned they may be, the chief executive officers of such a system cannot have any adequate knowledge or understanding of local conditions and problems, and the inevitable tendency is to arbitrary action and the development of rules superficially uniform, but often discriminatory and unfair in their application to particular cases.

(2) While this difficulty may be overcome in some measure by delegation of authority, subordinates are responsible to the man who appoints them and, tend, in the last analysis, to rely upon what they believe to be his wishes rather than upon independent judgment. This has been well illustrated in the case of the present Federal control. The attempt has been made to delegate authority in rate controversies to regional and district committees, but, in its actual working, this plan has caused dissatisfaction. A common result has been confusion, delay and final reference of the dispute to the central authorities in Washington.

(3) Under normal peace conditions the people of this country will not be satisfied, we believe, with a mere opportunity to bring their complaints in regard to rates and service before railroad executive officers who can refuse public hearings, if they so desire, and say "Yes" or "No," without giving their reasons, subject to appeal to Washington which, in most cases, is a long distance away.

(4) It is our belief that local tribunals of semi-judicial character for the consideration of local questions will be necessary to a successful and dramatic administration of the railroad properties, even under Federal control, and that the State commissions are well suited to the purpose. A similar result might, it is true, be secured by the appointment of regional Federal commissions; but tribunals directly responsible to the local communities will be far more satisfactory in the long run. They will offset bureaucratic tendencies, and introduce an element of home rule which the size of the country and the complexity of its conditions make essential.

(5) Railroad regulation started with the States, and every advance in the law has been prompted by and secured as the result of the experience of local commissions. Disregarding the past, however, we believe they have, since Federal control was established, amply demonstrated their usefulness to the public because of their intimate acquaintance with local conditions. Even before the Act of Congress was passed, the widespread publicity given by the secretary of this committee to the proposed car-spotting charge at industrial tracks resulted in its abandonment, and influenced Congress in reserving to the Interstate Commerce Commission power to revise rates upon complaint. Activity of State commissions after General Order No. 28 was issued, resulted in a speedy elimination of a provision which would, by the immediate raising of all intrastate rates to the interstate basis, have inflicted great injury upon large sections of the country, and also in broad changes in the minimum charge provisions. Their continued activity has since resulted in other important modifications, and many complaints in which they have interested themselves are now pending.

(6) The need for local public tribunals is accentuated by the fact that the men now operating the railroads under Federal control, aside from the Director-General, are very largely the men who operated them under private control. Broadly speaking, the situation could not well be different, but in view of the training and acquired prejudices of these men, and the fact that many of them believe that Federal control will be temporary, the desirability of preserving established means of public regulation is evident. At the time when the war began they were united in an endeavor practically to eliminate the States from the field of railroad regulation. It was both necessary and desirable to place the operating management of the roads in the hands of experienced railroad men, but policy-determining power is a different matter. Men who for years have viewed railroad policy in the light of railroad interest do not over night become satisfactory exponents of the public interest. It is for this reason that the War Committee has urged larger representation of the public upon the Director-

General's staff, and it is equally a reason for maintaining State regulation.

(7) This need is further emphasized by the fact that the present Railroad Administration has shown a tendency to go far beyond immediate war purposes in its conduct of railroad affairs. It is considering, and to some extent has already introduced, radical and far-reaching changes in operation, management and rate structure. While such changes may prove desirable, it is clear that they require most careful consideration and that State commissions, because of their special knowledge and experience, can be of great value in this connection. As this committee pointed out in a letter to the Director-General, however imperfect the old rate structure may have been, it was upon this structure that the business of the country has developed, and sudden or violent changes are likely to do more harm than good.

(8) Finally it may be said that Federal control does not remove the need, upon general grounds, of a co-ordinate but independent system of public supervision. One of the dangers of public operation of utilities is that it may be subject to political or financial abuse, involving waste, graft and inefficiency. This danger is more likely to develop in time of peace than in time of war, and the only known preventive is eternal vigilance. The value of separate State regulation in this respect is obvious.

Stating the situation concisely, while a Federal control of railroads, which excludes local regulation may, perhaps, be tolerated in war time, it is neither expedient nor wise in time of peace. This view is based upon the merits of the question, without regard to any constitutional right which the States may, and probably do, have to regulate commerce within their own borders, even when carried on under Federal auspices.

So far as service and accommodations are concerned, we believe that this proposition admits of no reasonable dispute. It surely is unwise to leave solely to the discretion of an organization centering at and responsible to Washington the operation of local passenger trains, the establishment, maintenance and sanitation of station facilities, the investigation of accidents, the protection of railroad crossings, the provision of spur tracks and other matters affecting local service, safety and equipment. We know of no way in which adequate consideration can be given to local conditions, and the time and rights of the public protected, unless independent local tribunals like the State commissions are permitted to retain the same direct authority in dealing with such matters which they have exercised for many years past. The idea, apparently held in some quarters, that this problem can be met by the establishment of a central bureau at Washington is manifestly ill-conceived. Complaints cannot be handled satisfactorily by long-range correspondence. One of the most valuable features of State commission work has been the informal adjustment of innumerable disputes by personal investigation and direct dealing with parties.

The same may be said of general supervision exercised over accounts, expenditures and methods of administration. Publicity is a cure for many evils, and the mere fact that a Government bureaucracy is substituted for private management does not make such publicity any the less desirable. If State commissions, independently appointed, are given general powers of investigation and supervision over accounts and operation, it will be a safeguard against the abuse of public management which so many fear, and a direct incentive to a conduct of affairs which will in other respects endure the light of day.

In the realm of rates there is more opportunity for dispute. One of the major themes of the railroad representatives who united last year in an appeal to the Newlands Committee for the practical elimination of State regulation was the confusion caused by the conflict between interstate and intrastate rates; and the problem presented by the so-called "Shreveport Cases" has been recognized and considered by this Association. Clearly, more uniformity, greater concentration and better co-operation in the treatment of rate questions are desirable than have prevailed in the past. On the other hand, we think it equally clear that the knowledge and experience gained by the State commissions in long years of dealing with these questions are valuable assets which ought not to be lost to the country under either private or Federal control.

Their value has been demonstrated time and again in practice during the past few months.

Your committee has no hesitation in saying that under Federal control, the State commissions should possess the right of review over intrastate rates. Loss of time and unnecessary conflict of treatment can be avoided in important cases by friendly co-operation between the State and Federal regulatory bodies, by the making of a joint record, and by conference prior to final decision—in other words, by following the practice already successfully introduced in New England. We also believe that the right of review should and will be exercised in no arbitrary way and with due regard for the contracts which have been entered into between the Railroad Administration and the carriers and for the necessity of protecting the Federal treasury.

Summing up what has been said above, the Special War Committee believes that this Association, if Federal control is to be continued, should ask Congress to determine more definitely the relation which State regulation should bear to such control, this request being made, of course, without even implied waiver of any constitutional right. In our opinion, it is desirable in the public interest that the State commissions should possess, under Federal control, substantially the same authority over service and rates and the same general powers of supervision and investigation which they have exercised under private railroad ownership. We believe that these recommendations are not inconsistent with the intent of Congress at the time when the existing Act was passed. Action of the kind suggested is preferable to the litigation which seems likely to result if it is not secured. When the war emergency passes, however, it is to be assumed that each State commission will in any event exercise such jurisdiction as it believes that it possesses.

Regardless of these questions, we further strongly urge the State commissions to do everything in their power to help the Railroad Administration in the successful operation of the railroad properties, and to help shippers and the general public to secure proper adjustments of reasonable complaints. They should respond promptly and frankly to any request for information which the Railroad Administration may make and, upon their own initiative, furnish further suggestions in regard to the operation or improvement of the properties which the public interest may seem to demand. In the case of shippers, we believe that the commissions should continue their activity in investigating changes in rates, interstate as well as intrastate, and in endeavoring to secure reasonable adjustments. In particular, we recommend thorough consideration of the tentative class rate scales for the different sections of the country which have been prepared by the Railroad Administration, and which have been or are to be sent to the Interstate Commerce Commission and to the State commissions for criticism and suggestions. This is an exceedingly important matter. While it is true that railroad rates often seem illogical and crudely complex and inconsistent, too bold surgical treatment of such imperfections is likely to produce more ills than it cures, and cautious consideration is peculiarly desirable.

Whether or not Federal control should continue even beyond the time specified in the present Act, or, if not, what alternative plan should replace it, are questions which lie, in our judgment, beyond the province of the Special War Committee. They seem certain to provoke widespread controversy, and the State commissions should prepare to aid Congress in their consideration. The alternatives seem likely to be the continuation of Federal control in its present or some modified form; the resumption by the carriers of their former status unchanged; or some midway plan, which we understand owners of their securities are formulating, for the creation of regional railroad systems under Federal charter, with private management, but subject to a centralized and comprehensive system of public regulation accompanied by some public guarantee of a minimum return on securities. In order that the State commissions may be informed and in a position to act, we recommend that either the Executive Committee of this Association or a Special Reconstruction Committee be directed to keep in touch with the situation as it develops, with power to advise the commissions fully and to repre-

sent them before Congress or other tribunals in the discussion of these questions when so authorized.

Express Companies.

On July 1, 1918, the four principal express companies of the country transferred to a new corporation, known as the American Railway Express Company, all their property, excepting cash or treasury assets and certain real estate; and upon the same date a contract became effective under which the Director-General employed this new express company as the sole agent of the Government, under his supervision, to conduct the express business upon all lines of railroad under Federal control. This agreement was made under the power conferred by the proclamation of the President, dated December 28, 1917, and by the further proclamation dated March 29, 1918. This latter proclamation authorized the Director-General to make any and all contracts or agreements which in any way may be found necessary or expedient in connection with Federal control of systems of transportation, as fully in all respects as the President is authorized to do. The period of the contract coincides with the period of Federal control of the railroads, whatever that may prove to be.

Without undertaking to analyze all the terms of this contract, of which the members of this Association are fully informed, it is sufficient to say that the Director-General has assumed that he has the power to initiate changes in express rates exempt from suspension by either the Interstate Commerce Commission or State commissions, and has acted upon this assumption. Whether or not he deems rates so initiated to be subject to review by the commissions has not, to our knowledge, been stated. The following facts are significant and important in this connection:

(1) The transportation systems taken over by the President on December 28, 1917, were only, to use his own words to Congress on January 4, "the railway lines of the country and the systems of water transportation under their control." No mention was made in the proclamation of express companies, either directly or by implication.

(2) The Act of Congress, approved March 21, 1918, deals only with the systems of transportation (therein called carriers) which had theretofore been taken over by the President, and with the so-called "short line railroads." No mention is made of express companies, either directly or by implication.

(3) The property of the four express companies has not been taken over by the Director-General, but merely, to use the words of the agreement, the "conduct of the express transportation service."

It follows that the right of the Director-General to exercise exclusive authority over express rates and charges is shrouded in even greater doubt than exists in the case of railroad rates and charges. Presumably it is dependent, if it exists at all, upon the general war power of the President. If this is the case, it is a right which will cease to exist when the war is over.

The desirability of positive action by Congress with a view to narrowing the opportunity for litigation, and determining more definitely the status of the express companies and of their public regulation, is quite as desirable as in the case of the railroads, and similar arguments apply. In this case, also, we think the State commissions have demonstrated their usefulness in the past few months. On September 18 the Special War Committee, learning that an increase in express rates was contemplated, wrote to the Director-General urging that any such increase should be allowed to take the usual course, so that the public might have a prior opportunity to be heard upon its reasonableness, and assuring him of our belief that the State and Federal commissions "would promptly hear and determine the question and afford such relief as the situation requires," particularly if the application were accompanied by a memorandum from the Director-General explaining the necessity for the change. Subsequently, at the hearing before the Interstate Commerce Commission in regard to the allocation of the increase, it was representatives of State commissions who raised the question that the need for increased earnings might reasonably be met, with far less burden upon the public, through a reduction in the percentage of gross revenue paid to the railroads, a suggestion which the Interstate Commerce Commission endorsed as worthy of most serious consideration.

The Interstate Commerce Commission has defined a reasonable express rate as "one which gives reasonable compensation to the rail carrier for carrying a small package upon a passenger train, or a train going at passenger speed, plus a reasonable compensation for the service of gathering, care and delivery which the express company as such renders." If this definition is right, it is clear that the public is interested in knowing what it costs the railroads to perform their portion of the express service. With the railroad and express properties under unified control, the time is opportune for an investigation of this question which will determine whether the railroads should receive, as now, a certain percentage of the express revenue, and what that percentage should fairly be, or whether their compensation should be fixed upon some more equitable basis. Such an investigation would also, we think, throw needed light upon the question as to whether the maintenance of separate express companies is desirable or whether the railroads should do this business directly with their own facilities.

Telephone and Telegraph Companies.

On July 13, 1918, Congress adopted a resolution empowering the President to take possession and assume control of telephone and telegraph properties during the war, for a period not to extend beyond the date of the proclamation by the President of the exchange of ratifications of the treaty of peace. On July 31 all the properties of this character in the country were taken over under authority of this resolution, and the Postmaster-General was placed in charge. The resolution contained a clause similar to section 15 of the railroad control act, providing that nothing should be construed "to amend, repeal, impair, or affect existing laws or powers of the States in relation to taxation or the lawful police regulations of the several States except wherein such laws, powers, or regulations may affect the transmission of Government communications, or the issue of stocks and bonds by such system or systems." Unlike the railroad control act, the resolution made no reference to the manner in which rates might be initiated.

Notwithstanding the language above quoted, in practice the Postmaster-General has assumed that he has power to initiate changes in telephone and telegraph rates, exempt from suspension by the Interstate Commerce Commission or the State commissions, and he has already acted upon this assumption by prescribing and placing in immediate effect certain telephone installation and moving charges. It is a fair conclusion that he believes that rates so initiated are not subject to review by either Federal or State commissions, upon the theory that no such right was reserved in the resolution of Congress, and it may also be assumed that he claims exclusive control, by similar reasoning, over matters of service.

The Special War Committee has pursued the same policy in the case of these properties as in the case of the railroads. Immediately upon the passage of the resolution, our secretary wrote the President tendering the hearty co-operation of the State commissions. This was followed by a similar letter to the Postmaster-General, and on July 30 members of the Executive and Special War Committees met the Postmaster-General and his staff and discussed the situation. It was suggested that confusion could be avoided and public rights preserved by an announcement "that the companies should continue to observe local police regulations and respond to the supervision of the State commissions in the same manner as heretofore." Subsequently, upon receiving notice of the appointment of advisory committees to study the standardization of telephone and telegraph rates throughout the country, your commission again wrote the Postmaster-General urging additional public representation upon these committees and the advisability of making haste slowly. Conference with State commissioners before reaching a final conclusion was suggested, as well as the desirability of filing in the usual manner any new schedules eventually determined upon, ~~subjected~~ to the ordinary right of suspension and review. No definite response to these communications has as yet been received, but it is known that the Postmaster-General appreciates the value of co-operation with the State commissions and is considering plans for placing such co-operation upon a definite basis.

Unless further provision is made by Congress, Federal control of telephone and telegraph properties will automatically cease to exist with the coming of peace. Under these circumstances, it may be that the old order will soon be re-established, and that there will be no occasion for the further consideration of the relation of State regulation to these properties. If Federal control should be extended by additional legislation, however, it is the opinion of your committee that this Association should endeavor to secure in such legislation recognition of State authority over local rates and service which will admit of no dispute, along lines similar to those already recommended in this report in the discussion of the railroad situation. The reasons for preserving State regulation are even stronger, we believe, in the case of telephone and telegraph properties than in the case of the railroads, for telephone service at least, except for the long distance lines, is distinctively local in character.

In the meantime we urge the State commissions to inform themselves fully in regard to the possibility of effecting economies and improving service through the combined operation of telephone and telegraph plants, and to give careful consideration also to the practicability and the desirability of the plan of standardizing rates, which the Postmaster-General has under consideration. In the opinion of your committee, both of these questions will occupy the foreground in the near future, and they are both deserving of the best thought that the country can give to them.

Street Railways.

The condition of local street railway systems has been the cause of much agitation since the war began. The earning power of these companies, in many cases undermined in the past by improvident mergers, neglect of depreciation and high finance, has recently been greatly impaired by the rapid advance in wages and prices. Both investors and the general public have suffered—the former through loss of return, and the latter through the poor service which always goes hand in hand with financial weakness. In some cases the companies have been prevented by franchise agreements from raising their fares; in others, the increases permitted have been offset by loss of traffic, so that little gain in revenue has resulted. In their extremity the companies have appealed to the Federal government, and have urged that the President assume the rate-making power.

This situation has received consideration by the Special War Committee. On July 30 we addressed a letter to the President dealing with this subject. The opinion was expressed that "there is no provision of statute or decision which can be construed to empower the Federal government to fix the rates of these utilities, except where they are taken over and operated by the government as a war measure, and even in such cases the final authority of the national government to fix intrastate rates is open to question." It was recognized, however, that the Federal government might properly concern itself in time of war with the maintenance of the operating efficiency of these local public utilities, and it was suggested that a National Administrator might perhaps be appointed with the duty of representing the national view and interest in this respect, and advising with the local authorities. It was a part of this plan that the National Administrator might ~~freely use~~ the machinery of the State commissions for purposes of investigation, and enlist their co-operation in recommendations, where needed, to municipal officers; but no positive interference with powers of either the States or the municipalities was contemplated.

Neither this suggestion nor the far more radical policy advocated by the companies has been adopted by the President. He has hesitated to entangle the Federal government in this problem, and we think with reason. At a time when it is necessary to thrust the government into many fields of activity which it would not ordinarily enter, it is peculiarly important to keep it from embarking upon work, outside its normal province, which has only a remote relation to the prosecution of the war. The multiplication in Washington of boards, bureaus and departments exercising autocratic power does not accord with the spirit of American institutions, is defensible only upon the ground of war necessity, and ought to be confined within the narrowest possible limits.

While we believe that the appointment of a National Administrator of street railways to work with the local authorities and having merely advisory powers would not be open to serious objection, and might have certain advantages, any direct intervention of the kind desired by the companies ought not to be considered. It is impossible to conceive that the Federal government could undertake such work without the creation of a vast new organization, or that it could act promptly or effectively in anything but an arbitrary way. The street railways are far less national in character than the railroads, or even than the telephone and telegraph systems, and each street railway company is subject to its own peculiar and special conditions.

Beyond doubt the street railway problem is extremely serious and very difficult to solve, but it is a domestic issue which the States and municipalities must face. To drag in the national government, weighed down as it is with all manner of extraordinary and unavoidable burdens, would be neither wise nor patriotic. In our judgment, it would surely lead to friction and accomplish no permanent good. It has been suggested that in certain cases street railways have reached a point under present conditions where private enterprise can no longer be relied upon, and that some form of direct public control will prove necessary; but it would be as logical and wise for the national government to take over water works, highways and sewer systems as to take over these railways. They are local and domestic in character, and should be dealt with upon that basis. We have every confidence that the States and municipalities will take whatever measures are necessary to preserve the service which the public interest requires. The State commissions have no more pressing duty than to concentrate upon this problem and, if existing law provides no remedy, recommend to their legislatures constructive legislation which will meet the situation.

Gas and Electric Companies.

The gas companies of the country are large users of oil, coal and coke. In its endeavor to conserve the supply of coal for wartime needs, the United States Fuel Administration reached the conclusion that a material saving might be made by reducing the heating value of manufactured gas and eliminating all illuminating power standards. Early last summer the Special War Committee received word that an order was in contemplation requiring all manufacturing gas companies in the country to reduce the heating value of gas delivered to consumers to a 528 B. T. U. standard. This matter was at once taken up with representatives of the Fuel Administration, and also with representatives of the United States Bureau of Standards, and several conferences have since been held.

While not desiring to stand in the way of any reasonable means of saving fuel, your committee felt that the Fuel Administration did not sufficiently appreciate the fact that such a reduction in heating value would at the same time reduce the cost of manufacture and quality of service, and in this way raise immediately the question of the rate reduction to consumers. In view of this fact, it seemed wise that the desired change should be accomplished by voluntary action of State commissions or local authorities, rather than by direct requirement of the Federal department, in order that there might be proper opportunity for the adjustment of all inter-related questions at one and the same time. It was also pointed out that the reduction in heating value was not necessary or desirable in the case of plants producing toluol, a product greatly desired by the War Department, for the amount of toluol produced is directly dependent upon the amount of oil consumed.

As a result of the conferences which have been held, your committee was able to convince the Fuel Administration that a modification of its original program was desirable, and that better results could be secured by co-operation with the State commissions and local authorities, rather than by the direct exercise of mandatory power. If a request for such co-operation is issued, we strongly urge the State commissions who have supervision over gas companies to take this matter up for immediate consideration and prompt action.

In the case of electric companies, the war has demonstrated the need not only for the better utilization of existing power plants by the construction of tie lines and

similar means, but also for the further development of water power sites. A bulletin dealing with this matter was issued at an early date by this committee, and we are informed that several commissions have made extensive investigations with a view to bringing about greater economy and efficiency of power production. The subject has also been taken up upon broad lines by Congress, and we urge that it receive the continued attention of the State commissions.

In General.

In concluding this report, the Special War Committee desires to discuss briefly two matters which have been brought forcibly to its attention in the work of the past year.

The unusual conditions which have prevailed have demonstrated, we believe, the great need for active, constructive work upon the part of the State commissions. In the past the tendency has sometimes been to emphasize the judicial side of commission work, and to occupy for the most part the mere role of arbiter between the public on the one hand, and the companies on the other. The war, however, has so unsettled and changed conditions that the situation is no longer stable, and in our opinion is not likely to be stable for some time to come. The introduction of the various forms of Federal control, the rapid advance in wages and prices, and the scarcity of labor have all brought to the front new and difficult problems, which press for solution. The public cannot be expected to be fully informed in regard to these continuously shifting conditions, nor to realize or understand the questions which they raise. Under these circumstances it is peculiarly important that the State commissions should be alive to the situation, and that they should be alert and energetic in safeguarding the public interest upon their own initiative, and without waiting for complaints or the pressure of public opinion. They have, as never before, an opportunity for public service of the most valuable kind. Federal and State officers, from the President and Congress down, are looking for accurate information and constructive help, and in certain cases at least the State commissions should be in position to supply this need.

This leads directly to the second point. If the commissions are to be an effective force in the solution of these important questions, they must co-operate. Three years ago the Valuation Committee of this Association established an office in Washington and succeeded in raising the necessary funds to employ a permanent solicitor to take charge of this office. The first solicitor was Hon. Clyde B. Aitchison, who has since become a member of the Interstate Commerce Commission. The second and present solicitor is Hon. Charles E. Elmquist, the acting president of this Association. If it had not been for his presence in Washington, and the opportunity to make him the secretary of the Special War Committee, our work would have been seriously handicapped. As it is, he has been a very large part of it.

He has himself been handicapped, however, by the fact that with new situations and new issues arising from day to day, all in addition to the valuation work, no assistance has been available, beyond a stenographer, except at the times when the members of the committees of this Association have been able to meet for a day or two in Washington. He has been further handicapped by the fact that the requests for information or suggestions which he has from time to time sent to the commissions all over the country have often been passed over in the press of other matters which doubtless seemed of more immediate importance, so that he has been obliged in many cases to act without the specific knowledge and advice which would have strengthened his position. It has seemed to your committee that, if the State commissions are to co-operate and act together in the most effective way, this situation must be improved. We believe that the time has come to strengthen the bureau in Washington and use it to larger advantage. The solicitor of the Valuation Committee, who is now the secretary of the Special War Committee, should be made the general agent of the State commissions and utilized, not only as the means of securing needed information, but also as a medium for the exchange of views and the co-ordination of effort.

We strongly urge that the executive committee of this Association be empowered to raise a general fund for the

maintenance of this bureau, which will enable our Washington representative to employ at least one capable assistant, in addition to clerical help, and carry on its work upon a somewhat less parsimonious basis. We further recommend that every commission designate one member to whom our representative may personally address his bulletins and requests for information and advice, so that they may be assured of direct attention, and that the commissions make it a point to reply fully and without delay to all such communications. If these steps are taken, we feel sure that it will be possible to keep the commissions more fully informed in regard to national issues which require attention and also to insure more effective and unified action. As a part of the plan, each commission could be given the privilege of utilizing the services of the bureau for purposes of representation before Congress, the Interstate Commerce Commission, or other Washington tribunals upon matters of special or general importance. In this way avoiding much expense which it might otherwise be necessary to incur. The details of the plans, however, may be left to the discretion of the executive committee.

Joseph B. Eastman, Chairman.
Charles E. Elmquist,
Frank H. Funk,
Christopher B. Garnett,
Paul P. Haynes,
Travis H. Whitney.

ADDRESS OF COMMISSIONER DANIELS

(Read before the convention of the N. A. R. T. C., November 12.)

On behalf of my colleagues of the Interstate Commerce Commission, I take pleasure in welcoming you to Washington again, especially under the happy auguries of peace, which now prevail. I desire to express not only our cordial good wishes for the success of your deliberations, but also our appreciation of the opportunity for taking common counsel in the unprecedented circumstances which now surround the matter of utility regulation. It is quite unnecessary to say—for the thought is doubtless uppermost in every mind—that no other year in our history has recorded so fundamental a revolution in our transportation system as the year just elapsed. So numerous and far-reaching have been the changes involved in Federal control of carriers that it is perplexing to single out a particular topic upon which to dwell. The war railroad problem—the maximum utilization of transportation agencies to subserve the government's military necessities—seems to have been solved. The eventual status of railroad control and regulation now that peace is at the door, is so complicated and intricate that I shall content myself with but a few general observations thereon at the close. In this situation it has occurred to me that it might be helpful to the National Association if I confine myself mainly to indicating the causes which led up to Federal control and to outlining the changes in which, up to date, Federal control has affected the functioning and the activities of the Interstate Commerce Commission.

It may come as a surprise to those whose wish is father to their thought to learn that the Commission's activities have persisted through this troublous time. They should reassured, however, that, as Mark Twain once remarked of his own rumored demise, the report of our death is grossly exaggerated.

Factors in Transition to Federal control

The work of the Commission, as you know, has traditionally not involved actual participation in railway management. The only exception of moment has been in the domain of locomotive and safety appliance inspection. We have more than once disclaimed the role of general manager of railways. But the exigencies of wartime transportation would not permit our standing wholly aloof. As early as March, 1916, the freight congestion at eastern seaboard terminals became so acute that the Commission deputized Commissioner Clark the task of meeting railroad executives in New York to organize relief, and until the dissolution at the end of May, 1916, of the organization then effected he served as a member ex-officio, but in active participation in its work. Commissioner McChord at a

later period, when car supply problems became acute, undertook at Louisville a similar task. In our annual report to Congress in the fall of 1916, the Commission recommended that it be vested with power to control the supply, distribution, interchange and return of cars. Responsive to this suggestion the Esch Car Service Act was enacted in May, 1917. A new bureau of the Commission, that of Car Service, was created; and in collaboration with a joint committee of the carriers exerted wide regulatory powers in the actual distribution of car equipment. While the carriers' executives were in control of operation generally, the Commission was thus simultaneously charged with a task of actual railway management in the matter of car distribution. Similar functions had developed upon other governmental bureaus. The Priority Director, for instance, had been entrusted with the control of the issuance of priority orders, and the requirements of the Food Administrator as to car loading, and of the Fuel Administrator in relation to coal movements threatened to precipitate a situation of divided power and responsibility in railroad administration.

The carriers, despite what co-operative measures they had united in, were still operating in competition with each other. Rather than forego remunerative traffic they chose to see their own rails overtaxed and their jealously guarded terminals congested. The law itself which forbade the pooling of traffic was an obstacle to the maximum fluidity of movement. In short, the operating situation was grave, and war exigencies were acute.

There was another equally threatening situation connected with rates and railway finances. And this leads me to observe parenthetically that neither the law nor the theory of utility regulation had ever addressed itself to a condition where unit costs for labor, material and supplies advance sharply and continuously by a series of rapid shocks, each seemingly more radical than its predecessor. The general principles of utility regulation have assumed that increases or decreases in unit costs for labor and supplies will proceed in a fairly gradual and leisurely manner; that a compensatory movement might be anticipated whereby slight rises in certain unit prices would be offset by corresponding decreases in other unit prices; and where even a gradual increase in all unit prices would be in a large degree or even wholly offset by the economies attendant upon a larger volume of business of traffic. It is unnecessary to say that in time of war these assumptions broke down completely.

Moreover, the normal rates of return, whether in the form of interest on bonds, or dividends on new investments, were largely revolutionized by war conditions, when the government was in the market for enormous amounts of capital for war loans, and when the profits in many war industries were reputed to be extraordinarily large. If rates were to keep pace with ever rising costs, not only would their level have to be unusually high, but continuously rising and absolutely unstable. Moreover, it was doubtful whether rates could be raised high enough so that prospective earnings would attract a sufficient additional investment to carrier securities to guarantee the necessary and indispensable additions, extensions and betterments made imperative by war exigencies. Both on operative and on financial grounds some drastic reorganization was inevitable.

In December, 1917, the Commission formulated and sent to Congress a Special Report supplementing its Annual Report. We there insisted upon the unification of carrier operation during the war. The report said:

In our opinion the situation does not permit of temporizing. All energies must be devoted to bringing the war to a successful conclusion, and to that end it is necessary that our transportation systems be placed and kept on the plane of highest efficiency. This can only be secured through unification of their operation during the period of the war.

Federal control became a fact by virtue of the President's Proclamation of December 26, 1917. While the railroads were to remain subject to all existing statutes and orders of the Interstate Commerce Commission and to all statutes and orders of regulating commissions of the various states in which they were situated, any order, general or special, made by the Director-General was to have paramount authority and to be obeyed as such.

Second, the colossal magnitude of the Director-General's task, no less than the war emergency which had created it,

rendered imperative on the Commission's part a prompt offer to the Railroad Administration of any assistance that lay in our power. This tender was promptly and cordially accepted by the Director-General, and for some weeks after the beginning of Federal control, the individual commissioners, in addition to their regular work, were engaged in prosecuting various investigations at his request. (a) This first phase of our activity as shaped by Federal control was one of individual, unofficial, volunteer co-operation with the Director-General and his railroad cabinet.

I will not venture upon a comprehensive enumeration of the various undertakings by my colleagues in this early formative period, but will cite a few illustrative examples. Arrangements were perfected whereby the tariffs to be filed by the Director-General should conform, essentially, to our Tariff Circular 18-A, and the formal integrity of tariff publication was thus secured. The momentous problem of railway wage increases was entrusted by the Director-General to the Railway Wage Commission, a body of four, of which Commissioner McChord was a member. Studies to suggest possible economies of operation were prosecuted by Commissioner Aitchison along the line of short routing and the elimination of cross hauls. A similar study of fuel economy was made by Commissioner Woolley, with far-reaching results, affecting not only the wider utilization of improved coking processes, but involving also the eventual establishment of central power super-stations, which promises eventually to effect revolutionary economies in transportation. Various concrete situations such as the threatened discontinuance of track elevation in Indianapolis, the matter of disputed elevator rentals, and the institution of store door delivery at the port of New York were committed to Commissioner Harlan. During this period, as well as subsequently, our bureaus were freely put at the disposition of the Director-General—the Bureau of Safety Inspectors, the Bureau of Carriers' Accounts and the Bureau of Statistics being conspicuous contributors to the successful launching of the new regime. I content myself with the mention of only a part of the instances where we enlisted heartily in the work to which the Railroad Administration addressed itself.

There has continued until quite recently another co-operative enterprise resulting from the passage of the Federal Control Act which ought not to be overlooked. The framing of the Compensation Contract with the carriers according to the terms of the Federal Control Act presented a matter of no little difficulty. Four of my colleagues, Commissioners Clark, Meyer, Hall and Anderson, have collaborated for months in the tedious and oftentimes vexatious drafting of the standard contract. A new bureau of the Commission, called the Compensation Board, was constituted to cope with the necessities of this work. In this instance our voluntary administrative co-operation extended well beyond the initial period of Federal control, but in essence has been akin to the work of individual commissioners previously recited.

(b) A second and wholly new and distinct phase of the Commission's activity resulting from Federal control is the advisory function—the rendering of advice at the instance of the Director-General in matters involving large administrative readjustments affecting the shipping and traveling public.

This second function is unlike the first in being not one of voluntary co-operation, but having its legal foundation in Section 8 of the Federal Control Act, which provides:

that the President may execute any of the powers * * * granted him with relation to Federal control through such agencies as he may determine, * * * and may avail himself of the advice, assistance and co-operation of the Interstate Commerce Commission, and of the members and employees thereof, etc.

We interpret this as laying upon us the legal obligation of responding to the requests of the Director-General for advice or expert opinion upon administrative matters which he submits for our consideration, and, when necessary or appropriate, of taking testimony and hearing arguments from all interested parties in the premises to enable us to discharge this function.

Two pending and pertinent illustrations of this second new function come readily to mind. I refer to the Railroad Administration's endeavor to effect uniformity in freight descriptions in the three classifications, and to the Railroad Administration's recent request that the

Commission advise as to the effectiveness of the proposed method of increasing express rates and of distributing the same between different sections of the country.

It will be observed in both instances that the Commission is not requested to advise whether the end contemplated—uniformity in classification description or the augmentation of express revenue—is or is not desirable. That responsibility the Railroad Administration assumes as its own. But the effectiveness of the methods by which these proposed ends are to be attained is submitted to the Commission for its deliberate judgment and opinion.

Third. The third new phase of the Commission's activity is the formal adjudication of complaints brought under Section 10 of the Federal Control Act.

The third paragraph of Section 10 of that statute after prescribing that rates, fares, charges, classifications, regulations and practices initiated by authority of the President shall be just and reasonable, provides that:

"The Interstate Commerce Commission shall, upon complaint, enter upon a hearing concerning the justness and reasonableness of so much of any order of the President as establishes or changes any rate, fare, charge, classification, regulation or practice of any carrier under Federal control, and may consider all the facts and circumstances existing at the time of the making of the same" and (omitting for the time being the due consideration required to be accorded to certain matters), may * * * "after full hearing * * * make such findings and orders as are authorized by the act to regulate commerce as amended, and said findings and orders shall be enforced as provided in said act, etc."

Without pausing to inquire how far the Commission is to be governed in its findings by various considerations recited in this section of the statute, attention is directed to the point that it is upon complaint and apparently upon complaint only, not in cases where, upon our own motion or initiative, an investigation has been started that the Commission is empowered to enter upon a hearing involving Presidential rates. This consideration, taken in conjunction with the fact that by General Order No. 28 practically all fares and rates became Presidential-made rates and fares, involved a temporary stoppage in the issuance of many matured and maturing reports and decisions of the Commission. The rates attacked in practically all of our pending cases had been displaced by Presidential rates. The Presidential rates could not be passed upon by us nor a lawfully effective order issued affecting them until the Presidential rates as such had been assailed by complaint to the Commission. The Commission had, therefore, no alternative but to institute new rules of procedure adapted to this situation, holding in abeyance a large number of cases until by supplemental complaint the pleadings had been so amended as to make the Director-General a party, thus enabling him to have his day in court.

The Commission has already issued two reports and decisions in cases to which, by supplemental complaint, the Director-General had been made a party. The first was the Willamette Valley Lumbermen's Association vs. Southern Pacific Company, 51 I. C. C., 250. In this case mills upon the Willamette Valley had been required to pay upon their lumber traffic, in carloads, rates based upon the combination over Portland to various destinations in Montana and points east thereof. The decision and report found that rates so made were relatively unjust and unreasonable and unduly prejudicial to the extent that they exceeded rates contemporaneously maintained from the Pacific Coast group, including Portland, to the same destinations and joint rates upon this basis were required to be established.

The second case was the Kaw River Sand & Material Company vs. the Atchison, Topeka & Santa Fe Railway Company, and was decided upon the second of this month. Here the complainant, located beyond the switching limits of Kansas City, was accorded the Kansas City rates to destinations upon the Santa Fe, but rates higher than the Kansas City rates if the destination was to a point upon a connecting line. The Commission held that under present conditions involving the elimination of carrier competition where there was absorption of switching charges within a switching district, the provisions therefor should be uniform where similar circumstances and conditions

prevail, and the complainant was accorded relief in conformity to this finding.

The recital hitherto has concerned itself wholly with the transition to Federal control and the Commission's activities as affected thereby. Let me, in closing, venture a few suggestions relating to our post bellum railroad policy. Permit me to say in passing that these suggestions reflect not the views of the Commission, but only my individual views, and are necessarily tentative because of the impossibility of forecasting conditions as they may exist a twelve months hence.

I know of no more striking epitome of our recent railroad experience than that made by our recent colleague, now Judge Anderson, who said:

Viewed in proper perspective, it is rather a startling fact that when under war conditions, we faced the absolute need both of financial soundness and of transportation efficiency, the American people, almost with no consent, abandoned the corporate financial structure and the transportation methods which have grown up through some seventy-five years of experience with rail transportation. Hardly a person in Congress, in banking circles, in railroad circles, dared take the responsibility of opposing the nationalization, both of capital and of operation, when we faced war needs, and could no longer indulge ourselves in the luxury of American methods of waste and inefficiency.

Whatever divergence of view may exist with reference to the system we eventually adopt, the possibility of the recurrence of a similar situation in future should be foreclosed beyond peradventure of doubt.

I am inclined to think that most well posted students of transportation are coming to the conviction that the future of railroad operation in this country after the provisional arrangement now existing shall have terminated will conform to either one of two types. The first is complete government ownership and operation; the second is corporate control, not of the ante-bellum type, but modified and transformed in essential particulars.

Should the government continue the operation of railroads there will be difficulty in satisfactorily answering the contention that the government should own outright the property which it operates rather than pay rental therefor. In what method the government should acquire title, whether by expropriation or by an exchange of government securities for corporate securities, and if so, on what terms of exchange, I do not here stop to inquire, as the problem is involved and complex.

On the other hand, if there is a reversion to corporate control, there will be, in my judgment, certainly the following changes which must hereafter be imposed upon corporate ownership and operation:

First. The elimination of competitive waste. The reduction of passenger train mileage between important terminals has not evoked widespread complaint as to inadequate service. It has served to eliminate much of the conspicuous display and competitive waste of running a number of half-filled trains where a smaller number of more completely filled trains suffices. Similar economies in locomotive and freight car mileage have resulted from the utilization of shorter routes, and this possibility of economy should not vanish even should there be a reversion to corporate control.

Second. The system of open instead of closed terminals has, I think, come to stay; and it would perhaps be equally probable that common use of equipment in the general interest of the commerce and transportation of the country will not be readily surrendered.

Third. The realization of additional transportation economies which might result from the regional consolidation of parallel and competing lines or systems is unquestionably desirable in the public interest.

Fourth. The financing of railroads if corporate ownership continues, will, in my judgment, be subjected to Federal control, whereby a competent tribunal will have to pass upon proposed security issues and perhaps in co-operation with regional tribunals, will probably have to pass also upon the propriety and necessity for the construction of additional projected lines of railroad.

Fifth. A scientific system of cost analysis ought to be devised so that, whether carriers are operated by the government or by owning corporations, there will be greater accuracy than now exists as to the proper charges to be made for maintenance and depreciation, in order to determine with some approach to certainty what the real earn-

ings of the carriers are, in contrast to the earnings as computed at present.

In essence, the mission of the highway is to open the narrow gates of the parish upon the broad thoroughfares of the world, and our modern steam-traversed highways will best fulfill their destiny when they accommodate, whether under government or corporate operation, the maximum of traffic with the minimum of friction.

RAILROAD SERVICE, ACCOMMODATIONS AND CLAIMS

(Report of N. A. R. U. C. Committee, C. S. Cunningham, Michigan, on that subject.)

For the reason that the federal government has taken over the control of the principal railroads of the United States, the report of this committee will necessarily be extremely short this year.

The subjects of "Railway Service and Accommodations" have been so fully covered by previous reports that it will be very difficult to present any original suggestion on those subjects. However, questions relative to both are arising almost daily in the work of every commission. We find that the manner of investigation and handling these matters by the various commissions is very similar, and just at this time—as it is a question how far we can go in regulating such matters, if at all—we feel that the commissions should not take any arbitrary action that would conflict with orders issued by the federal government. On the other hand, we should be very watchful of the public interests and in every case where we find the service lacking or the accommodations poor, we should at once call it to the attention of the government heads of the railroads and impress upon them that the commissions are endeavoring to co-operate with them, and what we are doing is trying to assist them in rendering adequate service as economically as possible. The committee finds that with very few exceptions the railroads are willing to confer with the commission and add service when it can be shown that it is a necessity.

We find that the regional directors are posting notices in each coach and Pullman car, as well as in all stations, inviting suggestions and complaints with reference to service. This means that they intend the complaints should come direct from the public to the government heads of the railroads instead of through the commissions. In other words, it is the desire of the railroads to destroy the usefulness of the various state commissions and enable them to show that they are not a necessary regulating body, and to enable them through the various state legislative bodies to have the commission abolished. We would recommend that all commissions be prepared to go before the various legislative bodies with a statement showing what the various commissions have been able to accomplish in the interest of the public as well as the railroads. We feel quite sure the legislative bodies can be convinced that the state commissions are a necessity, and if the government will accept suggestions and the assistance generally from the commissions there is no question but what it will aid the government in successfully handling the railroads.

We believe that it would be a mistake to assume too much authority at this time, and we should endeavor to convince the government that we are not attempting to do so.

The question of "claims" is one that we find the most difficult to deal with, for the reason that the railroads do not get together and establish a uniform system of dealing with them. Now, that the government has control of the principal railroads of the country, we believe it is an opportune time for the committee on state and federal legislation of this association to be authorized, in behalf of the association to take such steps as they deem necessary, and we would so recommend.

CAR SERVICE AND DEMURRAGE

(Report of N. A. R. U. C. Committee on that subject.)

Since the last annual meeting of this association the railroads of the country have been conscripted for the purposes of the war and have been placed under immediate supervision of the Secretary of the Treasury, William

G. McAdoo, as Director-General, who operates the railroads through the United States Railroad Administration. This change from individual and competitive operation to federal and unified operation of the country's railroads has produced many new conditions, to which the commercial and industrial worlds have been endeavoring to adjust their affairs. There have been numerous changes in executive and operating officials, changes in freight and passenger rates, changes in train service, a complete revolution in the methods of distributing cars—in every direction there have been innovations in the management of railroads and numerous modifications in the accepted standards of car service.

The various state commissions, the manufacturers and shippers generally, as well as the entire public, have sought to conform to the altered conditions in a friendly spirit and to co-operate with the federal government in its plan to unify the transportation system of the country. But the evolution from a chaos of scores of disconnected and competitive railroad systems to a unified railroad organization has not been accomplished without numerous hitches and considerable friction, all giving rise to more or less complaint. Your committee will not undertake to say that general satisfaction has been attained nor perfect correlation obtained, yet broad results of federal control appear to indicate that the officials of the Railroad Administration, with due allowance in some instances for natural predilection for the railroad point of view as the result of lifetime training, are endeavoring with their best ability to operate the common carriers of the country in such a way as to deal justly with all interests, namely, the government and its allies, the producers and shippers, the mercantile world, the general public and investors in railroad securities. It is consequently of little avail to devote much time or space to any criticism on the car service of the past year during this period of evolution.

W. C. Kendall, manager of the Car Service Section, Division of Operation, United States Railroad Administration, informed this committee that he believed the general situation with reference to grain and coal had been quite satisfactory. Efforts had been made to increase the rolling stock by constructing additional cars, but particularly by repairing damaged cars. This latter was regarded as of the utmost importance, as thousands of cars which are but slightly defective and could be used to advantage, often are unduly delayed because of lack of repairs. Mr. Kendall further stated that there had been co-operation between various federal bodies more or less intimately connected with transportation, and that there was a complete understanding of purpose. Special efforts had been made at the ports of the Atlantic seaboard to get them in position for the expeditious handling of all commodities so as to prevent their congestion. Orders had been given that no grain or flour or other commodity should be shipped to any Atlantic port without a permit from a responsible federal agent and that no permit to ship would be issued unless assurance was given that the shipment would be promptly received and unloaded upon its arrival at destination.

Grain from the southwestern sections will be diverted as much as possible to Galveston, New Orleans and Mobile, leaving Atlantic seaports to the shippers from the central west and northwest. He expressed the conviction that the coal and fuel problem, in so far as transportation is concerned, had been and would be satisfactorily adjusted. He stated also that the matter of transporting potatoes from the north to the south and southwest would be handled much more systematically in the future, and stated further that there was little chance that the great losses of the past year would be duplicated through the failure of potato shippers to obtain sufficient cars. All the refrigerator cars in the country will be administered as a single and separate unit. W. L. Barnes will have charge of the Refrigerator Car Section, and will maintain offices in Chicago for that purpose.

Mr. Kendall submitted statements of freight car locations for the entire period, from July 1, 1917, to July 15, 1918. These statements indicate from month to month the apportionment of cars to the various sections of the United States for the purpose of providing for their respective transportation requirements. Following is a summary of the statements covering all freight cars, box cars and gondola cars: * * * *

Mr. Kendall, as well as other federal officials, notably

C. E. Spens, director of inland traffic for the United States Food Administration, Julius H. Barnes, head of the Grain Corporation, Colonel Frederick B. Wells, in charge of the overseas shipments of the quartermaster's department of the United States army, while speaking optimistically of the past, present and future of the federal administration of railroads, frankly confessed to the chairman of this committee, Commissioner O. P. B. Jacobson, of Minnesota, that, admirable as the entire transportation system appeared to be, and capable as was its management, there is one weak link in the chain.

They agreed with the statement of Mr. Jacobson that the deficiency of elevator capacity on the Atlantic seaboard caused the so-called "car famine" of 1916. They also admitted that a like lack may produce a similar famine at any time, in spite of the elaborate precautions that have been taken by the government. It is well worth the attention of the association, and unless the government already has taken active steps to supply the deficiency in grain storage facilities upon the Atlantic seaboard, it should exert its influence in every way possible to obtain this result.

A very brief review of the conditions in 1916 and their causes will not be amiss in a discussion of this subject. Industry and commerce were disorganized thoroughly by what was termed a "car famine," and a deficiency of hundreds of thousands of cars was reported. Thousands of bushels of grain were brought to market, and, for lack of elevator space or empty cars, were dumped on the ground, subject to damage and destruction by the elements; mills and mines were closed through failure to obtain fuel; shipment of raw materials to factories were delayed, not weeks, but months, and they were compelled to shut down for longer or shorter periods. Workers were thrown out of employment. Their incomes were reduced and, of course, their buying power. All retail merchants suffered in their business. When the east and all Europe were clamoring for flour and grain, every flour warehouse in the middle west was bursting with flour and every grain elevator was full to overflowing. Yet, while the east demanded grain, and the west had plenty of it, there was an embargo on grain shipments. Such was the situation, as all will recall.

It was called a "car famine," but it was no shortage of cars which caused the congestion. There were cars in plenty for the legitimate demands of business, but they were not used for transporting freight. The car shortage was represented by freight cars filled with grain and fuel and used for storage purposes in countless freight yards from the Atlantic seaports to the far west. Records, easily obtainable, will show that thousands upon thousands of box cars remained idle in the yards of the eastern railroads at their terminals, not only for weeks, but actually for months, without a wheel being turned. The terminals were congested with cars of grain because the cars could not be unloaded upon their arrival; the cars could not be unloaded because the elevators at the port were full. The result was that the congestion backed up from the seaboard to the far west, almost paralyzing the entire railway network of the country. Had there been ample elevator capacity upon the Atlantic seaboard so that the cars of grain could have been unloaded promptly upon arrival and released again for transportation purposes, there would have been no cry of car shortage. It must, of course, be conceded that extreme climatic conditions intensified the congestion, but such interruption was of a temporary nature only, while the elevator shortage was continuous and prolonged.

In order that there may be a general appreciation of the limited elevator capacity at the terminals on the Atlantic seaboard as compared with other sections of the country, the following table is appended: * * * *

The foregoing summary is somewhat misleading, as the "zone" includes much more than the port. For instance, Philadelphia zone comprises eight cities with 61 elevators, having nearly 20,000,000 capacity. As a matter of fact, there are but four elevators at the port of Philadelphia and their maximum capacity is 4,500,000. This is but "paper" capacity, for the reason that the practice of providing separate bins for various grades of grain prevents the filling of bins to anywhere near the limit, and rarely does a terminal elevator contain more than half of its theoretical capacity. The seven grain export cities of the Atlantic seaboard, namely, Portland, Me., Boston, New

York, Philadelphia, Baltimore, Newport News and Norfolk, have an elevator capacity of 21,485,000 bushels of grain. In actual commerce, the aggregate capacity available for use would be less than 11,000,000 bushels. Such figures speak for themselves. The total estimated capacity of all the elevators in the country is 888,900,000 bushels.

It must be remembered that on account of the concentration of ocean transportation from the Atlantic seaboard and the Gulf ports to the allied and neutral countries, which almost eliminates export to these countries from Australia, Argentina and the western ports because of scarcity of tonnage, the overseas movement of grain and flour from the Atlantic seaboard will be greater and, moreover, constantly will increase as our army in France grows in numbers. Federal officials estimate that the government will provide bottoms for transporting supplies at the rate of 1,000,000 tons a month. Fully 80 per cent, or about 800,000 tons, will consist of grain and flour. This rate must be kept up for some time, probably for years. The end of the war will not see the close of this immense overseas movement, for none of the countries now at war will be self-sustaining for many years to come, and the United States will be called upon to supply their food until they have restored their respective lands to the former standards of production.

It is, therefore, more than ever, imperative that the transportation system must be so provided that any ordinary difficulty or obstruction will not throw the entire system out of order. A scarcity of elevator space, combined with climatic conditions and lack of bottoms, precipitated the transportation crisis of 1916. The elevator capacity on the Atlantic seaboard has been reduced since that time through the destruction of several houses by fire. No effort has been made to rebuild the destroyed houses nor to construct additional warehouses. Your committee is convinced that railroad managers realized there should have been greater elevator capacity at their terminals, but it is well known that the railroads, in expectation of government conscription, have indulged in little or no construction work for some years past, and this may explain why they have not strengthened the extremely weak link in their system.

Probably it is idle to attempt to interest private capital in constructing elevators at the port terminals at the present time, as there are too many other opportunities for investment which are more attractive. There is no other recourse, in the opinion of this committee, than to request and urge that the government provide greatly enlarged railway facilities at all the seaports, whether on the Atlantic or the Gulf, where such facilities are inadequate. It is the duty of railroads to unload their freight in less-than-carload lots. For that purpose they build freight warehouses at all terminals. Grain is freight and the grain elevator merely is a grain warehouse. There can be no objection to a recommendation by this association that the United States Railroad Administration, as custodian of the railroads, provide adequate facilities at the ports for handling this extremely important commodity. Whether the government shall operate such elevators or not is of little concern, as we have assurance that private grain interests readily and promptly will arrange to relieve the government of this responsibility and pay the expense of upkeep in operation.

Your committee therefore suggests that this association recommend that the government, through such agency as may be deemed advisable, cause to be erected at such seaports as may be found suitable a number of elevators of sufficient capacity to handle the overseas shipments of grain advantageously, and that a committee be appointed to present this matter to the proper authorities. Commissioner Alexander Forward proposed the following supplement to the committee's report, in which the committee concurred:

"It is believed by your committee that an examination of the natural location and development on Hampton Roads will demonstrate its peculiar advantages to the government, to exporters, to shippers and to the public as a site for a great terminal storage warehouse. It is well known that here is located one of the finest harbors in the world. The city of Norfolk has eight trunk line railroads, most of them running directly to the middle west, and they are co-ordinated by a belt line. The United States government has purchased certain property on the water front served by the belt line, with deep water facili-

ties, with a frontage of nine thousand feet on Hampton Roads. A portion of this property is now being used for the buildings of the quartermasters' terminal, but there is ample unused land on the water front for the construction of a grain elevator, served by the belt line system, which is owned equally by the eight trunk lines running into Norfolk.

"Your committee believes from information reaching it that if the government will construct a warehouse on this property, affording every facility for unloading and loading, and admirably located in every respect, that a corporation can be found to lease the terminal and operate it for the benefit of the government during the period of the war, and for its own use thereafter, under an agreed annual rental to compensate the national treasury."

Since the above report was placed in type, the chairman of the committee has received the following letter from Hon. Frank R. Spinning of the Washington State Commission, a member of the committee, and has directed that it be published as a supplement to the report:

Gentlemen: I have read with great care and much interest your tentative report for the year 1918 and fully agree that increase in grain elevator and warehouse capacity at port terminals will afford an appreciable amount of relief for cars which have hitherto been used for storage awaiting loading to vessels. The immediate enlargement of grain and merchandise storage space as a medium of interchange between rail and water carriers is both apparent and imperative. Waterside storehouses release cars for other service and shorten the time for loading ships—the two great essentials in our transportation system to-day.

Your report provides for the Atlantic seaboard and the seaports on the Gulf of Mexico. On page 2 we read:

Grain from the southwestern sections will be diverted as much as possible to Galveston, New Orleans and Mobile, leaving Atlantic seaports to the shippers from the central west and northwest.

In my state by the "northwest" is meant the states of Oregon, Idaho, Utah, Washington and western Montana. May I be pardoned for reminding you of a few things this season is doing to help win the war and why it should have recognition in this report?

Camp Lewis, the most healthful camp in our country, is ideally located, with mild climate all the year round, where 60,000 young men, your boys and our boys, the precious hearts' blood of our hearthstones, are training to win "over there." We get airplane spruce from our abundant forests, dependable for defeating the enemy, and fir for our wooden ships to carry material across the seas.

We have a shipbuilding industry turning out twenty per cent of the nation's tonnage, consisting of fifteen steel ship plants and fifty-three wooden ship plants.

Vessels Launched from Beginning of War to September 1, 1918.		
Kind.	Number.	Tonnage.
Steel	38	818,100
Wood	255	569,280

Vessels Under Construction September 1, 1918.		
Kind.	Number.	Tonnage.
Steel	48	422,400
Wood	195	390,000

Vessels Contracted for Future Delivery.		
Kind.	Number.	Tonnage.
Steel	190	1,672,000
Wood	301	602,000

The ports of Portland, Astoria, Tacoma and Seattle are served with five great transcontinental systems, viz.: Chicago, Milwaukee & St. Paul Railway Company; Great Northern Railway Company; Northern Pacific Railway Company; Union Pacific System; Southern Pacific System.

The port terminal facilities are modern, consisting of ample wharves, waterside, general and cold storage warehouses, bulk grain elevators and handling equipment. Statistics give the best idea of port facilities—for the year 1917:

Tacoma—		
Imports in cargo tons	2,030,807	
Exports in cargo tons	878,723	
Seattle—		
Imports in cargo tons	3,322,168	
Exports in cargo tons	1,529,479	

Total cargo tons 7,761,177

Seattle ranks as second port in the United States in

total value of commerce passing through during fiscal year ending June 30, 1918, the value being—

Foreign imports	\$326,981,270.00
Foreign exports	258,005,365.00
Total	\$584,986,644.00

Surely the district which holds the second place in the Union, with four transcontinental railroads and building one-fifth of our nation's tonnage, merits some recognition in dealing with the car situation.

Further, I cannot agree that the wheat of these states should move overland to Atlantic seaports. The yield for these states this year is 65,000,000 bushels, equivalent to two million tons, or approximately 50,000 carloads, allowing 10,000 cars for local use; there yet remains 40,000 cars for export. It's a far cry from Puget Sound to New York. These 40,000 cars would travel 2,500, not less than 2,000 miles each, at heavy cost for train operation and through congestion of cars of wheat from the north central states. By moving these 40,000 cars down the Columbia River to Portland or to Puget Sound the mileage would not exceed 500 miles, or one-fourth the distance, thus moving our northwest wheat with one-fourth the number of cars in service.

At Portland, Tacoma and Seattle are the finest flouring mills west of Minneapolis, having a combined capacity of 40,000 barrels daily. The bulk grain elevators at Astoria, Portland and Seattle are publicly built and operated, the only municipal elevators in the United States. Additional private elevators and warehouses are available for storage or transshipment. The great fleet of new ships built in our ports can carry the flour and the wheat in bulk or in sack to Atlantic tidewater elevation or direct to England. Vancouver, B. C., our neighbor on the north, has a two-million bushels' elevator, from which a few months ago a full cargo of bulk wheat was shipped to England as an experiment, and the loss in transit amounted to but one-half of one per cent, whereas the loss usual in bulk wheat shipments across the Atlantic is estimated at three per cent, thus proving the feasibility of bulk grain movements from the Pacific northwest, with its corresponding saving in sacking and long car haulage. Furthermore, our harbors are located in mild climate, and no snow or ice hinders easy and rapid movement of cars in our terminals. To our people it seems not only reasonable, but a distinct saving in car service to have our grain move through our port terminals.

Therefore, I urge you with all the force I may, to amend the tentative report to show that, in view of the short haul to Columbia River and Puget Sound ports and the terminal facilities therein already provided and in view of the large number of new ships built in these ports and sent through the canal to the Atlantic coast, it is your recommendation that the wheat of Washington, Oregon, Utah, Idaho and western Montana move through nearest Pacific coast ports as a means of conserving the cars of the nation. The wheat is here. The terminals are ready. The ships are available. Does it not seem reasonable that the movement should be diverted this way rather than across the continent to already congested terminals?"

Frank R. Spinning.

(Mr. Jacobson said the committee agreed with Mr. Spinning and his communication was made a supplement to the report, which was adopted after amendment to provide that elevators should be erected at suitable "points" instead of "seaports" and by removing the restriction limiting to "overseas" grain the shipments under consideration to be taken care of by increased warehouse capacity.)

PUBLIC OWNERSHIP AND OPERATION

(Report of N. A. R. U. C. Committee on that subject.)

This committee is the result of the adoption of the single recommendation made in 1917 by the special committee on public ownership and operation as contrasted with private ownership and operation of public utilities. The report of the special committee was evidently made after very serious investigation of the general subject committed to it, but it was largely confined to the subject of railroads. It undertook merely to open up the general subject and formulate a scope for further inquiry. The crucial conclusion of the report seems to be in the follow-

ing sentence: "Comparative statistics and critical analysis of the merits and demerits of public as compared with private ownership and operation would, we are convinced, be of no real and permanent value until the fundamentals are thoroughly understood." Following this an elaborate program of study was suggested. * * * *

Your committee is quite agreed that it is desirable that the fundamental economic and political aspects of public utility services should be studied as suggested, and that in this study the experience of other nations, as well as domestic conditions, should be considered. A study historically of public utility development in the United States is equally important. In fact, the entire scope of inquiry outlined in the report of the special committee of 1917 is important, if not essential, to a final determination of the questions involved. Fortunately, or unfortunately, conditions have arisen which seem to your committee to render inadvisable and indeed impracticable any definitive report at this time. As a matter of fact, the establishment of a standing committee to continue studies of the problem, broad as it is, indicated that the association, while realizing the present importance of the subject, realized also that no definitive solution could be immediately reached.

It would indeed be well if we could progress so far that what the special committee termed fundamentals might be considered and agreed upon before reaching the practical problems which must confront the country immediately upon the restoration of peace. But where are we to begin in the way of establishing such agreement upon fundamentals? As said in that report: "We are living through a period of transition, of readjustment, of uncertainty. The relations of industry and state, of capital and labor, of special privilege and common duty, of private rights and common good, are undergoing tremendous changes. We are discarding existing business methods and standards as wasteful and unsound and trying new ones. But while we are rejecting the old we have not yet agreed on the new. To-day we are laboring in the midst of this change, and it is impossible to appraise properly what the day brings forth, or measure justly the worth or falsity of new values." That committee spoke the unquestionable truth, and the situation to-day merely emphasizes the situation of a year ago. At the time the report of that committee was written the federal government, through the War Industries Board, and perhaps other agencies, had assumed a certain degree of control of operation of the railway systems of the country. The committee said: "In spite of the great savings already effected by the greater efficiency of the new system, and in spite of the much greater savings still possible, higher rates appear inevitable unless the government becomes the directing force and, from national considerations, takes its controlling part in the shaping of this new national railway policy." Since that time the government has taken the controlling part and has assumed the actual operation of all except some of the very small railroads, with the result that not only have the rates become higher but very much higher than the imagination of a year ago could have pictured under private control and operation. This result is mentioned not to disparage last year's report, but merely as an illustration of the wisdom of that committee in not attempting in general to draw conclusions. It did, in this instance, at least, attempt to forecast the future. The forecast was correct as to higher rates, but absolutely erroneous as to the effect of government control in preventing the increase.

To attempt to establish fundamentals in advance of working out specific problems would be folly in the kaleidoscopic conditions confronting us. Even in working out fundamentals little can be done by merely speculative methods. Comparative statistics and critical analysis are necessary in order to reach a sound conclusion upon fundamentals alone. Present-day statistics are worthless. The fact that the federal government has in time of war and as a matter of war-time necessity taken over the operation of the railroads, that it has taken control of operation of the telegraph and telephone systems, and that it may before or after the submission of this report take over control of operation or operation itself of other utilities, is entirely aside from the broader question of the merits of public ownership and operation or public ownership or operation of the railroads or any other utilities in times of peace. The seizure of the railroads essentially for war

purposes does not mean that in normal times the federal government would have power to take such a step, or that operation by the federal government would be more economical and conduce more to the public service than private ownership and operation. Except as a war measure, the steps already taken could not be defended on constitutional grounds, and the results so far are such that they could hardly be successfully defended from the standpoint of economy or general public service. To draw an inference from what has happened in this respect would be as foolish as to infer that because we now have a large army in France and expect to have a still larger army there, we should be prepared permanently to maintain such a force on European soil.

Should we attempt at this time to reach the proposed fundamentals by agreement, what would result? In the absence of statistics and critical analysis, and that in connection with a profound study of problems, social and political, as well as economic, nothing in the semblance of an agreement could be reached. On the one hand there are those who believe that government should do all that can be accomplished by collective action; these are state socialists. On the other hand there are those who believe that government should restrict itself solely to the protection of individual rights and, outside of strictly and naturally governmental action, confine itself to those matters that are incidentally necessary to the protection of the individual. Our constitution, and much deeper than that, our historic traditions and experiences which resulted in our constitutions more nearly conform to the latter theory than the former. There are all shades of intermediate opinions, but the preponderance is still largely on the side of individualism. To modify essentially the theory of individual liberty and initiative would require a political revolution, both in substance and in form. It may be that such a revolution is coming. It may possibly be that it is desirable that it should come. But this is no time for this association to precipitate an academic discussion of the question which might tend to an opportune and injurious practical opening of this thoroughly fundamental issue.

Broadly speaking the subject of investigation by this committee is, (1) public ownership; (2) public operation. It naturally subdivides itself into (1) federal ownership or operation; (2) state ownership or operation; (3) municipal ownership or operation. Public ownership and operation or public ownership or operation as among the federal government, the states and the municipalities, and the legality and wisdom of such, must eventually be considered with reference to each public utility. Legal objections may be removed by legislation or constitutional amendment. The wisdom of such a course is not so clear. Certainly we should not in exceptional times and in the light of insufficient data jump at a conclusion leading to the disturbance of long existing social and economic conditions.

While it is impossible, therefore, at this time to present anything approaching or even suggesting specific conclusions or recommendations, it is believed that the subject is one which should be under the constant study of the association, with a view ultimately, after the war shall be successfully ended and when the work of reconstruction begins, to present not only general conclusions, but data upon which they are based.

It is therefore recommended that this committee be continued upon the basis on which it was last year established and instructed to proceed with the work then outlined.

EXPRESS AND OTHER CONTRACT CARRIERS BY RAIL

(Report of N. A. R. U. C. Committee.)

The committee on "express and other contract carriers by rail" decided to deal only with the question of express carriers in making this report. The report is as follows:

Why an express company? This is a question that will not down. This is a problem that will not be solved until it is solved right. We may criticize rates and criticize service and by so doing we may help a little here and a little there, but it is a mere "ripple on the surface." We leave the great wrong untouched. It is our duty to dig deep and eradicate the root of the evil.

There exists no good reason for an express company as a separate and distinct corporation from the railroad company. The people are compelled to pay higher express charges than they ought to pay in order to maintain this parasite on the transportation companies of the country. No greater reform in the interest of the public in the express situation could be had at this time than the taking over of the express business of the country by the railways themselves and thus make it unnecessary for the public to pay, through their express charges, dividends to separate corporations and contribute to the salaries of an unnecessary organization.

Your committee does not believe that the railways should be permitted to farm out one of the most important branches of its business. The handling of freight on express and passenger trains is just as much a duty to be performed directly by the railroad corporation as the handling of ordinary freight on freight trains and as the passenger business handled on passenger trains.

If there must be an express company to handle fast freight, then why not a freight company to handle slow freight? If there must be an express company to transport property on passenger trains, then why is it not necessary to have a passenger company, separate and distinct from the railway company, to handle the transportation of passengers? If it is wrong for the public to contribute in transportation charges for the maintenance of a passenger company or a baggage company or a freight company separate and apart from the railway company, why is it not wrong to so contribute for the maintenance of an express company?

If a railroad company can perform its duties as a transporter of freight and passengers more economically and more efficiently under its own management and by its own employees (and we do not believe anyone would contend to the contrary), your committee believes that it could perform the duties now performed by express companies more economically and more efficiently than such duties are carried out at present, and we believe that this wrong should be discontinued.

If it be contended that it is impracticable for the railroads to arrange traffic contracts and agreements among themselves for the proper handling of express, we reply that this can be done as easily as the railroads now contract and agree for the transportation of freight, baggage and passengers.

It has been alleged in the past that the railroads could not do an express business under their own management because it was impracticable for them to arrange for the pick up and delivery service. This cannot be true, because the railroads now at certain competitive points have a pick-up and delivery service for ordinary freight. And surely this will not be further contended, now that a committee headed by Commissioner Harlan of the Interstate Commerce Commission, after an exhaustive investigation, has found and recommended that the congestion of freight transportation which occurred last year in the east can be greatly relieved, if not entirely removed, by the railroads themselves arranging to make store door delivery of all freight reaching New York City. It would certainly seem that, if the railroads could arrange to deliver all ordinary freight in so large a city as New York, they could the more easily make a similar arrangement at all places for a much smaller portion of their tonnage.

The watchword of the country at this time is economy and efficiency. This should be put into effect to the fullest in dealing with this great question of transportation by express. The public has been punished long enough by being compelled to contribute to the unearned dividends of the express companies. The public is entitled to the lower rates that might be enjoyed if the railroad companies performed their duties directly in the transportation of express. The public should not be compelled to pay express charges necessary to yield dividends to two companies. The people should not be compelled to contribute in express charges to pay salaries and wages of unnecessary officials and employees.

(Signed) Royal C. Dunn, Chairman,
M. S. Groves.

(Daniel Boyle, chairman of the Montana commission, and Thomas Yapp, assistant secretary of the Minnesota commission, members of the committee on express and other contract carriers by rail, dissent from the above report.)

By Commissioner Boyle of Montana: There is much merit to the line of argument and reasoning presented in favor of the carriers handling the express business, the same as other branches of their service. However, I believe at this time it would be inopportune to attempt any radical change that would tend to embarrass the government in the successful prosecution of and winning the war.

After peace is declared and business again regains its normal course, there are many adjustments to be worked out by the various states, and no doubt the suggested question would at that time be well received.

In our state, for instance, located in the so-called fourth zone of the express rate structure that is a link in the chain of the intermountain territory, at this time we are faced with an express rate handicap of approximately 58 per cent higher than in zones three and five (North Dakota and Washington); 66 per cent higher than zone two and 75 per cent higher than zone one.

Notwithstanding that we are located in the group of states which is obliged to pay the "highest peak of rates," and that it may again be necessary to increase such abnormally high rates, as a war measure, this department is standing squarely behind the government for any necessity that may arise for an early conclusion of the war for humanity.

I can assure you that this commission will be glad to co-operate with the members of the national association, with a view of obtaining just rates and regulations for the handling of express business under normal conditions.

By Thomas Yapp of Minnesota: I have read your report carefully, which treats solely with the operating by railroad companies of express service separately and independently of the express companies, and regret that I cannot consistently sign the same, for the reason that I am not in favor of trying to tear down an organization which it has taken many years to build up, and which is a public necessity, without being sure that whatever is to take its place is going to be more economical and serve the public interests better, and, in my judgment, to make the change as suggested by you it would require the railroad companies to give the public the same service they are now receiving from the old-line companies, and, in order to do this, they would have to purchase all the necessary horses, equipment and appurtenances thereto, which would mean a duplication of all express work at the large terminals unless the collection and delivery of express was made from a central office to be supported by the combined railroad companies at such terminals, but every railroad company would have to have its own solicitors. Transfers of express shipments would have to be made at junction points into other cars, which would necessitate several handlings, thereby increasing the cost of this portion of the service; and, further, it would require an expensive system of joint accounts to be kept by each railroad company.

On the other hand, it would result in railroad employees taking care of express shipments in conjunction with their other duties, and might possibly result in better service and lower express rates; and, further, on account of being under the same employer, might result in considerable reduction in loss and damage claims, as no doubt employees would be likely to do more for their own company than a contract company, and no doubt shipments would be solicited by railroad employees which might prove a big factor. If express was handled only on one railroad, the result would be beneficial to the public on that line, and the service better than if handled by an old-line company.

These are a few of the pros and cons as they appear to me, and can be made use of by you if you so desire as the reasons why I cannot sign your report.

(The reports were ordered received and printed.)

RAILROAD RATES

The Traffic World Washington Bureau.
(Report of N. A. R. U. C. Committee.)

The report of D. N. Lewis, of Iowa, chairman of the committee on railroad rates was as follows:

"I realize that I owe an apology to the association for not going into this subject early and in a painstaking manner. I did send out notices to the members of the committee asking for suggestions, and received from Mr. Gothlin, of the Public Service Commission of Indiana, a

most excellently written paper relating largely to the subject of discrimination in rates. I sent copies of Mr. Gothlin's paper to other members of the committee, but the paper was not approved, except in part, by some members of the committee, so that I have no committee report to offer at this time. Had not conditions been as they are, it had been my thought to call a meeting of the committee and endeavor to reach an agreement on a report to be made to this convention.

"It seems to me it would be useless to go into an academic discussion of any system of railroad rate-making, for we are all aware that tremendous changes have taken place within the last few months, which, if permitted to become permanent, would revolutionize the entire theory not only of rate-making but rate regulation.

"State commissions generally have not wished to interfere with the operation of railroads by the federal Administration, even to the extent of asserting their rights in the regulation of purely intrastate rates and rules. This reticence to assert constitutional rights should disappear, now that the war is ended, and it may be there will be most momentous changes occurring in the civil administration of our laws, resulting from litigation that is certain to ensue.

"That certain benefits will accrue from the federal operation of railroads one may easily perceive; that there are imminent dangers that loom large and threatening I believe we all agree.

"Mr. Stutsman of North Dakota, in his report to the 1916 convention, covered quite generally the situation as to rates that existed in normal times, dealing quite largely with the twilight zone of authority as exercised by the state commissions and the Interstate Commerce Commission. The report of Judge Helm of Kansas to the 1917 convention gives a résumé of the powers of the state and of the federal government in the regulation of railroads, so that it would be manifestly unnecessary to go into these details.

"It is my opinion that there is nothing in the act of Congress giving the President, as a war measure, the power of control and regulation of carriers, that repeals any federal or state law requiring rates to be just and reasonable in and of themselves for the service performed. The Interstate Commerce Commission has so held in the Willamette Valley case, in its opinion, 51 I. C. C., 250, also published in *The Traffic World*, Oct. 26, 1918, page 786:

The law requires that the Commission in determining questions concerning rates initiated by the President shall take into consideration the fact that the defendant carriers are being operated as a unified and coordinated national system, and not in competition; that the rates were initiated under a certificate of the President, and that consideration shall be given to that certificate and to any recommendation the President may make with respect to such rates. In other words, Congress intended that the Commission is not to interfere by any action it may take or any order it may make, with the operation of the railroads of the country for purposes for which government control was assumed, or reduce rates initiated by the President without carefully weighing all the circumstances under which they were initiated and fully considering the reasons therefor and the purposes sought thereby.

The words "just and reasonable" as used in the control act obviously bear a similar or closely analogous meaning to that attaching to their use in the Act to regulate commerce; certainly they are not to be more narrowly construed. Rates made by the President must be relatively just in view of all the conditions enumerated in the control act and in view of other circumstances and conditions.

"You are all familiar with the much discussed consolidated classification. It is now proposed to place the entire country upon a mileage scale of class rates, and these scales are intended to cover intrastate as well as interstate traffic. Indeed, since I have come to this meeting, a very prominent railroad official has confidentially informed me that the proposed uniform class scale will, in fact, apply only, or at least principally, to intrastate traffic—as, for instance, the Chicago-Missouri River rates will not be disturbed, while it is proposed to displace the Iowa distance tariff. This is true of other intra-territorial rates. To my mind, the conditions are so chaotic and so critical that it would be a waste of time to burden the convention with discussions that might be very appropriate and desirable if the times were normal.

"Of course, we were all agreed that nothing should be done by any state tribunal, or anyone else, to in any way hamper or obstruct the Administration in carrying on the war to the highest point of efficiency and consummating

the victorious peace that is now assured. But that has been practically accomplished, and there are now questions of jurisdictional rights that must first be settled.

A state tribunal intrusted with the administration of laws regulating railroad rates should now assert its lawful prerogatives and strive to preserve the jurisdictional rights of the state to exercise its police power, not only in the matters of sidetracks, train service, etc., but, what is vastly more important, the maintenance of fair, just and reasonable interstate rates."

NEW RULES FOR COLLECTING FREIGHT BILLS AND HANDLING OVERCHARGES AND UNDERCHARGES

The Traffic World Washington Bureau

In General Order 55, Director-General McAdoo has laid down rules for the collection of freight bills and disposition of overcharges and undercharges and agency claims by shippers and officials of federally-controlled roads.

They are fifteen in number. The first two rules admonish railroad employees to collect promptly and to institute methods for greater expedition and accuracy in the presentation of freight bills. The third directs payment of overcharges on presentation of original freight receipt, the amount of the overcharge returned to be put on the bill. The fourth says formal claims for overcharge must be presented on forms approved by the Commission, supported by original receipts and supporting documents. If original receipt cannot be produced indemnity bond may be required.

Overcharge claims must be paid by either the originating or delivering line. If presented to an intermediate carrier it is to be forwarded to either originating or delivering line. The fifth rule requires the paying carrier to notify others concerned. The sixth says no apportionment of overcharges, including elevator and other charges, shall be made interline. Only claims for destroyed or confiscated freight shall be apportioned interline. The seventh says claims for overcharge that cannot be refunded by agents shall be prepared immediately upon discovery, and from the tenth to the thirteenth, inclusive, are contained directions for dealing with undercharges that cannot be collected and one says suits shall be filed for amounts in excess of five dollars unless counsel for the carrier says that would be useless. The fourteenth rule says that in case of destroyed or confiscated freight no part of transportation charges shall be collected. The fifteenth rule makes them apply to charges mentioned accruing since January 1. The duty of collecting shall rest upon the agent whose duty it was to collect the bill in the first instance.

URGED TO ATTEND TRAFFIC LEAGUE MEETING

The Traffic World Washington Bureau

Director Prouty of the Division of Public Service and Accounting has written a letter to each of the shipper members of the National Traffic League urging them to attend the meeting of the National Industrial Traffic League at Cincinnati on November 21 and 22.

Both Mr. Prouty and his assistant, Mr. Walker, expect to attend the meeting and the plan is to have a conference similar to the one held during the summer meeting of the League in Buffalo, which proved to be of such value.

BULKHEADING CONFERENCE

The Traffic World Washington Bureau

Representatives of the lumber industry will appear before the Standard Committee of the Railroad Administration, Division of Operations, on November 19, to show the men who have the preparation of plans and specifications for engines and freight cars that the carriers should assume the expense of bulkheading freight cars, so as to make them suitable for the shipment of lumber. At present the Railroad Administration is handling any kind of car it has on hand to lumbermen who ask for box cars in which to ship dressed lumber. The shipper is required,

if he desires to do business, to put the car that has been given him into shape for use. When a flat or gondola car is provided for a shipment that should go in a box car, 3,500 pounds of lumber are required to put it in condition. The dunnage allowance made in the tariffs is only 500 pounds. Therefore, the lumberman who has to convert a flat car into a box car is compelled to donate to the railroad company 3,000 pounds of lumber and stand the expense of converting the flat car into an inclosed bit of equipment.

The Southern Pine Association has designated A. J. T. Moore, its traffic manager, to attend the meeting on November 19, over which Frank McManamy, formerly inspector of locomotive boilers for the Interstate Commerce Commission, will preside. No explanation has been made by the Railroad Administration as to why it has referred this question, of an allowance to a shipper for expense incurred by him in enabling the carrier to meet its legal obligations, to a man who knows about operating an engine and getting it prepared. The idea seems to be that, inasmuch as Mr. McManamy's division has to do with the preparation of plans and specifications for cars, it should have something to say about the bulkheading that should be done and possibly how much of an allowance should be made to the shipper for doing that work.

Ultimately, however, the question will have to be decided by the Interstate Commerce Commission, because whatever the allowance agreed upon it must be incorporated in the tariffs, which, of course, are subject to the supervision of the Commission.

NO REDUCTION IN RATES TO COME FROM ENDING OF WAR

The Traffic World Washington Bureau.

It is the semi-official word, emanating from persons connected with the Railroad Administration, that there is no prospect, now that peace has come, for any reduction in the pay of railroad employees and therefore for any reduction in railroad rates, except that it is contemplated that the extra charge for the privilege of riding in a Pullman car may be removed. Likewise, there is said to be no thought of farther increasing rates. Director Prouty made that clear in his address to the National Association of Railway and Utilities Commissioners. Of course, in making that statement Railroad Administration officials do not regard the proposed mileage scales of class rates, nor even the proposed consolidated freight classification, as being measures looking toward increase in railroad revenue, though the best thought among persons who have analyzed these proposals is that they do mean important advances in charges. It is stated that, even considering recent advances, railroad wages are not as high as wages for similar service in other industries.

WANT RAIL AND EQUIPMENT ORDERS

The American Iron and Steel Institute committee, headed by E. H. Gary, in its talk with the War Industries Board, November 13, suggested that the steel mills would have their reconstruction difficulties greatly lessened if the Railroad Administration would now go ahead with plans for acquiring rails and equipment, so the forces that have been employed in making war materials would not have to be furloughed or have their wages reduced.

The steel men told Baruch that McAdoo objects to paying \$57 per ton for rails and railroad companies decline to finance construction of box cars at \$3,000 per unit, and he cannot force them to accept cars at that price. Negotiations will probably take place between various governmental bodies with a view to having railroad requirements for steel met, in large part, even at inflated prices, so as to ease over the transition from war to peace, although in so doing it may be necessary for the government to supply money to the Railroad Administration to enable it to pay "just compensation" agreed upon under federal control law, to the railroads accepting contracts with the government.

Baruch's statements to the steel men that the railroad companies cannot be forced to accept cars ordered for them is the first notice that the railroad corporations claim the right to say whether they will or will not accept equipment ordered by McAdoo at war prices.

CLASSIFICATION HEARING

The session Friday, November 8, which concluded the Chicago hearings on the proposed consolidated classification, ran all the way from such light articles as feather beds and excelsior pads to such heavy ones as drain tile and earthenware. It was a day when more items were agreed to between the classification men and the shippers than on perhaps any previous day of the entire series of hearings.

C. C. Crouse of the Iowa Manufacturers' Association, the first witness of the day, said that the present Western Classification carried no loading specifications, and that those proposed would add materially to the packing expense without being as good protection as the method his clients, the Plymouth Clay Products Company, are now using.

He had no objection to the 4,000-pound increase in the carload minimum, but he did object to the increase in the rating from class E to class D.

Mr. Crouse had several suggestions to make as to changes, including one to increase the maximum size of the tile under specification 5, on page 378, from 14 to 18 inches, one to permit lath instead of wire fastenings for the gates and one which would permit the use of any kind of wood used in securing the load, except white pine.

Mr. Crouse said they had been using their present method of packing for years and had never heard of any of their bracing being broken, their packing cost ranging from 3 to 5 dollars a car, while the cost under the proposed specifications, which were not so good, would range from 8 to 10 dollars.

He stated that they had shipped 253 cars of the large tile during the first nine months of this year and their breakage had only averaged 2.10 per car.

He said their shipments would average about 15,000 cars per year and that on 8,973 cars, including all their commodities, their average breakage was 22 cents per car, the average earning 26.70 and the average haul 155 miles.

Mr. Collyer said that these proposed loading specifications had been prepared after extended consultation with shippers in all parts of the country and that consideration had been given in the ratings to the fact that cars that were not in first-class condition could be used and that if there was to be increased risk due to change in the specifications the question of ratings would again have to be considered.

R. O. Youngerman, traffic manager, the Mason City Brick and Tile Company, Mason City, Ia., said his company was the largest manufacturer of brick and tile in the country and the method of packing employed by his company during the period from January 1 to October 1 of this year had only resulted in an average breakage of \$1.78 per car.

He submitted photographs showing their method of packing, in which old hay or straw is used to separate the layers of tile, and he asked that in view of their low percentage of breakage consideration be given their method of packing. Mr. Youngerman suggested several changes in the bracing specifications as well as the straw packing provision, and Mr. Collyer wanted to know if he had any suggestion to make as to the minimum thickness of straw that might be specified if his method of packing was permitted. To this Mr. Youngerman said he would have the rule specify that enough straw be used to separate each piece of tile from each other one, and Mr. Collyer did not think that would be definite enough to protect the carriers from the dishonest shipper who would load the "checks" and expect the carrier to pay for them or from the careless shipper or from the one who would not have the cheap hay or straw as readily available as would the shipper in Iowa, and in this connection he referred to the exceedingly light excelsior pads that had been used by some egg shippers to protect their shipments from breakage.

L. P. Forbes, of the Cornell Wood Products Company, and representing the National Wall Board Traffic League, objected to the proposed increase in the L. C. L. rating in the south on wall board, the raise being from fifth to third class. He said this product was all made in the north and shipped in carloads to distributing points in the south, moving from these places in L. C. L. quan-

titles, and that the increase would materially restrict the movement. He saw no reason for having a different rating on the decorated from that on the plain board, as there was but little difference in the value and the movement small, the two ratings being simply a source of annoyance to both shipper and carrier, without being a source of increase in revenue to the latter.

Mr. Steadwell justified the proposed advances by referring to the ratings on pulp board, scraps of wall board and wall plaster, and Mr. Colquitt asked Mr. Steadwell why it was proposed to make a difference between the carload rating on the plain and the decorated board while he proposed the same L. C. L. ratings, thus reversing the usual principle of differentiating in the L. C. L. ratings. To this Mr. Steadwell replied that he thought that perhaps the L. C. L. rating on the decorated board as proposed was too low.

F. A. Laveille objected to what he termed the very radical increase proposed on feather beds in the south and he said these beds were in active competition with cotton felt mattresses, which were more valuable, less dense and which it was not proposed to change.

He said they carried a weight density of between 7 and 8 pounds per cubic foot and Mr. Steadwell said if a weight density of around 8 pounds could be assured they would be disposed to grant the 1½ times first class rating asked for. To this Mr. Laveille said he saw no reason for their agreeing to that density, while the cotton mattresses were carrying one so much less.

Fred Wilmink, representing the Trailmobile Company of Cincinnati, said that if their trailers could be shipped under item 11, on page 397, he had no protest, but that he did not know just what the differentiation was between the light and the heavy vehicles.

Mr. Collyer said the whole matter was a question of weight and that as the whole trailer proposition was relatively new, what they were after were facts which would enable them to properly classify and to provide proper minimum weights. Mr. Wilmink filed a statement showing the weight of their various types of trailers, photographs of these vehicles as packed for shipment and a catalog showing the various types made. From these it was developed that they could load from 14 to 16 thousand pounds into a standard car or from 4 to 6 thousand pounds in excess of the minimum, provided for in item 6, and Mr. Collyer seemed to think an adjustment that would be satisfactory could be worked out.

M. Marder, representing Edward Katzinger & Co. of New York, protested the proposed advance on baking pans, fully nested, in the west. He would have no objection to a 30,000-pound minimum and Mr. Fyfe said he would be willing to grant a class A rating with a 30,000-pound minimum, this rating to apply on item 13 on page 348 and on item 12, page 347, of the proposed book.

Mr. Hayes, of Sears, Roebuck & Co., wanted a lower rating with a higher minimum on the heavier children's vehicles and he thought that the horse-drawn vehicle mixture in the south which carries a second class rating with a 20,000 minimum should be given a more logical lineup, and Mr. Steadwell agreed that that would be taken care of.

C. H. Bell, traffic manager of the General Fire Extinguisher Company of Providence, R. I., objected to the elimination of the carload rating on automatic fire extinguisher sprinklers. It was apparently developed that the only carload movement was from Providence to Warren, O., and the classification men thought he could be taken care of by a commodity rate better than by a classification entry.

J. W. Bingham, of the Corn Products Refining Company and representing also Douglas & Co., and the American Maize Products Company, said he wanted to concur in the proposed write-up on corn oil. He stated that they were under a serious disadvantage as compared with competitive cooking oils paying 132 per cent of the cottonseed oil rates and 165 per cent of the rate on lard substitutes.

He desired to protest, however, the discrimination still carried in the south.

John D. Reynolds, an attorney of Chicago, protested against the proposed increased ratings, carload, on excelsior pads—item 17, page 294, and Mr. Fyfe said he thought the record might be shortened, for they would

be willing to grant the desired rating on machine pressed excelsior pads in bales with a 20,000-pound minimum, subject to rule 34.

E. A. Mavis of Grand Rapids, Mich said his company had installed a press which would enable them to easily load that minimum 36-foot cars showing a loading of 20,451 pounds, and 40-foot cars showing a loading of 23,066 pounds.

Mr. Mavis objected to the increase in Official territory on excelsior bottle wrappers and the classification men agreed to a 20,000 minimum at fourth class, the understanding being that the item bottle wrappers would be split so as to take care of this heavier minimum and lower rating on the machine pressed bales of excelsior wrappers and continuing the 15,000 minimum and higher ratings on the wrappers made of straw.

Mr. Scott, of the American Petroleum League, objected to the specifications for barrels in section 5 of rule 40. He wanted permission to use 18-gauge steel on barrels of 58-gallon capacity for use in shipping lubricating oils and greases.

H. A. Searle, of the Monarch Manufacturing Company, of Council Bluffs, Ia., and Toledo, O., said their barrels for use in shipping lubricating oils were of 58 gallons and 38 gallons capacity; that they were made of 18-gauge steel and that, as they were safe containers, he wanted to be permitted to continue to use that gauge on both sizes. He suggested a weight basis for use in determining the gauge instead of the maker's certificate, as proposed, the method of attaching the latter to the barrel or embossing it thereon being an added expense which was not warranted by the result to be attained.

Mr. Searle wanted permission to include old kegs of 20-gauge steel in the mixed carloads of old barrels, etc., returned—item 15, page 78, making the rule read from 17 to 20 gauge instead of from 17 to 19.

It was suggested that a limit of not in excess of 20 per cent of the mixture to be made up of kegs would be satisfactory, and Mr. Fyfe said he would think it over.

Mr. Scott, who again took the stand, said he would agree to most of the changes in the barrel specifications and ratings, but he did object to the increase on new barrels in Official territory from fifth to fourth class and the change in the minimum from 18 to 16 thousand pounds on the 16-gauge or thicker barrels.

He also objected to the increase in Official territory on the 17-19 gauge new barrels as well as the same gauge old barrels, and as to the latter he thought one class lower rating with 1,000 pounds decrease in the minimum, as proposed, might well be applied.

He desired the minimum on the mixed carloads of old barrels reduced from 18 to 16 thousand pounds, as he said they could not possibly load the former. He submitted two pails such as they have been using for axle grease, and he wanted them recognized as proper containers, but he would have the use of metal of lighter than 30-gauge penalized.

B. Robeson objected to what he said was an increase in the rating on asphalt expansion paving joints, which he said were nothing more nor less than block asphalt, but the classification men seemed to think any movement of these joints under the asphalt rating had come through misdescription of the shipments and as no change is proposed on the joints he was barred from presenting any testimony on them. Mr. Robeson objected to the proposed rating on wooden bicycle rims, and the classification men agreed to give him a second class carload rating on them.

B. L. Benfer, representing the Gallon Iron Works, Gallon, O., objected to the increase in the rating from fifth to fourth class and the decrease in the minimum from 24,000 to 20,000 pounds on set-up plate or sheet culverts. Mr. Benfer would be willing to take a 24,000-pound minimum at fifth class on the nested culverts, but Mr. Fyfe objected to the proposition, saying the people in the west found serious objection upon the part of receivers to the nesting of the closely related sizes and could not load the others to the minimum proposed. Mr. Benfer also objected to the increase in the carload rating on foundry facings in the south, no objection being made, however, to the increase in the minimum.

Thomas D. Perry, of the Grand Rapids Veneer Company, Grand Rapids, Mich., said the change in the description of dry kiln outfits, item 1, page 145, would only

permit of their putting 85 per cent of the necessary material into the mixture, the remainder, consisting of nails, bolts, roofing paper, heaters, thermometers, etc., having to be separately rated.

He was not particularly protesting the increased ratings produced thereby, but the change would mean extra trouble for them and the carriers without a compensating return to the latter. He was willing to eliminate the instruments and he was told to submit drawings of certain parts to the classification men, who would then endeavor to come to an agreement with him.

J. W. Dashiell, of the Dahlstrom Metallic Door Company, objected to the rating on galvanized or plain iron moldings, saying they were in no way different from some of the iron bars rated 4-5-4, the molding being rated rule 26-4-3.

W. S. Groom, of the Whitaker Paper Company, Cincinnati, and representing a number of other makers in and around Cincinnati, said he desired to talk on practically the whole paper proposition.

He first suggested the addition of the word sensitized to the description of blue print paper, and this was agreed to. He objected to the rating on building or roofing paper in the south, and he filed a number of exhibits tending to show the relationship between the different ratings in the three territories, these indicating to his mind the belief that fifth class rate in the south to be on a par with fourth class elsewhere and therefore proper for this commodity.

Mr. Steadwell said the latter relationship was accidental and that he would concede that their present paper ratings were not harmonious and that they were not all entirely right in the new book, which would call for still further treatment of them.

Mr. Groom wanted to know of Mr. Steadwell why it was that it was proposed to increase the rating on this roofing paper, and the latter said that unfortunately he did not have his record available and would want to reserve the privilege of answering that question later.

Mr. Collier asked Mr. Groom if in his study of class relationships he had been impressed with the thought that there was a necessity for an intermediate class between 3 and 4, serving to decrease the spread between the two or to increase the facility by which differences in the classifications might be reflected in the ratings, and Mr. Groom said that he felt that there was and that the spread between the various classes should be made narrower, as the heavier and cheaper commodities were reached.

Mr. Steadwell said the proposed rating on roofing paper was made in harmony with the proposed and actual ratings on other roofing materials and the other comparable paper items. Mr. Groom objected to the proposed increase, both carload and L. C. L., on cover, document manila and printing paper, other than newsprint, or writing, other than folded, stating that it was unreasonable and not in harmony with the rating on enameled, glazed or surface coated paper, the former being the same paper as the latter with an added finish.

J. E. Bryan, representing the Wisconsin Traffic Association, also protested the advances on this particular item, which he said would mean an increase of 70 per cent since Dec. 31, 1915.

Mr. Groom, upon again taking the stand, wanted information as to the difference between forms not ruled and not printed and plain paper, and he wanted to know why the one should be rated first class and the other either third or fifth. Odd shapes, punched and gummed papers were named as being meant and Mr. Collier said that he had ruled for his inspectors that the small, plain rectangular sheets were not forms. He objected also to the proposed increase on paper or pulp board N. O. I. B. N. in the south, item 25, page 298, and Mr. Steadwell agreed for the present to change their ratings to fourth class, L. C. L., and sixth class, carload.

Upon a similar protest as to rating on pulp board not corrugated nor indented Mr. Steadwell agreed to a fifth class L. C. L. rating.

Mr. Groom objected to the increase of two classes on waxed or oiled wrapping paper unprinted. He felt that there might properly be a difference of one class between the printed and the unprinted papers, and it was agreed that these would be rated in the south at fourth class L. C. L. and sixth class in carloads. He also objected to the fifth class carload rating on shirt boards not printed, the 30,000-pound minimum, however, being satisfactory.

Mr. Groom was in favor of rule 10 being continued in Official territory, as it now is, and he said it appeared they were being asked to give up something for the sake of uniformity, while the west and the south did not want the rule.

He said the jobbers in Official territory must either have practically the present rule 10 or specific mixtures must be provided for to take care of them, the latter procedure making a book "It would take a derrick to move."

Mr. Dakin, of Pitkin & Brooks, objected to the proposed increases on earthenware or stoneware, running, as he said, all the way from 16 to 85 per cent.

He said if the reductions in chinaware were made to compensate or equalize the increases on earthenware, that the 27 companies he represented would be better off to let them both stand as they are.

He thought ratings on the line might well be based on value and Mr. Collyer called his attention to the fact that since the passage of the second Cummins amendment value as a factor in rate-making had gone glimmering, and Mr. Dakin said that, while that was true, it was unfortunate.

There being no more witnesses who desired to be heard, the hearing was adjourned to November 12 at Washington. The session had continued until 8:15 p. m. without adjournment for the evening meal.

Hearing in Washington

The resumed classification hearing, begun at Washington, November 12, was considerably simplified on the first day by an agreement that those who were willing to go on record as favoring the extension of the proposed rule 10 to all territories should get together during the morning session of November 12 and prepare a draft, while those opposed should do likewise and that then the latter should come back at a later time and put in testimony to show why they objected.

When that had been done the regular order was followed, ratings on molasses, syrups and so forth being the first subject brought forward.

In behalf of the American Sugar Refining Company, P. M. Ripley, traffic manager for that company, said the refinery is as much interested in finding a suitable container for sugar to be shipped under the rating "sugar in single bags" as the carriers. The search is made necessary by the shortage in burlap. His anxiety, he said, is to find a bag that will be acceptable to the carriers. He read a letter from the traffic manager of the Revere Refinery to correct testimony given by him at the Boston hearing on August 1. Mr. Ripley submitted samples of cotton bags which he thinks would be suitable substitutes for the burlap bags that are generally used in normal times. John S. Burchmore asked if it would not be a good thing to develop the use of cotton rather than imported burlap.

Mr. Ripley protested against a minimum of 40,000 pounds on sugar in Official and Western, because he thinks it will be extended to the South, where, he said, the buyers cannot or will not buy in such quantities. Under the food regulations a refiner is not permitted to ship under the transportation minimum of 33,000 in the South. He must load double, or 66,000 pounds. Under the proposed minimum of 40,000 the refiner would have to load 80,000.

"What do the carriers think about postponing the effective date of this provision to a day subsequent to the abolition of the food regulations?" asked Examiner Disque. The carriers made no answer.

Mr. Ripley objected also to Rule 26 rating on cane molasses while competing corn syrup moves at fourth class. Answering Mr. Collyer, he said all he was asking was that competitive firms of table syrups and refiners' molasses shall be on the same rating.

In behalf of Official Classification lines Mr. Collyer said the rating on syrup N. O. I. B. N., Rule 26, is intended to recognize the fact that invert syrup, maple syrup and syrups of cane and sugar are higher value than blackstrap and other lower grades of liquid sweetness. Rule 26, he said, is a low rating considering the value of the most valuable articles in the list, it is low.

John S. Burchmore brought out the fact that Rule 26 is a new rating on molasses or syrup of any kind and that therefore to quote that rating in support of the new group. He also suggested that maple syrup in barrels is only a drop in the bucket in comparison with the whole flood

of syrup and molasses. He made the point that heretofore all these kinds of liquid sweetness have moved on fourth class, which is the rating on sugar.

Edgar Watkins, representing the American Cotton Manufacturers' Association, put on the stand Carl Cunningham, assistant traffic manager for the Cotton Manufacturers' Association of South Carolina. He submitted exhibits to show what will happen to the cotton manufacturers if the consolidated classification becomes operative. Naturally, the comparisons are between the ratings made by state classifications, which are published as exceptions to Southern Classification. Mr. Steadwell, who was in charge of the southern end of the hearing, asked if the state rates were in question.

"They are not," said Mr. Disque, "but your duty is to show that the proposed rates and ratings would not be unreasonable. These exhibits show what change the new classification will have upon the manufacturers. One exhibit shows increases in rates running from 19.2 per cent, fifth class, on 300 miles to 138 per cent. There are increases on fourth class for distances of fifty miles and upward, running as high as 500 per cent.

M. D. Warren, traffic manager for the Trenton Chamber of Commerce, had general charge of the interests of the manufacturers of sanitary ware and filled the dual position of attorney asking questions, and, in a number of instances, testifying to the facts as well. His general ground was that the proposed ratings in southern territory will make it almost, if not altogether, impossible for the manufacturers of that kind of ware to ship their products to the south.

George E. Hoffman, also speaking for the manufacturers of sanitary earthenware, situated mostly in New Jersey, objected to all the increases proposed on that class of plumbers' goods in the south. He said the traffic is as heavily loaded at present as it can bear. In answer to Mr. Colquitt the witness said the present ratings are fair and should be continued.

In defending the proposed ratings Mr. Steadwell went over each item to show that all the committee is proposing is to rate the articles as analogous goods are treated. His contention was that the existing ratings are ridiculously low considering the value of such things as porcelain tubs, lavatories and other fragile articles which compete with enameled iron and steel articles among a class of people who are willing to pay more for porcelain tubs than necessary to obtain an enameled tub. Every item, other than bathtubs and tub feet, has been changed because, as Mr. Steadwell said, all were made in relation to earthenware instead of in relation to iron and steel plumbing goods.

Edward Hammann testified that his experience as to fragility of porcelain goods is exactly the reverse of what Mr. Steadwell had said. Reports from warehouses in Portland, Ore., and Jacksonville, Fla., show practically no breakage. Damage from rough handling has been greater during the past year than theretofore. The claims for damage are exceedingly small.

At the afternoon session of November 12 W. C. Mitchell, traffic manager for the Central Leather Company, United States Leather Company, Elk Tanning Company and Union Tanning Company, objected to the advance, in the south, from the fertilizer basis to sixth class, of fleshings, a by-product of tanning, used, as the railroads say, chiefly, as glue stock. Other things used as glue stock, hoofs, horns, etc., are rated sixth. Mr. Steadwell said that if competitive conditions warrant a commodity rate, then the arguments for such a rate should be addressed to the Southern Traffic Committee.

"I've already been turned down on a request of that kind," remarked Mr. Mitchell, the rejection being on movements from Chattanooga to Cincinnati.

Mr. Steadwell, notwithstanding, thinks Mr. Mitchell should continue trying.

"What do you think his chances of getting a commodity rate would be in view of the fact that the Director-General is thinking of abolishing all commodity rates and allowing the classification to apply?" asked Mr. Colquitt.

"Why shouldn't the Commission hold up this item until satisfactory commodity rates are established?" suggested Mr. Disque. Mr. Steadwell did not like the suggestion. He renewed his proposal that Mr. Mitchell renew his negotiations with the individual lines and with the traffic

committees so as to obtain commodity rates from all the points where fleshings are produced; his feeling was that when the traffic men are advised that fleshings will not move at sixth class, commodity rates that will move them will be published. He was strong for a proper classification rating as an item in the glue stock group.

Jesse F. Atwater, manager of transportation for the American Hardware Corporation, and representing other manufacturers, continuing testimony given at New York on August 10, objected to rule 26 on builders' hardware. Mr. Atwater investigated the subject between the August meeting and this one and found that, generally speaking, manufacturers are not opposed to rule 25 for L. C. L., but object to rule 26 on carloads. They want fourth on that, regardless of whether the hardware is of steel or brass and bronze. The classification men had him admit that brass or bronze builders' hardware does not move in carloads. The carload rating is desired so as to allow brass or bronze builders' hardware to be included in mixed carloads of builders' hardware. The new proposal, as Mr. Collyer said, is to give second on L. C. L. copper, brass or bronze hardware and third on mixed loads of the steel and brass hardware. There is no proposal to change the ratings on iron or steel hardware. More than 85 per cent of the hardware tonnage moves on fourth class, which applies on iron and steel hardware.

J. E. Romm of Norfolk, speaking for slack cooperage interests, took the stand to suggest that he and Mr. Steadwell close their argument about the veneer slack barrel, one of the containers made by his clients, by submitting the letters they have sent each other, and having them put into the record. They did so.

The market basket of commerce, the one that is bought for five or ten cents, Mr. Romm said, is rated too high when it is shown that the rating adds two cents to the cost of each basket given a 100-mile ride. The classification men said they had nothing particular to say other than that a carload is only from 3,000 to 3,500 pounds. The rating is three times first, while the rating on paper till boxes, just about as light, is only double first. The paper till boxes are inclosed in crates, while the chip market baskets are loaded into the car loose.

W. C. Lindsay, for the National Confectionery Association, objected to the separation, in rating, of popcorn confectionery and candy. Mr. Collyer announced, as an incident to the discussion started by Mr. Lindsay's objection, that the Official committee proposes to apply rule 25 on popcorn confectionery in cartons, because, according to a newspaper advertisement, it can be used as breakfast food.

Ewing Cain, traffic manager for Hershey Company, also objected to the divorce of popcorn confectionery and candy. He said there is lots of candy just as cheap as popcorn confectionery and there is lots of candy that is nothing but covered peanuts.

"This talk about popcorn confectionery as breakfast food is bosh," said the witness. "No sane man would think of using 'crackerjack' as breakfast food."

"I don't know about that," said Mr. Collyer. "We're eating lots of things in an unusual way nowadays. I ate salt on my grapefruit this morning."

"Oh, yes," retorted Mr. Cain. "I ate olive oil on my cakes three times this morning, before I got the syrup I had asked for, but I don't believe that will prove anything."

C. M. Taylor, representing the J. C. Blair Company of Huntington, Pa., asked for a restoration of the old description, in the south, on school blanks or tablets, printed. He asked that because, in shipping school supplies, about three per cent of printed forms must be included in a balanced shipment. Under the proposed book the whole mass of supplies must pay first class because of the printing on three per cent of the supply. The printing is merely the words, "Name," "Date" and "Remarks."

At the morning session of November 13 J. L. Roberts, traffic manager for the Barrett Manufacturing Co., said it was ridiculous to rate asphalt, tar, pitch and roofing cement at fourth in southern territory, which is the rating to brandy and gin in barrels and a class higher than refined sugar, building brick, coffee in bulk, and two grades higher than cleaned rice and cotton lint.

Mr. Steadwell, in his defense, claimed the rating places tar, pitch and roofing cement in proper relation to kindred articles, such as building blocks of asphalt and things of

that kind that move in comparatively small quantities for use on jobs requiring less than a carload of material.

Objection was made by Mr. Roberts to the third section of Rule 35, relating to weights of liquids in tank cars for which the tariffs do not give estimated weight and the actual weight cannot be obtained. Mr. Roberts suggested that the rule shall be made workable that the weight be ascertained by gravity tests. Mr. Collyer said the Official Committee months ago asked the Commission for help, which had not been given. He said there are objections to the gravity test method, but which he did not think should be stated then in view of the fact that the roomful of traffic men were waiting for the discussion of Rule 10 that had been set for 10 o'clock. That order was set aside so as to give Mr. Roberts an opportunity to be heard and get away. But Rule 10 was not brought forward when Mr. Roberts had finished. Instead, the fertilizer material men insisted upon completing that phase of the Atlanta meeting.

John S. Burchmore said the fertilizer material people insisted that the rating on bulk cottonseed meal should be continued, because by using grain doors it moves just as safely as any other bulk freight. Mr. Fyfe said he had asked for data from the southwestern lines, which, he said, showed they never ship in that way.

"I don't care what the investigation shows," retorted Burchmore. "The point I make is there is no justification in this record for the elimination of the bulk carload rating."

Mr. Steadwell took the stand to defend the changes in the list of fertilizer materials, the chief one of which is the elimination of the rating of 120 per cent of fertilizer material rates as the rates on less-than-carload shipments. Fifth class has been substituted for the 120 per cent basis.

J. K. Corbett, of Grace & Co. and Nitrate Agencies, Inc., conducted the cross-examination of Mr. Steadwell. To lay a foundation, he read from government reports to show that nitrate of soda is a fertilizer or a fertilizer material and therefore entitled to a rating as a fertilizer.

Mr. Steadwell said he recognized the standing of the men who wrote treatises showing that it is a fertilizer and also a fertilizer material. Therefore he said it should have the 120 per cent of fertilizer rate when it moves in less-than-carload quantities.

Mr. Corbett objected to the increase in the carload minimum, because, during the years immediately before the war, Grace & Co. spent much money in developing business with individual farmers and with farmers' clubs. They will not or cannot buy nitrate of soda in 60,000 pound lots. Fertilizer and ammunition manufacturers can and do in such quantities. The effect, therefore, of such a big unit is to put the farmer out of the direct buying scheme which Grace & Co. promoted.

The first part of the afternoon session of November 13 was given over to Rule 10. Twenty-seven statements favoring a continuance of a mixing rule were filed during the morning session. They were filed with the understanding that those opposed to the extension of the rule or its continuance in Official territory might cross-examine those who made them. C. E. Childe, opposing the extension of the rule, called on those who made statements for the United Drug Company and Landers, Frary & Co. for an explanation.

Frederick G. Russell, traffic manager for Landers, Frary & Clark of New Britain, in explanation of his statement, said that the discontinuance of the rule would put ninety per cent of that firm's carload business upon an L. C. L. basis.

The fact that that firm makes an allowance of sixty cents per 100 pounds on each bill of goods excited the curiosity of Mr. Childe. He wanted to know why sixty cents per 100 pounds.

"I don't know," said the witness. "That is a matter for the sales force to explain."

"Isn't it a fact that from time immemorial New England manufacturers have been making a freight allowance as absorption?" asked Mr. Burchmore.

"I don't know how long that's been the fact. It was the fact when I entered the freight department of Landers, Frary & Clark forty-six years ago." The answer provoked laughter because of the caution of Mr. Russell in qualifying his answer to Mr. Burchmore's question. Mr. Childe asked Mr. Russell all about the competition his firm meets in the manufacture of bread mixers, food choppers, coffee

pots, churns, scales and things like that. He did not know much about them. That being so, Mr. Burchmore wanted to know why he thought Landers, Frary & Clark would be able to extend their business.

Answering one of Mr. Childe's questions, Mr. Russell said the competitors of Landers, Frary & Clark might be at a disadvantage with that firm if the rule were extended to Western territory, because they do not manufacture as full a line of goods as Landers, Frary & Clark.

"But they always have the right to extend their lines of manufacture," said the witness, "and get the benefit of this rule, so they would not have to confine their shipments to L. C. L., because their customers could not handle a carload of scales, or bread mixers, or sausage stuffers," said the witness.

Answering questions by W. H. Chandler, Mr. Russell said he could not see how the allowance of freight made by his firm could affect the reasonableness of Rule 10.

G. F. Burns, traffic manager for the United Drug Company, was subjected to cross-examination by Mr. Childe on the point of competition and exclusive agency terms with the 8,000 stores affiliated with the drug company. He said the mixed carload business is largely soda water fountain supplies, which go to distributing warehouses.

The witness said that cancellation of the rule in Official Classification territory would force much of the company's business to the L. C. L. basis, which, he said, is unsatisfactory because the movement is slower, the condition of the goods is not satisfactory and the cost is greater. Elimination of the rule would make expansion of the business of the company almost impossible. Change to the L. C. L. basis, he said, would increase the freight bill one-third.

Cottonseed meal as a fertilizer material was brought back after Mr. Childe had finished his cross-examination of Messrs. Russell and Burns. Hugo Ignatius of Procter & Gamble's transportation department went back to 1889 to show that in the southeast cottonseed meal was put down as a fertilizer material and so continued until this consolidation was proposed. This testimony was intended to controvert carrier declarations made at Atlanta.

W. E. Wells, for the United States Potters' Association, protested against the advanced ratings on earthenware and other types of tableware in Official and Western territories. He said it was bad business for the railroads to be increasing the imports on the ordinary tableware while decreasing those on the lighter and more fragile chinaware, much of which before the war came from Germany and Austria. He said that the changes, if made effective, will materially increase carrier revenue. If the consolidated book was intended to bring in more money then the changes are warranted. Any increase, he said, favors the foreign manufacturers. For a long time, he said, the rate on earthenware from Liverpool, England, to Chicago was 24 cents, exactly the same rate on the similar ware from East Liverpool, O., to the same destination. The domestic manufacturers, he said, have been singled out for a burden unlike any other industry.

Summing up, in answer to Mr. Fyfe, Mr. Wells said the desire is to have a differentiation of American earthenware for table use and the china tableware, the most of which is an imported ware. Technically, chinaware is not produced in any quantity in the United States. The confusion of terms, the witness said, arose because the word earthenware means to the ordinary man, a brown jug or something of that kind.

In answer to Mr. Fyfe, Mr. Wells said the desire of the potters was to prevent any change in rates. Don't use the consolidated classification as a cloak to advance rates and sting the potters, was Mr. Wells advice to the classification men. "Don't let our competitor, the importer, away down on his rating and put us up, simply to guard yourself against frauds that could be committed by the importer," said Mr. Wells.

In behalf of the manufacturers of vitrified ware known as hotel china, E. L. Torbert, general manager of the Onondaga Pottery Company at Syracuse, N. Y., submitted a historical review of the development of the American hotel ware industry. He asked for a rating for "hotel chinaware."

Just before the end of the morning session, J. E. Crosland put in the carriers' justification for the change in regard to cottonseed meal. Mr. Burchmore objected to the part of Mr. Crosland's justification consisting of a letter on the subject written by W. B. Wright, chairman of

the Southern Traffic Committee, saying that the velvet bean meal man cannot ship in the South because of the low rate rating on cottonseed meal. The objection was withdrawn when Examiner Disque produced correspondence with the shipper members of the Southern Traffic Committee on the same subject. Mr. Burchmore thought the letters to the shippers' representatives showed more phases of the subject than Mr. Wright's letter. The cross-examination was intended to bring out if possible the fact that the attempt to bring cottonseed meal up to the rate basis of velvet bean meal was based upon the theory that the velvet bean meal men think that that is the only way to deal with the subject. Mr. Burchmore's questions seemed to indicate that he thought Mr. Crosland had not acted fairly in bringing forward the views of the railroad members of the Southern Traffic Committee without also presenting those of the shipper members of the committee.

Agreement in full as to the treatment of chinaware and earthenware, for classification purposes, was not in evidence among the railroad men at the morning session of November 14. Mr. Collyer of the official committee, in a general way, favored division of the ratings based on value. Mr. Fyfe said there is no trouble now to differentiate between the different kinds of ware. Mr. Steadwell's general idea was that the translucence test is reliable for those who have to fix rates on the different kinds of table dishes.

A protest was made against the introduction of the special rating for "cotton book cover cloth" by Henry P. Kendall, managing co-partner of the Holliston Mills of Norwood, Mass., and William Lloyd Kitchel, counsel for the Interlaken Mills, Providence; Joseph Bancroft & Sons Co., Wilmington, Del.; and Louis Siegbert & Bro., New York.

Bookbinders' cloth has always moved under the cotton piece goods rating, which is fourth class. The proposed ratings are second in the South and R 25 in Official. Cotton piece goods in the West are first class. Some of the book cloth is made in imitation leather. The same kind of cloth is also used for shading windows, and is known as window holland. Mr. Kendall contended that the varying use of the book cloth is no reason for discriminations in ratings. The window holland is specifically rated lower than the proposed rating in the new books. Mr. Kendall said the rating proposed makes a special group out of cotton piece goods intended for a particular use. He said the proposed segregation makes rates depend upon the use to which they are to be put. The proposed rating is the same as that put upon artificial leather, also used for book binding.

Defense of the rating was undertaken by D. T. Lawrence of the official committee, who has made a special study of imitation leathers and other book coverings. There has long been a rating on artificial and imitation leather. The rating on imitation and artificial leather is the same as on real leather. An advance from R 25 to second class, any quantity, is proposed for imitation leather used in covering books. The foundation of imitation leather is cotton piece goods. Artificial leather is a nitro cellulose product made by manufacturers, some of whom are closely allied or affiliated with explosive manufacturers. Artificial leather and book cover cloth are in competition for the favor of book binderies. Mr. Lawrence put into the records samples of imitation leather, artificial leather, book cloths and trademark leathers, which may be either imitation or artificial leather. He also put into the record samples of paper used for covering books, that compete, on account of their strength, with both cloth and imitation or artificial leather. Mr. Lawrence said his investigation showed book coverings and cotton piece goods are never handled by the same jobbers. Therefore, he concluded, cotton piece goods shippers will never experience any hardship on account of the proposed item.

PACIFIC CAR DEMURRAGE REPORT

The report of the Pacific Car Demurrage Bureau for the month of August, 1918, shows a total of 7,687 cars, or 4.07 per cent, held overtime, during that month this year, as compared with 5,701, or 2.73 per cent, held overtime, during the same month last year.

More than half of the entire number, or 3,875 cars, were held up by shippers on the lines of the Southern Pacific Railroad in California.

CHARGES ON DRESSED BEEF

CASE NO. 9729 (51 I. C. C., 244-247)
ARMOUR & COMPANY VS. BOSTON & ALBANY RAIL-
ROAD COMPANY ET AL.

Submitted Dec. 8, 1917. Opinion No. 5433.

Charges collected on dressed beef, in carloads, from certain points in Illinois, Kansas, Texas, Missouri, Nebraska, Iowa, and Canada to Boston, Mass., there stored, and subsequently exported to France, not shown to have been illegal or unreasonable but found to have been unduly prejudicial. Reparation denied and complaint dismissed.

BY DIVISION 3:

The charges assessed on numerous carloads of dressed beef shipped between February 1 and June 1, 1915, from certain points in Illinois, Kansas, Texas, Missouri, Nebraska, Iowa, and Canada to Boston, Mass., there stored, and subsequently exported from East Boston on a vessel that sailed June 20, 1915, are assailed by this complaint, seasonably filed, as illegal, unreasonable, and unduly prejudicial to the extent that they included a charge of 4 cents per 100 pounds assessed by the Boston & Albany Railroad, hereinafter called the defendant, for delivery to ship at East Boston. Reparation and the establishment of reasonable rates, rules, and regulations are prayed.

The beef was consigned to complainant, in care of the Quincy Market, Cold Storage & Warehouse Company, hereinafter termed the storage company, at Boston, the words "for export" being noted on the bills of lading. The shipments moved over the lines of various defendants to Albany, N. Y., and thence over the defendant's line to Boston, where they were turned over to the Union Freight Railroad for delivery to the storage company. They remained in storage until June, 1915, when they were forwarded under new bills of lading from the storage company's warehouse over the Union Freight to its connection with the defendant, and thence over the latter's road to its docks at East Boston, where they were loaded into a vessel and exported to France on June 20, 1915.

In addition to the charges assessed at the line-haul rates to Boston, and those assessed for storage and by the Union Freight for switching, the defendant assessed charges at a commodity export rate of 4 cents per 100 pounds, minimum 20,000 pounds, for the movement to East Boston from its connection with the Union Freight. If any charge was legally applicable for the latter movement, 4 cents was the correct rate. It is this charge that is specifically attacked.

The defendant's tariffs in effect during the period in question provided, with respect to export traffic originating at Albany or points on or by way of lines connecting with the defendant's line at Albany, as follows:

(1) On export freight the rate to Boston or East Boston, Mass., will include delivery to steamers or vessels at Boston, except that on I. C. C. freight, if the carriage of the Boston & Albany R. R. and connections on any single consignment are less than \$2 the rate will not include delivery to steamers or vessels, but all charges for such delivery will be in addition to the rate to Boston.

On beef, in carloads, from points beyond Albany, N. Y., which is placed in store in warehouses on Boston & Albany R. R. tracks at East Boston, or on the Union Freight R. R. tracks at Boston, and identity preserved, and later exported in steamers from the docks at the Boston & Maine R. R., switching charges of the B. & M. will be absorbed.

The complainant contends: (1) That as there is no limitation in rule 1 the through rates from the points of origin to Boston included delivery at the docks of the defendant, even though the shipments were stored at Boston, and that the defendant's charges for the transportation to East Boston were illegal; and (2) that if such charges were legal, then the resulting through charges were unreasonable, and were unduly prejudicial to the traffic in question to the preference of traffic moving under similar conditions over the defendant's line for subsequent export from the docks of the Boston & Maine, charges in connection with which were subject to rule 5. The complainant argues that rule 5 provides for the delivery of freight from the storage company's warehouse to the Boston & Maine's docks without charge in addition to the line-haul rates and the Union Freight's switching charges.

The defendant concedes that the export rates to Boston also applied to East Boston, but states that rule 1 was applicable only to a direct movement of export freight from point of origin to ship side, to which movement the through rate was applicable, and included delivery to

steamers at Boston & Maine docks as well as defendant's docks. It insists that the rule does not permit the storage of shipments at Boston and subsequent delivery at ship side at the through rate from point of origin to Boston; and that the carriers performed their contract of carriage when delivery of the shipments was made at the storage company's plant, which was the billed destination. We are of opinion that the charges assessed by the defendant for the movement from its connection with the Union Freight to East Boston were legally applicable.

The complainant does not contend that the 4-cent rate was unreasonable for a local movement at Boston, but urges that it was unreasonable as part of the through rates from points of origin, to Boston. At the time of movement the rate on dressed beef from Chicago, Ill., cited by complainant as a representative point to Boston, 993 miles, was 47.3 cents. Based on 21,200 pounds, the average weight of the shipments under consideration, the rate cited would yield \$100.31 per car, 10.10 cents per car mile, and 9.54 mills per ton-mile. Effective December 18, 1915, the defendant established a flat charge of \$5 per car in lieu of the 4-cent charge in order, it states, to meet the competition of the Grand Trunk Railway, which published a similar charge at Portland, Me. It contends that the \$5 charge is unreasonably low. The distance over defendant's line from its connection with the Union Freight to its docks at East Boston is approximately 14 miles. The defendant shows that, by exception to the official classification, dressed beef, in carloads, is rated third class, minimum 20,000 pounds. At the time of movement the third-class rate in effect from Boston to East Boston was 6 cents, and on other parts of defendant's line 8 cents for distances ranging from 11 to 15 miles.

With respect to the allegation of undue prejudice the defendant urges that rule 5 does not provide free transportation for all that portion of the movement from the storage company's warehouse to the Boston & Maine docks beyond the rails of the Union Freight, but merely that the Boston & Maine's switching charges will be absorbed if the defendant participates in the movement from the storage warehouse. In other words, it argues that in order to obtain the advantage of rule 5 a shipment, after having been placed in storage, must not be delivered by the Union Freight to the Boston & Maine but must again be delivered to the defendant for movement to the Boston & Maine; that the movement from the storage warehouse is a separate transaction; and that unless the defendant performed a portion of the movement, for which its regular charge would be made, it would receive no revenue out of which to absorb the Boston & Maine's switching charges. The defendant contends that under this arrangement the shipper would be charged upon the same basis whether his shipment went from the storage warehouse to defendant's East Boston docks or to the Boston & Maine's docks. Effective December 18, 1915, rule 5 was amended to read as follows:

On traffic, in carloads, via the Boston & Albany R. R., from points west of Albany, N. Y., which is placed in store in warehouses on the Boston & Albany R. R. tracks at East Boston or on the Union Freight R. R. tracks at Boston, and identity preserved, and later exported in steamers from the docks at the Boston & Maine R. R., will be subject to charges from East Boston or Boston to connection with the Boston & Maine R. R. as per tariffs lawfully on file with Interstate Commerce Commission . . . and switching charges of the B. & M. R. R. will be absorbed.

This rule is still in effect, except that on May 12, 1917, the words "and wharfage" were inserted in the last sentence after the word "switching." It was explained for the defendant that the amendment of December 18, 1915, was made in order to prevent any future misunderstanding. It is our opinion that under rule 5, as published during the period of movement or at present, the defendant must absorb the Boston & Maine's switching charges on shipments, subject to that rule, moving from the storage company's warehouse over the Union Freight and the Boston & Maine.

We find that the charges assailed are not shown to have been or to be unreasonable, but that under rule 5 export traffic of the description here in question, stored in the storage company's warehouse and subsequently forwarded to the docks of the Boston & Albany at East Boston for transshipment, was unduly prejudiced to the preference and advantage of similar traffic stored in the storage com-

pany's warehouse and subsequently forwarded to docks of the Boston & Maine for transshipment, to the extent that the charges on the former exceeded the charges on the latter. As the record contains no proof that the undue prejudice found to exist resulted in damage to complainant, no reparation will be awarded. As the carriers concerned are now under federal control no finding or order for the future can be made effective in the present scale of the pleadings. An order dismissing the complaint will be entered.

SHIPBUILDING PROGRAM

The Traffic World Washington Bureau.

The end of the war does not bring with it promise of a cessation in shipbuilding construction. On the contrary, there is such a shortage of ships that the necessity for new construction will continue. At this time Great Britain has a deadweight tonnage amounting to about 28,000,000 and the United States one-fourth that quantity. A gross ton in which the British state their possessions is one and 67/100 times greater than a deadweight ton.

One of the greatest needs at present is tugs. One thousand tugs, it has been estimated by the Water Transportation Bureau of the Embarkation Service of the War Department, could be used. The activities of all countries have been devoted largely to the construction of cargo carriers. Not much thought or effort has been given to the construction of these accessory service craft. War Department officials are inclined to disagree with the policy of the Shipping Board which dictated the cancellation of orders for 150 tugs. The War Department asked for \$30,000,000 for ships for its own use in the recent urgent deficiency bill. Congress eliminated that estimate because of its enormous appropriations for the Shipping Board. The War Department shortly will let contracts for 200 barges and lighters of a dimension of 110x30 ft. It is going to give these contracts to establishments that are not now doing war work for the Shipping Board or the Navy Department.

These evidences of disagreement between governmental agencies are cited to show the great scarcity of tonnage and the probability that for a time, the end of which is not in sight, construction of ships will go on just as if there had been no diminution in the ravages of the submarine campaign. The shipbuilding board in a formal statement, November 7, clearly indicated that any thought of a drop in shipbuilding activities was unwarranted by the facts. It was pointed out verbally in connection with the formal statement that notwithstanding all the work that has been done by the United States, Germany still has a larger tonnage than the United States. The formal statement is as follows:

"All shipbuilding records for any country were broken by the total deliveries of completed new ships to the Shipping Board during October. In spite of the epidemic of influenza that incapacitated about one-third of the shipworkers the record-breaking total for September was surpassed by nearly 50,000 deadweight tons. There were added to the American merchant marine in October, 79 completed new ships of 415,908 deadweight tons.

"The deliveries comprised 47 steel ships of 301,208 deadweight tons, 30 wood ships of 107,200 deadweight tons and 2 composite ships of 7,500 deadweight tons. From American shipyards came the unprecedented total of 398,108 deadweight tons. Japanese shipyards delivered 2 steel ships of 17,808 deadweight tons. The American total exceeds by 68,980 deadweight tons the output of ocean-going vessels in this country in 1914 and 1915. It betters the pre-war high mark in American shipbuilding, the total for 1916, by 112,553 deadweight tons. It also surpasses the British record for any month by 102,397 deadweight tons.

"Once more the Pacific Coast led all sections of the country in shipbuilding. The deliveries from California, Washington and Oregon totaled 30 vessels of 190,400 deadweight tons. Along the Atlantic Coast there were completed and delivered 17 vessels of 102,000 deadweight tons. The Great Lakes shipyards delivered 21 vessels of 73,000 deadweight tons. From the gulf states came 9 vessels of 33,200 deadweight tons.

"The October deliveries bring the total of completed new ships in 1918 up to 2,386,835 deadweight tons. Since the date of the first delivery, August 30, 1917, there have been

completed and delivered 487 ocean-going vessels totaling 2,793,510 deadweight tons.

"Here are the October deliveries, according to type and locality:

WOOD.			REQUISITIONED STEEL.		
	No.	D.W.T.		No.	D.W.T.
Atlantic coast	8	28,000	Atlantic coast	7	55,600
Pacific coast	14	50,000	Pacific coast	7	69,300
Great lakes	...	...	Great lakes	3	9,900
Gulf	8	29,200	Gulf	...	...
Total	30	107,200	Total	17	134,800

CONTRACT STEEL.			COMPOSITE.		
	No.	D.W.T.		No.	D.W.T.
Atlantic coast	2	18,400	Atlantic coast	...	...
Pacific coast	8	67,100	Pacific coast	1	4,000
Great lakes	18	63,100	Great lakes	...	...
Gulf	...	...	Gulf	1	3,500
Total	28	148,600	Total	2	7,500

TOTAL—ALL TYPES.		
	No.	D.W.T.
Atlantic coast	17	102,000
Pacific coast	30	190,400
Great lakes	21	73,000
Gulf	9	33,200
Japan	2	17,808
Totals	79	415,908

TRAFFIC CONDITIONS FOR THE WEEK

The Traffic World Washington Bureau.

Director-General McAdoo, November 13, made public the following summary of reports of traffic conditions for the past week:

Eastern Region: As lake season approaches a close, cross-lake routes are being used for relief of the Chicago gateway, and the use of the Canada Atlantic Transit Company on New England traffic has been discontinued.

Program for overseas traffic via Boston has been increased, but there has been some slowing down in unloading at that point, due to strike of freight handlers.

Additional arrangements made for trainload movement of dairy freight from Chicago to the east.

With the opening of the consolidated ticket office at Chicago, program for the entire Eastern Region in this line has been completed.

Effect of influenza still being felt in passenger traffic.

Allegheny Region: Regular travel continues light, due to the epidemic.

Effective November 4, dining club car service was inaugurated between Philadelphia and Shamokin on the P. & R. Railroad.

Additional early morning passenger train arranged for on the P. & L. E. Railroad between Smithfield, O., and Pittsburgh, and additional train for war workers between Newark, N. J., and Newark Bay shipyards, N. J.

Commutation travel on Atlantic City Railroad largely increased, due to a rise in fares of competing trolley lines. Perishable movement has been fairly good.

Threatened shortage of refrigerator cars for cranberries and apples averted with but little delay.

Embargoes on the Brunswick & Hagerstown Transfers canceled. This makes every transfer in the Allegheny Region open for the handling of freight for the first time in two years.

L. C. L. freight between New York and Philadelphia moved via rail lines to enable coastwise lines to withdraw steamer from service between these cities.

Poconantas Region: Passenger travel recovering from the effects of the epidemic.

Additional train service between Washington and Memphis became effective November 3.

Effect of the epidemic on freight traffic is still being felt, not only on train movement, but on the production of goods.

Shortage of labor has delayed loading of cars at mines and the dumpage at tidewater.

Elevator at Newport News devoted to United States government grain entirely.

Southern Region: Volume of passenger travel shows slight increase, but still suffering from epidemic.

While freight train service is still suffering from the effect of the epidemic, the accumulations reported last week are being reduced practically to normal, except at

Potomac Yard, where heavy troop movement has interfered.

Surplus of box cars reported.

Various causes have tended to decrease the volume of traffic offerings, and the signs indicate that the approach of peace is having an influence.

The lumber embargo has restricted somewhat the shipments of lumber from the south, but the mills there now have been seeking government orders, which indicates the success of the attempt to see that government orders be supplied by the restriction of floating sales for commercial purposes.

A number of women students in the ticket selling school have been placed in offices, and the passenger traffic committee reports satisfactory work on their part.

Northwestern Section: Passenger traffic and general business conditions depressed account prevalence of influenza, but conditions are improving rapidly.

Car supply easy, and heavy demand for flat cars to load government trucks, and agricultural implements, and refrigerator cars for fruit movement, has been met successfully.

Notwithstanding grain embargo, movement is heavy, with prospects of continued heavy movement.

Requests for relief account Minnesota forest fires decreasing. During two days in October the railroads handled forty six special train movements, with approximately 12,000 refugees, which resulted in the saving of many thousands of lives.

Central Western Region: Report shows slight increase in travel over previous week, as territory recovers from epidemic.

Standard sleeper service between San Francisco and Portland extended to Seattle.

Joint use of Southern Pacific and Western Pacific tracks in Nevada made effective, using Western Pacific eastbound and Southern Pacific westbound.

Two gasoline motor trains on the Southern Pacific discontinued between Marysville and Oroville; also one train each way between Hazen and Susanville.

Movement of freight traffic in mountain region slowed down by epidemic, but conditions improving.

Utah coal mines running on short time, account lack of orders.

Grain and live stock movement shows increase over same period last year.

Rerouting reports show saving of 157,172 car miles.

Southwestern Region: Passenger traffic continues below normal, but service is good.

Heavy movement of government labor.

Extra cars eliminated from Kansas City Southern trains between Havenor, Okla., and Shreveport, La., but no changes in train service.

Increase in local freight loading during the past week and ample car supply.

Good rains throughout the southwest, and conditions favorable to planting fall and winter crops.

Coastwise Steamship: Wooden vessels recently assigned to coastwise service by shipping control committee being utilized in moving traffic from Galveston, Brunswick and Savannah, reducing the accumulations at those ports.

On October 31 embargo placed against moving Pacific coast imports via Galveston and New Orleans; likewise Pacific coast freight for points beyond New York prohibited via the boat route.

Rates established from Philadelphia to Galveston via Houston.

Traffic for Jacksonville and Florida points from Boston and New York returned to the direct service of the Clyde Line.

Thirty thousand tons of raw sugar to be moved from New Orleans to New York, for which wooden vessels will be utilized almost entirely.

Arrangements in progress for effective movement of the cotton crop from the south to New England.

War Industries Board: Price fixing committee on Monday, November 4, decided that the allowance for compression of cotton shall be fifteen cents per hundred pounds.

Progress made in improving the packing of tobacco for greater air loading.

War Department: Heavy volume of traffic continues

to be handled through New York, but no complaints of service on commodities going into that port.

Balance of Eastern District in reasonably good shape, with shortage of labor at spots.

Central western transportation situation reported generally satisfactory.

Pacific coast continues recovering from slight interference account epidemic.

Foodstuffs from Pacific coast began to move east in volume; also War Department lumber.

Equipment continues fairly good, with some little shortage of gondolas.

Transportation conditions reported generally satisfactory, taking the country as a whole.

Navy Department: Transportation situation continues generally satisfactory, except for complaints on express service.

Efforts made last summer to move all such traffic as might properly be stored ahead shows its effect in decrease of transportation now.

One thousand army enlisted men moved to New England to assist in the production of spruce lumber of naval airplanes.

Fuel Administration: Eastern, Allegheny and Pocahontas Regions—transportation ample and surplus car supply, except on B. & O. Railroad.

Some little difficulty on the C. & O. Railroad and Monongahela Railroad.

Tidewater—Vessel and car supply ample.

Lake—Bituminous program will be completed and shipments discontinued November 16.

Southern and Western Regions—Transportation and car supply ample; movement slower, account influenza.

Coke—Beehive production stationary; by-product production somewhat reduced.

General—Coal production further reduced account illness and elections, but bituminous supply ample throughout the country.

Food Administration: Some complaints still being received as to movement of fresh meats and packing house products, which are being looked after.

Some shortage of stock cars reported on the L. & N. Railroad.

Perishables—Citrus fruits from Florida beginning to move in volume; and Florida vegetables are also beginning to move.

Some few complaints as to car shortage have been received, but nothing serious.

Some delay as to movement of fruits to Cuba because of delay to necessary documents, which is being taken up for improvement.

Nothing particularly new in the grain situation, but it is possible that the changed war conditions may result in a more immediate relief at the seaport elevators than was expected.

No serious complaint of shortage of grain cars, except in Illinois, Ohio and Indiana, which matter is being handled by the Car Service Section for relief.

U. S. Shipping Board: No complaints made of transportation, and small accumulations at some of the yards are being carefully watched and handled, with a view to preventing any delay to cars, as far as possible.

Exports Control Committee: Figures for October, now available, show that export tonnage increased in volume.

Frozen beef continues to move in heavy volume. Permits issued during the past week at the north Atlantic ports for 15,000 tons.

Handling of munitions at New Orleans has been active, eleven ships being cleared during the week. Galveston also shows increased activity.

Grain situation at ports in good shape, except some slight pressure at New Orleans.

The accumulations on the lines for Pacific coast export has been

Allies' Traffic Executive: Report all transportation conditions satisfactory, except some difficulty at Newport News.

Mail and Express Section: Movement of express traffic continues very heavy, but no serious congestion, and there have been no embargoes since the epidemic began to improve.

Congestions at Philadelphia, Pittsburgh, Washington and Jersey City due to labor conditions have been remedied.

Small strike at Lima, O., which has been adjusted.

Troop Movement: Movement of troops has been somewhat light during the past week.

Agricultural Section: Alabama reports that in 1919 it will produce enough wheat to feed its population, with a surplus, giving credit for this to the assistance rendered by the railroad agricultural representatives.

About 17,000 head of cattle, mainly breeding stock, have moved on account of the drouth conditions from Texas to the southeastern states on the reduced rates authorized by the Railroad Administration.

Reports of winter wheat continue favorable.

General: Increased tonnage handled at ports without congestion testifies to the efficiency of the permit system, and the partial return of laborers has relieved port conditions somewhat.

Permits issued for 100 cars of frozen poultry for overseas.

Coal production for ten months just closed estimated to exceed production for 1917 by 37,000,000 tons.

Live stock receipts at Chicago show increase over preceding week on cattle 10 per cent, hogs and sheep each 62 per cent.

The Colorado fruit season being pretty well advanced, shows 8,524 cars were moved to October 31, and it is estimated that 3,000 cars still to move. This was accomplished with no complaint as to service or lack of cars.

Situation at southern gateways in the east reported easy.

Very favorable comments regarding the new consolidated ticket office at Chicago, and the consolidated offices generally throughout the country are working well and without complaint.

Progress made in effort to standardize the charges on milk and cream rates.

The trial of the so-called continental plan on the dining car of the "Congressional Limited," at which passengers are issued tickets for certain sitting, has been observed and reports are most favorable. If further reports continue satisfactory, the plan will be extended to other trains.

COAL LOADING REPORT

The Traffic World Washington Bureau.

A report was received November 9 by the Director-General from the Car Service Section of the Railroad Administration on the quantity of coal of all kinds loaded by roads for week ended Oct. 26, 1918, as compared with the same period of 1917, a summary of which follows:

	1918.	1917.
Total cars bituminous.....	193,423	187,873
Total cars anthracite.....	32,033	41,947
Total cars lignite.....	3,423	4,151
Grand total cars all coal.....	228,879	233,971

A summary of report for week ended Nov. 2, 1918, as compared with the same period in 1917, based on actual reports from most roads, but with the estimated results of some roads, follows:

	1918.	1917.
Total cars bituminous.....	187,638	187,184
Total cars anthracite.....	29,223	31,115
Total cars lignite.....	3,530	4,134
Grand total cars all coal.....	220,391	222,433

The decrease in coal loading has been due to influenza among the miners and railroad workers. Total increase of 1918 up to and including week ending November 2, over the same period in 1917, 723,074 cars.

WANT OPERATING DATA

The Traffic World Washington Bureau.

In Circular No. 22, Director Gray said:

Please arrange to send to Mr. C. A. Morse, Assistant Director, Division of Operation, Room 629 Southern Railroad Building, Washington, D. C., the following information not later than December 31, 1918, as to each property under your jurisdiction for the fiscal years ended June 30, 1915, 1916, 1917, and also the calendar year 1917.

1. Name of corporate companies, comprising each property, that make separate annual reports to the Interstate Commerce Commission, with their principal terminal limits and total miles of road.

2. List of operating divisions separated as between main and branch line mileage and side track mileage. Where

there is more than a single main or branch line main track, mileage should be given separately for each additional main track. The terminal limits of the main lines should be stated. If a division includes portions of two or more corporate companies, information should be divided to cover each corporation.

3. Gross ton-mile freight traffic and car-mile passenger traffic, by divisions, divided into main and branch line traffic, to be given separately for each of the four years.

4. Division charts to be furnished for main and branch lines showing rail in each main track December 31, 1917, with year laid, kind, section, weight per yard, and whether new or relayers when laid. Charts should be 8 by 10½ inches, or multiples for folding to that size, with 1 inch on left side for binding.

5. Division charts to be furnished for main and branch lines showing ballast in each main track December 31, 1917, with kind and depth of ballast. Charts should be 8 by 10½ inches, or multiples for folding to that size, with 1 inch on left side for binding.

6. How many cubic yards of ballast of each kind inserted on each division during each of the four years, divided as between that charged to additions and betterments and that charged to maintenance, separated as follows: (a) main lines, (b) branch lines, (c) sidings.

7. (A) How many cross ties were inserted on each division during each of the four years separated into kinds of wood, sizes, treated and untreated, divided as follows: (a) main lines, (b) branch lines, (c) sidings, (d) new work.

(B) How many feet b. m. switch ties were inserted on each division during each of the four years separated into kinds of wood, treated and untreated; divided as follows: (a) main lines, (b) branch lines, (c) sidings, (d) new work.

(C) How many tie plates were inserted on each division during each of the four years, divided as follows: (a) main lines, (b) branch lines, (c) sidings, (d) new work.

(D) How many anti-creepers were inserted on each division during each of the four years, divided as follows: (a) main lines, (b) branch lines, (c) new work.

8. All information to be furnished on paper 8 by 10½ inches, using separate sheets for answering each of the questions, and the data for each railroad to be bound together with suitable paper covers with name of road, etc., on front and bound on 10½-inch side.

INCREASED OPERATING EFFICIENCY

The Traffic World Washington Bureau.

A Railroad Administration press notice says:

"Indicating the increase in efficiency of freight operation under unified control, the railroads during the month of August, 1918, handled two billion tons of freight for a distance of a mile, more than was handled during the month of August, 1917, an increase of 6.7 per cent. This fact is brought out in the monthly report made to Director-General McAdoo by the Operating Statistics Section of the Railroad Administration, which shows in tabular form and also in graphic charts the principal factors influencing freight train and freight car efficiency. The figures also show that this gain in the volume of traffic handled was accomplished by obtaining more intensive use of each unit of operation, because while the total traffic moved, measured in ton miles, increased 6.7 per cent, the mileage run by freight trains to handle this business increased only two-tenths of 1 per cent. The number of tons of freight per train was increased 6.6 per cent, from 684 tons to 729 tons, and the number of tons carried by each loaded car was increased from 27.8 to 30.1, or 8.3 per cent.

"There was a slight decrease of 1.7 per cent in the percentage of loaded car miles, which is attributed principally to the preponderance of eastbound traffic, and there was a decrease of 3 per cent in the average mileage per car per day, but the net result was an increase in the ton mileage per car per day of 3.3 per cent for the railroads as a whole. Separate figures are also given in the report for each region and district, the New England District showing an increase in the ton mileage per car per day of 15.5 per cent. The New England District also showed the greatest increase in the volume of business moved—14.2 per cent over the corresponding month of the previous year."

WATER CARRIERS' ACCOUNTS

The Traffic World Washington Bureau.

The Director-General's General Order No. 52 is as follows:

It is hereby ordered that the following rules and regulations shall be observed and shall govern the recording of and accounting for all transactions of the hereinbelow described carriers by water under federal control, which arise during such control:

1. For accounting purposes, federal control of carriers by water, owned, controlled or operated by railroads, began as of 12:01 a. m., January 1, 1918, and of carriers by water specified in General Order No. 19, not so owned, controlled or operated as of 12:01 a. m., April 13, 1918. Immediate steps shall be taken by each carrier by water subject thereto to open new and separate books of accounts, such as cash books, general and subsidiary ledgers and journals, and all supporting and subsidiary books and records incident thereto, upon which shall be recorded all transactions which arise under and are incident to federal control on and after the dates above mentioned. Such books shall be designated and are hereinafter referred to as federal books. Reference made hereinafter to "December 31, 1917, or April 12, 1918," is intended to designate the date corporate control terminated and the appropriate date applying to the carrier by water at interest shall be used in each case. The reference hereinafter to "January 1, 1918, or April 13, 1918," is intended to indicate the date when federal control began and the appropriate date shall be used in each such case by the carrier by water at interest.

2. The totals of the accounts, cash and such working funds as may be in the hands of agents, appearing on the corporation books at the end of corporate control, that is, as of December 31, 1917, or April 12, 1918, as the case may be, shall be transferred to the federal books debited to the accounts of the same titles and credited to a deferred liability account styled "(name of corporation) cash (December 31, 1917, or April 12, 1918)". On the corporate books, the amount of such balance should be transferred to a deferred asset account styled "U. S. Government—Cash (December 31, 1917, or April 12, 1918)". All cash transactions subsequent to (December 31, 1917, or April 12, 1918), relating to operations prior or subsequent thereto, shall be recorded in the federal cash book opened as of (January 1, 1918, or April 13, 1918).

3. The total of accounts net balance due from agents, including working funds in their hands, pursers and stewards appearing on the corporation's books as of (December 31, 1917, or April 12, 1918), shall be transferred to the federal books, debited to an account of the same title and credited to a deferred liability account styled "(name of corporation) agents, pursers and stewards (December 31, 1917, or April 12, 1918)". On the corporation books the amount of such balance should be transferred to a deferred asset account styled "U. S. government—agents, pursers and stewards' balances (December 31, 1917, or April 12, 1918)".

4. The total of the several accounts appearing on the likewise be transferred to the federal books and similarly as of (December 31, 1917, or April 12, 1918), shall be transferred to the federal books, debited to accounts of the same titles and credited to a deferred liability account styled "(name of corporation) materials and supplies (December 31, 1917, or April 12, 1918)". On the corporate books the amount of such balance should be transferred to a deferred asset account styled "U. S. government—materials and supplies (December 31, 1917, or April 12, 1918)".

5. In addition to the assets above specified, there shall likewise be transferred to the federal books and similarly recorded therein, such other working assets appearing on the books of the corporation as of (December 31, 1917, or April 12, 1918), as may be mutually agreed upon between the Director-General of Railroads and the corporation.

6. There shall be currently entered upon such federal books, in the manner and under the rules and regulations prescribed by the Interstate Commerce Commission, or which may hereafter be prescribed, all transactions involving revenues, expenses, taxes, rentals and such other items as are used in determining the water line operating income under federal control. Such entries shall include corresponding assets and liabilities and the cash settlement

thereof, also all transactions involving "materials and supplies subsequent to (December 31, 1917, or April 12, 1918)".

7. Transactions of the corporation, including those arising out of cash receipts or disbursements, which do not affect or enter into and form a part of the water line operating income under federal control, such as interest and dividends received and paid, and other similar corporate transactions, including additions and betterments to floating equipment and terminal property, shall not be recorded on or passed through the federal books, unless such transactions be negotiated and conducted for account of the corporation by or under the direction of the Director-General. Where such transactions are negotiated and conducted by or under the direction of the Director-General, the transactions shall be recorded on the federal books, but credited or charged to an account styled "(name of corporation) corporate transactions." Concurrently corresponding entries should be made on the corporate books, charging or crediting the accounts prescribed by the Interstate Commerce Commission or which may hereafter be prescribed: the offset being in an account styled "U. S. government—corporate transactions." Where additions and betterments are made to floating equipment or terminal property by or under the direction of the Director-General, the expenditures shall be charged on the federal books to a deferred asset account styled "(name of corporation) additions and betterments." Concurrently entries should be made on the corporate books, charging the appropriate accounts and crediting a deferred liability account styled "U. S. government—additions and betterments."

8. Current or operating assets other than those prescribed in paragraphs 2, 3, 4 and 5 hereof, such as "Traffic Balances Owed by Other Companies," "Balances Due from Individuals and Companies," and such assets as are carried under the caption "Miscellaneous Accounts Receivable," and liabilities such as "Audited Vouchers and Wages Unpaid," "Traffic Balances Owed to Other Companies," and "Miscellaneous Accounts Payable," which were due to or by the corporation as of (December 31, 1917, or April 12, 1918), shall not be transferred in detail to the federal books, but as and when such assets are collected or the liabilities are paid, they shall be credited or debited, as the case may be, on the federal books, to a deferred liability account styled "(name of corporation) assets (December 31, 1917, or April 12, 1918) collected," or to a deferred asset account styled "(name of corporation) liabilities (December 31, 1917, or April 12, 1918) paid." There should be made concurrently on the corporate books . . . corresponding entries debiting and crediting the U. S. government with assets collected and liabilities paid.

9. Transactions relating to operations as defined in paragraph No. 6 hereof, if not previously accrued, shall be included in and form a part of the operating results of each carrier by water under federal control regardless of the date thereof. Items clearly applicable to the period prior to (January 1, 1918, or April 13, 1918), commonly called "lap-overs," shall be ascertained currently and set up on the federal books and included in the appropriate accounts as heretofore. At the end of each month the total of the "lap-over" credit item shall be charged to an unadjusted debit account styled "revenue prior to (January 1, 1918, or April 13, 1918)," and credited to a deferred liability account styled "(name of corporation) revenue prior to (January 1, 1918, or April 13, 1918)". The total of "lap-over" debit items shall be credited to an unadjusted credit account styled "expenses prior to (January 1, 1918, or April 13, 1918)," and charged to a deferred asset account styled "(name of corporation) expenses prior to (January 1, 1918, or April 13, 1918)". Operating revenues which have been accrued currently in accordance with the established practice of the carriers by water shall be considered as current revenues and not as "lap-overs" items. All sailings prior to midnight (December 31, 1917, or April 12, 1918) and all revenues and expenses applicable thereto shall be considered as revenues and expenses of the corporation or previous operator and if such transactions be concluded by the federal interests such items shall be considered as "lap-overs" and handled in the accounts accordingly. All revenues and expenses applicable to sailings after midnight of the dates mentioned, as the case may be, shall be considered revenues and expenses of the Director-General. If during the month of April, 1918, expenses be incurred on a monthly basis, which cannot be directly assigned to an

individual vessel or to the period either prior or subsequent to April 12, 1918, such as general expenses, overheads, etc., such expenses for convenience of accounting shall be assigned 12/30ths, or 40 per cent, to the corporate interests and 18/30ths, or 60 per cent, to the federal interests; the same principle should apply to apportionment of revenues of a similar character accrued during the month of April, 1918.

10. The accounts between the U. S. government and the corporation for which provision is made herein shall be adjusted in such manner as may be hereafter mutually agreed upon.

11. Inquiries as to interpretations and application of the provisions of this order and the procedure to be observed under its requirements shall be addressed to the Director of Public Service and Accounting, Washington, D. C.

AN EMBARGO PROBLEM

The Traffic World Washington Bureau.

In Circular CS-35, Manager Kendall, of the Car Service Section, said:

The increased number of embargoes placed against individuals and firms reflects either an increased tendency on the part of receivers to allow accumulations, through failure to unload or to control shipments, or an increased watchfulness on the part of railroads and quicker application of the remedy when accumulations develop.

In many cases it is noticed that individual embargoes are placed against a specific commodity which apparently originates at a comparatively few and possibly only one or two shipping points, so that quick action could be obtained by taking up with the originating carrier and requesting action at the shipping point which would make the embargo unnecessary and make it unnecessary to scatter that one item broadcast throughout the country.

It is believed that a little forethought in this respect will result in materially improving the service, while at the same time reducing the number of embargoes issued.

TRANSPORTATION OF EXPLOSIVES

The Traffic World Washington Bureau.

By means of circular No. 63, Director-General McAdoo has issued the following order, concerning the transportation of explosives and other dangerous articles:

"The war has caused a large increase in the volume and the variety of dangerous articles that must be moved over the railroads in the interests of the national defense, and the frequent necessity for the greatest possible expedition in these movements requires expert attention so as to minimize the danger to life and property incident to this traffic.

"The bureau for the safe transportation of explosives and other dangerous articles is a recognized agency of the United States Railroad Administration, and the instructions issued by this bureau are with the approval of the Director-General. Operating railroad officials must take prompt and adequate action to remedy any conditions on their lines that are not in accord with the requirements of the federal regulations as shown by the reports of the inspectors of the bureau."

INTEREST ON OVERCHARGE CLAIMS

The Traffic World Washington Bureau.

The payment of interest on overcharge claims is authorized by Director Prouty in P. S. & A. Circular No. 41, which is as follows:

1. All valid claims for overcharge presented for payment by shippers or consignees to lines under federal control on or after November 1, 1918, if not paid within thirty days from date of filing, shall bear interest at a rate of 6 per cent per annum to the date of payment, provided that interest shall not be computed for fractions of a month; that is, claims paid within fifteen days after the end of the thirty-day free time shall not be interest bearing, those paid between sixteen and thirty days after the end of such free time shall bear interest for one month. Interest shall not be paid on any over-collection of war taxes which is refunded in connection with the overcharge.

2. Any overcharges collected to January 1, 1918, or subsequent to December 31, 1917, claims for which have been

filed prior to November 1, 1918, shall bear interest at a rate of 6 per cent per annum, if not paid within thirty days from the last-named date as provided in paragraph 1.

3. Overcharge claims paid to claimants by federal-controlled lines which are due in part from lines not under federal control (if interest accrues thereon) shall include interest on the entire overcharge, unless the non-controlled line declines to pay interest on its proportion, in which event interest on such claims shall be computed and paid on the amount of the overcharge chargeable to the federal-controlled line.

4. That portion of an overcharge claim paid by lines not under federal control which is due from a federal-controlled line, if payment of the claim is delayed thirty days or over as aforesaid, shall be interest bearing at a rate of 6 per cent per annum. This interest shall be paid to the line settling with the claimant, provided such line has paid the interest to the claimant.

5. All interest paid on delayed payments of overcharge claims shall be charged to a ledger account entitled "interest paid on overcharge claims," which account shall be closed annually to the income account "interest on unfunded debt."

6. The term "date of filing" as used herein means the date on which the claim (properly prepared) was received at the general office of the carrier or at any agency on the line of its railroad.

7. The provisions of this circular apply to overcharge claims only. None of the provisions hereof apply to loss and damage or to other claims.

8. General Order No. 25 requires shippers and consignees to promptly pay transportation charges. In the event that an overpayment is made by a shipper or consignee, due to an error in weight, rate, extension or classification, it is the duty of the carrier to promptly adjust the error; therefore, accounting officers of lines under federal control shall immediately inaugurate appropriate methods of accounting such as will result in the payment to claimants of overcharge claims within the prescribed free time of thirty days after filing or with a minimum of delay beyond that period.

ADVANCES TO RAILROADS

The Traffic World Washington Bureau.

In the seven months ending with October, the United States advanced to the railroads under federal control \$363,116,970. In the same time it financed the construction of equipment to the extent of \$58,433,628. In those seven months railroad companies turned over to the Railroad Administration surplus funds amounting to \$54,650,000. In October the advances amounted to \$96,045,173.

The advances and payments from the American Railway Express Company to the Railroad Administration amounted to \$189,761,905. Of that sum, the railroads have contributed \$169,050,000 and the express company \$20,711,905. Counting the \$58,433,628 advanced to finance the construction of equipment as advances to the railroad companies and deducting \$189,761,905 received from the railroads and the express companies, the net advances to the railroad companies total \$231,788,693.

Assuming that in the final adjustment between the government and the railroad companies one-half of the \$58,433,628 advanced on account of new equipment is charged to capital account, the advances to the railroads in that seven months' period will amount to but little more than \$200,000,000.

That sum is less than one-fourth of the net operating income which the government is to pay to the owners of the railroads for their use in the winning of the war. In other words, instead of the government supporting the railroads, thus far, the financial operation between them has been the other way about. The railroads by their contributions have done a considerable amount of supporting of the government.

This delay in compensation to the railroads is the result of the long drawn-out negotiations between the attorneys for the trunk lines and the Railroad Administration, about the terms of the contract to be signed. While the negotiations have been going on the government has paid only those items about which there could be no serious dispute. It has given money to pay dividends and interest, but nothing to keep up the surplus or to cover deferred maintenance. The fact that the government has not paid as much to the railroads as it will have to disburse on account of the just compensation which is to be made

in accordance with the terms of the federal control law is of no particular significance. The compensation will be paid in due time.

Advances to the railroads are bearing interest at the rate of 6 per cent. That, however, is a mere bookkeeping operation, because the government is under obligation to take care of the interests which the railroad companies are compelled to pay. In the final analysis, it is believed it will be found that the government when it makes advances is merely agreeing to pay itself 6 per cent on its own fund.

The greatest contribution to the treasury of the Railroad Administration from the current funds of any companies is one of \$14,050,000 from the Atlantic Coast Line and the Louisville & Nashville. In the statement as to financial operation made by John Skelton Williams the properties controlled by Henry M. Walters—the Atlantic Coast Line and the Louisville & Nashville—are treated as an entity. In their corporate relations there is no such unity. The managements of the two properties are as distinct as if the Atlantic Coast Line were owned by John Smith and the Louisville & Nashville by John Jones. The next largest contributor of funds is the Duluth, Missabe & Northern, an iron ore carrying road, which turned over \$10,400,000. The Santa Fe contributed \$9,200,000, the Elgin, Joliet & Eastern \$4,500,000; the Duluth & Iron Range \$3,400,000; Bessemer & Lake Erie, \$3,000,000; Central Railroad of New Jersey, \$2,500,000; Pullman Car Lines, \$2,000,000, and the Los Angeles & Salt Lake, \$1,050,000.

The largest borrower is the Pennsylvania with \$56,620,000. The New York Central with \$55,320,000 is next, the New York, New Haven & Hartford with \$50,000,000 even in third, B. & O. with \$22,250,000 fourth, Chicago, Milwaukee & St. Paul with \$16,925,000 next, the Illinois Central with \$15,475,000, follows the Milwaukee, and the Erie with \$12,900,000 is the last in the list of those having obtained loans running into eight figures. The smallest borrower is the Lehigh & Hudson with \$8,000. The advances in October were as follows:

Pennsylvania Lines	\$14,050,000
New York Central Lines	12,400,000
Baltimore & Ohio R. R.	5,150,000
Norfolk Pacific	4,000,000
Philadelphia & Reading	3,000,000
Great Northern R. R.	2,800,000
Delaware & Lackawanna	2,500,000
Erie R. R.	2,000,000
Chicago & Northwestern	1,800,000
Illinois Central R. R.	1,700,000
Memphis, St. Paul & South Sea. Marie	1,500,000
New York, New Haven & Hartford	1,400,000
Southern Railway Lines	1,200,000
Monongahela Railway	1,200,000
Delaware & Hudson	1,200,000
Chesapeake & Ohio	1,200,000
Wabash R. R.	900,000
Virginia Ry.	800,000
Colorado & Southern Ry.	760,000
St. Louis & Southwestern Ry.	740,000
New York, Chicago & St. Louis R. R.	720,000
Central of Georgia	600,000
Chicago, Burlington & Quincy	600,000
Duquesne & Salt Lake	500,000
Norfolk & Western	500,000
Buffalo, Rochester & Pittsburgh	440,000
St. Louis-San Francisco	410,000
International & Great Northern	407,215
Boston & Maine	374,000
Mobile & St. Louis	270,000
Pittsburg & Shawmut	240,000
Chicago & Alton R. R.	237,000
Western Maryland Ry.	217,000
Kansas City Southern	210,000
Chicago, Milwaukee & St. Paul	200,000
Florida East Coast	200,000
Maple Central	200,000
Pittsburg & West Virginia	190,000
Norfolk & Southern	160,000
Truman-Memphis Terminal R. R.	160,000
Chicago & Eastern Illinois	167,000
Chesapeake, Indianapolis & Western	150,000
Ann Arbor R. R.	125,000
Chicago, Indianapolis & Louisville	100,000
Kansas City, Mexico & Orient	100,000
Port Worth & Denver City	80,000
Vicksburg, Shreveport & Pacific	82,000
Pine Bluff	80,000
Hager & Ansonia	53,000
San Antonio & Arkansas Pass	53,000
Louisiana & Arkansas Ry.	50,000
Chesapeake & Potomac R. R.	25,000
Delaware, Toledo & Ironton	24,000
Delaware, Bay City & Western	20,000
Louisiana & Mississippi Valley R. R. & Tr.	12,000
Lehigh & Hudson	8,000
Advances in October on account of standard cars and engines under construction	27,773,373
Total	\$96,045,173

CAR SERVICE SECTION RULINGS

The Traffic World Washington Bureau.

A loosening of restrictions on open top equipment was shown in Car Service Section orders sent out by Manager Kendall at the close of business on November 9. The rule requiring the return of such equipment, empty, via the most direct route, was repealed and restrictions on the use of open top cars for stone, sand and gravel materially lessened. In addition Mr. Kandall issued rules for better treatment of so-called short lines and for the furnishing of information about embargoes to the public. These things are contained in Car Service Section orders from CS-36 to CS-41, both inclusive. They are as follows:

Circular CS-36.—Non-federal controlled lines, particularly the so-called short lines, continue to complain that railroads under the United States Railroad Administration do not supply freight car equipment in accordance with past practice. To secure uniformity and to overcome present difficulties you will immediately arrange as follows:

1. Federal-controlled roads will treat non-federal-controlled sections the same as an industry on their own line and provide car supply accordingly.

2. When a non-federal-controlled road connects with two or more federal-controlled roads the responsibility for car supply is therefore joint and the proper representatives of such roads should reach mutual understanding and with the non-federal-controlled road as to the percentage of cars to be furnished by each federal-controlled road.

3. In delivering empty equipment for loading to short lines, where there is more than one junction involved, consideration should be given:

(a) To the direction of traffic originating on the non-federal-controlled road.

(b) Economy in operation of such road as well as for federal-controlled roads involved.

(c) Available equipment supply.

(d) General movement of empty equipment in the territory involved.

All to conserve transportation and to care for requirements with the maximum efficiency.

Circular CS-37. To insure uniformity of practice with respect to furnishing information to the public relative to embargoes, you will please so arrange that, effective November 9, copies of embargo notices will be sent only to railroad officers and employees, zone chairmen and officers of the U. S. government who make specific request for them.

Each railroad must so organize the transmission of embargoes that its agents will have available at all times in clear-cut form all information necessary to enable them to promptly inform the inquiring public whether shipments can or cannot be accepted.

Circular CS-38.—Effective November 9 and until further notice, Car Service Section Circular CS-13 and Supplement No. 1 thereto, regulating car supply for stone, sand and gravel, are temporarily annulled. This will permit freer use of open cars for other than strictly essential commodities while the present surplus of that class of equipment obtains. Circular 13 and its supplement will be reinstated at any time that necessity for such action is indicated by the demands of more essential commodities for open top equipment.

Circular CS-40.—To all railroads not members of the eastern open top car pool: Effective November 9, Circular No. CS-7 of April 16, 1918, directing that all hopper or so-called self-clearing cars (designated in the Official Railway Equipment Register under M. C. B. Classes "H" and "GD") of Eastern Railroads Car Pool ownership must be returned empty by the most direct route to the nearest pool-member road, is cancelled.

Circular CS-41.—The Fuel Administration advised us November 9 that they will issue instructions under which shipments of bituminous coal consigned to take Lake Coal Pool at Lake Erie ports will cease after November 16. It is desired if possible to complete the movement of all pool coal to the ports and the dumping into vessels by not later than November 23.

You are requested to make this program known to all concerned with the request that every effort be made to effect expeditious movement, so that the dumping may be completed as programmed.

TRAFFIC COMMITTEES TO STUDY RATE SCALES

The Traffic World Washington Bureau.

An idea as to what the district traffic committees are expected to do in the matter of preparing material in support of the mileage scales proposed by the Railroad Administration may be obtained from a circular sent to the district committees in Western Classification territory by Chairman A. C. Johnson of the Western territory committee. Copies of it have been received by shippers, who believe they will be constrained to oppose the plan, although they are in doubt as to whether it was intended for their eyes. The letter and samples of the work they are to do is as follows:

"You have received direct from Directors Chambers and Prouty copy of their joint letter of October 24 in the matter of universal class rate schedules.

"Please note that the proposed schedules have been sent to you that Washington may have, through this committee, the benefit of your analyses, criticisms and suggestions. Will you not promptly address yourself to this study and favor us with your report just as quickly as is compatible with a thorough review and painstaking consideration in the premises. As to the scales themselves (and this reference is in contradistinction to their application), let us have the benefit of any helpful comments which you think would be appropriate along broad and constructive lines. As you will readily appreciate, in connection with such a comprehensive matter, it is inappropriate to suggest modifications in the master scale in order to conform to conditions more or less local. At the same time, you will note that Messrs. Chambers and Prouty seek assistance in perfecting the proposed scales, which it is contemplated will be given general application.

"The letter from Messrs. Chambers and Prouty, dated October 24, makes no reference to the upper peninsula of Michigan. We will assume, subject to their confirmation, to ask that you group this section along with Iowa, Minnesota, Wisconsin and northern Missouri, which comprises the 75 per cent group.

"In the belief that it will insure greater system and orderliness, and also cause uniformity in the reports to be made by your committees, we suggest that such reports be divided along the lines described below, employing in the reports the numbers which are assigned below. Will you not kindly understand, however, that this will not preclude your advice with respect to any other features, as we are anxious to have complete information of real value? At the same time, these reports when consolidated will necessarily cover a very large amount of ground; and it, therefore, seems appropriate to urge that they be made as concise as an intelligent presentation of the facts will permit.

"1. Comparison With Present Rates.—Where there are uniform mileage scales of class rates which are generally applied on intrastate traffic, such as, in the states of Iowa, Arkansas and Washington, prepare exhibits showing the present and proposed rates. Do the same on the principal interstate hauls where similar conditions prevail. On state and interstate hauls, where the rates are not upon a uniform mileage basis, draw similar comparisons as covering representative movements in order that the situation may be illustrated. As an example: Rates between Kansas City, Mo., and points in Kansas are not on a regular mileage scale and there should be shown the present rates between Kansas City and some fifteen or twenty representative points in Kansas, and what the rates would be if the proposed mileage scale were substituted.

"Where the current rates are on a mileage basis, it will be satisfactory to restrict the comparisons for the following distances: 5 miles, 15 miles, 25 miles, 50 miles, 75 miles, 100 miles, 125 miles, 150 miles, 200 miles, 300 miles, 400 miles, 500 miles, 600 miles.

"As to form, please see sample hereto attached.

"2. Inter-Territorial Application.—The letter from the two directors states: 'It is not our idea that these class rates should apply inter-territorially, for instance, between two points, one of which is in 75 per cent and the other in 100 per cent territory.' It may be that the authorities at Washington may want to make some exceptions to this rule, such as traffic moving between Missouri

points north of the Missouri River (75 per cent scale) and points in Missouri, south of the Missouri River (100 per cent scale); also as covering traffic to a destination in eastern Colorado, for whose business Pueblo, Colo., which is in the 120 per cent group, and Hutchinson, Kan., which is in the 100 per cent group, are in competition. Having regard for the view set forth in the above quotation, it is apparently desirable to limit such exceptions as far as possible, but, where you consider the conditions justify an exception, outline same and clearly define what basis you think should apply.

"3. Preservation of Groups.—Exceptions to the flat application of the scale may be found undesirable under the proposed territorial application in order to preserve well-defined groups of origin and destination. Case in point is, traffic moving between points on the Mississippi River, taking St. Louis rates, and points on the Missouri River, Kansas City to Omaha, inclusive. In such cases you may conclude to recommend that the scale be applied in arriving at the underlying base rate and that otherwise the previous parity be maintained. All such cases should be suitably covered and the present, as well as rates which you propose, clearly set forth.

"4. Continuation of Present Adjustments, Except for Change in Percentage Relationship of the Classes.—In other instances where it may be thought desirable to continue unchanged the present method of rate-making, except, perhaps, to bring about uniform relationship of the class rates to each other, as provided for in the master scale, notwithstanding the fact that the traffic may be in part or in whole within one of the three territories defined. Illustration: The rates from St. Louis to Texas common points, some of which are within 600 miles, although the bulk of the traffic moves for greater distances, all being within the 100 per cent zone. List all such cases which you consider properly constitute an exception, and your reasons in favor of the exception should be given. Where this is done also make recommendations about new class rates based on those now in effect, but conforming to the new percentage relationship.

"5. Uniform Percentage Relation of Classes to Each Other.—In all instances where the new zone scales are not properly applicable, recommendations should be offered in line with what is last above said about the readjustment of the class rates conforming to the new percentage relationship.

"6. Basis From Basing Points Located Just Beyond the Rate Zones.—Recommendations are requested as to the basis to be employed in arriving at rates from basing points located just outside of the defined zones, on traffic moving between such points and points located within the zones. Illustrations: Traffic moving between New Orleans and points in Louisiana; Memphis and points in Arkansas and Oklahoma; Chicago and points in Minnesota and Wisconsin. You may decide to follow past precedent in formulating your recommendation covering:

"7. Differentials.—Recommendations covering this feature are solicited. To illustrate: Rates heretofore between Houston and points in Texas have been made on a mileage scale with certain fixed differentials higher from Galveston. Likewise, there have been differential relations between San Francisco and Sacramento, Cal.; between Topeka and Kansas City to Kansas point, etc. Specific recommendations requested as to whether these relationships be perpetuated, or the mileage scale applied flat.

"8. L. C. L. Commodity Rates.—On state traffic, and on interstate traffic to a limited extent, same L. C. L. commodity rates are carried. The effect has been to largely destroy the integrity of the rates on the first four classes. This is true on Arkansas traffic; also, to a certain extent, on traffic to points in Kansas. All such rates should be considered and recommendations offered as to whether or not such L. C. L. commodity rates should be continued.

"9. Two-Line Rates.—Particular attention is invited to what is said in the letter from Messrs. Chambers and Prouty about the question of routes via which the distances, in the application of the scales, should be figured. As indicated, this represents an important and difficult problem. Study carefully and favor us with your recommendations.

"10. Fourth Section.—The remarks in the next preceding paragraph are also largely applicable to this feature.

Recommendations relative to this fourth section are also requested.

"If the foregoing is not understood, or if you desire additional information, please let us hear from you. Questions will undoubtedly arise, and our thought is to give general distribution to the answers, also with the idea of promoting uniformity."

SAMPLE FORM NO. 1—STATE OF IOWA.

	Miles.	1	2	3	4	5
Present		25	21	17½	15	11
Proposed	5	25	21	18	15	12
Present		25	21	17½	15	11
Proposed	15	25	21	18	15	12
Present		25	21	17½	15	11
Proposed	25	25	21	18	15	12
Present		25	21½	17½	15	11
Proposed	50	32	27	22	19	16
	Miles.	A	B	C	D	E
Present		12½	9	7½	6½	5
Proposed	5	13	10	8	6	5
Present		12½	9	7½	6½	5
Proposed	15	13	10	8	6	5
Present		12½	9	7½	6½	5
Proposed	25	13	10	8	6	5
Present		12½	9	7½	6½	5
Proposed	50	16	13	10	8	6

SAMPLE FORM NO. 2—STATE OF IOWA.

	Miles.	1	2	3	4	5	A	B	C	D	E
5				¼		1	¼	1	¼	¼	
15				½		1	½	1	½	½	
25				¾		1	¾	1	¾	¾	
50		7	5½	4¾	4	4	3½	4	2½	1½	1
	Miles.	1	2	3	4	5	A	B	C	D	E
5											
15											
25											
50											

FREE TRANSPORTATION

Regional Director Smith, under date of November 9, issued the following notice concerning the issuance of free transportation:

For your information and guidance the following decisions have been reached by the U. S. Railroad Administration with respect to the issuance of free transportation:

Post Office Regulations:

It has been decided that the past practice in connection with post office commissions shall be continued for the year 1919.

Regional Passes—Annual:

It has been decided that for the year 1919 a certain amount of annual transportation will be issued by the Railroad Administration, good over all lines under federal control within a designated region. Revision of pass orders or regulations by individual railroads should provide adequate instructions to conductors and others interested in establishment of this plan.

Exchange of Transportation With Canadian Railroads:

It is not the intention to discontinue or curtail the exchange of transportation with Canadian railroads.

It will be proper to exchange trip transportation direct with Canadian railroads; also to request direct such annual transportation as your officers or employees require over Canadian roads. Canadian railroads, however, will send their requests for such annual transportation as they may need over federal controlled roads to the director of the Division of Operation at Washington, who will furnish one pass to cover each individual's requirements.

Mechanical Experts:

It has been the custom in the past for railroads to furnish transportation to mechanical experts inaugurating service or giving attention to the maintenance and opera-

tion of certain specialties, such as superheaters, electrical headlights, stokers, air brake equipment, etc.

It will be proper for the federal managers and general managers to continue this practice, issuing transportation for such limited periods and covering such territory as may be necessary for these various experts to carry on their work.

URGED NOT TO STRIKE

The Traffic World Washington Bureau.

Director-General McAdoo, November 12, issued the following statement to the railroad telegraphers:

"I regret to learn that efforts are being made by some persons to induce telegraphers in the railroad service of the United States in certain sections of the country to strike on the fourteenth of November unless the Director-General makes a decision before that date on the request of the telegraphers for increased wages. I cannot believe that genuinely patriotic men will listen for a moment to advice from anyone to strike against the government of the United States. All employees of the railroads are now in the service of the government, and never in the history of the United States have its employees struck against their government. It is impossible for the Director-General to render a decision on the telegraphers' claim on or before November 14. The case is under consideration and will be decided at the earliest possible moment. A grave mistake will be made if any body of employees should quit their posts. It is just as essential now to keep a continuous flow of supplies to our soldiers and sailors in France as it was while the war was actually raging. I earnestly request each patriotic employee to remember his duty to his government and to remain at his post and await with confidence the action of the Director-General, which will be taken at the earliest possible moment. In this hour of glorious triumph for world democracy let us not fail to do our part by standing to our posts as our soldiers and sailors have so gallantly stood to theirs."

SHIPPERS' EXPORT DECLARATIONS

Regional Director Smith, on November 11, sent the following notice to the federal managers, general managers and terminal managers, railroads, eastern region:

The Treasury Department of the United States Government complains that rail carriers and the American Railway Express Company fail to comply with the amended regulations relative to shippers' export declarations, which provide that shipper shall prepare and sign four copies of such declarations if the goods are destined to foreign ports and two copies if destined to non-contiguous territories of the United States.

The following are the instructions on the back of United States Treasury Department Form "Customs Cat. No. 7525":

"1. Shipments from interior points for exportation.—If shipped on a through bill of lading, the shipper must prepare the original export declaration in quadruplicate for foreign shipments and in duplicate for shipments between the United States and its non-contiguous territories and deliver forms to the carrier to accompany the shipping papers to port of exportation. If shipped on a local bill of lading, the declarations may be attached thereto or mailed separately to the consignee at the seaboard.

"(a) If the shipper prefers, he may place the original declaration, but not the carriers' extract, in a sealed envelope addressed to the Collector of Customs with his name endorsed thereon and the fact of sealing noted on the declaration and deliver it with the extract to the carrier. If goods are consigned to an agent at the seaboard for transshipment and exportation, the shipper may mail the declaration and extract properly prepared direct to the agent.

"(b) Upon arrival of the goods at the port of exportation, the carrier must immediately deliver the original declarations, sealed and unsealed, and the carrier's extracts to the Collector of Customs, who will retain the original and certify the extract and return it to the carrier, vessel or party named to attend to exportation."

Receiving agents must not accept shipments for export unless the above mentioned instructions of the Treasury Department have been complied with.

GRAIN RULES UNDER FREIGHT RATE AUTHORITY 2445

Section No. 1—Transit Privileges and Commodities

A—Milling, Cleaning, Storing or Otherwise Treating (except malting) in Transit Privileges referred to herein contemplate the shipping of articles named in paragraph E below to stations between origin and final destination for the purpose set forth in paragraph B below, and of shipping therefrom articles named in paragraph F at the rates and under the conditions hereinafter provided.

B—Stops will constitute the delivery of shipments en route to final destination for the purpose of milling, cleaning, storing or otherwise treating (except malting), after which outbound shipment is to be rebilled (within time limit in section 5) to a destination beyond.

C—Color, Grades and Blends—It being impracticable to preserve the identity of specified commodities (as named in paragraph E), unloading into milling, cleaning, storing or treating plants, there may be forwarded from the transit station, under transit rules hereinafter specified an equal amount of the same kinds of commodities, or products thereof (as shown in paragraph F), less the loss in treatment or manufacture (as shown in section 7). No distinction will be made in the different colors, grades or blends of the same kinds of commodities. Freight bills or tonnage slips for any one or more of the component parts of such mixture or blends will be accepted.

D—Freight bills covering receipts via one line shall not be surrendered against shipments out over another line, except where through joint rates are in effect and where transit is authorized on shipments from points on the road involved.

E—Inbound Commodities.—Following is a list of the inbound commodities upon which transit privileges provided herein are allowed:

Grain, viz.: Wheat, rye, oats, barley, buckwheat and corn (including kafir corn and milo maize, but not including popcorn), and Feterita, not otherwise indexed by name, whole, cracked, ground, chopped or rolled (not including cereal foods, flaked, puffed or toasted and cereal coffee).

F—Outbound Commodities.—Following is a list of outbound commodities which may be forwarded from milling, cleaning, storing or treating points under the privileges provided herein:

Corn, whole, cracked or ground.
Oats, whole, rolled, crushed or ground.
Rye, whole or rolled.
Barley, whole, common ground, rolled or pearl.
Wheat bran or shorts.
Flour (see Note 1)—Wheat, buckwheat, corn, rye or barley or pancake, or prepared flour, provided non-transit ingredients thereof do not exceed 20 per cent.
Wheat, whole, cracked, crushed or rolled.
Middlings, wheat, rye.
Chops, wheat, corn, rye, kafir corn, Feterita, milo maize.
Bran, wheat, corn, rye, buckwheat.
Shorts, wheat, rye, buckwheat.
Meal, corn, gluten, oat, barley, brewers'.
Gritts, corn, oat, barley, brewers'.
Hominy, hominy feed, hulls, oat, buckwheat.
Groats, barley, buckwheat.
Flakes, brewers' corn.
Cereal products, uncooked (manufactured from grain).

Note 4.—When a carload of pancake or prepared flour containing non-transit ingredients (salt, baking powder, or other commodities) is offered for shipment, the billing covering the inbound grain will only be good for the percentage proportion of the ground grain in the shipment, less the loss in milling, cleaning, storing or otherwise treating, and the portion of the shipment composed of non-transit ingredients will take the carload rate on the pancake and prepared flours from transit point to destination.

Section No. 2—Stops Allowed

Stops as follows will be allowed at points on lines parties to this circular:

A—Only one stop for milling, cleaning, storing or treating (except malting), as provided herein, will be permitted.

B—Shipments under this circular are entitled to such privileges and subject to such charges as are covered by

participating carriers' publication which are lawfully on file with the Interstate Commerce Commission, providing for: Car service, demurrage, diversion, drayage, inspection, maximum weights on shipments in refrigerator cars, reconsignment, storage, switching, terminal services, transferring overloaded cars, weighing; also all other charges, privileges and rules applicable at shipping point, or destination, or in transit, which in any way change, increase or decrease, or determine any part of the amount to be paid on any shipments between the points named herein, or which increase or decrease the value of the service to shippers.

Section No. 3—Points of Origin, Transit Points and Points of Destination

A—Transit Points.—Milling, cleaning, storing or otherwise treating in transit points must be directly intermediate point of origin to final destination.

Note.—No back or out-of-line haul will be permitted.

B—Points of Origin.—Milling, cleaning, storing or otherwise treating in transit privileges apply only on shipments moving under rates which are subject to milling, cleaning, storing or otherwise treating in transit rules.

C—Points of Destination.—Milling, cleaning, storing or otherwise treating in transit privileges apply irrespective of destination, except as restricted in Paragraphs A and B, above.

D—Milling, cleaning, storing or otherwise treating in transit at intermediate points will not be permitted when the rate on the milled, cleaned, stored or otherwise treated product is non-intermediate in application.

Section No. 4—Rates to Be Applied

A—Rate to milling, cleaning, storing or otherwise treating in transit point on the inbound commodity will be the current tariff rate, point of origin to such milling, cleaning, storing or otherwise treating in transit point, subject to established minimum carload weight.

B—Rate from milling, cleaning, storing or otherwise treating in transit point on outbound commodity to destination will be the difference between the rate collected to the milling, cleaning, storing or otherwise treating in transit point and the rate on the product shipped from the transit point from point of origin to destination in effect on the date of shipment from point of origin as shown on the freight bills surrendered; also any charges for additional service as published in tariffs lawfully on file with the Interstate Commerce Commission.

C—Milling, cleaning, storing or otherwise treating in transit and policing rules as shown herein, or as may be amended, will not apply on tonnage on hand at the time rules become effective. The through rates with milling, cleaning, storing or otherwise treating in transit and policing rules applicable date of shipments from points of origin must be applied.

D—Where mileage rates apply, use same for distance via route traversed by shipment, except where other lines' short line rate is authorized in tariff covering shipment.

Section No. 5—Time Allowed at Transit Points

A—Time Allowance.—Shipments may be held at milling, cleaning, storing or otherwise treating in transit point any length of time up to and including twelve months from first 7 a. m. after notice is sent of arrival of car.

Local rate from milling, cleaning, storing or otherwise treating in transit point applies if held longer than twelve months.

B—Agents must show on freight bill date of arrival of car, and the rebilling from milling, cleaning, storing or otherwise treating in transit point must show, in addition to waybill reference, the date of arrival as shown on the freight bill.

The time limit must not be overlooked. If the paid freight bills are with claims or other correspondence, thus not being available at time of reshipment, freight auditor's attention must be called to same so that proper arrangement may be made for using balance of rate for expiration of time limit.

Section No. 6—Freight Bills, Handling Of.

A—Issuance and Identification of Freight Bills.—Agents at milling, cleaning, storing or otherwise treating in transit points, in issuing freight bills covering charges on the shipments received, must affix their office stamp on

the same as a means of future identification, and make notation showing milling house at which shipment is actually delivered. Show the actual weight as well as the weight upon which freight charges are to be collected.

B—Transfer of Freight Bills.—Carload shipments of articles entitled to milling, cleaning, storing or otherwise treating in transit privileges may be transferred from one party to another at a given point. Transfer of freight bills, tonnage slips, and bills of lading covering same is permissible, but same must be by formal assignment or order endorsed on back of freight bill, tonnage slip or bill of lading.

C—Dealer's Endorsement on Freight Bills.—Freight bills or tonnage slips must be representative of the property. When tonnage is transferred the seller must certify on back of freight bill or tonnage slip that the commodity or the products of the commodity represented thereby was actually transferred to the party to whom the document is assigned, giving the date of the transfer and stating the method of transfer.

D—Scrap Freight Bills and Tonnage Slips.—A number of so-called scrap freight bills or tonnage slips, the combined weight on which is sufficient to cover the weight of the carload of the article or articles shipped or transferred, may be used in lieu of the single freight bill. The transfer of less than 24,000 pounds or less than carload minimum weight when same is less than 24,000 pounds, with accompanying transfer of freight bill or tonnage slip, is not permissible.

E—Surrender of Freight Bills and Tonnage Slips.—Representative paid freight bills or tonnage slips covering charges to milling, cleaning, storing or otherwise treating in transit station, bearing date not subsequent to that of the outbound billing, must be surrendered at time of shipment from milling, cleaning, storing or otherwise treating in transit station. To correct errors due to the surrender of non-applicable freight bills or tonnage slips, or to the non-surrender of freight bills or tonnage slips, proper freight bills or tonnage slips must be exchanged for those surrendered, or additional freight bills or tonnage slips of proper date and standing be surrendered to cover. No readjustment will be made in cases where the freight bills or tonnage slips originally surrendered were applicable.

F—Agent's Endorsement on Freight Bills.—Agents must endorse on freight bills and tonnage slips amounts refunded and billed as advances; also way-bill reference for shipment from milling, cleaning, storing or otherwise treating in transit station.

G—Freight Bills Covering Foreign Line Shipments.—Where agent of inbound line at junction point issued bills of lading and makes waybills for transit shipments from junction point to points on or via other lines, freight bills rendered as representative of outbound shipments must cover shipments received at transit point via such inbound line.

A—Articles Taking Specific Loss.—The following deductions from actual weight shown on the inbound freight bills and tonnage slips are to be made at time of shipment from transit point on account of shrinkage or loss in manufacturing process. The loss will be based on the actual weight of outbound transit shipment.

Wheat, milled, cracked, rolled or crushed.....	1 per cent
Corn, milled, cracked, ground or crushed.....	1 per cent
Rye, milled, ground, crushed or rolled.....	1 per cent
Oats, milled, ground, crushed or rolled.....	1 per cent
Barley, milled, ground or rolled.....	1 per cent
Buckwheat, milled.....	1 per cent

B—Shipper's Statement of Loss.—On other articles shippers must endorse, over their signature, on each freight bill offered for transit privileges, the per cent of loss in weight in manufacture, treatment or handling.

C—Loss in Non-Transit.—The loss in treatment or manufacture will be considered as non-transit and inbound freight bills representing same must be canceled.

Section No. 8—Weights.

A—Tonnage Basis.—Milling, cleaning, storing or otherwise treating in transit privileges are allowed on outbound weight equal to actual inbound weight into milling, cleaning, storing or otherwise treating station, less the loss in milling, cleaning, storing or otherwise treating or manufacture as shown in section No. 7. Contents of one or more cars from the same or different points of origin into milling, cleaning, storing or otherwise treating

station may be shipped from milling, cleaning, storing or otherwise treating station in one or more cars, and vice versa, subject to established carload minimum weights. The minimum weight may be made up altogether of milled, cleaned, stored or otherwise treated in transit articles or mixed carloads of milled, cleaned, stored or otherwise treated in transit and non-transit articles. Excess of actual inbound weight over outbound weight will be credited by the issuance of tonnage slips and applied against subsequent shipments. Excess of outbound weight over actual inbound weight will take carload rate from transit station.

B—Deficit in Minimum Weight.—When the shipment from milling, cleaning, storing or otherwise treating station consists of one or more kinds of freight and the actual weight is less than the minimum weight governing, the deficit will be charged for at the balance of, or difference in, rate in accordance with the freight bill surrendered to cover the deficit. If no inbound freight bill is surrendered, the deficit will be charged for at the carload rate from the transit station to destination.

C—Refunds Based on Actual Weight Only.—When the adjustment takes the form of a refund, such refund should be made only on the actual weight of the transit portion reshipped and not on the total inbound weight, nor on any amount added or charged for to make up minimum carload from the transit station.

D—Weight of Containers.—When products are shipped in containers and representative freight bills for the product are surrendered to cover gross or authorized estimated weight of products and containers, same rates will apply on the containers as on the products.

Section No. 9—Mixed Shipments.

A—Mixed Carlots.—When car from milling, cleaning, storing or otherwise treating point contains mixed lots of milled, cleaned, stored or otherwise treated in transit tonnage only, entitled under tariff covering shipment to mixed carload rating, paid freight bills representative in kind and quantity of each article loaded must be surrendered. Each kind may be forwarded at such balance or difference as will preserve the mixed carload through rate, plus milling, cleaning, storing or otherwise treating in transit or other charges named herein obtain, in which event same will be additional.

B—Mixed Carloads, Transit and Non-Transit.—On mixed carloads of articles specified in section No. 1 hereof, some being milled, cleaned, stored or otherwise treated in transit (freight bills surrendered), others being non-transit (billing not surrendered), the difference in the carload rate (as explained in paragraph C, section No. 11, of this circular) will apply on the milled, cleaned, stored or otherwise treated in transit portion, and the carload rate (straight or mixed, according to the contents of the car and the tariff rules applying thereon), milling, cleaning, storing or otherwise treating point to destination on the non-transit portion.

Section No. 10—Switching and Elevator Charges.

A—No switching charges will be absorbed at transit stations on shipments receiving transit privilege, except as provided in tariffs of individual lines lawfully on file with the Interstate Commerce Commission or state commissions.

B—No elevator charge will be allowed or paid out of the rate of carriage or transit charge in the movement of grain through elevators upon which transit privileges are taken, unless tariffs make special provision for an allowance on such transit grain.

Section No. 11—Bills of Lading, Waybills and Routing

A—Bills of Lading and Waybills From Point of Origin.—Waybill to milling, cleaning, storing or otherwise treating point at local rate on local bill of lading, agents must take up bill of lading and collect charges upon delivery of shipment. Avoid uncertain or ambiguous descriptions, such as meal, feed, etc.

C—Waybill From Milling, Cleaning, Storing or Otherwise Treating in Transit Point.—Shipments from milling, cleaning, storing or otherwise treating point will be rebilled at the difference between the rate applied origin to milling, cleaning, storing or otherwise treating station and the through rate as defined in Section 4, if any, plus milling, cleaning, storing or otherwise treating in transit and other charges named herein, if any, when destined to a point

where through billing is authorized and to proper junction at proper divisions where through billing is not authorized.

Where milling, cleaning, storing or otherwise treating in transit is at a junction point, and the road performing inbound and outbound haul permit or allow the milling, cleaning, storing or otherwise treating privileges, it is desirable that agent of line performing inbound road haul issue bill of lading and waybill covering reshipment from milling, cleaning, storing or otherwise treating point at proper balance of or difference in rate, plus transit charges or other charges as may accrue, if any, adjustments to be made through respective accounting departments. When both of such carriers do not permit or allow transit, same cannot be allowed and shipments must be waybilled at full rate from milling, cleaning, storing or otherwise treating point.

D—Refunds and Advances.—If dealer desires consignee to pay flat rate from originating or milling, cleaning, storing or otherwise treating point to destination, refund proper proportion of charges to milling, cleaning, storing or otherwise treating point and waybill same as advances. Refund should not be based greater than weight of product out, or weight of grain shipment in basis (basis rate to milling, cleaning, storing or otherwise treating point). If a dealer desires to pay the milling, cleaning, storing or otherwise treating charge, make collection and waybill accordingly.

E—Reference to Inbound Billing.—Show on waybill and bill of lading covering shipment from milling, cleaning, storing or otherwise treating point full reference to in-shipment, this to include point of origin, routing to milling, cleaning, storing or otherwise treating point, waybill number and date, kind of tonnage from each point, and weight, rate and freight charges. The use of uncertain or ambiguous terms such as "meal," "feed," etc., must be avoided. Particular care should be taken to make plain point of origin. Agent will also make following endorsement on bill of lading:

"Collect on basis of through rate of cents, less cents, paid origin to transit point. Milling, cleaning, storing or otherwise treating charges, and charges advanced, including miscellaneous items accruing in transit, if any, to also be collected. From total collectable deduct amount shown as prepayment to apply."

F—Waybilling, Milling, Cleaning, Storing or Otherwise Treating Charge.—Milling, cleaning, storing or otherwise treating in transit charges must be shown as a separate item in both rate and freight column of waybill with notation opposite, "milling, cleaning, storing or otherwise treating in transit charge." Transfers to connecting line to show like information.

G—Responsibility of Agents at Milling, Cleaning, Storing or Otherwise Treating Points.—Agents at milling point will be held responsible for their errors due to non-application of correct rates, and milling, cleaning, storing or otherwise treating in transit charges into and out of milling, cleaning, storing or otherwise treating point.

Section No. 12—Miscellaneous Rules.

Milling, cleaning, storing or otherwise treating in transit privileges will be accorded only to shippers who will:

A—Keep a complete and accurate record in a manner acceptable to and as required by carrier.

B—When requested to make statement, and if required, affidavits as to accuracy of such statements or records.

C—Permit an authorized agent of carrier at any time to have access to records, and otherwise to conform to the carriers' requirements.

D—If the unexpired freight bills or credit tonnage slips represent greater tonnage than actually on hand, freight bills or credit tonnage slips for difference will be canceled.

E—In cancelling excess freight bills or tonnage slips, the same shall be canceled proportionately between the roads (or among the roads), using the unexpired freight bills and tonnage slips of each road as factors.

F—Shipments tendered at milling, cleaning, storing or otherwise treating stations by shippers who fail or decline to comply with all of these rules will be way-billed from milling, cleaning, storing or otherwise treating station at the current tariff rate from milling, cleaning, storing or otherwise treating station to final destination, and under such circumstances, milling, cleaning, storing or otherwise treating rate will not apply.

Section No. 13—Duties of Inspectors.

Milling, cleaning, storing or otherwise treating in transit privileges shall be subject to the review of inspectors of the carriers, who shall at all times have access to the records of the shippers for the purpose of determining the accuracy thereof, as well as the faithful observance of these rules, and it shall be their duty to check and verify shippers' records at proper periods, but not less than four (4) times a year quarterly.

SHORT LINE DATA ASKED

The Traffic World Washington Bureau.

The Railroad Administration has prepared a questionnaire which is to be answered by short line railroads with which to enter into contractual relations with the government in accordance with the terms of the contract heretofore published in *The Traffic World*. It will be circulated by the American Short Line Railroad Association, which is lending its aid to the Railroad Administration to the end that there may be quick action for the relief of the short-lines, whether they are members of the association or otherwise.

The questionnaire is intended to develop every fact pertaining to the finances, the equipment, the mileage, tonnage and every other matter that will throw light on the question as to whether a contract should be made between the responding short lines and the government. There are some short lines which probably will not be allowed to enter into a contract because, in the estimation of both the Railroad Administration and the officials of the Short Line Association, they are hopeless and of value chiefly for scrapping purposes.

The questionnaire requires an answer to the question what joint rates were in effect prior to Jan. 1, 1918, and what was the division of each one of the joint rates.

Nearly all the information could be obtained by the Railroad Administration from the files of the Interstate Commerce Commission. Such a process, however, would require the use of much more time than those anxious to settle the question of contract think should be devoted to the acquisition of such information. In other words, they think that the short line railroads should bear the trouble and expense of making up the data pertaining to each line, so as to have the whole matter expedited.

FREIGHT OPERATIONS

The Traffic World Washington Bureau.

In a statement about the benefits of unification in increasing the efficiency of freight operations in August, the Railroad Administration's Division of Operating Statistics says there was an increase of nearly two billions of ton miles of freight handled in that month—an increase of 6.7 per cent over August of last year. Engine mileage decreased two tenths and the number of cars in a freight train increased 6.6 per cent. Tons per train increased from 684 to 729 and the load per car from 27.8 to 30.1 tons, or 8.3 per cent. New England showed an increase of 14.2 per cent in volume of ton-miles, being the best section of the country in that respect. Heavier loading of cars and greater number of cars in trains caused a 3 per cent decrease in the daily mileage of cars.

NO COTTON COMPRESSION INCREASE?

The Traffic World Washington Bureau.

Assurances, cotton shippers believe, were given to them on November 9 by Director Prouty that the proposed five-cent increased rates on cotton on account of the War Industries Board's decision that the cotton compressors are entitled to five cents more for compression shall not be made, unless Director-General McAdoo makes it on his own responsibility. M. M. Caskie, president of the Southern Traffic League, advised his associates that Mr. Prouty had told him and C. E. Coterill that he would not approve the proposal to add five cents to the rates.

The proposal to advance the rates was also brought to the attention of Senator Hoke Smith of Georgia, W. A. Wimbish and Messrs. Caskie and Coterill calling on him

for that purpose. The Georgia senator has lodged a protest with the Railroad Administration against the fifteen-cent advance made by General Order No. 28 and also the five-cent proposal. He is the author of the proposed amendment to the fifteenth section, which required the consent of the Commission as a condition precedent to the filing, during the war, of any advanced rate. He intended that amendment to prevent general advances in rates during the war, because, at the time he proposed it the railroads were making more money than ever before in their history. That was in 1915. The increases in wages and the cost of materials at the time he introduced and had his amendment passed had not taken place and his idea was that there was no necessity for the fifteen per cent advance the railroads were talking about then.

CHANGE IN EXPORT REGULATIONS

The War Trade Board announce that the regulations heretofore prescribed as to the signing of applications for export licenses, as set forth in W. T. B. R. 214, issued September 10, 1918, have been rescinded. The regulations requiring the filing of powers of attorney (War Trade Board announcements of December 4, 1917, as set forth in Journal No. 2 of the War Trade Board, and of March 2, 1918, as set forth in W. T. B. R. 67) have also been rescinded.

In order to facilitate the work of filing applications for export licenses, the War Trade Board will now accept applications if it shall appear from the application itself that it bears the personal signature, in ink, of the consignor or of some person to whom the consignor has delegated the duty of signing applications.

Shippers will be held responsible, as heretofore, for all statements made upon applications and for full compliance with all rules and regulations of the War Trade Board, and their attention is called to the following provision contained in the form of export license: "By accepting or acting under this license the person to whom the same is issued warrants the correctness and truthfulness (1) of all answers made and statements contained in the application filed with said board for this license, and (2) of all information given in response to any further requirements of said board in connection therewith, which application and information are by reference made parts hereof."

EXPORTS TO SOUTH AMERICA

(1) The War Trade Board, after consultation with the Shipping Control Committee of the United States Shipping Board, announce the adoption of the following procedure, effective November 18, 1918, for the obtaining of ocean shipping preference for shipments of any commodity, excepting coal, coke and fuel oil, which are:

(a) Destined to the following countries on the eastern coast of South America, viz.: Brazil, Uruguay, Paraguay and the Argentine; or,

(b) Destined to any country or colony by way of Brazil, Uruguay, Paraguay and the Argentine.

(2) On and after November 18, 1918, applications for licenses to export any commodity, excepting coal, coke and fuel oil to the destinations and in the manner mentioned above in paragraphs (a) and (b) must include one of each of the following papers properly executed:

An application on Form X, to which should be attached: Such information sheets as may be required by the regulations of the War Trade Board, as Form X-1, X-2, etc.

A Supplemental Information Sheet, Form X-118.

(3) On Form X-118 the applicant is required to give certain information as to the purposes for which the export shipment is to be made.

(4) If an export license is granted on such application, the War Trade Board will mark thereon a preference number indicating the order of ocean shipping preference which the shipment to be made under such licenses will receive. The ocean shipping preference on licenses will be honored in accordance with the preference number, No. 1 taking preference over No. 2, No. 2 over No. 3 and No. 3 over No. 4, subject only to the exigencies of prompt loading and satisfactory stowage and cargo.

(5) Exporters making shipments under export licenses dated on and after the first day of December, 1918, must note on the bill of lading the serial number of the export license and the ocean shipping preference number, if any. Carriers in making their manifests must enter the

export license number and ocean shipping preference number opposite each entry of goods covered by such export license. Carriers are required to file, immediately after the sailing of the vessel, an extra copy of the manifest with the Shipping Control Committee, 45 Broadway, New York City.

(6) This procedure has been adopted because of the great shortage of shipping tonnage to the east coast of South America. The purposes are to insure speedy delivery to such countries of commodities essential to the obtaining in such countries of materials urgently needed by the United States and the countries associated with it in the prosecution of the war, and also, in so far as tonnage available will permit, to supply those articles necessary for the vital economic needs of the countries on the eastern coast of South America.

(7) Exporters are warned that under present shipping conditions there will be considerable delay in obtaining space for commodities covered by licenses bearing the lower ocean shipping preferences. It is the purpose of the War Trade Board, however, to continue to issue licenses with the preference number, so that, in the event that the shipping shall at any time improve, exportation may be made thereunder.

(8) Holders of licenses issued which have not stamped thereon the ocean shipping preference should refile their applications on Form X, attaching thereto Supplemental Information Sheets X-8 and X-118.

(9) On and after the first day of December, 1918, all licenses for export to Brazil, Uruguay, Paraguay and the Argentine not bearing ocean shipping preference numbers will be considered in Class No. 4.

NEW GENERAL IMPORT LICENSE

The War Trade Board announces in a new ruling (W. T. B. R. 306) the issuance of a new general import license, to be known as PBF No. 28, which will be effective for shipments made on and after Nov. 9, 1918. This license covers the importation into the United States of all sugar when consigned to the United States Equalization Board, care of the United States Food Administration, Washington, D. C., or 111 Broadway, New York City.

This new general license covers the importation of sugar from all destinations, and this action has been taken to avoid any possible delay that might arise in connection with the shipment of this important commodity from foreign ports.

American consuls have been instructed to certify invoices covering shipments of sugar consigned to the Sugar Equalization Board, care of United States Food Administration, or 111 Broadway, New York City, without official notification of the license numbers and without notification from the importers themselves that a license has been granted.

The provisions of the trading with the enemy act are not affected by this general license, and American consuls will continue to refuse to certify invoices where there appears to be any enemy interest in the shipment.

DEMAND REFUND OF DEMURRAGE

The Traffic World Washington Bureau.

Twelve complaints by Chicago Board of Trade grain dealers were filed with the Commission November 15 by Jeffery, Campbell & Clark, demanding return to them of more than one hundred thousand dollars paid by them as demurrage on grain delivered in the latter part of 1916, the whole of 1917 and this year. They complain that demurrage became technically assessable only because carriers did not perform their common law and statutory duty of providing cars for taking grain out of their elevators; that if they had performed that duty the imposition of demurrage would have been impossible and that it is illegal to allow carriers to profit by their own violations of law.

One complaint, that by Cragin Elevators Company, alleges it was charged demurrage on "low-grade corn" which, by reason of delays by the carriers, deteriorated to such an extent that the company's elevators could unload only one-fifth their capacity for handling corn that had been held in cars so long as to become a "gelatinous mass." No demand for damages to the corn is made, but merely for return of demurrage.

RATE REGULATION AND THE ELECTION

The Traffic World Washington Bureau.

A restoration of the Commission to full vigor over rates is proposed in a bill prepared by Senator Cummins of Iowa. It repeals the tenth section of the federal control act and substitutes therefor language indicating that the President, as the man in control of the railroads, is to stand, in the making of rates, in exactly the position held by the railroad presidents before the lines were taken over.

That is to say, the President may prepare tariffs and offer them for filing, just as R. H. Countiss used to do before the federal control bill was placed upon the statute books. It restores the act to regulate commerce, without, however, the Smith amendment to the fifteenth section. That means, a small change in the act as it stood when the railroads were taken, unless the Iowa senator, who had merely prepared the rough draft when this was written, changes his mind. There are many who think the Smith amendment to the fifteenth section was a poor bit of legislation.

Ordinarily the introduction of a bill is hardly worth noticing. Ninety-nine per cent of the 30,000 bills annually introduced are mere efforts on the part of the introducer to bring his name before his constituents, or to oblige one of them by giving publicity to an idea the constituent has embodied in a bill.

This measure, however, is not one of that kind. It was in contemplation months ago. The lapse of time, instead of rendering it less important, has increased its weight.

On account of what happened on November 5, Senator Cummins ceases to be merely one of the hundreds of congressmen, each introducing bills with the abandon of a school boy eating apples while passing through an orchard. The mutations of politics have been such that he is now morally certain to become the chairman of the Senate interstate commerce committee in the next Congress. He has ceased to be the leader of the minority in that committee.

It cannot be said the Iowa senator expected, when he wrote the bill, to have it passed at the regular session beginning on the first Monday in December. It was prepared to show that in his opinion, even if the President operates the railroads, there is reason why rates proposed by him should pass the same scrutiny as was given them while the railroads were in the hands of their owners; that the question of what would be a just, reasonable and non-discriminatory rate is not affected in any way by the fact about control, except that the President might not be influenced so much by the need or supposed need of money as the owner of the railroad.

The mere fact, however, that he had no such idea when he wrote the bill is not to be taken as indicating that legislation on the subject, during the coming winter, is out of the question. On the contrary, there is such pressure from the south against the making of rates by Director-General McAdoo's assistants that it would not be at all surprising if the senators from that part of the country were persuaded to join with those who opposed the grant of power, carried in the tenth section, to undo the work that was done last April, what was then done being against the advice of all the senators and representatives who had theretofore been prominently identified with regulatory legislation.

This bill is not to be mistaken either as a first step in a post-bellum reconstruction program prepared by the Iowa senator. It is no more than a proposal to retrace what he deems a step that should never have been thought of.

In a talk with the writer, the Iowa senator expressed the opinion that reconstruction work will be more important and more difficult than that which was done to prepare the railroads for the war. The object of all legislation must be to provide adequate transportation at rates not so high as to prevent the free movement of commodities, and a fair return to the capital invested.

The Iowa senator is strong in his conviction that in the making of rates in the future there must not be a determination on the part of the public to grind the railroads down to nothing, so to speak, nor a determination

on the part of the railroads to make the public sweat for supposed injustices. The problems must be approached in a broader spirit than that.

While the election has brought Senator Cummins into line, under the seniority rule, for the chairmanship of the interstate commerce committee, he has done nothing so far as has appeared toward assuring himself that the chairmanship is given to him by the Republican conference. The Republican margin of two could be set at naught by Senator La Follette, also a member of the interstate commerce committee, if the Democratic senators were willing to continue control of the Senate by his act. There are a number of senators owing allegiance to the present dominant party who would not accept help from the Wisconsin senator, if they could possibly find a way to avoid it, without offense to fellow senators of their own political persuasion.

La Follette opposed the change in the rate-making provisions of the law, even as Senator Cummins did. There would be no reason, therefore, for expecting a refusal on his part to vote to make Cummins chairman, even if he declined to vote for other recommendations of the Republican conference.

Committees in the Senate are chosen by vote. The members of each party meet in conference and agree upon the recommendations they shall make to the Senate. In accordance with that rule the Democrats will recommend that Edward Durant Smith be continued as chairman of the interstate commerce committee. The Republicans will move to insert the name of Senator Cummins. That procedure will be followed with every office from that of president pro tempore down to the lowest Senate office. In La Follette always votes in those contests with the Republicans or refrains from voting, the offices will go to the Republicans. If he votes with the Democrats, then there will be a tie. Vice-President Marshall, under the constitution, will be entitled to break it. Of course, he would vote with the Democrats and thereby continue them in power.

La Follette might vote for the Democratic candidates for president pro tempore, chairman of the committee on finance and sergeant at arms and for the Republican candidates for secretary of the Senate and chairman of the interstate commerce committee.

Members of the prospective minority party, since election, have been intimating that La Follette will take this opportunity to "get even" with the Republican senators who have been questioning his loyalty. Democratic senators have also questioned it. The assumption that he could do anything on that score rests on the further assumption that if he started anything of that kind all the Democrats and all the Republicans would remain within party lines and thus enable him to swing the organization of the Senate as suited himself. There is a question, however, as to whether there would be such a line-up in the event he undertook anything of the kind. If he refrained from voting or voted with the party to which he says, in his autobiography, he owes fealty, there would be no possibility of a breaking of party lines, because Republican senators would not be in the position of having allowed any decision to be made by him. If, however, he voted with the Democratic senators, the fact would be obvious that, but for him, they would have been defeated. It is such a possibility, that of having the country told that Senator La Follette had kept the Democratic Senate organization in power, notwithstanding the voting at the polls, that it has been suggested, might constrain Senator Underwood, for instance, to withhold his vote, after La Follette had voted, and thus make a tie impossible.

Defeat and death has played havoc with the Democratic membership of the interstate commerce committee of the Senate. Death took Ollie M. James of Kentucky. Governor Stanley has been elected in his place. Senators Saulsbury of Delaware, Thompson of Kansas and Lewis of Illinois were defeated. It is therefore necessary for their party to choose their successors.

If the new controllers of the Senate use the same rules for apportioning committee memberships, the Democrats will have only seven members on the committee. Death and defeat having caused four vacancies, it will be necessary for that party to select only one man to fill a vacancy, the political overturning, disposing of three members of the committee. Under the same rule it will be necessary for the Republicans to find three additional members of the

committee, the Republican membership at present being only seven. As a majority party it is entitled to ten, or such other number as it might choose to select. None of the Republican members was affected by the election.

Shippers have taken note of the fact that the election brings about a change in conditions. According to reports coming to Washington, there is a proposal among them and railroad men to revive the plan of having regional commissions by having the big traffic committee converted, by legislation, into regional commissions, with appeal to the Interstate Commerce Commission at Washington when the adjustment by the regional commission was not satisfactory.

Representatives of the Southern Traffic League object to the regional commission proposal on the ground that everything would be appealed to Washington anyhow and therefore no progress would be made by having such sub-commissions. Their idea is that the system in existence prior to last April worked with a fair degree of satisfaction to everybody except to the railroad men, who insisted that the railroads, except possibly in 1916, were never allowed to make enough money.

All these proposals, however, are likely to be subordinated to the Cummins proposal to restore the Commission to full vigor, even including the power to suspend tariffs by requiring the President to follow the same routine that was in effect prior to the passage of the federal control law.

Baldly stated, the Cummins proposal is to deprive the President of the power that was once exercised by railroads and which was given to him on the representation that he would not use it except in meeting great emergencies. Everybody knows that the President does not make rates; everybody knows that not even Director-General McAdoo makes rates. If the President really made rates, it is suggested, there might be no proposal that he should be deprived of that power, although those who have considered the election returns think that there may be room for inferring that the people are opposed to one-man power in respect of things that are not military and which cannot affect military operations.

The Cummins bill, S 5020, restoring the rate-making power to the Interstate Commerce Commission, which was introduced on the afternoon of November 11, is as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Section 1. That section 10 of an Act, entitled "An Act to provide for the operation of transportation systems while under Federal control, for the just compensation of their owners, and for other purposes," approved March twenty-first, nineteen hundred and eighteen, is hereby amended so as to read as follows:

"Sec. 10. That carriers, while under Federal control, shall be subject to all laws and liabilities as common carriers, whether arising under State or Federal laws, or at common law, except in so far as may be inconsistent with the provisions of this Act, or any other Act applicable to such Federal control, or with any order of the President: Provided, however, That no such order shall affect rates, fares, charges, or classifications except as hereinafter set forth. Actions at law or suits in equity may be brought by and against such carriers and judgments rendered as now provided by law; and in any action at law or suit in equity against the carrier, no defense shall be made thereto upon the ground that the carrier is an instrumentality or agency of the Federal Government. Nor shall any such carrier be entitled to have transferred to a Federal court any action heretofore or hereafter instituted by or against it which action was not so transferable prior to the Federal control of such carrier; and any action which has heretofore been so transferred because of such Federal control, or of any Act of Congress, or official order or proclamation relating thereto, shall, upon motion of either party, be retransferred to the court in which it was originally instituted. But no process, meane or final, shall be levied against any property under such Federal control.

"That during the period of Federal control the right to initiate or change rates, fares, charges, classifications, regulations, and practices exercised by the carriers now under Federal control, prior to the twenty-ninth day of December, nineteen hundred and seventeen, shall hereafter be exer-

cised by the President, or by the Director General of Railroads, but such right shall be exercised under all the limitations and conditions which were imposed upon it by the Act to regulate commerce, approved February fourth, eighteen hundred and eighty-seven, as amended; and the Interstate Commerce Commission shall have as full and complete authority and jurisdiction to set aside, change, modify, suspend, or otherwise review all such rates, fares, charges, classifications, and regulations as though the Government had not assumed the possession and control of said transportation systems. To that end the said Act to regulate commerce, as amended, is hereby declared to be in full force and effect with respect to rates, fares, charges, classifications, practices, and regulations, anything in the Act approved March twenty-first, nineteen hundred and eighteen, to the contrary notwithstanding. The procedure before the Interstate Commerce Commission shall be the same as formerly, except that the Director General of Railroads shall stand in the stead of the carriers, and all notices theretofore required to be given to or served upon carriers shall be given to or served on said Director General. All orders or findings of the commission shall bind the Director General to the same extent as they formerly bound the carriers.

"In determining any question concerning any such rates, fares, charges, classifications, practices, or regulations, or any changes or proposed changes in the same, the reasonableness thereof or any discrimination therein, the rule to be applied shall be the same as existed under the said Act to regulate commerce, as amended, and under the general law of the subject as it was prior to the Government's possession and control."

IRON ORE IMPORT LICENSES

The War Trade Board announce that, in addition to the general license PBF No. 14, covering the importation of iron ore from Sweden and Spain when coming as ballast in ships returning from those countries (see W. T. B. R. No. 234), licenses may be issued for the importation of a maximum total from all sources of seventy thousand (70,000) tons of low phosphorus iron ore from Spain, Sweden, Norway and North America, provided the said ore be imported and entered prior to July 1, 1919.

By low phosphorus iron ore is meant iron ore which contains in the proportion of not more than .012 per cent of phosphorus to 50 per cent of metallic iron.

The total amount of low phosphorus iron ore so permitted to come forward will be allocated by the Bureau of Imports.

AMENDS CANADIAN IMPORT LICENSE

The War Trade Board announce that general import license PBF No. 3 (see W. T. B. R. 234) has been amended so as to exclude therefrom wood chemicals and manufactures of rubber.

Wood chemicals and manufactures of rubber from Canada or Newfoundland, therefore, will hereafter require an individual import license.

General import license PBF No. 3 so amended will read as follows:

"Covering the importation into the United States from Canada and Newfoundland of all articles except those mentioned in the President's import proclamation of November 28, 1917, and except calcium carbide; olive oil, tapioca, sago, peanuts, rabbit skins, toys, manufactures of cotton not produced in Canada, tallow, cocoa beans, feathers, pumice, wheat products, acetate of lime, acetone, ketone, commercial and glacial acetic acid, acetic anhydride, methyl acetate, methyl acetone, wood alcohol, butyl alcohol and manufactures of rubber. Where commodities are restricted, this general license covers them only when shipped by other than ocean transportation and when they originate in Canada or Newfoundland, or in a country from which they would be licensed for importation direct. Shipment from Newfoundland to Canada and thence overland or by lake to the United States is not considered ocean transportation."

ANNUAL TRAFFIC LEAGUE MEETING

The docket for the annual meeting of the National Industrial Traffic League, to be held at the Hotel Sinton, Cincinnati, O., Thursday and Friday, Nov. 21 and 22, 1918, which has just been sent out, is as follows:

To Members: Attention is invited to the docket for the annual meeting. You are respectfully urged to attend the meeting of the League and take an active part in the discussion of the various questions which will come up for consideration.

It is hoped that you will interest non-members eligible to membership in this meeting. Extra copies of the docket will be sent upon request for distribution to interested parties, or mailed direct to those whom you may suggest.

The headquarters of the League will be at the Hotel Sinton and hotel reservations should be made promptly by you. All members and visitors on arrival should register with the secretary and secure appropriate badges. Your co-operation is earnestly requested to make this a successful meeting.

Program.

Thursday, Nov. 21, 1918—10 a. m., business session; 2 p. m., business session.

Friday, Nov. 22, 1918—10 a. m., business session.

Dockets of Subjects for Business Sessions.

Election of officers.

Report of secretary-treasurer.

Report of finance and auditing committee.

Report of executive committee—Proposed uniform telegraph code. Return of railroads to their owners after the war—government vs. private ownership. Proposed mileage scales for southern and western territories. Withdrawal of exceptions to various classifications.

Report of committee on car demurrage and storage—Application of average agreement to warehouses and public elevators, etc. Establishment of demurrage bureaus. Demurrage charges accruing on inbound loaded cars at grain elevators due to inability to load outbound cars account lack of empties. Recodification of demurrage rules (supplemental report only).

Report of bill of lading committee.

Report of express committee.

Report of committee on rate construction and tariffs.

Report of committee on weighing.

Report of baggage committee—Joint uniform baggage tariff. Marking of baggage.

Report of freight claims committee—Shortages under shipper's seals. Settlement of freight claims: (a) Loss and damage and overcharge. (b) Concealed loss and damage. Standard forms for presentation of freight claims.

Report of membership committee.

Report of organization committee.

Report of legislative committee—Long and short haul clause—Poindexter bill S-313.

Report of classification committee—Official division, western division, southern division.

Report of committee on transportation instrumentalities.

Report of special committee on railroad leases and sidetrack agreements.

Report of special committee on uniform classification.

Report of special committee on railway collection bureaus.

Report of special committee on relations with the national association of railway commissioners.

New business—Place for spring meeting of League.

PROPOSES NEW LOG SCALE

The Southern Pine Association has received the following letter from C. A. Prouty, Director of Public Service and Accounting:

"In a number of tariffs of carriers under federal control there are carried so-called penalty rates on log movements to milling points, with refund to a net basis when lumber is reshipped via the line bringing the logs to the mill. Complaint has been made that under this system of rates the shipper is compelled to pay excessive charges for his log haul and as a result has large sums of money in the hands of the carrier, all of which, it is claimed, is without any justification under federal control of railroads. Won't you be good enough to at once prepare what you regard as a fair scale of rates to be applied to the trans-

portation of logs over roads under federal control, without any refund when lumber is shipped out of the mill point?"

In this connection the association has issued a circular saying in part:

"The attached scale of log rates has been submitted for application on hardwoods. We are of the opinion that this scale is too high for soft woods, and would appreciate suggestions from subscribers as to what the southern pine scale should be. Subscribers are requested to advise us what scale of rates on logs to milling points they are now paying. We have provided a column opposite the scale proposed for hardwoods, in which we will ask that subscribers further insert the scale which they would deem proper for southern pine, bearing in mind while so doing the rates which you are now paying for such service.

"In suggesting the scale deemed reasonable for southern pine, subscribers are requested to advise us fully the measure of their present log rates, whether covered in published tariffs or contract form."

Distances.*	Scale proposed for hardwoods.
5 miles and less	\$ 8.00
10 miles and over 5 miles	8.00
15 miles and over 10 miles	9.00
20 miles and over 15 miles	9.00
25 miles and over 20 miles	10.00
30 miles and over 25 miles	10.00
35 miles and over 30 miles	11.00
40 miles and over 35 miles	11.00
45 miles and over 40 miles	12.00
50 miles and over 45 miles	12.00
55 miles and over 50 miles	13.00
60 miles and over 55 miles	13.00
65 miles and over 60 miles	14.00
70 miles and over 65 miles	14.00
75 miles and over 70 miles	15.00
80 miles and over 75 miles	15.00
85 miles and over 80 miles	16.00
90 miles and over 85 miles	16.00
95 miles and over 90 miles	17.00
100 miles and over 95 miles	17.00
105 miles and over 100 miles	18.00
110 miles and over 105 miles	18.00
115 miles and over 110 miles	19.00
120 miles and over 115 miles	19.00
125 miles and over 120 miles	20.00
130 miles and over 125 miles	20.00
135 miles and over 130 miles	21.00
140 miles and over 135 miles	21.00
145 miles and over 140 miles	22.00
150 miles and over 145 miles	22.00
155 miles and over 150 miles	23.00
160 miles and over 155 miles	23.00
165 miles and over 160 miles	24.00
170 miles and over 165 miles	24.00
175 miles and over 170 miles	25.00
180 miles and over 175 miles	25.00
185 miles and over 180 miles	26.00
190 miles and over 185 miles	26.00
195 miles and over 190 miles	27.00
200 miles and over 195 miles	27.00

*It will, of course, not be necessary to consider distances beyond the normal movement of southern pine logs to the mill.

REMOVE FERTILIZER FROM STOCK CARS

The Department of Agriculture announces that fertilizer for their orchards has been secured in a novel way by the members of the Placer County Farm Bureau, California, through an arrangement with the Southern Pacific Railroad Company. The company has agreed to permit returning stock cars to be sidetracked at convenient sidings where farmers can clean them out. The farmers thus not only secure a considerable amount of valuable manure but they perform a service for the railroads difficult to obtain under the present labor difficulties.

INCREASED GRAIN MOVEMENT

The Traffic World Washington Bureau.

Up to the week ending November 2, reports to the Director-General and made public by him on November 9, 547,597 cars had been loaded with grain. During the same period in 1917 the loading amounted to 412,540. In the eastern district the increase was from 82,657 to 103,506; Allegheny district decreased from 8,146 to 7,549; Pocahontas increased from 1,334 to 1,564; southern from 11,562 to 14,477; northwestern from 143,858 to 184,199; central western from 119,041 to 164,309, and southwestern from 46,942 to 71,993.

POSITION OF SOUTHERN TRAFFIC LEAGUE ON THE PROPOSED MILEAGE SCALES

In a memorandum on the subject of mileage scales, sent to the Interstate Commerce Commission, the Southern Traffic League says:

"The United States Railroad Administration has made public a scale of uniform mileage freight rates which it proposes to establish for application in the Southern territory.

"Having received information sometime ago that this was the intention of the United States Railroad Administration, the Southern Traffic League, composed of traffic representatives of shippers and shippers' organizations in the South, entered a protest to the proposed action of the Railroad Administration upon the grounds that now is not the proper time to make such radical changes in our rate structure, because our people are, and have been, bending every energy toward helping to win the war; that they have been called upon to bear heavy taxes and otherwise contribute their means to the government and other war work; that they have already been called upon to assume the burden of a horizontal increase of 25 per cent in freight rates; and that they should not again be called upon, at this time at least, to face the possibility of radical readjustments in their own businesses just for the purpose of making a uniform paper adjustment of freight rates.

"Since that time we have had occasion to examine, casually, the scales of rates proposed, and it is our positive conviction that the South, as a whole, will experience further very radical increases in its freight rates. Not only that, but the adjustments, which our business and commercial enterprises have become accustomed to and have been developed under, will be torn asunder and entirely new ones substituted. This will necessitate corresponding readjustments in our commercial life, because commerce must harmonize with freight rate adjustments, if it is to thrive and prosper.

"Feeling, as we do, that there is no public demand for such a change as the one proposed in our freight rate structure, that it will result in uncertainty in the minds of our people who are directly interested in freight rates, and who will be called upon to pay these charges and readjust their businesses, which will almost certainly mean a period of stagnation in our commercial life, at a time when the heaviest demands ever known are being met, we again protest and urge that this matter should at least be held in abeyance until conditions resume a more normal status, and we suggest to the business people, and others interested in freight rates, that they make a careful study of this matter in order that they may be forewarned as much as possible of the effect upon their businesses.

"If we were called upon to suggest a method of obtaining uniformity in our rates, the suggestion would be that this be accomplished by a gradual process; that is, as business, commercial and transportation conditions become uniform, or approximate uniformity, to the extent that more uniform rates would be desirable on any commodity, that they then be established, and that a wholesale attempt at uniform rates, regardless of conditions existing, be held in abeyance.

"Mileage freight rates, as the term suggests, is a scale of freight charges based upon distance of mileage.

"A uniform system of freight rates is a system or scale of freight charges based upon distance or mileage, and applying uniformly over a given area of territory.

"Distance or mileage, as used in this sense, means nothing in and of itself. It is only important in so far as it reflects the cost of performing transportation service and the value of such service to the one receiving it.

"In a system of mileage rates, however, distance or mileage is the predominating factor. It controls the measure of the rates regardless of other items or factors which might and do enter into the cost and value of, and have in the past exercised some influence over, transportation service.

"While the question of adequate returns upon the investment in property devoted to transportation purposes is important and must be considered in arriving at the proper measure of any rate or scale of rates, at the same

time, the question of value of the service performed to the one receiving it must also be considered. Therefore business and commercial conditions, as well as transportation conditions, must be taken into account.

"A uniform system of mileage rates, if it is to conform to recognized principles of rate-making, necessarily presupposes uniform commercial and transportation conditions. If such conditions are not uniform over any given territory, then distance or mileage would not reflect accurately the cost or value of transportation service in that territory. This is axiomatic.

"The distance or mileage does not reflect, at least to a degree approximating accuracy, the cost and value of transportation service, is it a reliable and accurate measure of the rates for such service? Manifestly, it is not.

"It follows, therefore, that there are certain conditions precedent to the successful working out in actual practice of a system of uniform mileage rates or charges. The most important of these is uniformity, at least to a reasonable extent, of commercial and transportation conditions within the territory involved.

"The foregoing statement is not meant to convey the impression that a perfect uniformity of commercial and transportation conditions is necessary in order to establish and maintain some degree of uniformity in freight rates, but it must be remembered in a strictly uniform system of rates, nothing must control the measure of the rates except the one factor—distance or mileage. While other items may properly be considered in the formulation of such a system of rates, they must not exercise a controlling influence over the rates.

"There are certain factors that have always heretofore been considered in making freight rates. While some have doubtless been allowed to exercise too much influence over rates, it has always been considered proper to take them into account in rate-making. These factors are mentioned in the following quotation from "American Railway Transportation," by Emory R. Johnson:

The carrier's minimum charge is fixed by the extra cost due to performing the service in question; the shipper's maximum is the value of the service; to locate the just charge lying intermediate between these two extremes, consideration must be given to the cost of the service to the carrier, and the conditions of competition under which the service is performed, the value of the service to the one who receives it, the value of the article and its importance to the industrial progress of society.

"It will be observed that the factors to be considered in making rates mentioned in the foregoing quotation are general in their nature. As a matter of fact, a number of subsidiary elements must be determined. In arriving at the cost of the service to the carrier, such matters as the density of traffic on the line of that particular carrier, the topography of the country it traverses and expense of keeping up its track, and the necessary cost of carrying on its business must be considered, and so on.

"The foregoing will serve as a premise for a discussion of the proposal by the United States Railroad Administration to establish a system of uniform mileage rates for operation in the South, that is, rates varying with distance and applying uniformly (in both directions) over the section of the country known as the South.

"The South is virtually an island. It is almost completely surrounded by water—the sea on the south and east, and rivers on the west and north. It is also traversed by innumerable waterways, a great number of which are navigable. Moreover, it represents a diversity of industry—agricultural, mining, manufacturing, etc.

"The chief industry perhaps is agriculture, and a great part, if not the greater part, of its commerce includes agricultural products, or those commodities necessary to the pursuit of agriculture.

"It is also true that the South was not colonized and settled as early as some other parts of the country, in addition to which it received a serious setback in its development from the devastation of the Civil War, from which it has not yet fully recovered.

"The development of the South has not been uniform. This is perhaps partly due to the way in which it was settled, to the Civil War, and also to the diversity in its soil and climate.

"The foregoing being true, we could hardly expect anything else but extremes in both railroad development and

transportation conditions, and in business and commercial conditions.

"Unlike manufacturing and some other industrial pursuits, agriculture is limited and restricted by soil and climatic conditions. Certain things that can be produced in one section of the South cannot be produced in other sections; so we find industry somewhat localized or sectionalized. While the people in Florida are engaged in the growing and marketing of citrus fruits, Louisiana is engaged in producing sugar cane and rice and marketing the products thereof. Other sections are engaged in lumbering, while still others are engaged in raising tobacco and in mining, and so on.

"In opening up and developing the South, numerous railroads have been built, some of which were used exclusively at first for private highways, but have since entered into the business of common carriers.

"All of this has been mentioned for the purpose of showing that, instead of the South presenting uniformity of conditions, it presents just the opposite in transportation as well as commerce. Some railroads have prospered, while others have barely existed.

"With such a diversity of conditions, is it possible to formulate a system of uniform rates that would meet these conditions and work out satisfactorily in practice? Let us see. It is hardly possible to overlook the question of revenue entirely from the operation of the railroads by the government, and raise the necessary money guaranteed to the railroads through taxation in other forms; so that any system that might be devised will have to bring in, not only sufficient revenue to pay for the cost of operation, but to pay the owners the sum guaranteed to them. Assuming that it is the desire of the government to go only so far, and not attempt to raise additional revenue over and above what is now accruing from the operation of the railroads of the South under the present system of rates, the present rates applicable to the more prosperous roads will have to be raised in order to meet the deficit on those where the rates are reduced. In other words, a leveling process will naturally be the result. That means that the extremes in commercial and transportation conditions will have to be disregarded, and an artificial uniformity substituted.

"We admit that it is possible, under the authority and power of the government, to formulate such a system of rates and perhaps maintain it by utilizing the revenue accruing from the more prosperous roads and applying it to those weaker lines that could not earn a sufficiency of revenue under any lower basis of rates than they now use. But such a system could only work through the application directly of the authority of the government, and when the roads are returned to their owners, as is the purpose of the federal control law, such a system would inevitably give way under the force and stress of economic and natural conditions. Under private ownership one road could not increase its rates under the pretext of supplying a deficit to another line.

"But what of the effects of such a system of rates on business? The business of the South has grown up with the present system of rates. They must harmonize. Their interests are reciprocal. It is perhaps assumed by those responsible for the proposed rates that the present rates are retarding instead of promoting industry and business in the South. But it should be remembered that rate making for an agricultural section is somewhat different from what it is in other sections, especially where conditions are variant. A few illustrations will suffice:

It might be possible, and in fact is very probable, that a manipulation of freight rates can influence the location of a brick factory, for instance, but it is not possible, no matter what changes are made in rates, to change the production of oranges, for instance, from Florida to Tennessee, or of sugar cane from Georgia or Louisiana to North Carolina. It is possible, however, to change the rates to such an extent as to retard the development of these industries in their natural habitudes, without any corresponding benefit to any other community.

"We are not citing rare or isolated cases. Such as we have cited are representative of the situation all over the South. It is possible, by properly manipulating freight rates, as we have already stated, to influence the location perhaps of manufacturing or merchandising business not restricted by climatic or soil conditions, but it is not at all possible no matter what rates are made to change the

location of a business that is so restricted. And we have just such businesses as the latter in the South; in fact, they predominate.

"That a system of uniform freight rates would seriously affect our present industries no one can deny. It will mean a complete shattering and tearing down of our present rate structure which has been built up through years of experience, and in harmony with our business and commercial development.

"But, it may be argued, there are inconsistencies and inequalities in our present rate structure, and these should be ironed out and everything and everybody placed on an equality. That we do have inconsistencies and inequalities in our rate structure is admitted. But they are more apparent than real. Their effect on paper is much more imposing than in actual practice. It is true, of course, that the rates on oranges, for instance, from the markets of the country to Florida, or between other points in the South, are much higher than the rates from Florida to those markets. But what difference does that make? Such an adjustment enables the Florida growers to reach the markets where oranges are in demand, and that is the important thing. We have used this illustration to show that while there are inequalities in our rates, the greater part of them do no harm to any business or industry. There are some, however, that do work harm, but they can be corrected under our present system of rates without discarding the system."

PUBLICITY FOR RATE CHANGES

L. F. Daspit, traffic manager, Chamber of Commerce, Shreveport, La., has written the following letter to George T. Atkins, Jr., of the Division of Public Service and Accounting, Railroad Administration, and has asked F. A. Leffingwell, secretary of the Southwestern Industrial Traffic League, to docket the matter referred to for consideration at the next meeting of the League:

"I would like to make request that the Director-General instruct the district traffic committees to inform shippers what action has been taken by them on matters which have been considered on their dockets. It seems to me that this is a very important matter, for by informing the shippers of the status it will enable them to go ahead with their plans or make other arrangements in the event their requests are denied. As it is, a shipper is kept in suspense while the proposition is going through the various channels which make it some time and meet with delay before final action is taken in Washington, yet if he has been informed of the district committee's action he can use his own judgment or take his chances as to the probability of their recommendation being approved by the higher authorities.

"I do not mean to suggest that a member of a district committee, in giving this information, should disclose anything which may prejudice any other shipper nor the individual action of any member of the committee. I am quite sure that you will agree with me that no harm will be done by issuing such instructions."

RIVER AND RAIL RATES

The Traffic World Washington Bureau.

Director Chambers, Theodore Brent and C. S. Whitney began negotiations November 9 for the fixing of joint river and rail rates for use in connection with barges on the Mississippi and Black Warrior rivers. Mr. Chambers had reserved that subject for his own consideration. Brent and Whitney want joint rates 20 per cent less than all-rail, but they admit that that basis cannot be expected throughout the region from which barges may be expected to draw business.

TO HEAR EXPRESS WAGE COMPLAINT

The Traffic World Washington Bureau.

In General Order No. 54 Director-General McAdoo designated the Division of Labor of Railroad Administration to hear complaints and make recommendations as to disputes between the American Railway Express Company and its employees, other than those affecting wages and hours of labor. No settlement, however, is to be operative until approved by him.

RECONSTRUCTION PROBLEMS

(Continued from page 916)

than three of whom shall be members of the same political party, to be appointed by the President, "by and with the advice and consent of the Senate," any member of which may be removed by the President for "inefficiency, neglect of duty, or malfeasance in office," the President to be the judge as to what constitutes inefficiency or neglect of duty. Malfeasance in office is a certain and definite offense. Inefficiency and neglect of duty are matters of opinion, not carrying any moral stigma when the judge of what constitutes inefficiency or neglect of duty says a man has been inefficient or neglectful. Under the Overman bill, the reconstruction would be largely under the control of the President. Under the Weeks resolution, the President would have no official control over the members and no say except such advice as he might be able to convey to members of the body, the official title of which would be Joint Congressional Committee on Reconstruction.

Naturally there is some smack of partisanship in both proposals. The method of appointment of the members under the Overman bill might be said to give that proposal the tinge of party of which the President and the North Carolina senator are members. The Weeks resolution provides for the appointment of the Democratic members by the Democratic "caucus" of the Senate and the Democratic "caucus" of the House. It provides for the appointment of the Republican members by the Republican senatorial "conference" and the Republican House "conference."

Under the Weeks resolution the reconstruction committee would be always a congressional body, responsible to the whole body of Congress, because membership thereon would terminate when a member lost his standing with his constituents and was kept at home. Under the Overman bill membership would depend on the opinion of the President, limited only, as to incoming members, by "the advice and consent of the Senate." The Senate, by refusing to confirm the nomination of a member, could continue a vacancy, if the disbursing officer decided that an appointee could not serve except and unless his appointment were confirmed by the Senate.

The Joint Congressional Committee, under the Weeks resolution, would be required to make an investigation of the designated subjects and report to Congress from time to time "with such recommendations, as to additional legislation or otherwise" on problems: (1) Affecting labor with the subsidiary subject of unemployment following war; utilization of soldiers and sailors in civil employments; conciliation and arbitration of labor dis-

putes; relation of men and women in similar employments; substitution of female employes for male, and vice versa; feasibility of organizing permanent employment agencies; requirements for labor after the war, both in agricultural and industrial occupation; distribution of labor; employment of surplus labor on public works of which the construction or completion has been suspended due to the war. (2) Problems affecting capital and labor, including all matters relating to trusts and combinations; federal loans to private enterprises; and federal supervision of capital issues. (3) Problems affecting public utilities, including the establishment of a railroad policy after the war, the relation of the Interstate Commerce Commission to the railroads, and all questions to communication by wire. (4) Problems resulting from the demobilization of our industrial and military war resources, including the disposal of surplus governmental properties and supplies in this country and abroad; conversion of munition industries into those of peace; demobilization of war strength of the army and navy, and the disposition of the men who have been in the service; the demobilization of civil workers, and so on down through the whole list.

The Overman bill is more general in its enumeration of the things to be inquired into, mentioning transportation only in general terms. It authorizes reports to either House or to the President.

Whether those who do not like the methods of the Railroad Administration in changing rates will wait for a formal reconstruction program before undertaking something in the way of legislation relating to the regulation and control of railroads is not known. Various senators have been reported as being on the point of introducing bills to deprive the Director-General of the rate-making power. The mere introduction of a bill would not signify much. All that is necessary is to write the bill desired and send it to a senator or a representative, with a plausible letter of explanation. The senator or representative, rather than argue about the matter, especially if the writer is a constituent, will introduce it, and then most likely allow it to die. Introduction of a bill is significant only when the senator or representative speaks for the President or an executive department or for some big organization, or is forcefully in favor of his own measure. So far no big organization has asked any senator or representative to introduce a bill proposing to deprive the Director-General of the rate-making power.

MINOR COMMISSION ORDERS

The Commission has further modified its order of July 1 in Case 8480, *The Macey Co. et al. vs. P. M. Ry. Co. et al.*, so as to become effective December 20 instead of December 1.

Miscellaneous Traffic Decisions

Cases Recently Decided by State and Federal Courts

(Digests taken from Reporters and Digests of National Reporter System, published by West Publishing Co., St. Paul, Minn. Copyright, 1918, by West Publishing Co.)

REGULATION OF COMMON CARRIERS

Duty to Receive Freight:

(Supreme Court of Washington.) A carrier is bound to take all freight offered for carriage, and cannot refuse to carry frost-bitten fruit, even though offered by the

shipper under interstate commerce tariffs, under an option whereby the carrier must assume all liability due to frost, freezing or overheating, not the direct result of the negligence of the shipper.—Spokane Valley Growers' Union vs. Spokane & I. E. R. Co., 175 Pac. Rep. 184.

Loss and Damage Decisions

Cases Recently Decided by State and Federal Courts

(Digests taken from Reporters and Digests of National Reporter System, published by West Publishing Co., St. Paul, Minn. Copyright, 1918, by West Publishing Co.)

CARRIAGE OF LIVE STOCK

Delay:

(Supreme Court of Oklahoma.) In an action against a common carrier to recover damages for the negligent delay in the transportation of cattle from a point in this state to their destination in another state, witnesses, who, from past experience, are familiar with such transportation, may properly testify as to the usual and customary time required to make such shipments, and from this testimony and other competent testimony in the case, it is the province of the jury to determine whether or not the time actually taken by the carrier for the transportation of the cattle alleged to have been negligently delayed was reasonable or unreasonable.—Dickinson et al. vs. Seay, 175 Pac. Rep. 216.

In such an action, the question as to what is a reasonable time for the transportation of the cattle, and as to the reasonableness and sufficiency of the excuse which the carrier makes for its delay, is for the determination by the jury, under proper instructions from the court.—Ibid.

In an action against a common carrier to recover damages for negligent delay in the interstate transportation of cattle, where the evidence reasonably tends to show that the carrier failed to transport the cattle within a reasonable time, it is sufficient to take the question of negligence to the jury, and the presumption of negligence is not explained or rebutted by positive evidence on the part of the carrier that the regular schedule of its first train after the cattle were received by it for shipment, and by which train the cattle were moved, would not enable it to deliver the cattle at their destination within a reasonable time.

Damages:

(Supreme Court of Oklahoma.) Where damages are claimed from a common carrier on account of weight unnecessarily lost by cattle in transit, and on account of a decrease in the market value of the cattle when they reached their destination, occasioned by the negligent delay of the carrier in transporting the shipment, witnesses experienced in such matters may properly testify as to the loss of weight of the cattle, and as to the decrease of the market value of the cattle on account of such loss of weight, and as to the decrease of the market value of the cattle on account of injuries to the cattle while in transit affecting their market value.—Dickenson et al. vs. Seay, 175 Pac. Rep. 216.

SHIPPING

Limitation of Liability:

(Dist. Ct., E. D., New York.) Where a tug, towing scows, ran down a motorboat, the scows, being innocent instruments and in control of the tug, need not be surrendered with the tug in order for the owner of that vessel to obtain a limitation of his liability.—The O'Brien Bros., 252 Fed. Rep. 185.

In a proceeding to limit liability to the value of the

vessel causing the injury, etc., liability may be denied in toto and that question litigated.—Ibid.

Negligent Management:

(Dist. Ct., D. Md.) Where Norwegian vessel, having no choice under the law but to take Virginia pilot, was anchored by him in vicinity of government cables shown on charts as prohibited, and the anchor fouled the cables and caused damage, the ship was liable for such default of the pilot.—The Vindeggen, 252 Fed. Rep. 209.

Sale of Vessel:

(Dist. Ct., W. D., Wash., N. D.) Where part owner of vessel seeks to employ it in a dangerous and hazardous enterprise without the consent of and over the objection of owner of other half, a court of admiralty, upon application of latter, may order that vessel be sold and proceeds distributed.—The Ellenora, 252 Fed. Rep. 209.

Freight Money:

(Dist. Ct., N. D., Fla.) Under a charter to furnish a full cargo of lawful merchandise and to pay \$30 per gross ton delivered to vessel and for not less than 2,250 gross tons, her dead weight capacity, the charterer loading lumber, which was "lawful merchandise," into all the cargo space, was bound to pay for 2,250 gross tons, though the cargo loaded was less.—The Addison E. Bullard. Turner et al. vs. Cargo of Resawn Pitch Pine Timber and Lumber et al., 252 Fed. Rep. 241.

Charters:

(Dist. Ct., N. D., Fla.) The charter signed must be taken to express the true and final intentment of the parties, and courts may not substitute a different contract, if the agreement may work unexpected hardship.—The Addison E. Bullard. Turner et al. vs. Cargo of Resawn Pitch Pine Timber and Lumber et al., 252 Fed. Rep. 241.

Deck Cargo:

(Dist. Ct., N. D., Fla.) The master, if competent, has discretion in the manner of loading, the quantity to be taken on deck or elsewhere, consistent with the vessel's seaworthiness in view of the voyage, and, if acting in good faith, his judgment is controlling, though he may not modify the owners' contract for a positive undertaking.—The Addison E. Bullard. Turner et al. vs. Cargo of Resawn Pitch Pine Timber and Lumber et al., 252 Fed. Rep. 241.

Refusing Cargo:

(Dist. Ct., N. D., Fla.) Evidence held not to show an arbitrary abuse of the master's discretion in refusing to take a greater deck load of lumber under a charter whereby the vessel was to take a full and complete deck load consistent with seaworthiness.—The Addison E. Bullard. Turner et al. vs. Cargo of Resawn Pitch Pine Timber and Lumber et al., 252 Fed. Rep. 241.

Cargo Space:

(Dist. Ct., N. D., Fla.) Where the charter of a schooner specifically reserved space for "provisions," and required the use of the vessel's steam winches, the term "provisions" included coal.—The Addison E. Bullard. Turner

et al. vs. Cargo of Resawn Pitch Pine Timber and Lumber et al., 252 Fed. Rep. 241.

The master's judgment as to the kind and quantity of provisions permitted under the charter is generally controlling.—Ibid.

Legal Department

In this department a legal expert answers simple questions relating to the law of interstate transportation of freight. Readers desiring special service by immediate answer may obtain privately written answers to their inquiries by the payment of a small fee.

Address Legal Department, The Traffic Service Bureau, Colorado Building, Washington, D. C.

Notice to Consignor of Demurrage Charges

Pennsylvania.—Question: "Three cars arrived at a certain destination, consigned to ourselves, on August 25th of this year. Through an oversight in our Traffic Department, orders were not issued to deliver these cars over to proper consignee, until September 14th of the same year, resulting in total demurrage charges accruing, of \$380.00, on account of the railroad company being unable to locate named consignee on bill of lading, at destination.

"Should not the railroad company, when unable to locate the consignee, make some effort to get disposition by communicating with the consignor, which was very plain on way-bill, and a prominent company known through the eastern section of this country? A telegram just addressed to Philadelphia would have been delivered to either the consignee or consignor at point of origin, without the need of a local street address. It seems to us that delivering line, instead of sitting tight and allowing these demurrage charges to pile up, should have made some effort to get disposition.

"We might also add that these three cars contained news print paper, and which commodity and quantity would only be used by the main newspaper, at destination point, and if the agent had gotten in communication with this newspaper office, they could have immediately told him where the consignee or consignor were located. If, in your opinion, the railroad company is liable, can you quote any conference ruling or court decision?"

Answer: Assuming that the cars were delivered at destination in accordance with billing instructions, and that notice of arrival was given to the consignee, addressed at destination, in accordance with Rule 4, Section A, of the National Car Demurrage Rules, it is our opinion that the carrier by failing to give notice of its inability to locate consignee to the consignor, was not chargeable with such causes as would warrant it to cancel or refund the charges assessed under said rules. Rule 4, Section A, of the demurrage rules provides that notice shall be sent or given consignee by carrier's agent, in writing, or as otherwise agreed to by carrier and consignee, within twenty-four hours after arrival of cars and billing at destination, such notice to contain point of shipment, car initials and numbers, and the contents. In explanation of the rule, agents are cautioned that notice of the arrival of cars must be in writing, and must contain all of the items of information specified by the rule, and that in case it is desirable for both consignee and carrier that notice be given in some way other than in writing, that such notices are legal only when expressly agreed to by carrier and consignee. It is further provided that when the address of the consignee does not appear on billing and is not positively known, the notice of arrival must be addressed to the billed destination of the shipment and deposited in the United States mails.

In the case of *Alexander vs. Southern Ry.*, 25 I. C. C., 32, there being no proof of an agreement on the part of a carrier to notify consignor of the arrival of shipments consigned to another party, the Commission held that demurrage was properly assessed, where notice was sent to the consignee named in the bill of lading.

In the case of *Ohio Iron & Metal Company vs. Elgin, Joliet & Eastern Ry. Co.*, 34 I. C. C., 75, consignee failed to receive mailed notice, but the Commission said that carrier's duty was performed when letter was placed in the mail, and demurrage was proper.

Cancelling Switching Charges

Illinois.—Question: "Assuming that a company becomes the owner of property and buildings thereon

adjacent to the tracks of a western trunk line railway in the city of Chicago and at its own expense it puts in side tracks and makes physical connection with said railway with their approval. All of the freight handled at this new industry is inbound and the company has prevailed upon the railroad to have said industry regularly listed in the switching tariff so that flat Chicago rates will apply thereto, the understanding being that said industry will receive a portion of its freight over the lines of the railroad with whose tracks it is connected, giving that railroad the road haul on such business. Suppose certain commercial conditions develop whereby it is impossible to procure their particular commodity from territories served by the western trunk line in question, all of these commodities coming into the new industry from eastern lines and being switched to their plant by the western trunk line. The western trunk line officials claim they are losing money on every car switched from eastern lines and not enjoying any road haul business that the new industry had at first contemplated, threaten to cancel the application of Chicago rates at the new industry and withdraw their name and location from the switching tariff. No. 1—Would such cancellation be legal? No. 2—What recourse would the industry have to compel the railroads to continue the application of Chicago rates? No. 3—Can you give me reference to any rulings or decisions of the Commission or the courts covering a similar case?"

Answer: We are not familiar with any cases in the courts or before the Interstate Commerce Commission where the issues involved were wholly similar to the facts above stated. But it is our opinion that where an industry is within the switching limits of a certain city, and carried within the switching tariffs of the carrier as entitled to the application of the general rates to such industries, that the refusal of the carrier to provide for such industry the same switching service that it provides for the other industries amounts to an unlawful discrimination against such industry, and subjects it to undue and unreasonable prejudice, compared with such other industries. Of course, the carrier may, on a proper showing, be permitted by the Interstate Commerce Commission to increase its rates if the rates in effect are not remunerative, but, on the facts above submitted, it appears to us that the real controversy is one of division as between the carriers, and not whether the carrier is justified in increasing its charges to the shipper, or in eliminating him from the switching tariff. A case somewhat similar is *Switching at Arcade, N. Y.*, 30 I. C. C., 501.

To compel the carrier to continue the application of the Chicago rates, the shipper may make informal application to the Western Freight Traffic Committee, Transportation Building, Chicago, to require the carrier to continue such rate, or it may wait until the carrier applies to the Interstate Commerce Commission for permission to increase such rate, and then oppose such application, or he may institute proceedings in the federal court to enjoin the carrier from cancelling out such rate.

Measure of Damages for Conversion

Ohio.—Question: "On October 5, 1917, we made shipment to one of our customers of one carload of heavy melting steel; the railroad which transported this material delivered same, in error, to a mill, other than the one shown on the bill of lading. Upon placing our claim against the railroad company for non-delivery of the shipment to our consignee, it developed that the mill who unloaded the car offered to settle with the railroad company on a basis of government fixed prices, which was much lower than our price to our consignee which was contracted for prior to the fixing of the prices by the government.

"The contract on which we shipped this material was not completed until March 22, 1918, and all of the cars applied on this contract were paid for on a basis of the original price. The railroad company offered to settle with our company on a basis of government fixed prices, this being the price at which the party who unloaded the car agreed to settle with them. Our market price for this material at the time of shipment was considerably higher than the government price, owing to the fact that we had large tonnages sold on legal contracts, prior to the date of the government fixing the prices, which did not expire or were not completed until approximately seven or eight months after the shipment in question was made.

"We would ask that you kindly advise us your legal opinion in this case, as to whether or not the railroad company cannot be held to our contract price, instead of the government price."

Answer: The carrier by delivering the car of steel to a wrong person is guilty of conversion and is, under the Cummins Amendment and the United States Supreme Court decision in the Blish Milling Company case, liable for the full value of the converted goods. By the present uniform bill of lading, the amount of damages for conversion is to be computed on the basis of the value of the property at the place and time of shipment. The value of the property at the place and time of shipment necessarily was the amount at which it would sell at the shipping point at the particular time when shipped, regardless of the price at which the carrier settled with the party to whom delivery was wrongfully made.

However, it is the value of the property at the place and time of shipment, and not the contract price, that must govern. See Rule 387, Conference Rulings Bulletin 7, by the Interstate Commerce Commission. If the government's prices at the mills were in effect at the time the shipment moved, and governed the same, then those prices constitute the actual value of the property to you, and determines the measure of the carrier's liability. The United States Fuel Administration has recently issued a regulation which, while it has no direct bearing on the shipment in question, yet announces the broad basis upon which carriers are authorized to adjust claims for confiscation and conversion of coal. This regulation reads as follows:

"Where coal has been confiscated in transit by a railroad for its own use, the railroad confiscating such coal may pay to the owner thereof the applicable government mine price at date of confiscation, plus any transportation charges paid or advanced by, or on behalf of such owner, and plus any purchasing agent's commission paid by said owner or which said owner is obligated to pay on the coal so confiscated, provided, however, that if the confiscated coal was moving under a bona fide and enforceable contract entered into prior to August 21, 1917, but the price higher than the applicable government mine price, then the railroad confiscating such coal may pay the owner thereof the price which such owner is obligated to pay under such contract."

SHIPPING BOARD STILL WANTS MEN

The Traffic World Washington Bureau.

One recruiting service that will not go out of business with the coming of peace is that of the United States Shipping Board. It will not only keep on doing business, but will increase its scope, according to Chairman Edward N. Hurley of the Board.

Orders went out October 12 to the Board's recruiting agents to rush enrollment of men for peace crews of merchant ships, especially firemen.

"We shall want thousands of men for our peace fleets," said Mr. Hurley. "Our recruiting service, with twelve training ships and bases at Boston, New York, Norfolk, New Orleans, San Francisco, Seattle and Cleveland, will keep right on preparing men for jobs under the American flag on merchant ships."

"This service is training at present 4,000 apprentices a month and we are planning to increase its output."

"The Shipping Board will continue until further notice to accept men between 18 and 35, inclusive, for training."

"We want to build up an all-American personnel for the great merchant marine. Recruits for the peace fleet will be accepted at any one of 6,800 drug store enrolling stations maintained by the Shipping Board."

IMPORTATIONS FROM LOWER CALIFORNIA BY WATER

The War Trade Board announce that import licenses will be granted, where the applications therefor are otherwise in order, for restricted articles from Lower California when such shipments are made by the S. S. "San Pedro" or the S. S. "San Gabriel" of the Gulf Mail Steamship Company.

Help for Traffic Man

This department is conducted by a traffic man of long experience and wide knowledge. In it he will answer questions relating to practical traffic problems. We do not desire to take the place of the traffic man, but to help him in his work. We reserve the right to refuse to answer any questions that we judge it unwise to answer or that involve situations that are too complex for the kind of investigation contemplated. Questions will be answered as promptly as possible. No answers will be given by mail except for a fee.

Address "Help for Traffic Man," The Traffic Service Bureau, Colorado Building, Washington, D. C.

Refundability of Transportation Taxes on Goods Furnished the Government

Q.—Referring to the article in the issue of The Traffic World of October 26, 1918, page 809, under the department, "Help for Traffic Man," headed, "Are Transportation Taxes on Goods Furnished the Government Refundable?" a correspondent writes that in the case of his company the party paying the transportation charges on goods shipped to some department of the government will be able to receive a refund from the government by getting the original or copies of the paid expense bills signed by the agent or agents of the different carriers and making up a statement showing the amount of charges prepaid, together with the war tax, attaching it to Treasury Department form No. 46 and presenting it to the United States Internal Revenue Treasury Department, when on checking by them, if found to be correct, the amount of war tax will be refunded.

A.—This correspondent does not say that these war taxes upon the transportation charges have thus far been refunded, and it is not likely that any refund would have been made at this early date owing to the fact that refunding claims filed with the Internal Revenue Bureau usually require from a year to five years for adjustment, and, furthermore, to the fact that at no time in the history of the government has the Internal Revenue Bureau been so crowded with work as at the present time.

In the article in the issue of October 26th attention was called to section 1001 of the War Revenue Act, which incorporates in that law all the administrative and special or stamped provisions of law now in existence, which, of course, includes the refunding of taxes unlawfully collected. Form 46 of the Internal Revenue Bureau of the Treasury Department is the regulation form upon which claims for the refunding of taxes illegally paid are made and presented to the Bureau. Claims made upon this form are filed, and in due course are considered by the various officials through whose hands such claims pass in the ordinary routine of determination. Some time ago the writer of this column received a letter from the Internal Revenue Bureau, stating that the taxes paid upon the transportation charges of goods furnished the government, if such charges were paid by the manufacturer or shipper, could not be refunded; hence it was that in the article it was stated that while there was no provision in the regulations of the Internal Revenue Bureau under which a private shipper might claim exemption from the payment of the tax made by the government, that if a refund is justified on the ground of the illegal collection of the tax the matter should be presented to the Treasury Department for adjustment, and it will probably be made a subject of judicial interpretation of the law.

While the administrative provisions of the existing laws provide for the refunding of taxes unlawfully collected, yet it has not been determined that the payment of a tax on transportation by a private shipper, even on goods shipped to the government, is the payment of an unlawful tax. It may prove to be an unlawful tax, and the writer of this column believes that under a proper construction of the law by the courts it will be held to be an unlawful tax, but it is further believed that the Internal Revenue Bureau of the Treasury Department will not take upon itself the refunding of these particular taxes until it has had the authority confirmed in it through the decision of a court of last resort.

Demurrage on Actual Placement Following Constructive Placement of Cars

Q.—"Will you kindly advise your opinion, together with any reference you can give, on the following: Located

on track 'A' which road serves our plant during the night and fills our siding. They come down at noon and take eight empties from our siding and only replace five loads. They have under constructive placement, however, several other cars. We contend that outside time should cease on the three cars which we are not in a position to take at the noon switch. They contend that the noon switch is only a courtesy and should not be taken into account. We have contended that in the absence of tariff provisions prohibiting the second switch, we are entitled to it and inasmuch as they did perform the service in part they should have filled our siding when undertaking the service."

A.—The duties of a railroad carrier are not to be measured by the things which are not prohibited, but are to be measured by the things which the carrier undertook to do in its tariff issue. A constructive placement occurs when the cars cannot be delivered at the unloading place on a side track by reason of the inability of the consignee to receive them and the cars are placed upon a hold track waiting for such time as the siding or industrial track is open for the actual placement of car. Of course, the free time of 48 hours begins to run after notice of arrival has been legally given the consignee or after notice of constructive placement has been given where the consignee is not able to receive the cars upon his own industrial track or siding. It is apparent that a railroad company could by its own negligence increase the demurrage time after constructive placement by delay in moving the cars from the point of constructive placement to actual placement upon the industrial track or siding of the consignee. And it is doubtless true that when the consignee gives notice to the carrier that the cars upon its siding are unloaded, it is then the duty of the carrier to remove those cars and put them again into line haul service and at the same time to replace upon that siding those empty cars with loaded cars, provided there are loaded cars under constructive placement. This view is sustained by Section E of Rule 8 of the National Car Demurrage Rules, which provides that demurrage shall not be charged where constructively placed cars are "run around" by actually placing recent arrivals ahead of previous arrivals. Following the reasoning which prompted the adoption of that rule by the Director General of Railroads, it would appear that the railroad company would be guilty of neglect or error if it did not put in actual placement all the cars held under constructive placement when the siding of the consignee had capacity to hold, being in number at least as many as the empty cars removed from the siding. It is immaterial when the carrier moves the empty cars from the siding or places the constructively placed cars in actual placement, except that the actual placement should be made as early as possible after the siding is emptied in order to allow the unloading of the cars at the earliest date practicable in order that the consignee may avoid the payment of extra demurrage charges. For instance, if there were eight empty cars removed from the private siding at noon and the carrier did not make actual placement of all the cars under constructive placement when the siding would hold, before 6 o'clock in the evening, then it is doubtless true that the neglect of the carrier causes an additional day's detention of the cars and this additional day's detention having been caused by the neglect of the carrier, demurrage should not accrue upon those cars if the eight cars could have been unloaded by the consignee if the railroad company had placed the cars immediately upon the siding having been released of its empty cars. The query as made raises the presumption that this consignee has had cars bonded on him, since it is not reasonable to presume that he would order for arrival at a certain time any more cars than his siding would hold. Of course, in that case the bunching rule would apply, but it appears without considering the bunching rule that the carrier was remiss in not making actual placement of all the cars which the private siding would hold, at the same time it placed upon the removal of the eight empty cars from that siding.

RESPONSIBILITY FOR DAMAGE

Q.—Cars containing goods arrived at point of destination with seals intact, but upon unloading of goods were found to be torn and gouged by protuberances on the side of the car and also damaged from becoming wet in the car. The correspondent says: "We have notified both the transportation lines in writing of the condition of the cars and have asked them to inspect the same, which they

have failed to do, both claiming that it was up to the other road to take care of the same if a claim was to be filed. Will you not kindly, through your department in The Traffic World magazine, throw some light upon the responsibility of the damage to these cars and how claim could be filed after the same were unloaded and not inspected?"

A.—Section 20 of the Act to Regulate Commerce provides that the carrier receiving property for interstate transportation shall issue a bill of lading therefor and be liable to the lawful holder thereof for any loss, damage or injury to such property. Under this section the Interstate Commerce Commission has held in a long list of cases that the initial carrier is responsible for the damage, whether such damage was caused by the initial or any connecting carrier. It is immaterial where the damage occurred, this being a question which must be fought out between the connecting carriers. It is also the duty of the connecting carrier to furnish cars which are suitable for the transportation of the article which is to be transported. This is a concealed loss and when ascertained upon the opening of the car the agent of the delivering carrier should be notified and allowed to see the damage. If the carrier does not choose to inspect the car, it should be opened and the condition of the goods in the car noted by two or more witnesses. Claim should be filed with the initial carrier, supported by the statement of those who observe the condition of the goods in the car, and if the initial carrier refuses to settle, suit may be brought in court, the method of procedure at the present time being the same as before the passage of the federal control act.

WOMEN FOR TRUCK DRIVERS

The following is authorized by the Council of National Defense:

"The task of assisting in recruiting men for the Motor Transport Corps of the Army, which is now being organized along such comprehensive lines as to call for a force approximating 200,000 men and for motor transportation of the value of \$130,000,000 in addition to the value of such transport already in the service, has been assigned to the highways transport committee, Council of National Defense, by General C. B. Drake, chief of the Motor Transport Corps.

"The carrying out of this assignment for one of the great branches of the war machinery means that the whole organization of the highways transport committee, including the regional directors, the committees organized on its behalf by the state councils of defense throughout the country, and their local committees, will be given an increased share in the vital task of winning the war.

"In order to prevent the disruption which would follow if tens of thousands of skilled men were taken away from the great organization engaged in operating and maintaining the industrial transport service of the country, and at the same time to provide an adequate force, it is necessary to work out for the Motor Transport Corps some plan to secure substitutes for those thus taken away.

"One way of meeting this situation is by substituting women therefor for men, which involves recruiting these women and placing them in training for service while the men in the industry are being withdrawn for army purposes.

"The problems which would inevitably develop in carrying out this plan of substituting women for men in the handling of industrial vehicles over the highways would include a determination of how many men in a given locality are employed on types of vehicles which might be adapted to handling by women, and, again, the adaptation of the service of such vehicles so as to provide a satisfactory environment for female operatives.

"The possible selection and training of women to take the place of men in the handling of various kinds of highways transportation, and simultaneously the selection and training of men whose age makes them unavailable for army service, will be conducted on the basis that these people are volunteers in much the same sense as are those who are entering the army. In satisfactorily handling domestic transportation problems, which are necessary to the health and comfort of the civilian army in this country as well as an essential link in the transportation system which supplies our war industries and the army overseas, these volunteers will be doing their bit in a big way."

EXPORT OF IRON AND STEEL

The War Industries Board and the War Trade Board announce the following revised procedure with respect to export licenses, priority certificates and permits of the Director of Steel Supply for the exportation of commodities to any destination. This revised procedure supercedes all former rulings on this subject (W. T. B. R. 258, issued Oct. 9, 1918). It will be noted that the only change in the procedure as previously announced is that in paragraph 5, lines 2 and 3, the words "are on the Export Conservation List of the War Trade Board and" have been eliminated. Priority Classification "C" of the War Industries Board will now be awarded to all articles (on which priorities are issued) which are covered by export licenses issued on and after Oct. 16, 1918, whether the article may be on the Export Conservation List of the War Trade Board or not.

The War Industries Board announces the withdrawal of its regulations as set forth in P. C. Form No. 18, July 3, 1918, paragraph 6, requesting that applications for licenses to export iron or iron and steel products should not be filed with the War Trade Board unless the orders are covered by either priority certificates or permits from the Director of Steel Supply.

On and after Oct. 14, 1918, applications for licenses to export any article on Schedule "XP," annexed hereto, should be filed with the War Trade Board, and must include the following papers properly executed:

(a) One application, Form X, to which should be attached

(b) One each of such Supplemental Information Sheets as may be required by the rules and regulations of the War Trade Board to be used in connection with shipments of certain commodities and shipments to certain countries, and

(c) New Supplemental Information Sheet, Form X-26, which will be ready for distribution by the War Trade Board on and after Oct. 14, 1918.

Applications which have Form X-26 attached will not require Form X-2.

The Priorities Committee of the War Industries Board has awarded priority classification "C" to all articles (on which priorities are issued) which are covered by individual export licenses issued on and after Oct. 16, 1918. No Class "C" certificates will be issued with such licenses. If the article specified on the licenses is one on which priorities are issued, and if no individual priority certificate accompanies the export license, the license itself will be evidence that the articles covered by it have been automatically awarded priority classification "C."

Export licenses issued on and after Oct. 16, 1918, under these regulations, covering commodities on which priority certificates are issued, will be accompanied by individual priority certificates of the Priorities Committee when in the opinion of the Priorities Committee a higher rating than Class "C" is warranted. These priority certificates will be issued by the Priorities Committee and forwarded with the export license without further request from the applicant.

Export licenses issued on and after Oct. 16, 1918, for the exportation of iron or steel or the products or manufactures thereof, which are not covered by priority classification, will in themselves constitute a permit and approval from the Director of Steel Supply for the filling of the orders for the quantity of iron or steel specified in such export license to the extent that such delivery will not interfere with the delivery when and as required of orders covered by priority.

It is the policy of the War Industries Board and the War Trade Board to discourage and prevent exporters and manufacturers from purchasing, manufacturing, or producing articles on the Export Conservation List for the fulfillment of specific export orders until an appropriate export license has been issued. Instances have come to the attention of the War Trade Board in which manufacturers before obtaining export licenses have manufactured articles for specific export orders, which articles, while useless for domestic consumption, could not under the regulations of the War Trade Board be exported. It is essential for the proper conservation of commodities in the United States that this practice be stopped, and it is the purpose of the War Trade Board to refuse licenses to exporters who do not conform to this policy.

The Priorities Committee announces that it undertakes where necessary to administer priority in the production of all raw materials and finished products save foods, feeds and fuel. The Preference List promulgated by the Priorities Board forms the basis for the distribution of fuel. Priority is being administered generally on iron and steel products, copper and brass products, electrical equipment, and the products of which any of the above form an integral part. Priority is not being administered at this time on lumber or lumber products, paper or paper products, chemicals, brick, cement, lime, hides, pig tin, tin plate, mine products, and numerous other items which cannot well be enumerated. It is not possible to prepare lists in detail covering either prioritized or non-prioritized products, and even in those mentioned above exceptions will from time to time occur. Any inquiries with respect to the commodities upon which priority is being administered should be addressed to the Priorities Committee of the War Industries Board.

GOVERNMENT HAY AND STRAW LOADING

Regional Director Aishton, in Supplement No. 1 to Circular No. 35, says:

"The orders issued by the assistant chief, Inland Traffic Service of the War Department at Chicago, for cars required for loading with hay and straw for government account, instead of being sent direct to the railroad agent at the loading point, as indicated in previous instructions, will be sent to the shipper and will be his authority for ordering cars from the railroad agent for government loading.

"A copy of the order will continue to be sent to the transportation officer of the road on which the cars are to be loaded."

EXPORT FREIGHT MOVEMENT

The North Pacific Export Committee has issued Circular No. 1-A, cancelling Circular No. 1:

"To control movement of export freight via the ports of Portland, Ore., Astoria, Ore., and via Seattle, Tacoma or other Puget Sound ports, and to insure the best use of available facilities for the handling of such shipments, the following rules are prescribed:

"1. Until further notice no shipment for export to foreign countries except Canada through the ports named will be received for transportation until the agent at point of shipment has been furnished with a Railroad Shipping Permit (except as provided in paragraph 5) issued by this Committee.

"2. Railroad Shipping Permits will be issued only on satisfactory showing of compliance with requirements of U. S. Government in connection with export shipments, including export licenses when required, and definite space engagement with a steamship company which has met all requirements of the railroads in connection with the issue of through bills of lading. Such permits will be numbered with prefix J. E. A. and issued in the name of this Committee. Permits covering shipments to be exported via Puget Sound ports will be issued by F. A. Feil, chairman, Puget Sound Sub-Committee, headquarters Seattle, Wash., and permits covering shipments to be exported via Portland or Astoria will be issued by the undersigned.

"3. Railroad Shipping Receipt and Way-bill must show:

"(a) Number of Government (War Trade Board) license when such license is required.

"(b) Railroad Shipping Permit number.

"(c) Name of railroad which is to make delivery to ship,

"4. Shipments exceeding quantity or weight provided in railroad shipping permit must not be received and when part lots are forwarded full description must be endorsed on permit with date and place of forwarding.

"5. If a shipment is to be made from more than one point or from a point other than that named in the Railroad Shipping Permit, the holder of the permit may surrender same to Manager, Trans-Pacific Export Bill of Lading Bureau, 143 Liberty Street, New York, N. Y., or to G. E. Stolp, Joint Agent, North Pacific Coast Terminal Lines, Railway Exchange Building, Chicago, Ill., who will authorize initial railroads to accept a specified tonnage after endorsing upon the original Railroad Shipping Permit the tonnage to be forwarded from each point. Aggre-

gate tonnage must in no case exceed specification in the permit.

"6. Railroad Shipping Permits are issued with a time limit; shipments must not be accepted by initial railroad carrier after expiration of permit.

"7. Shipments heretofore authorized by permits of F. R. Hanlon, Joint Export Agent, or J. H. O'Neill, Terminal

Manager, may be accepted prior to the date of expiration shown in such permits.

"8. Shipments covered by United States War Department Transportation Orders are not subject to these requirements.

"These instructions have been given to all billing agents and export shipments will not be accepted by Western Railroads unless the foregoing requirements are observed."

The Open Forum

A Department for the Discussion by Patrons and Friends of THE TRAFFIC WORLD of
Transportation Questions of Interest to Traffic Men Who Keep in Touch
With the Times—Contributions are Welcomed

TRANSPORTATION AFTER THE WAR

Editor The Traffic World:

This is a matter which should now be receiving the best thought of all directly interested in business welfare. Even though it may not be possible in the immediate future to secure a final solution of this subject, it certainly is essential that industry shall determine its requirements and be prepared to exert its energies to secure same.

Since 1914 we have learned a great deal about transportation, especially its weaknesses, and if industry is to be firmly reconstructed, these weaknesses must be corrected. To the writer there seems to be two fundamental considerations that must be recognized as such:

I. **Timely of Transportation.**—Secretary Redfield has recently coined this phrase, which seems to concisely emphasize that in reconstructing our transportation scheme we must recognize the correlation of railway, water and highway transportation.

II. **The Value of Transportation.**—The second consideration is that the first function of a transportation entity is not to make a profit for the owners, but to provide transportation for industry at a price that will promote said industry. Transportation must be furnished at a "reasonable and just" rate and the measure thereof must be, if industry is to be successful, the value of that service to industry. A plan must be provided that will enable this to be done at a reasonable profit to the carriers.

Our experience has now given us two phases of transportation control—that is, private ownership and government ownership, the present situation being in effect government ownership.

May we not agree that we do not wish to return to the old order of private ownership? Are we not agreed that the economies accomplished under unified operation must be retained and, further, possible economies of similar nature put into effect? Shall we accept the abolition of the car pool? Shall we accept the old order of rate-making, or shall we insist that the present cooperative plan be made an accomplished fact and continued? The writer opines that a return "statu quo ante bellum" is for various reasons impossible of accomplishment.

Disregarding theory and sticking to facts as before us, do we wish to retain the present status or a complete actual ownership? Shall it be within the power of any one man to control our industrial destiny?

Government ownership means transportation dictatorship. This requires no argument; we have it with us. It may be such a dictatorship would rid us of many burdens, possibly (?) it would save us money, and it might foster industry, but it has a decided autocratic taste and is un-American. We are not a "wet nurse" nation and we can never accept a program which would promote stagnation of individual initiative and energy. The writer believes that the above is sufficient reason to condemn permanent full government ownership of the railways of the United States.

Absolute private ownership and absolute government ownership are the two extremes. The efficient and desirable is the average of these two. The control exercised under the act to regulate commerce is considerably less

than this average and creates an antagonistic rather than a co-operative atmosphere around transportation.

The solution, I believe, is a condition that will compel co-operation and make this antagonistic element the exception.

Under absolute private ownership regulated by the interstate commerce act the balance of power is in the railway circles, thus requiring a constant vigilance on the part of the consumer of transportation.

Under absolute government ownership there is only one side and "take it or leave it" must govern, otherwise favoritism, influence and prestige will flourish.

The writer believes there is a determinable program where both the carrier and consumer may be equitably protected, initiative restored and a real United States of America situation created.

The Newlands committee, it has been said, very seriously considered the proposal of merging the railways of this country into a few large systems.

Applying the principle of average to the old regime of many individual systems and the present regime of governmental monopolistic ownership, and the old wasteful, extreme competitive condition to the present absolute elimination thereof, we should develop a few large railway systems, which would be sufficiently competitive to demand consideration of the effect of their practices and thus stimulate and produce an efficient administration.

In order not to disregard entirely the adjustments of the past and to also promote harmony by combining like quantities only, the Official, Southern and Western territories could well be selected as the boundaries of three railway operating companies to be incorporated under special federal laws. It is appreciated that this question of territorial combination is a matter on which there is a wide divergence of opinion, but it is the writer's idea that if we are to permit these large combinations, it is only by combining on regional lines that any semblance of competition can be maintained, for it should be made impossible for these large organizations to in any way get together on rate agreements, except as to interterritorial rates, and in such cases the Interstate Commerce Commission should in all cases have a member on the committee in control.

In the formation of these three companies the United States should be financially interested to the extent of about 25 per cent. As a suggestion, a United States railway corporation might be authorized to carry the interest of the government and would, of course, have representation in the directorate of the companies.

This would give the government a financial interest which must act as a balance wheel to radical legislation, provide a limited, uncontestable surety, etc.

In practice each company would be separated as to operation and rate-making, the operating phase being left entirely to railroad employees, but on the rate-making phase, the government, by virtue of its interest, to demand participation by accredited representations of the shippers paid by the government.

The Interstate Commerce Commission would have its present jurisdiction, with such added powers as may be thought advisable, probably one of the most important being authority to prescribe minimum rates.

As to the interest of the "general public" in the matter

of transportation, it is the writer's opinion that that which equitably serves the interests of the carrier and the direct user of transportation ultimately best serves the interest of the "general public."

What is said above is not intended to indicate a completed solution of this problem, but rather a suggestion upon which discussion and further consideration might be based, and the writer would be pleased to hear from anyone interested in the subject.

Boston, Mass., Nov. 6, 1918.

E. Sutcliffe.

Personal Notes

C. C. Glessner has been appointed freight claim agent in charge of loss and damage freight claims and their prevention, Baltimore & Ohio Railroad—Eastern Lines, Coal & Coke Railroad, Wheeling Terminal Railroad, Western Maryland Railroad, Cumberland Valley Railroad and Cumberland & Pennsylvania Railroad; headquarters, Baltimore, Md.

The Celluloid Company announces the election of William E. Pulis and Nathan M. Clark as vice-presidents of the company.

OFFICIAL CHANGES ON NORFOLK SOUTHERN.

Owing to the changes in the personnel of the officers of the Norfolk Southern Railroad Company, caused by the resignation of Captain M. Manly, treasurer, and Morris S. Hawkins, secretary, and by the death of the late James T. Avery, assistant secretary and assistant treasurer, the following officers have been elected: C. I. Milard, vice-president and treasurer; J. C. Nelms, Jr., secretary and auditor; W. E. Nicholson, chief engineer; G. E. Christie, assistant secretary and assistant treasurer. The resignations of Messrs. Manly and Hawkins were in compliance with the ruling of the Railroad Administration to the effect that federal officers cannot serve the corporation. Mr. Nelms was included in the order and resigned as federal auditor to accept the office of secretary and auditor of the Norfolk Southern Railroad Company. General offices have been established at Norfolk, Va.

SHIPPING OIL FROM JAPAN

(Commerce Reports.)

Vegetable oils shipped from Kobe are usually packed in cases containing two 5-gallon tin cans each. Both cases and cans are generally second or third hand, having first been used by other companies for illuminating oils and gasoline. They are bought by junk dealers from the inhabitants of the interior of Japan and China and are resold to the vegetable-oil mills. They are often repaired and strengthened before they are used again, but even so, before the long ocean voyage to the United States is finished, they usually develop small leaks, which result in an average leakage, from the mill to the consumer, of about 5 per cent. This loss, however, is generally borne by the shipper and not by the purchaser. A case weighs from 72 to 75 pounds, depending on the specific gravity of the oil. Castor oil, which is considerably heavier than the other vegetable oils handled in Kobe, weighs about 80 pounds to the case.

Vegetable oils are sometimes shipped in barrels or drums. This method is less wasteful, as the labor cost of packing is lower and the leakage is greatly reduced, but the high first cost of the containers and the necessity for returning the empty barrels and drums to Japan, at the high freight rates now prevailing on the Pacific, have tended to prevent their extensive use.

Another method of shipping oils has been to pump them into the deep tanks of steamers in place of water. Three American oil-burning steamers, which carry sufficient fuel to take them across the Pacific and back to San Francisco, have been carrying coconut oil in the empty fuel tanks on the return journey. This method of transport is undoubtedly the best now in practice here, as there is little waste and the labor cost is low; but, unfortunately, the amount which can be carried by these steamers on the line covers but a small fraction of the oil which must be shipped.

The ideal method of shipping is undoubtedly in tank steamers. If the oil could be pumped from storage tanks on land to the steamer lying alongside a dock and pumped out again into tank cars on the American side, there would be an immense saving, both in labor charges and in the cost of containers, while the leakage would be reduced to an almost negligible quantity. However, until adequate storage and pumping plants are built to handle oil in bulk, shipments by tank steamers have been found to be impracticable. The experiment has been tried of loading tank steamers carrying mineral oils to the Orient with vegetable oils for the return journey to America. Owing, however, to the fact that no port in Japan is at present equipped with storage tanks and pumping facilities for vegetable oils, it was necessary to load the oil into tank lighters first and to pump it from the lighters into the steamers. This proved to be such a slow process that the demurrage on the vessel more than offset the value of the freight charged. Another disadvantage was found in the fact that coconut oil cannot be pumped without preheating in Japan in the winter. It is expected, however, that facilities for handling oils in bulk will be installed in Kobe in the near future.

CARS FOR PLANT SWITCHING.

B. F. Bush, regional director, in Order No. 114, says: "After a discussion looking to the adoption of a uniform rule governing the use of railroad cars by industries in plant switching and making a charge therefor, it was decided that while it is improper for a plant to use railroad equipment for its own intra-plant purposes, the difficulties of policing where plants perform their own switching are almost insuperable under present conditions and would be more expensive than the results would justify. Therefore, to avoid the use of good equipment, you are requested, where plants are using railroad equipment freely for intra-plant purposes, to handle the matter with view of substituting some equipment of their own or leasing them equipment of railroad ownership which is unfit for road service on some reasonable basis."

MINOR ORDERS.

The Commission has discontinued proceedings in the matter of drayage under case No. 1486.

The Commission has discontinued proceedings in case 2022, in the matter of allowances for transfer by water at New York City.

The Commission has denied rehearing in case 8872, J. Allen Smith & Co. vs. Sou. Ry. et al.

The Commission has ordered reopened for further consideration case 8872, J. Allen Smith & Co. vs. Sou. Ry. et al.

The Commission has dismissed proceedings in case 9217, National Live Stock Exchange vs. A. A. R. R. Co. et al., upon complainant's request.

The Commission has denied further hearing in case 9528, Ill. Brick Co. vs. C. & E. I. R. R. Co. et al.

C. W. D. F. T. COM. DOCKET.

Docket No. 10, November 8. The following subject has been submitted to the Chicago Western District Freight Traffic Committee and will be considered not earlier than November 20. Interests desiring to submit their views in writing will do so not later than date mentioned. If conference is desired a date therefor will be fixed upon request: Stone, crushed, from Thornton, Ill., versus Lehigh, Ill., to C. & E. I. stations south of Momence. At present rates from Lehigh are 10 cents higher than rates from Thornton, and it is proposed to advance rates from Lehigh to Thornton basis, the desire being to place rates from the two competing producing points on an equality to territory where the service is practically the same.

DOCKET OF THE COMMISSION

The Commission has dismissed proceedings in case 9920, National Live Stock Exchange vs. Ariz. & N. M. Ry. Co. et al., upon complainant's request.

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THE NATIONAL INDUSTRIAL TRAFFIC LEAGUE.—Object. The object of this league is to interchange ideas concerning traffic matters, to co-operate with the Interstate Commerce Commission, state railroad commissions and transportation companies in promoting and securing better understanding by the public and the state and national governments of the needs of the traffic world; to secure proper legislation where deemed necessary, and the modification of present laws where considered harmful to the free interchange of commerce; with the view to advance fair dealing and to promote, conserve and protect the commercial and transportation interests.

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Docket of the Commission

Note.—Items in the Docket marked with an asterisk (*) are new, having been added since the last issue of The Traffic World. Cancellations and postponements announced too late to show the change in this Docket will be noted elsewhere.

- November 18—Green Bay, Wis.—Examiner Bell:
10124—Green Bay Assn. of Commerce vs. C. & N. W. Ry. Co. et al.
- November 18—Huntington, W. Va.—Examiner Gerry:
10190—Va. Coal and Fuel Co. vs. N. & W. Ry. Co.
- November 18—Philadelphia, Pa.—Examiner Smith:
10120—Allan C. Wood vs. N. Y. P. & N. R. R. Co.
- November 18 and 19—Washington, D. C.—Examiner Disque:
10204—Consolidated Classification case—cancellation of state classifications, first, and soap, second.
- November 19—New York, N. Y.—Examiner Smith:
9980—International Paper Co. vs. L. E. & W. R. R. Co. et al.
10107—The Charles Lyons Co. vs. Adams Express Co.
10237—Seaboard By-Products Coke Co. vs. Erie R. R. Co. et al.
- November 19 and 20—Washington, D. C.—Examiner Disque:
10204—Consolidated Classification case—soap, first, and other packing house products, second.
- November 20—Columbus, O.—Examiner Pattison:
* 10252—The Ohio Cities Gas Co. vs. Wm. G. McAdoo, Director-General of Railroads et al.
- November 20—New York, N. Y.—Examiner Smith:
10170—American Cyanamid Co. vs. C. R. R. of N. J. et al.
- November 20—Huntington, W. Va.—Examiner Sethman:
9185—W. Va. Rail Co. vs. P. C. C. & St. L. Ry. Co. et al.
- November 20—Argument at Washington, D. C.:
10012—National Poultry, Butter and Egg Assn. et al.
- November 21—New York, N. Y.—Examiner Smith:
10114—Geo. C. Holt and Benj. B. Odell, as receivers of Aetna Explosive Co., Inc., vs. N. O. & N. E. R. R. Co. et al.
10239—Geo. C. Holt and Benj. B. Odell, as receivers of Aetna Explosive Co., Inc., vs. Wm. G. McAdoo, Director-General of Railroads et al.
- November 21—Chicago, Ill.—Examiner Bell:
10250—Wm. E. Golden vs. Wm. G. McAdoo, Director-General of Railroads.
- November 21—Cedar Rapids, Ia.—Examiner Gerry:
10231—Chamber of Commerce of Cedar Rapids, Ia., vs. Wm. G. McAdoo, Director-General of Railroads et al.
- November 21—Argument at Washington, D. C.:
10188—City of East Liverpool vs. S. E. L. & B. V. T. Co.
10080—R. T. Feltus Lbr. Co. et al. vs. Gt. Nor. Ry. Co. et al.
- November 22—Helena, Ark.—Examiner Graham:
10032—Helena Traffic Bureau vs. A. T. & S. F. Ry. Co. et al. and portions of the following 4th section applications, by which the carriers named as parties thereto ask authority to continue to charge for the transportation of classes from Kansas City, Mo., Omaha and Lincoln, Neb., and points taking same rates, to Memphis, Tenn., rates which are lower than the rates contemporaneously maintained on like traffic from the same points of origin to Helena, Ark., and other intermediate points: 799—Plea by St. L.-S. F. Ry. Co.; 1613—Plea by A. D. Hall, agent; 1667—Plea by W. H. Hosmer, agent; 1698—Plea by W. H. Hosmer, agent; 1951—Plea by K. C. S. Ry. Co.; 2043—Plea by Y. & M. V. R. R. Co.; 4218, 4219 and 4220—Plea by Mo. Pac. R. R. and St. L. I. M. & S. R. R. Co.
- 9492—The Helena Traffic Bureau vs. St. L. I. M. & S. Ry. Co. et al. Also Fourth Section Applications 4218, 4219, 4220 filed by St. L. I. M. & S. Ry.; 2198 filed by C. & N. W. Ry. Co.; 4944 filed by St. L. S. W. Ry. Co.; 799 filed by St. L.-S. F. Ry. Co.; 2043 filed by W. & N. V. Ry. Co.; 2045 filed by I. C. R. R. Co.; 699 filed by F. A. Leland, agent, and J. F. Tucker, agent; 2060 filed by J. F. Tucker, agent; 1606 filed by C. E. Fulton, agent.
- November 23—Chicago, Ill.—Examiner Bell:
10063—Marinette-Green Bay Mfg. Co. vs. C. & N. W. Ry. Co. et al.
- November 23—Des Moines, Ia.—Examiner Gerry:
10149—Board of Railroad Commissioners of the State of Iowa et al. vs. M. & St. L. R. R. Co. et al.
- November 23—Paducah, Ky.—Examiner Spethman:
10105—Paducah Board of Traffic et al. vs. I. C. R. R. Co.
- November 25—Louisville, Ky.—Examiner Pattison:
10247—Southern Hardwood Traffic Assn. et al. vs. Wm. G. McAdoo, Director-General of Railroads.
- November 25—Watertown, S. D.—Examiner Mackley:
10242—Watertown Sash & Door Co. et al. vs. Wm. G. McAdoo, Director-General of Railroads et al.
- November 25—Galesburg, Ill.—Examiner Money:
10192—Western Stoneware Co. vs. A. T. & S. F. Ry. Co. et al.
- November 25—St. Louis, Mo.—Examiner Graham:
10157—Walter A. Zelnicker Supply Co. vs. La. Western R. R. Co. et al.
10158—Walter A. Zelnicker Supply Co. vs. O. S. L. R. R. Co. et al.
10168—Walter A. Zelnicker Supply Co. vs. Sou. Pac. R. R. Co. et al.
10196—Walter A. Zelnicker Supply Co. vs. M. P. R. R. Co. in Ill. et al.
- November 25—Memphis, Tenn.—Examiner Spethman:
1138—Lamb-Fish Lumber Co. vs. Transcontinental Freight Bureau et al.
1227—Lamb-Fish Lumber Co. vs. I. C. R. R. et al.
10249—Cottonseed Products Co. vs. St. L.-S. F. Ry. Co. et al.
- November 25—Asheville, N. C.—Examiner Trezise:
10258—Anson G. Betts vs. Wm. G. McAdoo, Director-General of Railroads et al.
- November 25—Philadelphia, Pa.—Examiner Burnside:
10043 and Sub. Nos. 1 to 34 inclusive—E. I. Du Pont de Nemours & Co. vs. Sou. Ry. et al.
10045 and Sub. Nos. 1 to 37 inclusive—E. I. Du Pont de Nemours & Co. vs. A. & V. Ry. Co. et al.
- November 25—Cleveland, O.—Examiner Burbank:
10113—The Gallon Iron Works Mfg. Co. vs. C. C. C. & St. L. Ry. Co. et al.
- November 25—Chicago, Ill.—Examiner Bell:
10128—Lumber carload minima.
- November 25—Washington, D. C.—Examiner Disque:
10204—Consolidated Classification case—stove interests.
10161—The McKinny Steel Co. vs. N. Y. C. R. R. Co.
10161, Sub. 1—The McKinny Steel Co. vs. E. R. R. Co. et al.
- November 25—Olean, N. Y.—Examiner Smith:
* 10211—Herman Cross vs. N. Y. & P. Ry. Co. et al.
* 10246—Herman Cross, doing business as the Puritan Glass Co. vs. Wm. G. McAdoo, Director-General of Railroads et al.
- November 26—Sioux City, Ia.—Examiner Gerry:
10142—Traffic Bureau of the Sioux City Commercial Club vs. A. & N. Ry. Co. et al.
- November 26—Cleveland, O.—Examiner Burbank:
10221—The Grasselli Chem. Co. vs. M. L. & T. R. R. & S. S. Co. et al.
* 10212—M. W. Jamison vs. Pa. R. R. Co.
- November 26—St. Louis, Mo.—Examiner Graham:
10213—Anheuser-Busch Brewing Assn. vs. C. R. I. & P. Ry. Co. et al.
10217—Sligo Iron Store Co. vs. Western Md. Co. et al.
10176 and Sub. Nos. 1 and 2—The Quinton Spelter Co. vs. Ft. S. & W. R. R. Co. et al.
- November 27—Minneapolis, Minn.—Examiner Money:
10207—Gamble-Robinson Co. vs. C. St. P. M. & O. Ry. Co. et al.
10208—Gamble-Robinson Co. vs. Northern Pacific Ry. Co. et al.
10216—Page-Hill Co. vs. C. St. P. M. & O. Ry. Co. et al.
- November 27—St. Louis, Mo.—Examiner Graham:
10133—Gallatin Coal and Coke Co. vs. L. & N. R. R. Co. et al.
- November 27—Sumter, S. C.—Examiner Trezise:
* 10182—Tweed Lumber Co. vs. Sou. Ry. Co. et al.
- November 29—Detroit, Mich.—Examiner Burbank:
10136—A. H. Brott vs. P. M. Ry. Co. et al.
- November 29—New York City, N. Y.—Examiner Burnside:
10187—Michigan Paper Mills Traffic Assn. et al. vs. N. Y. C. R. R. Co. et al.
9987—Michigan Paper Mills Traffic Assn. et al. vs. A. T. & S. F. Ry. Co. et al.
- November 29—Omaha, Neb.—Examiner Gerry:
10251—Nebraska-Iowa Fruit Jobbers' Assn. vs. Wm. G. McAdoo, Director-General of Railroads et al.
- November 29—Fargo, N. D.—Examiner Mackley:
10218—Fargo Iron and Metal Co. vs. Northern Pacific Ry. Co.
- November 29—Savannah, Ga.—Examiner Trezise:
10028—Bright-Brooks Lumber Co. vs. Hampton & Branchville R. R. and Lumber Co.
- November 29—Natchez, Miss.—Examiner Spethman:
9723—Natchez Chamber of Commerce et al. vs. St. L. I. M. & S. Ry. Co. et al.
9723, Sub. 1—Chamber of Commerce of Monroe, La., vs. M. P. R. R. Co.
10159—Natchez Chamber of Commerce et al. vs. Y. & M. V. R. R. Co. et al.
- November 30—Omaha, Neb.—Examiner Money:
10200—The Refinite Co. vs. C. & N. W. Ry. Co.
- November 30—Bismarck, N. D.—Examiner Mackley:
10180—Board of Railroad Commissioners of the state of North Dakota vs. Nor. Pac. Ry. Co.
- December 2—Alexandria, La.—Examiner Spethman:
10164—Alexandria, La., Chamber of Commerce vs. Mo. Pac. R. R. Co.
- December 2—Lincoln, Neb.—Examiner Money:
10138—National Supply Co. vs. Union Pacific R. R. Co. et al.
- December 2—Grand Island, Neb.—Examiner Gerry:
10127—Commercial Club of Grand Island, Neb., et al. vs. C. B. & Q. R. R. Co. et al.
- December 2—Montgomery, Ala.—Examiner Trezise:
10090—Hudson Mfg. Co. et al. vs. N. C. & St. L. Ry. Co. et al.
- December 2—Monroe, La.—Examiner Pattison:
10160—Monroe Chamber of Commerce vs. Abilene & Sou. Ry. Co. et al.
- December 2—Ft. Smith, Ark.—Examiner Graham:
10210—Ft. Smith Spelter Co. vs. Ark. Cent. R. R. Co. et al.
10223—Ft. Smith Spelter Co. vs. Ark. Cent. R. R. Co. et al.
10224—L. Feenberg & Co. vs. M. V. R. R. Co. et al.

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- December 2—New York, N. Y.—Examiner Burnside:
10219—Naylor & Co. vs. D. L. & W. R. R. Co.
- December 2—Chicago, Ill.—Examiner Burbank:
9531—Rockford Paper Box Board Co. vs. C. M. & St. P. Ry. Co. et al.
9782—Swift & Co. vs. S. A. & A. P. Ry. Co. et al.
- December 2—Chicago, Ill.—Examiner Bell:
* 10226—Michigan Ry. Co. rates.
- December 3—New York, N. Y.—Examiner Burnside:
10240—Geo. C. Holt and Benj. B. Odell, as receivers of the Aetna Explosive Co., Inc., vs. L. & N. R. R. et al.
- December 3—Chicago, Ill.—Examiner Burbank:
9296—Cornwell Wood Products Co. vs. A. T. & S. F. Ry. Co. et al.
10022—Cornell Wood Products Co. vs. A. A. R. R. Co. et al.
- December 3—New Orleans, La.—Examiner Spethman:
10034, Sub. No. 1—Gulf & Val. Cotton Oil Co., Ltd., vs. M. L. & T. R. R. & S. S. Co. et al.
10034, Sub. No. 2—Gulf & Val. Cotton Oil Co., Ltd., vs. T. & P. Ry. Co. et al.
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* 6900, Sub. No. 1—Southern Cotton Oil Co. vs. E. J. R. R. & T. Co. et al.
- December 4—Kansas City, Mo.—Examiner Money:
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- December 4—Chicago, Ill.—Examiner Burbank:
10243—Otto H. Hedrich & Co. vs. P. C. C. & St. L. R. R. Co.
10083—Whitewater Lumber Co. vs. Alabama Central Ry. et al.
10255—J. D. Hollingshead Co. vs. W. G. McAadoo, Director-General R. R. et al.
- December 4—Birmingham, Ala.—Examiner Trezise:
* 10123—Watters Tonge Lbr. Co. vs. L. & N. R. R. Co. et al.
* 10156—Henry G. Brabstone, doing business as Henry G. Brabstone & Co., vs. A. G. S. R. R. Co. et al.
* 10052—The Beaven-Jackson Lbr. and Veneer Co. vs. B. & M. R. R. et al.
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- December 5—Dallas, Tex.—Examiner Graham:
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I. & S. 1147—Potatoes from Kansas points.
- December 5—New York, N. Y.—Examiner Burnside:
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- December 5—Kansas City, Mo.—Examiner Money:
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Fifteenth Section Application No. 2065.
- December 6—Memphis, Tenn.—Examiner Pattison:
10093—Memphis Merchants' Exchange et al. vs. A. T. & S. F. Ry. Co. et al.
10091—Memphis Merchants' Exchange et al. vs. Ark. & La. Mid. Ry. Co. et al.
- December 7—Seattle, Wash.—Examiner Mackley:
9295—The Atlas Lumber Co. vs. Pennsylvania Co.
- December 7—Ft. Worth, Tex.—Examiner Graham:
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- December 7—Chattanooga, Tenn.—Examiner Trezise:
10165—Dixie Portland Cement Co. vs. N. C. & St. L. Ry. et al.
Portions of following 4th section applications by which carriers named as parties thereto seek authority to continue to charge for the transportation of Portland cement from Richard City, Tenn., to Lake Charles, La., rates which are lower than the rates contemporaneously maintained on like and to intermediate points: 452—N. C. & St. L. Ry.; 438—M. L. & T. R. R. & S. S. Co. and L. W. R. R. Co.; 542—A. G. S. R. R.; 601—N. O. & N. E. R. R. Co.
- December 7—Milwaukee, Wis.—Examiner Burbank:
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- December 7—Chattanooga, Tenn.—Examiner Trezise:
* 10199—The Broch Candy Co. vs. A. G. S. R. R. Co. et al.
- December 9—Peoria, Ill.—Examiner Bell:
8347—Peoria Board of Trade vs. A. T. & S. F. Ry. Co. et al.
- December 9—Portland, Ore.—Examiner Mackley:
8118—Inman-Poulson Lumber Co. et al. vs. Southern Pacific Co. et al.
10148—Northern Grain & Warehouse Co. vs. Oregon Trunk Line Ry. Co. et al.
- December 9—Houston, Tex.—Examiner Graham:
10185—Orange Rice Milling Co. vs. T. & N. O. R. R. Co. et al.
10257—Orange Rice Milling Co. vs. W. G. McAadoo, Director-General of R. R.
- December 9—St. Louis, Mo.—Examiner Gerry:
10177—Paradise Coal and Coke Co. vs. Ill. Cent. R. R. Co. et al.
- December 9—New Bedford, Mass.—Examiner Burnside:
10238—New Bedford Board of Commerce (for and on behalf of New Bedford Extractor Co.) vs. Wm. G. McAadoo, Director-General of R. R. et al.
- December 9—Washington, D. C.—Examiner Pattison:
* 10234—Va. I. C. & C. Co. et al. vs. Wm. G. McAadoo, Director-General of Railroads et al.
- December 9—Nashville, Tenn.—Examiner Trezise:
* 10169 and Sub. No. 1—Nashville Bridge Co. vs. N. C. & St. L. Ry. Co. et al.
* 10139—Nashville Bridge Co. vs. N. C. & St. L. Ry. Co. et al.
* 10044—Nashville Roller Mills vs. C. R. I. & P. Ry. Co. et al.
- December 10—Portland, Ore.—Examiner Mackley:
10220—Marshall-Weils Hardware Co. vs. S. P. & S. Ry. Co. et al.
- December 10—Houston, Tex.—Examiner Graham:
10184—National Ship Building Co. of Texas vs. K. C. S. Ry. Co. et al.
- December 10—St. Louis, Mo.—Examiner Gerry:
10244—Northern Coal Co. vs. M. & O. R. R. Co. et al.
- December 11—St. Louis, Mo.—Examiner Gerry:
10118—L. & N. R. R. Coal Operators' Assn. vs. L. & N. R. R. Co. et al.
- December 11—Portland, Ore.—Examiner Mackley:
9294—Portland Traffic and Transp. Assn. vs. Sou. Pac. Co.
9472—Medford Commercial Club vs. Sou. Pac. Co.
9408—Portland Traffic and Transp. Assn. vs. Sou. Pac. Co. et al.
9434—Portland Traffic and Transp. Assn. vs. Sou. Pac. Co. et al.
9870—Klemath Club et al. vs. Sou. Pac. Co.
- December 11—Marinette, Wis.—Examiner Burbank:
* 10203—W. J. St. Onge et al. vs. C. & N. W. Ry. Co. et al.
- December 12—Buffalo, N. Y.—Examiner Burnside:
7187—Buffalo Chamber of Commerce et al. vs. B. C. R. R. Co. et al.
7197—Buffalo Chamber of Commerce et al. vs. B. & O. R. R. Co. et al.
- December 12—Beaumont, Tex.—Examiner Graham:
10241—Beaumont Chamber of Commerce vs. U. S. R. R. Administration (W. G. McAadoo, Director-General of R. R.) et al.
10256—Beaumont Chamber of Commerce vs. U. S. R. R. Administration (W. G. McAadoo, Director-General of R. R.) et al.
- December 12—St. Louis, Mo.—Examiner Gerry:
* 8297—Acme Cement Plaster Co. vs. A. C. & Y. Ry. Co. et al.
* 8386—American Cement Plaster Co. vs. Mich. Cent. Co. et al.
- December 14—Pittsburgh, Pa.—Examiner Burnside:
* 10197—Avelia Coal Co. vs. P. & W. Va. Ry. Co.
* 10197, Sub. No. 1—Meadowlands Coal Co. vs. P. & W. Va. Ry. Co.
* 10197, Sub. No. 2—Waverly Coal and Coke Co. vs. P. & W. Va. Ry. Co.
* 10197, Sub. No. 3—Pryor's Coal Co. vs. P. & W. Va. Ry. Co.
* 10197, Sub. No. 4—Duquesne Coal and Coke Co. vs. P. & W. Va. Ry. Co.
* 10197, Sub. No. 5—Pittsburgh Southwest Coal Co. and David L. Newbill, receiver thereof vs. P. & W. Va. Ry. Co.
* 10197, Sub. No. 6—Ferguson Coal and Coke Co. vs. P. & W. Va. Ry. Co.
- December 16—San Francisco—Examiner Mackley:
10235—H. R. Williar vs. Sou. Pac. Co. et al.
- December 17—Pittsburgh, Pa.—Examiner Burnside:
* 10236—Diamond Alkali Co. vs. Fairport, Painesville & Eastern R. R. Co. et al.
- December 18—Salt Lake City, Utah—Examiner Mackley:
10228—Wattis Coal Co. vs. Utah Ry. Co. et al.

Digest of New Complaints

No. 10197, Sub. No. 6. Ferguson Coal and Coke Co., Pittsburgh, Pa., vs. Pittsburgh & West Virginia et al.
Against the rules under which defendants distribute coal cars as unjust, unreasonable and unduly prejudicial. Ask for cease and desist order and reparation amounting to \$21,603.

GRAIN RATE HEARING POSTPONED

The Western Freight Traffic Committee announces that the hearing with regard to grain rates from western, northwestern and southwestern points, to Chicago, Minneapolis, Omaha, St. Louis, Ohio River, Memphis, New Orleans and eastern territory, which was originally set for November 19, has been postponed to December 4 at 10:30 a. m., room 2122, Transportation building, Chicago.

THE TRAFFIC WORLD

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THE NEW REGULATION

Now is the time when all good men—and bad—with any knowledge of the subject are setting their wits to work to find a solution of the railroad "problem." Their suggestions run all the way from actual government ownership or rigid government control, something like the present wartime system, to automatic restoration of the railroads to private operation under the plan that prevailed before they were taken over. Somewhere between these two extremes, we fancy, will be found the real solution. The trouble with the advocates of the first is that their cure would be worse than the disease, however bad we may admit it to have been, and with the second that they fail to take account of the object lesson that has been afforded by the war as to the possibilities in correcting certain evils and inefficiencies.

It is not necessary to assume that the railroads, as formerly managed, were total failures and that private ownership is incapable of proper management. Those who take that view go too far, as enthusiasts are likely to do. But undoubtedly we may profit by what we have learned during the war, both as to faults of the roads themselves and as to faults in the former system of regulation. We should reject the bad and retain the good, incorporating the latter into our regulatory law. The problem is not so difficult as it might appear. It is necessary in solving it only that we keep our heads and retain a clear vision as to what it is intended to accomplish.

For a sane discussion of the matter, which does not in any sense assume to be a final settlement of it, we commend our readers to the remarks of Commissioner Daniels, made before the state com-

missioners in convention at Washington and published in our last week's issue.

RAILROAD CONTROL RUN RIOT

If a criticism were to have been made of the attitude of the state commissioners, in their annual convention last week, toward the Railroad Administration, it doubtless would have been that they, having suppressed their feelings and submitted, out of patriotism or out of fear of being thought unpatriotic, to the assumption of authority by the Director-General during the period of the war, might at least have waited, now that the war was over, until the Director-General had had a chance to change his policies to meet the new conditions. The answer to that, of course, would have been that the commissioners assembled only once a year and that if they let this opportunity to make their attitude emphatically known, their case might go by default. But subsequent events have shown that the criticism, even if well-founded at the time, could only have stood good for a day, and that the answer would have been more than justified. For no sooner had the state commissioners departed from Washington than the Director-General allowed it to become known that his policy of railroad control after the war during the period when, under the federal control act, he is still the autocrat, contemplates no change in his attitude toward the state commissions—or in anything else.

We confess that we are unable to understand the process of reasoning by which Mr. McAdoo justifies his proposed course. It is, in a nutshell, to continue to control, regulate, and operate the railroads in all respects under the powers granted by the federal control act just as if the war were not over, his justification, now that the "help-win the war" plea can no longer be made, being efficiency and economy under centralization of authority.

There is no question but that, if he cares to exercise it, the Director-General, for twenty-one months after the consummation of peace or until some change is made in the law, has the legal power to conduct things much as he did during the war, though the propriety of his doing so is questionable, even in some cases where it is legal, for the reason that the necessity for which the Railroad Administration was created has disappeared. It seems to us that, however much one may champion the present kind of regulation and believe in the benefit of its accomplishments, to continue it merely because the arbitrary power exists to do so is in bad taste, to say the least. The present method of regulation was not authorized as a permanent scheme—in fact it was not author-

ized at all except as giving autocratic power to the President in time of war emergency may be held to be and is, technically, an authorization. If it is a good scheme and to be continued under peace conditions, Congress ought affirmatively to say so. Until Congress does say so it seems to us that a sense of the fitness of things would dictate to those in power that they ought to exercise that power only in so far as it is absolutely necessary in the proper operation of the railroads under the present facts of government control. It looks very much to us as if the Director-General, finding himself in a position of power, had forgotten or chosen to disregard the reason for his being there and intended to take advantage of his accidental and temporary position to work out his own ideas of railroad management and regulation, merely because he thinks them good and not because he is charged with any such function. His ideas may be good or they may be bad, but, to our mind, he has no business to try to inflict them on the public. Our policy toward the railroads should be dictated by some other power than the Director-General.

Moreover, we think the Director-General will have his hands full if he continues the course he has laid out. Many of the things he has done have been justified, if at all, by the fact of war. Whether justified by the war or not, the war has been the reason for lack of opposition to them. With the war over, opponents of such measures will no longer hold their peace. The convention of state commissioners, for instance, has already spoken and doubtless will act. These state commissioners can see nothing in the law that authorizes the Director-General, especially now that the war is over, to override their authority in the matter of rate regulation—and they are right. But he complacently proposes to do so, in the future as in the past, because he thinks that is the way rates ought to be regulated.

Though it is perhaps too early to settle on a permanent plan for after-the-war railroad regulation, it is at least true that Congress, without waiting for the result of a general investigation as to what should be done as a permanent policy, ought immediately to pass the Cummins bill or some similar measure restoring to the Interstate Commerce Commission the rate-making power which was taken from it under a misapprehension by Congress as to the use which was to be made of it by the Railroad Administration, and the misuse of which has been at the bottom of much of the dissatisfaction with the war operation of the railroads. Congress ought also to make clear to those who have the bit in their teeth and are running away, that there is no longer a state of war and that the arbitrary overriding of everybody's rights and

everybody's power by the Railroad Administration, which may have been more or less excusable and proper under war conditions, is now no longer permissible and that the laws must be observed even if the Director-General does believe, and even if he is right in that belief, that a higher degree of efficiency might be reached under some other scheme of regulation. In other words, war was a reason for letting one man run things and for others keeping their hands off, even if legal technicalities were somewhat abridged. But with the war over, no man is above the law. It must be obeyed. If it is wrong, it should be changed. However correct may be Mr. McAdoo's ideas as to what ought to be done, the public will not permit that he should, without warrant of law, put them into effect.

THE PUBLIC'S POINT OF VIEW

A contemporary magazine, devoted to the interests of the railroads, expresses curiosity as to what will be the attitude of the railroad patron toward transportation service now that the Railroad Administration can no longer call on the public for "co-operation" in order to "win the war." "Will he reassume a spirit of pronounced individualism with regard only for his selfish interests," it asks, "or will the habit of working for the common good, acquired during the great conflict, persist?"

We should say that it is hardly to be expected that the war, whatever good results it may have to offset its horrors, will make us a nation of altruists, and that the attitude of the railroad patron toward transportation will be exactly the same as his attitude toward it and toward everything else that he buys has always been—he will want his money's worth. He has not had it during the war and he has been willing to forego having it, realizing, or at least admitting, that there were exigencies of the time which made his own comfort and convenience secondary. But now he will demand an accounting. He will no longer be content to pay a higher price for a lesser service unless it be shown to him that the deal is a fair one. This applies whether the railroads go back to the old plan of private operation, or they are bought by the government, or some form of the present plan of government operation of privately owned roads prevails. It is a perfectly understandable and proper attitude for the public to take. Any other would not be understandable. Anyone who knows the least thing about human nature knows that the public will insist on having what it pays for. It will not remain satisfied, for instance, to pay a dollar and a quarter for a sixty-cent meal on a dining car merely because the government has something to do with that service.

Current Topics in Washington



Rail Rates in 1906 and Now.—It is decidedly like old times in Washington to hear a congressman talk about the "railroad question." A dozen years ago that was an exceptionally hard used combination of words. At first thought, it might appear there is no similarity between conditions then and those now prevailing. It is only on the surface that there is any dissimilarity. In the essentials, it is believed by those who went through the legislative battles a dozen years ago, there is a great resemblance. In 1906

the real question was as to whether the railroads or the Interstate Commerce Commission should make the rates. Any gathering of shippers might be asked whether that is not the real question now and the answer, it is believed, would be yes. At this time the railroads are making the rates, just as they were in 1906. A railroad, it may be necessary to observe, is not merely a thing of rails and ties. In a broad sense the men who manage the operations come nearer being the railroad than its tangible assets. The men who managed the railroads prior to January 1 of this year are the men who manage them now, clothed with the powers of sovereignty. William Gibbs McAdoo merely approves what some of them suggest. A dozen years ago the railroad men did what they are doing now—in their own names. Now they do the same things—in the name of the President and Director-General McAdoo. After the railroad men prepared and handed to Mr. McAdoo their own thoughts as to how the rate-making business should be handled, Charles Azro Prouty and Luther Mason Walter were brought into the Railroad Administration to point out to the railroad men where their extreme ways were building up an opposition to the scheme of government operation that might be their own undoing. Prouty and Walter may have kept the railroad men from doing some of the "raw" things they had in mind, but they have not been able to persuade them to undo any of the big things that gave offense to the shippers. Because they have not brought about any undoing, it is suggested, there is not such a difference between now and 1906 as to warrant reproach to the innocent senators and representatives who now talk about "the railroad question."

No General Rate Relief in Sight.—At this time there is discernible the effect of reaction following the jubilation that was felt among those on the shipping public's side in controversies with the railroad men constituting the Railroad Administration right after election day. The large fact that now obtrudes is that those who have been the strongest supporters of the Commission appear to be in danger of splitting into factions over the question as to what shall be done with the railroads, so nothing will be done with the pressing rate question. Senators Cummins and Norris, two staunch opponents of the transfer of the rate-making power from the Commission to the Railroad Administration, are squinting at government ownership and operation, before a real effort has been made to undo what shippers generally believe to have been the great blunder President Wilson made when he asked for the rate-making power and the even greater blunder Congress made when it handed him that power of taxation. The President obtained that by false pretense on the part of some of his supporters, the pretense being that it would be used only in great emergencies for the movement of troops and military supplies. Not one thing has been done with the power for that purpose. It has been used altogether, shippers will agree, for making rates on the ordinary business of the country. If it was ever used for purely military purposes, the purpose was so effectually camouflaged that nobody has ever suspected its existence. That it was necessary for military success that the railroads be operated no one has ever denied. That military success depended upon the things that have been done, not one shipper has ever seriously argued. Money was

needed to pay higher wages. Everybody admitted that. No one, however, denied the soundness of Clifford Thorne's contention, the argument of J. V. Norman and other attorneys for shippers, that if the rates in effect at a given time were not high enough to obtain the needed money, the President had authority to take enough out of the treasury. They argued that inasmuch as the extra expenses were caused by the war, they should be paid out of the general funds, instead of exacted from a particular class, the shippers. Thorne, in arguing for a particular clientele, contended that a percentage addition to the rates placed the part of the industry represented by him at a disadvantage greater than ever before. Return of peace emphasizes the disadvantages. As prices slide downward to a peace level, the disadvantages will become greater and greater, so that acute distress on account of it may be at hand before the rate-making power is taken from the hands of those who, in the eyes of most shippers, have shamefully abused it.

Shippers Must Get Together.—The first of the Cummins bills, S. 5020, it is believed, is one measure that has not brought dissent from any of those who pay the money in the first instance that keeps the railroads operating. Time after time, in season and out of season, men who have spoken for the men who pay, have iterated and reiterated that no one cares about the amount of the rate, provided it is "within the limits a sane man would prescribe. It is only the relativity that matters. Although General Order No. 28 itself carries directions to remove discriminations caused by the change in the relationship, little has been done in that direction, if the allegations of those complaining because of the broken relationships are to be taken as indicating truth. Instead mileage scales, that, if adopted, would disrupt relationships more than ever, are being pressed upon the consideration of those who pay the bills. Broken relationships will be left unchanged if the men who do not trust the judgment of the Railroad Administration do not agree upon and press some measure to relieve the President of the power to make rates, by proxy, or by rubber stamps in the hands of the railroad men. Those who realize the danger of division among those who do not have confidence in the Railroad Administration are inclined to pessimism when they think of the possibility of the rate-making power being left where it is now, for an indefinite period. Some optimists profess to believe that when Congress finds such a division of opinion, it will throw the whole matter of operating the railroads on the Commission, the body that many think should have been given the management of the carriers when they were taken over. There are few shippers who care a dried apple who operates the roads, just so there is an impartial tribunal to say how the burdens of transportation shall be distributed. They would be inclined to think that putting the whole burden of operation on the Commission as a calamity, because the need for swift action in readjusting relationships is becoming greater every day. The Railroad Administration, as an operating proposition, has not been much criticized. As a rate-making machine it barely escapes execration.

A Dreamer—But Only on Rare Occasions.—A human being may become steeped in poetry, politics, or even in alcohol (in places other than Washington), but Attorney-Examiner Disque has brought forward a new kind of steeping. The other night he dreamed that the hearings he has been holding on the consolidated classification had got around to "Garage rent, in barrels, L. C. L., page and item not stated." Disque is not a heavy eater, nor does he ever hobnob with the bootlegger. Yet that is what he dreamed about, probably because garage rents have been going up in Washington so they are no longer L. C. L., but carload propositions, and Disque has a fine machine that needs a good home. No examiner, so far as can be recalled, ever had as long a stretch of hearings on one subject as Disque has had. They have been going on ever since the first of August. The testimony, perhaps, will be in a day before Thanksgiving. Some of the state commissions, according to declarations made on November 18, heard of the proposal to abolish state classifications only three days before. The Commission is supposed to have a policy of notifying state regulating bodies whenever anything of particular interest to them is on for consideration. But perhaps the Commission was not sure

that that question had been raised in the case prior to the announcements about the middle of November. Another possible explanation is that Mr. Burleson lost the mail on that subject.

A Transportation View of the Armistice.—Railroad men and shippers may test the quality of the armistice terms imposed upon Germany by imagining what would happen to this country were it to be asked to surrender 240,000 cars, which would be ten per cent of the number in use. Germany has a population equal to almost two-thirds of that of the United States. European equipment is Lilliputian in comparison with American. The exact number of cars in Germany nobody knows, because thousands were taken from Belgian, French, Serbian, Montenegrin and Russian railways. Assuming, however, that the proportion of cars is about the same as the proportions of population, the demand of the allies is for ten per cent of the cars Germany has. If they were all stolen from invaded territory, then there will be no reduction in transport in Germany for the essential non-military purposes the Germans are supposed to be carrying out now. The probabilities are that a larger percentage of cars than that was employed in purely military operations, so that the number left for non-military work is larger than before the cessation of fighting. A large part, however, of so-called military transport is not really so at all, because it has to do with the moving of food, clothing and fuel. Marshal Foch is supposed to have had only military considerations in mind when he framed the terms and punishment of the civilian population was no part of his duty.

A. E. H.

MANY COMPLAINTS BEING FILED

The Traffic World Washington Bureau.

It is a general impression that recent events have heartened dissatisfied shippers to such an extent that they are again turning to the Commission for the relief they are supposed to have been unable to obtain from the Railroad Administration. While that is a general impression, there is nothing concrete to which it is possible to point as evidence tending to show that there is ground for the conviction. Although it is true the number of new complaints docketed by the Commission during the week beginning November 18 is greater than during any recent week, that fact is not conclusive that a larger number of shippers has appealed to the Commission. On the contrary it is well known that the docketing forces of the Commission have been disrupted as much by the war as any other branch of the public service, if not more so.

The complaints to which the public was given access during the week, it is known, were delayed by the failure in the routine of the Commission in getting to the point where inspection might be made of them. The clerical force of the Commission has had much unusual work to do in rearranging its papers so as to make a record of the fact that the Director-General is now a defendant in all proceedings in which a federal-controlled road is mentioned. While it was taking care of that work, the unfamiliar clerks could not do the ordinary tasks of examining complaints and preparing them for the public files. One of the most notorious facts in connection with formal complaints is that few, if any, come to the Commission, ready for filing. There are omissions in nearly every one. Inasmuch as the Commission is not a court and has power itself to initiate complaints, it makes certain the complainants include all the defendants involved in the transaction and that the allegations cover what was intended to be said. That means work, because many complaints are prepared by men, who, even if they do not know the practices of the Commission, have never lost anything by reason of a failure to make the pleadings sufficient, as is often the fact in a court. This immunity from the penalty that falls on a careless lawyer when he files some faulty document in court, entails work upon the Commission's clerks, much of which is raw and cannot produce the quantity of work the experienced employees turned out.

It is known a flood of complaints is in preparation, but it cannot be said the increased number placed on file during the week is the beginning of what has been in preparation since September and October, when the conviction became fairly strong that no relief was to be obtained from discriminations caused by the percentage

system of obtaining more revenue, by appealing to the Railroad Administration.

There is now little or no attempt on the part of shippers to improve conditions by means of representations to the Railroad Administration, because the men composing it are believed to be convinced that what they did was right. Some situations have been improved and, so long as war prices continue, further proceedings may not be necessary. For instance, rates on apples from Washington, Oregon and Idaho are not impossible so long as prices continue high. O. O. Calderhead, rate expert for the Washington commission, went home November 15 because his commission is of the opinion that nothing further can be done by negotiations with the Railroad Administration. Mr. Calderhead spent nearly eight months in Washington trying to straighten out disarrangements caused by what state commissioners generally believe to be high-handed acts on the part of Mr. McAdoo's assistants. Anything hereafter attempted will probably be by means of formal complaints. That applies not only to Washington but to nearly every other state.

The fact that the operating income of the railroads for the nine months ended with September was \$217,000,000 less than for the corresponding nine months of 1917 will mean nothing to complainants other perhaps than that the Director-General is paying too high wages to the members of the railroad brotherhoods and to the men who are managing the roads for him; that probably he is trying to pay more than he can afford to pay, considering that men, ship only when they can make a profit on their transactions and that, in the last analysis, wages for men who operate the trains must be adjusted according to the inexorable law of profit and loss. That suggests the thought that when, as most people think is probable, prices recede so that in comparison with the selling price, freight rates will be exceedingly high, the men who operate trains will have to decide whether they will insist upon war time wages and thereby make it impossible for their employers to obtain business, or whether they will be willing to take a little less so as to make it possible to run trains and get any wages at all.

The \$635,000,000 advance in wages decreed by the Director-General, it is generally admitted, would constitute a burden the railroads themselves could not carry. They would have to retrench in some directions, even if the \$217,000,000 recession in operating income during the nine months took place despite the so-called twenty-five per cent increase in rates. Of course, the average is higher than twenty-five per cent. The general public, however, does not know the fact. Only those who have had to study the effect of General Order No. 28 know that the percentage name of the advance is misleading and that since 1914, roundly speaking, there has been a fifty per cent advance in rates.

PROPOSED PUBLIC OWNERSHIP

The Traffic World Washington Bureau.

The proposal of Senator Norris of Nebraska respecting railroads is for one big corporation to take over all roads and have them operated by a board of five men appointed by the President; to hold office during good behavior, confirmed by the Senate and removable for cause by a vote of Congress, not by a mere majority, but by some vote considerably less than two-thirds, the number required to remove an official on impeachment proceedings. His idea is to have a corporation like that of reserve bank system, the stock of which will be offered to the public, with that part not taken by the public to be bought by the government. A certain percentage of stock, he thinks, should be set aside for acquisition by employees on terms that will attract them and thereby make them responsible in large measure for the success of the management by the board of five hereinbefore mentioned. As to rates, that board of five is to have plenary power, probably without review by anybody. Another proposal in connection with the scheme is to have heavy penalties for punishment of anyone, from president down, who makes any suggestion to the board except in such form that everybody interested may have full information. That is intended to prevent back door suggestions, such as it has been intimated President Wilson made in the five per cent case. Senator Morris has not yet completed the draft of the bill. He is particular, in talking about it, to offer it as public ownership as distinguished from government ownership.

National Industrial Traffic League

Annual Meeting Opposes Government Ownership of Railroads and Prefers Operation by Private Owners, but Advocates Additional Legislation—Freer Elected President—Freight Claims and Other Matters Discussed

(By a staff correspondent at Cincinnati.)

The annual meeting of the National Industrial Traffic League, which opened at Cincinnati Thursday morning, November 21, was perhaps the largest it had ever held. This was partly due to the growth of the league recently and partly to the great interest in important questions now to the front in which the interests of shippers are seriously involved. The assembly was seething with interest in the situation and anticipation of action to be taken. It was announced that 123 new members had been taken in in the last year, the membership, October 31, 1918, being 536. This was the report of the membership committee. President Freer supplemented it, however, by saying that forty-eight new members had been taken in the night before by the executive committee.

President Guy M. Freer was triumphantly re-elected for a third term by an enthusiastic rising vote of the meeting after being nominated, out of the regular order of business, by H. C. Barlow, who pointed out the seriousness of the present situation and the need of wise and capable leadership. The unprecedented action in forcing a third term on a president was caused by what appeared to be the unanimous conviction that Mr. Freer was the man best fitted for the place.

The morning session was brief, owing to the fact that the nominating committee was meeting to select other officers and that the shipper members of traffic committees were in conference with Luther Walter, Mr. Atkins and Mr. Heinemann, of the Division of Public Service and Accounting, U. S. Railroad Administration. Mr. Walter announced that C. A. Prouty, director of the division, would probably be present on Friday, but that if he did not come, he, Walter, would have a few words to say to the meeting.

The baggage committee, J. W. Cobey, chairman, made a brief report, as did also the weighing committee, O. F. Bell, chairman, and the special committee on railroad leases and sidetrack agreements, A. W. McLaren, chairman. The latter reported that little progress had been made in the matter of achieving a proper liability clause, but that everything possible was being done.

The report of the executive committee on proposed uniform telegraphic code was made by H. C. Barlow, chairman.

Some time ago the Chicago regional committee of the league took under consideration the advisability of establishing a uniform telegraphic code which might be used by shippers and carriers in tracing freight, etc. The plan contemplated publication and distribution of a code in tariff form so that every agent of the carriers, as well as the shipping public, might be able to use the code. It was the opinion of the committee that if such a code could be prepared and adopted it would result in economy of time and money as well as the use of the wires, and that such a code need not be elaborate or extensive, but that such a code could be arranged for numerals, names of railroads and some stock phrases generally used in telegraphic correspondence.

The plan was approved by the league's Chicago regional committee and referred to the Chicago committee of the car service section, which committee was favorably impressed with the proposition and, in view of the fact that it was a national matter, referred it to the Commission on Car Service at Washington. The league's executive committee also approved the plan and urged the Car Service Section at Washington to prepare such a code for general use of the shipping public and carriers.

The executive committee reported that it was informed through the Railroad Administration that the Car Service Section is in accord with the principle and is now engaged in working out the details. The Railroad Administration reports, the committee said, that while it will take some little time to devise such a code, it is hoped that there will be no great delay.

The attitude of the League members in the matter of

government control of the railroads was first evidenced in the sessions, when, in the afternoon, a telegram was read from the Tulsa Traffic Association asking that the League take action advocating the turning back of the roads to private ownership. It was greeted with cheers.

At the close of his report as chairman of the committee on rate construction and tariffs, Mr. Williamson of Buffalo read the following letter which he had written to President Freer October 31, 1918, and which it had been thought best to read, submitting to the League the propositions therein contained:

"I wish to submit for your consideration certain observations of my own as chairman of the rate construction and tariffs committee of the League, respecting the various changes made in rates, rules and regulations since the creation of the Railroad Administration.

"You, as well as other traffic men of prominence, have witnessed these changes which have taken place without vigorous protest of shippers because of war conditions, as to do so at this time would be construed as 'unpatriotic.'

"The Railroad Administration was created to take over the railroads of the country and operate them during the period of the war and for a limited period thereafter; furthermore, the President was given the authority to initiate rates and make such changes in the operation of the roads as was deemed wise and necessary during the period of the war. This seems to me to be as far as he could legally go. It is a fact, however, that the advances in rates already made and the changes in rules and regulations are more or less of a permanent nature. Rate adjustments have been ignored, demurrage rules have been revised and many other important changes have taken place. Consideration is now being given to the adoption of a consolidated classification and new rate tables to be applied in the various territories are now being agitated.

"Are these matters that concern the Administration in the operation of the roads during the war period? The Railroad Administration is surrounded by statute railroad men who, while employed by the government, still have in mind that their interests are centered in the railroads as individuals and they are laboring to the end of bringing about changes which are inimical to shippers' interests and which heretofore have not been countenanced by the Interstate Commerce Commission and state commissions. Once put into effect it will be difficult to unscramble, with the result that shippers will be engaged in endless litigation in bringing order out of chaos. This brings me to the point of raising the following questions:

"First. Is the Railroad Administration, in promulgating these changes, doing so strictly as a war measure and as temporary expediency?

"Second. Are the shippers convinced that this is the object and purpose of the Railroad Administration?

"Third. Are the changes already made and those proposed in the interest of the shipping and general public?

"Fourth. Is the National Industrial Traffic League to sit idly by and permit without protest these radical changes?

"Our whole rate structure is being revised pretty much as the railroads themselves desire. Elimination of and modification of practices of long standing are taking place which will result injuriously to the shipping public, yet we sit supinely by and note the changes without raising a voice in protest. Are we really awake to the situation, and if so, what action are we to take? Increase after increase in rates is being made, either directly by way of specific advances or indirectly by changes in classification, the elimination of exceptions and by raising the carload minimum weights, etc.

"Do all of these originate in the mind of the Director-General or are they the individual ideas of the officers of the railroads serving the government and in the interest of

the railroads themselves if the roads were operated individually as heretofore?

"Matters are drifting into a serious state and the shippers must take some stand to protect their interests in looking forward to the future operation of the railroads after the war; and they should indicate at this time if, in view of the developments under government operation, they are desirous of so continuing or if their interests are best served under private or individual ownership.

"One of the stated policies of the Railroad Administration is to give service to the public, which is the purpose for which the railroads were built and given the privileges accorded them. This implies the maintenance and improvement of the railroad properties so that adequate transportation facilities will be provided at the lowest cost, the object of the government being to furnish service rather than to make money.

"Is the co-ordination of the water and rail lines or the subordination of the water to the rail lines in the interest of the public and is the public being best served by being compelled to pay the same, or practically the same, for water transportation as for rail transportation; and does this not establish a precedent which will be hard to overcome under private or individual ownership? Under the power vested with the President to control and operate the railroads during the period of the war, is it not a fact that rate increases and changes in rules and regulations are to be made only in the interest of making successful the operation of the roads during the war period and as the emergency may arise or is unlimited power granted to make permanent changes by the reconstruction of the rate structure which will be firmly established and handed back to the privately or individually owned roads, thus perpetuating the ideas conceived during the period of the government's administration?"

"Serious thought must be given to these problems and it seems to me that the members of the League should at once analyze the situation being created, with a view of taking some stand either for or against the many changes which have been made and are in contemplation as affecting transportation in the future."

On motion of Mr. Childs it was voted to hold the letter over until after the executive committee had made its report on the same subject. Mr. Williamson agreed to the motion, though he said his letter took in a wider range than that assigned to the executive committee.

Resolutions Adopted

A little later Mr. Barlow read the resolutions drawn up by the executive committee. They were as follows:

"Whereas, Under present legislation the railroads will be returned to private operation within 21 months after the close of the war, and,

"Whereas, The National Industrial Traffic League is on record as opposing government ownership of the railroads of the country, and,

"Whereas, The executive committee is of the opinion that operation of the railroads by their owners is preferable to government operation, and,

"Whereas, The executive committee is convinced that before the railroads are returned to their owners for operation additional legislation is necessary in their interests as well as for the protection of the public,

"Therefore, We recommend that the president of the league appoint a special committee of nine members (said committee to have power to increase its number), to consider such additional legislation and measures as may be deemed necessary to carry out the spirit and purpose of this recommendation, said committee to report to the executive committee at an early date."

Mileage Scales

The resolutions were unanimously adopted. Mr. Williamson's letter was not again referred to at the session because, after Mr. Barlow continued the report of his committee on the subject of the proposed mileage scales, time for adjournment had arrived.

Mr. Barlow made no extended report on the mileage scales. He said nothing definite had been determined about them and that it was up to the Interstate Commerce Commission to decide whether they should be considered—a remark that was not entirely understood. He said that if the Commission decided to consider them everybody would have a hearing. He remarked that if such scales

were needed shippers had brought the thing on themselves because of the constant conflict between territories. Mr. Freer asked whether, since November 11, there was any danger of the scales being put into effect. Mr. Barlow said he could not answer.

Mr. Williamson asked if a change of this sort ought to be put into effect under existing circumstances, and so be in effect when the railroads are returned to private control—if they are to be so returned. Mr. Barlow said he could not, with propriety, answer.

His attitude seemed to be one of favoring the principle of the scales and at the same time of reserve in expressing his opinions for the reason that to express them would not be proper or would be embarrassing because of his position. Some of the members expressed surprise at the latter, because the only official position Mr. Barlow now holds is that of a shipper member of the Western Freight Traffic Committee, his salary being paid by shippers and not by the government.

Mr. Tomkins tried to bring out Mr. Barlow's opinion as to what discretion the Commission had in the matter, but he begged to be excused from answering.

Mr. Davant asked if he could conceive of any reason why rates should be different in fifteen southern states and he said he could not.

Mr. Childs asked if the Commission would not be compelled to hold hearings on the subject if the Railroad Administration asked it to do so, under the federal control law, and he said he did not know. Neither did he know whether hearings were to be held. He remarked that he was not afraid of a distance tariff properly applied.

Mr. Barlow announced that the Western Freight Traffic Committee was at work on the simplification of tariffs in the West.

President Freer read a telegram from Director Chambers explaining freight rate authority No. 2445, grain rules, which were inadvertently printed in *The Traffic World* of November 16 without explanation as to their application. He said they applied only in Arizona, California and Nevada.

Chairman Belleville's report of the committee on freight claims created some discussion. It follows:

Settlement of Freight Claims

"Following the summer meeting at Buffalo, circular was sent out to our members asking them for specific information as to the settlement of freight claims, and in answer to this circular we have received a very large number of statements from various members of the League, and from practically all parts of the country, an examination of which shows very clearly that a large number of the freight claim departments of the railroad are in a most deplorable condition: that not only are loss and damage claims very unduly delayed, but in many cases claims are not treated with even ordinary courtesy.

"The responses to our circular have been extremely gratifying to your committee, and will form an exhibit which certainly will have its effect upon the administration when presented. We have received statements of claims from members at the following points: Boston, Mass.; Cleveland, O.; Newport, Del.; Rockford, Ill.; Cincinnati, O.; Kansas City, Mo.; Portland, Ore.; Buffalo, N. Y.; Wilmington, Del.; Jackson, Mich.; New York, N. Y.; New Bedford, Mass.; Columbus, O.; Springfield, Mo.; Grand Rapids, Mich.; Oklahoma City, Okla.; Jacksonville, Fla.; Canton, O.; Middletown, O.; Charlotte, N. C.; Wilkesbarre, Pa.; New Britain, Conn.; Erie, Pa.; Indianapolis, Ind.; Benton Harbor, Mich.; Milwaukee, Wis.; Saint Joseph, Mo.; Ft. Smith, Ark.; Coatesville, Pa.; Chicago, Ill.; Natchez, Miss.; New Orleans, La.; Dover, Colo.; Bloomfield, N. J.; Akron, O.; Dayton, O.

"In the conference which your chairman had with Manager Howard in Washington on November 6, Mr. Howard suggested that lists of old claims be sent to him and that he would stir the carriers up and see that settlement was made, and we would, therefore, recommend to our members that they send to Mr. Howard lists of claims covering only loss and damage, as he has no jurisdiction over overcharge claims, they coming under the jurisdiction of Director Prouty.

"We find the condition with regard to express claims in a very much worse condition than railroad claims, many of our members having long lists of unpaid claims against

express companies running back as far as 1916. We believe that the claim agents of the express companies are now making very special efforts to settle up the old claims, but the claim departments have been in the past three years so badly handled that our members are daily receiving requests from the express companies for duplication of papers, the originals having been lost; and in addition to this we have reports from many of our members that the current claims which have accrued since the Government took over the express companies are all being allowed to accumulate, which we think is indicative of bad business methods. We recommend that your committee be instructed to take this question up with the proper executive of the American Railway Express Company and urge upon him the pressing necessity of a prompt settlement of current claims.

Standard Form for Presentation of Claims

"In pursuance of appointment, the chairman of your committee had a conference on Wednesday, November 6, with Manager Howard of the Claims and Property Protection Section of the Government Administration of Railroads, and found Mr. Howard most positively committed to the use of the so-called standard forms.

It may be of interest to our members for us briefly to review the history of these forms. In the fall of 1912 a conference was held in New York between a committee from the Freight Claim Association, the Freight Claims Committee of our League, and quite a number of other interested shippers. This joint committee was in session for two days and agreed upon the form which is now being insisted upon by the Government Administration of Railroads. The Freight Claims Committee of the League reported the matter to the president, and under his direction samples of the blanks were sent out to our full membership, and criticism requested. Our secretary received very few replies and no criticisms of any moment. The blanks were presented to the annual meeting of the League in 1913 and were adopted by the League, but with the proviso that failure to use these blanks would not invalidate claims. The forms were later approved by the Freight Claim Association and tentative approval was also given by the Interstate Commerce Commission.

Your chairman suggested to Mr. Howard that a great many members of the League had prepared forms which were substantially in accord with the standard form, but specially suited to their business, and suggested that a modification be made of the order which compelled the use of these standard forms. Mr. Howard stated that he had had conferences with various committees representing packing house products, fruit and vegetables and other commodities, and that the result of these conferences was to satisfy him that there could be no agreement among shippers as to a form and that therefore he proposed to make the use of the present standard form absolutely mandatory.

Since coming to the meeting we have been advised that in a conference last week between Mr. Howard and a committee of The American Steel and Iron Institute, Mr. Howard modified the order and stated that the present forms of the shippers would be accepted by the carriers until the supply had been exhausted, and this has been confirmed by one of our members who talked with Mr. Howard in Washington a few days ago.

Although Mr. Howard knew that your chairman intended to report to the League that the use of these exact standard forms was mandatory, and that claims would be declined unless made up on the standard form, he has not seen fit to advise your committee of the change of heart above referred to. We believe, however, that the information is authentic and would recommend to any of our members who have had claims declined, on account of not being made on the standard form, that they return them to the Freight Claim Agent advising him that Manager Howard has ruled that the present forms of the shippers would be accepted by the carriers until the supply had been exhausted, after which the standard forms must be used.

Bill of Lading Limitation as to Suit on Claims

Complaints have come to your committee from members of the League that some railroads are returning claims to claimants, declining them because the claims

have not been settled by the carriers within the two year and one day period, within which suit for recovery should have been brought in accordance with the terms of the bill of lading; although the claims have been filed with the carrier within the statutory period, but the settlement of same having been delayed by neglect of the freight claim department until the two years and one day period had expired.

"It is the opinion of your committee that the action of the carriers in availing themselves of this technicality is unjust and unreasonable, and we recommend that the League communicate with Hon. C. A. Prouty, director of Public Service and Accounting of the U. S. Railroad Administration, asking that all freight claim agents be instructed that claims for loss and damage to freight shall be settled upon the merits of the claim, without recourse to a technicality, the operation of which has been created by the carriers themselves.

Shortages Under Shippers' Seals

"Your committee has received complaints from several of our members with regard to the question of failure of carriers to make report to shippers of shortages found to exist at the first break-bulk point under shipper's seals, and we are of the opinion that this condition exists at a great many points, as we are not aware of any obligation on the part of the carrier to promptly report to shippers shortages which are found on such business under shippers' seals.

"The same complaint is made with regard to failure of the carriers to report on shortages found in ferry cars, handled under shippers' seals. With regard to the failure to report on shortages in trap or ferry cars, carriers justify their action by the provision carried in the tariff, that in consideration of furnishing the ferry car service free of charge, all responsibility for loss or damage to contents of open cars, or where a clear seal record is established on box cars, shall be upon the shipper.

"It is the opinion of your committee that it is clearly the duty of the carriers to promptly report to shippers all shortages found either at break-bulk points or at distributing point for ferry car shipments and we recommend that a resolution to this effect be adopted by the League and a committee instructed to take up the question with the proper authorities of the Government Administration of Railroads."

Mr. Belleville explained to inquiring members that Mr. Howard had told him that shippers might use up existing supplies of claim forms, but after that they must use the standard form. He explained to members that there was no law compelling them to use that form, but that if they wished to get action they had better do so. He warned against forms which purported to be standard but were not.

It was stated by several members that the railroads at some places were refusing to furnish small shippers with forms. Mr. Belleville said he would be glad to take such instances to Mr. Howard.

Mr. Childe, a member of the committee, told of a conference with Mr. Howard in which the latter had said that from now on the Railroad Administration intended that all loss and damage claims should be paid within 90 days, requiring only that they be made on standard forms and that there be proper certification that the goods were shipped in good order and received in bad order. Then if it were found that there had been false certification, the Administration would prosecute for fraud. This, Mr. Childe said, meant prompt settlement of claims.

A resolution offered by Mr. Childe was adopted requesting Mr. Howard to instruct agents that the famous "John Barton Payne rules" do not govern and that they must settle claims in accordance with legal liability under General Order No. 41.

A resolution offered by Mr. Belleville was adopted that there should not be a cash discount from claims paid unless they were paid within the discount period.

All Mr. Belleville's reports were adopted.

Mr. Williamson Again

A resolution offered by Mr. Williamson in the course of his report from his committee was adopted, as follows:

"Resolved, That the application of that part of General Order 28, which provides a minimum charge of \$15 per car on certain road haul traffic and a minimum class rate

on certain shipments which would otherwise move on lower rates under exceptions to the classifications, has produced a situation which is unfair, unjust, highly discriminatory and absolutely indefensible, and further,

"Resolved, That the committee on rate construction and tariffs be authorized to prepare a petition seeking some proper modification of this condition, which, after approval by the executive committee, shall be submitted jointly to the Eastern, Western and Southern freight traffic committees with request for prompt consideration and action."

He said it had been reported that certain lines under federal control were refusing to furnish tariffs free of cost. He advised members, if they were not able to get action in this matter, through their district traffic committees, to write to Luther Walter. A case was cited where a district committee had authorized a charge for tariffs and Mr. Williamson said to take it up with Mr. Walter, who would straighten it out.

New Officers

The nominating committee named the following candidates for office, who were elected: Vice-president, R. D. Sangster; secretary-treasurer, O. F. Bell; honorary vice-presidents, Ripley, Glover, Ingalls, Chandler, Mann, Morgan, Ter Bush and Williamson; and a long list of directors.

The new board of directors elected the following executive committee: Barlow, chairman; Chandler, vice-chairman; Bell, Belleville, Freer, Lincoln, automatically members by reason of having been presidents of the League; Crown, Childe, Davant, Bentley, Lindsay, McLaren, Montgomery, Rippin, Trickett, Robinson, Wilson and Mueller.

Car Demurrage and Storage

Mr. Montgomery, chairman of the committee on car demurrage and storage, reported that a conference would be held with the Railroad Administration soon with a view to having shippers' representatives in the demurrage bureau.

Mr. Rippin, chairman of a special committee of Mr. Montgomery's committee, said a report as to the modification of the demurrage rules would be made at the spring meeting.

A further report by Mr. Montgomery on the application of the average agreement to warehouses and public elevators was as follows:

"At the summer meeting of the League, held at Buffalo, N. Y., August 29 and 30, 1918, the membership approved the recommendation of the League's committee on car demurrage and storage that the League's committee, together with the committee on relations of the American Railway Association, submit a joint communication to the Interstate Commerce Commission requesting that various conference rulings of the Commission be amended so as to permit the application of the average agreement to public elevators and warehouses handling the cars of two or more consignees in one account.

"The joint letter was submitted to the secretary of the Interstate Commerce Commission under date of September 13, 1918. The Commission has, under date of October 31, approved the following conference ruling which will make it possible for public elevators, warehouses or compresses to include in their average agreement accounts cars consigned to or handled by them. The conference ruling reads as follows:

Application of average agreement under uniform demurrage rule Upon further consideration, conference rulings 409, 463 and 497 are qualified as follows: No average agreement made under the uniform demurrage rules may properly combine in one account the cars of more than one consignee; each average agreement must cover the business of one consignee only; provided, however, that this rule is not intended to prohibit the application of the average agreement at a public elevator, warehouse or cotton compress so far as it applies to cars consigned to or handled by such elevator, warehouse or compress, and so long as the elevator, warehouse or compress is held strictly responsible to the carrier for the detention of cars and for any demurrage that results from such detention. In pursuing this course carriers must accept full responsibility for the correct application of the rule (see Conference Ruling 498).

The League members sat down to an informal dinner in the evening, the influenza epidemic having made it impossible to plan a program in advance. A number of informal speeches were made, one of them by Luther Walter, who expressed the hope that the present railroad problem would not get into politics and that shippers would ultimately see a return of the competition which meant the kind of service they desire.

RAILROAD RECONSTRUCTION PLAN ADOPTED

The Traffic World Washington Bureau.

A definite plan for treating the question of reconstructing the railroads and the statutes relating to their regulation has been adopted by the conference of Republican senators, the body that will make the policies for the majority that will control the Senate after March 4, if Senator La Follette or some other member of the majority does not, in the vernacular, "spill the beans" by voting with the minority senators. It calls for a joint committee or commission, composed of twelve members, six senators and an equal number of representatives, equally divided as between the great political parties.

The plan was prepared by a committee of three, Senators Cummins, Poindexter and Watson. The base of the idea is the Weeks resolution (S. Con. R. 21). That resolution called for only one committee or commission. The plan submitted to the conference of Republican senators on November 19, and adopted by it, calls for the appointment of six such commissions, one of which is to handle "problems affecting public utilities, including the establishment of a railroad policy after the war, the relation of the Interstate Commerce Commission to the railroads and all questions relating to communication by wire." The substance of the plan in regard to railroads and their regulation is embodied in the Weeks resolution as set forth in an editorial in *The Traffic World*, November 16, p. 916. The only change made is the proposed creation of six joint committees instead of one, each charged with the duty of investigating and reporting on the subject committed to its care.

The Weeks plan, as embodied in the concurrent resolution No. 21, was adopted in a conference at a time when there was little expectation on the part of its framers of their being called upon to affirmatively prepare policies for the party in control of the Senate. In other words, it was the proposal of men who expected to remain in the minority and have no voice in the final disposition of questions of policy. As a suggestion to the party that expected to remain in power, the plan was deemed to be good. As a plan for a party charged with responsibility as to policies, it was regarded as placing too much work on one committee, the membership of which would be equally divided between the two big parties.

These six committees, in a way of speaking, will deal with the broad question, while the standing committees will deal with the conclusions that may be reached, in detail. That is to say, the special joint committee on transportation will be expected to make a general recommendation for or against government ownership and the committees on interstate commerce will prepare the legislation to carry out the general idea.

GOVERNMENT OWNERSHIP BILLS

The Traffic World Washington Bureau.

Varying degrees of government ownership or operation will be provided for in bills Senator Cummins of Iowa and Norris of Nebraska are expected to introduce shortly. The main Cummins idea, according to the understanding obtained by those with whom the senator has talked, with a view to obtaining ideas, is to have the government buy the railroads at valuations to be made by the Interstate Commerce Commission and then lease most of them to operating companies, retaining a few typical systems for government operation, so there may be a contrast between government and private operation under similar circumstances and conditions.

The Norris idea is supposed to be more nearly that of the out and out government ownership men. Both men are prominent members of the so-called progressive wing of the party that will come into power in the next Congress. They are minority members of the majority party. They have never been bound by party council arrangements to support or oppose any particular bill. Their measures, therefore, even when Senator Cummins becomes chairman of the interstate commerce committee of the Senate, are not to be regarded as anything more than an embodiment of their personal views.

The Railroads and Reconstruction

(Charles C. McChord, Interstate Commerce Commissioner.)

It was Macaulay, or some other essayist, who wrote some seventy-five years ago that the new form of government in America was on trial. He was of opinion that no government so democratic in form could long endure. He declared that the supreme test would come when there were more mouths to eat breakfasts than breakfasts to supply them, and that in such a crisis the autocratic power of a sovereign would be found necessary. The test of this prophecy may be at hand, though in a somewhat modified form. In any event just at this time the thought is sufficient to give us pause to take an account of stock.

Thoughtful and prudent men are looking forward to a reorganization of industrial, social and economic conditions in this country and throughout the world when a treaty of peace has been signed that shall bring the war to an end. Vast armies and navies are then to be demobilized and the soldiers and sailors of which they are comprised returned as quickly as possible to peaceful pursuits. The reabsorption into productive industries of four million men or more drilled in the arts of war must in some way be accomplished. At the same time millions of employees in great munition plants and other industries, engaged chiefly in producing the necessities of war, will have to be diverted to the production of the things needed in times of peace. The problem is how this may be done in a way that shall be reasonably satisfactory to the workers of the country, and at the same time shall not lead to an interim of stagnation of production and business. In other words, the change must, if possible, be brought about so as to secure for the future the greatest good to the greatest number.

The transition from a war to a peace basis must not be left to chance. Comprehensive plans of reconstruction should be formulated at once, and the perfection thereof entered upon with as much earnestness and vigor as we entered upon the business of stamping out of autocratic military despotism as represented by the rulers of the German peoples.

An institution in this country engaged in the manufacture of munitions of war employed a total of 6,000 persons previous to the year 1915. On Jan. 1, 1918, this concern had more than 60,000 employees upon its payrolls. This is representative of many similar industries, and comparable increases have been experienced in all manufacturing concerns engaged in producing the necessities of war, and this embraces nearly all industries in the country. The iron and steel mills have been running night and day for the past two years, with largely increased capacity. At the same time there has been increase after increase in wages, until to-day the rate of pay for artisans of every kind is on a higher scale than ever before known.

Some idea of the amount of these increases may be gained from a showing of the aggregate payments by representative manufacturing establishments reporting to the Department of Labor of the United States. For a week in April, 1915, 533 institutions reported an aggregate payment of \$6,396,574, and for a week in April, 1916, the same institutions reported \$9,429,659. For a week in April, 1917, 670 institutions reported an aggregate payment of \$16,228,190, and for a week in April, 1918, the same institutions reported \$20,412,347.

It is certain that workmen who have had opportunity to enjoy life as the result of adequate pay are not going to consent to, if they can avoid it, any reduction in their wage scale unless there are compensating benefits. It is equally certain that the era of extremely high prices for the necessities of life will not continue during times of peace. The great class of non-producers represented by clerks in offices and stores, salaried men in every calling, employees of public utilities, and the like, cannot long continue to pay ever increasing living costs except that they too receive further material increases in rates of pay.

The readjustment that is to take place after the business in hand is disposed of is world wide in extent. International relationships must be re-established on new bases; foreign commerce must be fostered and encouraged; and national solidarity as the consistent policy of over one hundred years of our national life is to be aban-

doned, and an entry into the great family of nations accomplished. All this calls for the exercise of the wisest diplomacy and statesmanship.

There are some conditions peculiar to our own country that call for immediate action if they are to be made consistent with that readjustment which shall permit of progress in a way of broader and better national life.

What is needed in this country is a wider diffusion of manufacturing industries and the local supply of the necessities of life. Products of our factories are distributed throughout the land, but under circumstances of such economic waste as to demand a radical change. In the development of manufacturing many elements have conspired to confine factories to limited territories or particular cities. There has always been a desire upon the part of our people to locate the factory near the region of supply. As our middle western and border southern states began to be developed after the Civil War, the constant effort of the smaller cities and towns was to secure factories of various kinds. There is hardly a town of 1,000 population or more in the states of Ohio, Indiana, Illinois, Michigan, Wisconsin, Iowa, Missouri, Kentucky, Virginia and West Virginia that from 1875 to 1895 did not endeavor to secure manufacturing industries. During that period, by the payment of large bonuses, or offers of free taxes, coal and water, many of them secured the location of factories that gave promise of affording cheap material for home consumption, and a distribution of the surplus to neighboring towns. Many of these factories proved to be failures, and a ride over the country to-day discloses crumbling buildings and smokestacks in many towns and villages as grim monuments of the dead hopes of their projectors. Not all of these were properly located, many of them were the result of the dreams of some inventor of a short cut to wealth, but most of them should have survived, and would have done so except that influences were at work that made success impossible. Among the chief of these was the fact that the railroads favored certain manufacturing centers in the way of facilities and rates.

The freight traffic manager's business was to secure tonnage for the particular railway by which he was employed. Long hauls in large lots afforded attractive business that added to the aggregate of the returns to the carrier from his efforts, and led to his preferment by those higher up in the control and management of the road. Competition for business at points reached by several railroads was keen and incessant. The more railroads that served a particular point, the keener the struggle between rival traffic officials for business. For many years previous to 1900, and by many roads until 1906, rebates were paid to secure business to such an extent that officials have frankly admitted in evidence in proceedings before the Interstate Commerce Commission that few carriers pretended to collect more than 80 per cent of the advertised rates on shipments from competitive points. Railroads were built from business centers to business centers. Some reached the objective points by short, direct routes, and others by long, indirect routes. The latter, in order to do business at the competitive point, met the rates named by the short line, meanwhile maintaining higher rates at shorter distance points on their own lines. In the same way competition by boats on our inland and coastwise waterways was met by all-rail carriers until transportation by water, so far as our inland rivers are concerned, has been nearly abandoned. Cities and towns along these rivers entitled to enjoy the cheaper water transportation were deprived of the advantage of their location.

The inducement to give the large shipper and all shippers from manufacturing centers an adequate supply of cars, transit privileges, switching arrangements, etc., was ever present, and the force of competition operated in favor of such shippers.

These considerations rendered it impossible for the factory at the small town to compete in the sale of its product with a factory producing the same product at the larger and more favored city. The result was that the factory in the small town ceased to operate and its em-

ployees were compelled to seek employment in the centers of production.

While the payment of rebates that found their way into carriers' accounts ceased on the passage of the amendment to the act to regulate commerce of 1906, and many carriers had ceased to make such payments previously, the matter of preferential rates and the furnishing of superior facilities to competitive centers continued with unabated vigor until the taking over of the railroads by the President on Dec. 28, 1917. That event was intended to bring about a complete change. Railroad managers were at first reluctant and, in fact, some have not yet fully accepted the fact that each road is no longer a competitor of the other, but all are engaged under federal control as a great unified system in the business of transporting the necessities of war and the commerce of the country. The change was as startling as sudden. Preconceived notions of the rights of each carrier as against the other, and their relation to the public, were changed over night.

It seems to be conceded by everyone that, no matter what is done with respect to the great transportation systems of the country after the war is over, that certain condemned practices, and the unbridled competition of past years is at end, and that by some means the carriers of the future will be under such regulations as will insure the largest and most effective use of the facilities they have for the conduct of the transportation business of the land without favor to one shipper or prejudice to another.

The most important matter just now, however, is the part that the railroads should play in the readjustment that must be made in our industrial and economic conditions. As before noted, it has come about that the large part of our manufacturing is done in our cities. The greatest manufacturing cities of the nation, considering the variety and quantity of production, are Chicago, Ill., and Philadelphia, Pa. Southern New England has developed into a succession of manufacturing cities. Pittsburgh dominates the iron and steel industry and controls prices wherever sales may be made in this country, as Chicago dominates and controls the prices of meats and their products. New York City produces immense quantities of ready-made clothing, employing thousands in sweat shops of unsavory surroundings. The result is that work men and women in largest numbers live under conditions that are not sanitary, wholesome, nor conducive to good morals. This has happened in a country that is less densely populated than any of the great nations of earth, and where there is room enough for every citizen and resident to enjoy his full share of pure air and sunlight, and to live under conditions conducive to health, morality and happiness. It would also enable him to secure a home at moderate cost, or at reasonable rental, with an area of ground sufficient to permit him to cultivate a garden where fresh vegetables may be grown for his own use.

Many good people have organized societies, and have expended large sums of money in philanthropic efforts to induce immigrants and others to shun the haunts of their fellows in crowded cities, and seek homes in the south and west, where conditions are wholesome. In this they have met with a measure of success, and thriving communities composed of different nationalities may be found scattered over the land. At the same time, however, our cities have continued to increase in population, and living conditions have not improved as a consequence.

There are many considerations that dictate a relocation of our manufacturing industries. In the first place, it costs more to do business in a city than in the country. Land values and costs of construction of plants, taxes, etc., constitute charges that must be met from earnings. It costs more to live in a city than in the country. A lower wage payment in the country than in the city would enable the workman to secure more comforts of life, to clothe his family better, and educate them more adequately. If the factory is located near the raw product there is saving in transportation costs which will be reflected in net earnings.

An economic change has been taking place in this country, particularly during the last decade, the importance of which is not generally realized. Consumers seem to be making the effort, so far as possible, to eliminate the middleman. The notion seems to be growing that there

is no necessity to pay the charges of middlemen to handle goods on their way from the factory to the ultimate consumer. The desire upon the part of the consumer to secure his needed articles as cheaply as possible is responsible for the great mail order houses of the country that are doing a large and increasing business. It was testified in a case before the Interstate Commerce Commission that one mail order house shipped from its main plant an average of one hundred and sixty-seven carloads of less-than-carload freight every day during the year 1915. Here, again, the public is demonstrating its desire to secure manufactured products from first-hand sources.

Low freight rates have been initiated and maintained for years from producing centers to important junction and jobbing cities and towns. To towns beyond higher rates, both actually and relatively, have been maintained. Through rates from factories or great producing territories to towns beyond the jobbing centers are made up of a combination of the rates to such centers and those beyond. The result is, in many instances, to deprive the country point of just rates. The following table gives comparisons of through rates on certain articles in carloads and less than carloads now in effect to Cincinnati, O., Williamsburg, Ky., Chicago, Ill., Omaha, Neb., Kansas City, Mo., Alliance, Neb., and Dodge City, Kan., from New York, N. Y., together with distances, as illustrative and representative of thousands of similar rate situations throughout the country, and showing the handicap under which the country towns are compelled to do business:

COTTON PIECE GOODS FROM NEW YORK, N. Y.

To—	Distance, miles.	C. L. In cents per 100 pounds.	L. C. L. In cents per 100 pounds.
Cincinnati, O.	758	72½	72½
Williamsburg, Ky.	961	125	125
Chicago, Ill.	908	112½	112½
Omaha, Neb.	1,400	138	138
Kansas City, Mo.	1,509	138	138
Alliance, Neb.	1,820	253½	253½
Dodge City, Kan.	1,701	242	242

HATS AND CAPS FROM NEW YORK.

Cincinnati, O.	98
Williamsburg, Ky.	171½
Chicago, Ill.	112½
Omaha, Neb.	201
Kansas City, Mo.	201
Alliance, Neb.	318½
Dodge City, Kan.	30 ½

BOOTS AND SHOES FROM NEW YORK.

Cincinnati, O.	98
Williamsburg, Ky.	171½
Chicago, Ill.	112½
Omaha, Neb.	201
Kansas City, Mo.	201
Alliance, Neb.	318½
Dodge City, Kan.	30 ½

CLOTHING FROM NEW YORK.

Cincinnati, O.	98
Williamsburg, Ky.	171½
Chicago, Ill.	112½
Omaha, Neb.	201
Kansas City, Mo.	201
Alliance, Neb.	318½
Dodge City, Kan.	30 ½

CROCKERY FROM NEW YORK.

Cincinnati, O.	39½	52
Williamsburg, Ky.	83½	104½
Chicago, Ill.	45	60
Omaha, Neb.	77½	110
Kansas City, Mo.	77½	110
Alliance, Neb.	131	193
Dodge City, Kan.	129	192½

GLASSWARE FROM NEW YORK.

Cincinnati, O.	45½	72½
Williamsburg, Ky.	104½	139
Chicago, Ill.	52½	81
Omaha, Neb.	91½	149½
Kansas City, Mo.	91½	149½
Alliance, Neb.	163	267½
Dodge City, Kan.	159	247

SUGAR FROM NEW YORK.

Cincinnati, O.	39½	52
Williamsburg, Ky.	86	98½
Chicago, Ill.	45	60
Omaha, Neb.	61	100
Kansas City, Mo.	61	100
Alliance, Neb.	117½	171½
Dodge City, Kan.	95½	167½

COFFEE FROM NEW YORK.

Cincinnati, O.	39½	52
Williamsburg, Ky.	86	98½
Chicago, Ill.	45	60
Omaha, Neb.	61½	100
Kansas City, Mo.	61½	100
Alliance, Neb.	120	171½
Dodge City, Kan.	106½	165

TEA FROM NEW YORK.

Cincinnati, O.	85 1/2	98
Wilmington, Ky.	162	174 1/2
Chicago, Ill.	99	112 1/2
Omaha, Neb.	167	201
Kansas City, Mo.	167	201
Alliance, Neb.	267 1/2	318 1/2
Dodge City, Kan.	264 1/2	308 1/2

It has been said, with a good deal of truth, that as a people we are profligate wasters. Our boundless resources, many of them still in a state of development, have led us to the belief that the springs from which flow our supplies are inexhaustible, and that the plentiful streams will follow on uninterruptedly forever. Is not this the time, has not the hour struck, that should arouse us to action that shall secure to us and our descendants the full measure of benefit that may come from nature's bounty spread round us on every hand?

In very recent years there has been here and there a man whose vision has been broad enough to see what it is the consuming public demands, and has attempted to meet it. One concern has in recent years, by co-operation with residents, induced the building by local capital of hundreds of flourmills at country points in the middle west and south, which supply consumers in the region roundabout each mill with flour, meal and feed. Another man owns in his own right many branch houses for distribution of groceries, merchandise and general household necessities. He ships to the branch houses in carload lots and distributes to his customers in auto trucks. He is doing a large and thriving business. Both of these institutions are representative of a class that have recently come into existence.

Does not the public demand which these institutions seek to meet point the way to a solution, in part, of the reconstruction problem that now confronts us? If wage scales are to be readjusted downward to meet conditions in times of peace, the wider diffusion of factories presents an alluring way out. What the workman desires, and what he has the right to demand, is opportunity to live in comfort. Reduction in the rate of his daily wage means, as he now sees it, lessened opportunity to secure to himself and his family those necessities which go to make comfort in daily life. In most any country town of 1,500 or more population that might be named in the middle west or the south there is opportunity to live better and enjoy more of the real comforts of life, at materially lower wages, than even an approach to the same state of livelihood can be secured in any congested manufacturing center.

The following table gives the number of towns, as shown by the census of 1910, under 5,000 population in the states named, where industries might be located and where every opportunity would be afforded employees to make the most of life under ideal conditions:

	Under 1,000	1,000 to 2,000	2,000 to 3,000	3,000 to 5,000
Illinois	3,500	172	79	43
Michigan	3,440	190	20	24
Wisconsin	2,480	70	21	25
Iowa	2,870	92	35	8
North Dakota	1,510	33	17	21
Kansas	2,140	67	25	25
Missouri	4,270	91	36	11
Kentucky	3,290	52	14	10
Virginia	3,150	41	13	12
West Virginia	3,900	44	18	9

In the country there is pure air and sunlight. The surroundings are clean, sanitary and moral. In such an atmosphere a workman can easily rear a family of sturdy boys and girls, and live a life of peace and happiness impossible for him to live in the crowded and unwholesome conditions of congested centers. In the country he is afforded opportunity to buy products of the soil first-hand for his table at reasonable prices, and the admirable schools and religious institutions now in existence everywhere insure to his children every chance to lay the foundation of good citizenship.

Prior to about the year 1890 our inland waterways had an important part in transporting the commerce of the nation. Within a decade from 1890 many boat lines disappeared from all rivers and to-day only an insignificant percentage of freight tonnage is transported by water anywhere in the country. The best lines were either absorbed by railroads, and their operations abandoned, or carriers made rates for freight so low to competitive boat line points as to make the business unprofitable to

the boat line. Spasmodic efforts to rehabilitate water transportation have been made from time to time in recent years by individuals or communities, but they have not met with success, because of continued opposition of railroad interests. There never has been any good reason, and there is none now, why our rivers, on which the federal government has expended millions of dollars of the public money, should not be brought into transportation service.

The national Shipping Board is rapidly building up our merchant marine on such a scale as to call for the admiration of all maritime nations. A portion of the energy of this admirable agency will doubtless be intensified, as it should be, in the building of steamboats and barges to move across the waters of our inland streams and lakes, as well as the bays and oceans of our coast line.

Thoughtful study should now be given to the equalization of rates for freight transportation, and as to whether higher rates should for the future be permitted for shorter than for longer distances over the same line or route, the shorter being included within the longer distance, and whether combinations of rates and transit privileges that now unduly favor certain jobbing and junction points should be canceled and reasonable through rates established to all points. Transportation by boat on our rivers and coast lines should be encouraged to relieve rail carriers at congested cities and ports. Steps have already been taken under federal control to divert traffic from congested north Atlantic ports to those of the south and on the Gulf of Mexico. Rates should be made and facilities provided, so that each port of the United States, from Galveston, Tex., to Bangor, Me., shall receive its share of traffic under the most economical transportation conditions. Relatively the same facilities should be furnished the factory that ships one carload a day as the one that ships ten or more carloads. The opportunity to do a manufacturing business at a profit should be afforded at any point in the country. The supply of raw material, and the possible field of consumption will dictate the location.

There are other matters which may be necessary to consider in connection with the possible reconstruction here indicated. One of them is the opportunity for financial support to industrial enterprises. In the past many factories have been located in already congested districts at the behest of those who furnished the financial backing. In this way high-priced land was disposed of and costly buildings erected which enhanced the value of vacant adjacent lands. Interlocking directors of banks, railroads and factories have doubtless influenced the formation and perpetuation of conditions that have prevailed and to some extent yet prevail. This master is now largely behind us and should present no insuperable barrier in the future to the wider distribution of manufacturing establishments.

A new era is at hand. The carriers of the country for the future are to serve the public interests. The dictates of selfishness and private greed that have for so long a time controlled the policy and management of our great transportation systems no longer constitute the guide for action. In a time like this, when readjustment of industrial and economic conditions is imperative, the railroads must do their part to the end that there may be decided progress on the highway that leads to equality of opportunity for all, and to ultimate national greatness and individual contentment.

NO DEMURRAGE NOV. 11

Several St. Louis industries which received demurrage bills for "Victory Day," Monday, November 11, took the matter up with the East St. Louis Chamber of Commerce. Contending that "Victory Day" was a de facto legal holiday, the chamber wired Director-General McAdoo and the Interstate Commerce Commission asking them to decide and direct that no demurrage should be assessed.

J. N. Fining, secretary-manager of the association, received the following wire from Director of Traffic Edward Chambers: "Railroads have been notified to consider November 11 as a holiday and assess no demurrage."

Secretary G. W. McGinty of the Interstate Commerce Commission wired to Secretary Fining as follows: "Message yesterday demurrage. Director traffic, Railroad Administration, has instructed carriers to regard Monday, November 11, as legal holiday, so far as demurrage and storage charges concerned."

STANDARD TIME ZONE INVESTIGATION

The Commission, in a report by Commissioner Aitchison, Docket 10122, Opinion No. 5437 (51 I. C. C., 278-310), published November 18, fixed the boundaries of eastern, central, mountain and Pacific standard time zones, effective at 2 a. m., January 1, 1919. This order is pursuant to the daylight saving act, which, beside providing for an advance of the clock during the summer, provides for United States standard time and requires the Commission to define the limits of the standard time zones. Standard time had not previously received national legislative recognition, but depended upon custom or local law. The daylight saving act requires common carriers engaged in interstate and international commerce to govern their movements by standard time, and provides that in determining the time within which acts shall be done by any federal officer or department or within which any rights shall accrue or determine or acts shall or shall not be performed by any person subject to the jurisdiction of the United States, the United States standard time shall govern.

The Commission held numerous hearings throughout the country as to where the zone limits should be fixed. It is stated by the Commission that there was a general condition of confusion as to zone boundaries, and that the time breaking points were largely located without much regard to meridians of longitude or the convenience of commerce.

"There is need for a closer connection between the sun and the clock than has obtained in many parts of the country," says the report. "There is a relationship between habits and employments and the hours of the day as expressed by timepieces which cannot be impaired without great inconvenience; and public health and prosperity will best be subserved when normal standards of time are observed in every locality where they can be made applicable. In some sections the continued use by carriers of inappropriate time standards is even inimical to the maximum production output essential to the national defense."

The line fixed by the Commission separating the eastern and central time zones follows the east boundary of Michigan, through Toledo, Fremont, Clyde, Bellevue, Monroeville, Willard, Shelby Junction, Mansfield, Galion, Marion, Columbus, Lancaster, Dundas and Gallipolis Ohio; Huntington, Kenova and Williamson, W. Va.; Dungannon, Va.; Bristol, Va.-Tenn.; Telford, Tenn.; Asheville and Franklin, N. C.; Atlanta, McDonough, Macon, Perry, Americus, Albany and Thomasville, Ga.; the north boundary of Florida to River Junction, and the Apalachicola River to the Gulf of Mexico. Municipalities along the line are to be governed by central time except Fremont, Clyde, Bellevue, Monroeville, Willard, Shelby Junction, Galion, Lancaster, Dundas and Gallipolis, Ohio; Dungannon, Va.; Bristol, Va.-Tenn.; Asheville and Franklin, N. C.; McDonough, Macon, Perry and Thomasville, Ga., which will take eastern time.

Between central and mountain time the line is fixed commencing at Portal, N. D., running through Minot and Goodall, N. D., and following the Missouri River to Pierre, then through Murdo Mackenzie, S. D.; Long Pine, North Platte, McCook and Republican Junction, Neb.; Phillipsburg, Plainville, Ellis, Dodge City and Liberal, Kan.; Waynoka, Clinton and Sayre, Okla.; Sweetwater, Big Spring and San Angelo, Tex., and the 100th meridian to the Rio Grande River. The following cities on this line will be governed by the Central time standard, while others will take mountain time: Portal, Flaxton and Minot, N. D.; Murdo Mackenzie, S. D.; Phillipsburg, Stockton, Plainville, Ellis and Liberal, Kan.; Waynoka, Ralph and Sayre, Okla.; Sweetwater, Big Spring and San Angelo, Tex.

Between the Mountain and Pacific time zones the line is fixed following the east boundary of the Blackfoot Indian Reservation in Montana, and the Continental Divide, to Helena, Butte and Dillon, Mont.; Pocatello, Idaho; along the Oregon Short Line to Ogden and Salt Lake City, Utah, and the Los Angeles & Salt Lake Railroad and the west and south boundaries of Utah to the 113th meridian; thence to Seligman and Parker, Ariz., and along the Colorado River to the Mexican boundary. All municipalities on the boundary between Mountain and Pacific time will carry Mountain standard time.

The lines fixed will not be followed literally by all common carriers, as some railroads which cross the bound-

aries between their division or terminal points will be permitted to carry their general time standard into an adjoining zone. These exceptions are enumerated in the order, and the Commission says that in such cases it expects that the carriers will advertise and show on their time cards and bulletin boards the arrival and departure of trains with reference to the standard of time generally used in the various communities.

Standard time was made effective in the United States on the initiative of the American Railway Association, Nov. 18, 1883. The daylight-saving act continues the use of the mean astronomical time of the 75th, 90th, 105th and 120th degree meridians west of Greenwich as standards for the Eastern, Central, Mountain and Pacific time zones, respectively, which have been used as standards since 1883, when the original plan was adopted. Several states and many municipalities have since adopted the time of one of the standard time meridians, but the Commission finds that public sentiment and habits have been more potent factors in fixing time standards than state statutes, and the usages of carriers have been and are largely controlling in determining local time, as it has been generally less inconvenient for communities to adjust standards and habits to railroad time than to endure dual time standards. The local conflicts as to what time standards should be followed in cities such as Cleveland and Detroit have been prolonged and bitter, and similar controversies have occurred at many less important points situated nearly midway between the time meridians.

The report points out that the act leaves all of Alaska within a single time zone, although that territory extends east and west more than two and one-half hours of time. The Commission says that it cannot deal with this matter nor with the omission of the Hawaiian Islands from the terms of the daylight-saving act.

TENTATIVE REPORT ON FRUIT JAR ADJUSTMENT

The Traffic World Washington Bureau.

In a tentative report by Attorney Examiner Pattison, it is recommended that the Commission dismiss the supplemental complaint or petition of the complainant in No. 8180, A. H. Kerr & Co. et al. vs. Sand Springs Railway Co. et al. The original report, 40 I. C. C. 291, required the carriers to establish a designated relationship of rates on glass fruit jars and jelly glasses from Sand Springs, Okla., Muncie, Ind., Wheeling, W. Va., and Washington, Pa., to Pacific Coast destinations. The supplemental petition said the failure of the defendants promptly to establish the relationship had resulted in damage to the complainants. The order to establish the relationships was served in July, 1916, and was to be made effective within sixty days. It was made effective December, 1917, or fourteen months after the original order said it should be. It directed that there be a differential of ten cents on the two kinds of containers. The first tariffs filed by the carriers in supposed compliance with the orders were suspended on complaint of the complainants. Under the omnibus order authorizing carriers to cancel all suspended tariffs so as to make way for the fifteen per cent advance the tariffs in supposed compliance with the order establishing a differential went by the board. It was not until tariffs under the fifteen per cent permission were filed that the orders of the Commission were obeyed.

Pattison, in his report, says the complainants contributed to the conditions that made impossible the establishment of a differential by having the first tariffs suspended, and that the only damage the testimony showed them to have suffered was that they did not sell as much of their product as they thought they would have, had the adjustment been made. The proof, the report says, does not establish the fact of damage or the amount thereof.

TWENTY-THREE IN ONE DAY

The Traffic World Washington Bureau.

Twenty-three complaints were placed on the files of the Commission Nov. 22. That is the largest number for a long time and is taken as the advance guard of a large number that will be brought, because shippers have no confidence that either the Railroad Administration or the traffic committees will make changes they think are imperative.

CLASSIFICATION HEARINGS

The Traffic World Washington Bureau.

In the discussion provoked by Mr. Lawrence's testimony concerning book cloth it was developed Nov. 14 that the effect is to raise the rate in Official, decrease it in the south and leave it unchanged in the west. Examiner Disque asked why, if second is reasonable in Official, first in the west is not too high. Mr. Fyfe said that in his opinion second is too low on articles worth as high as forty cents a yard or fifty or sixty cents a pound.

Mr. Kendall said there is no competition between book cloth, covering paper and imitation or artificial leather for covering books. His contention was that there is nothing other than technical differences between the stiffened cotton piece cloths, and the difference in use is the only real distinction.

Iron and steel items were brought up just before the end of the morning session. D. T. Lawrence, in continuance of what was said at Atlanta, offered the justification of the Official committee for changes in items covering articles moving on their own wheels, fifteen in number. Locomotives and bridge builders' outfits were the two items brought forward. On some of these articles fifth and sixth classes are imposed, with certain allowances for tare. In regard to locomotives, bridge builders' erection outfits and air brake inspection cars, Mr. Lawrence said most liberal tare allowances or substitutes therefor are made.

On locomotives not moving under their own power, the rating is fifth class on one-half actual weight, minimum 36,000 pounds. The allowance of fifty per cent of weight was made on the theory that the carrier was earning revenue without being under the burden of furnishing equipment to carry the locomotive.

The proposal is to make the rating ninety per cent of sixth class at actual weight instead of fifth at one-half of actual weight. On a locomotive weighing 120,000 pounds, which is the weight of locomotives sent into the southeast for use on short lines and industrial roads, the charges are about the same as under the old rating, using the Disque C. F. A. scale, and the rate per ton per mile prescribed for use in the south by the I. C. C., and taking note of the fact that there have been general advances since that I. C. C. decision, amounting to fifty per cent.

Mr. Lawrence said the fifty per cent addition to rates made since the latter part of 1914 was his reason for making the ratings so as to bring in a revenue fifty per cent more than allowed by the Commission in its decision as to the rates on locomotives moving from Official Classification territory to the southeast. Answering questions by Chas. E. Cotterill, Mr. Lawrence admitted that at 300 miles the per ton mile return in Official territory would be higher than the allowance made by the Commission for the southeast, plus fifty per cent. Mr. Cotterill observed that the Commission had declined to allow a fifteen per cent increase in the south, so that, to that extent, he had no warrant except disagreement with the Commission.

Mr. Lawrence went into algebra to arrive at the proper charges, tare and so forth, to be made on and in behalf of bridge builders' erection outfits. He went into great and technical details in explaining the proposed change.

"Why do you propose ninety per cent of sixth on all these articles, instead of seventy-five on some and eighty on others?" asked Mr. Disque.

"Because I'm not convinced that there should be any variations," said Mr. Lawrence. "I think the charges on bridge builders' erection outfits have been too liberal—80,000 for tare and 70,000 pounds as the weight of the tonnage carried."

"If the lading on a bridge builder's erection car were removed so that it became a mere steel flat car you would haul it for 9 cents per car mile, wouldn't you?" asked C. S. Belsterling, attorney for the American Iron and Steel Institute, consulting the consolidated book. Mr. Lawrence said yes. He also admitted that the carrier makes no mileage allowance to the shipper who furnishes the car upon this tonnage from which the carrier derives revenue. Mr. Lawrence suggested the car upon which the erection machinery is installed is heavier than flat cars. Mr. Collyer suggested that there is no clear line of demarcation between the car and its lading. Mr. Bel-

sterling said there is a clear line, one that would enable the carrier to assess the rate on the lading and make an allowance for the equipment furnished by the shipper.

Examiner Disque, while the lawyer and witness were exchanging views, was figuring. When he had finished he remarked that apparently the carriers in Western Trunk Line territory are willing to haul these erection outfits for 400 miles for less money than the carriers in Official territory.

Murray M. Billings, for the Iron and Steel Institute, discussed the first section of rule 29, which had been the subject of many conferences. Efforts to come to an understanding with the carriers were unsuccessful, so the matter had to be brought forward for the consideration of the Commission. The rule governs the shipment of long articles requiring two or more cars. In the south and west the present rule puts a minimum of 45,000 on the two carloads and 60,000 on three cars for either continuous or overhanging loads.

In Official territory the minimum for a double load is 45,000 for the continuous load, and 60,000 for the three carload. For overhanging loads in Official territory the minimum on the carload is 45,000 pounds and 81,000 pounds for three cars.

The uniform proposal is 60,000 for the two-car continuous and 84,000 for the three-carload. For the overhanging loads the minima are 60,000 and 96,000.

These long articles, trusses for bridges and buildings, are necessary because at bridges there are no facilities for riveting and in cities the municipal authorities will not allow the blocking of streets to enable the riveting to be done at the point of erection.

Mr. Billings read into the record the minima which the Iron and Steel Institute committee that conferred with the classification committees had offered, but which the carriers rejected. He said he knows of no change in transportation conditions making any justification for any such minima.

"No human being can interpret the existing or proposed rules and be sure it means what he may think it means," said Mr. Billings. "If you shift this truss it changes from a continuous load to an overhanging load and the minimum changes from 60,000 to 81,000 pounds."

"In all fairness it is up to the carriers to show what change there has been in transportation conditions warranting an increase in minima on iron and steel articles requiring two, three and four cars, while at the same time the minima on all others long articles are being reduced," said Mr. Billings.

Answering questions by Mr. Lawrence, Mr. Billings said that these changes in the proposed minima would probably affect the smaller bridge builders more than the American Bridge Company. That would be so because the last mentioned company specializes more on railroad than on highway bridges.

At the morning session of November 15 cement bags, crop ends, iron beds, cribs and other things made by a manufacturer of such things, were taken up.

B. L. Glover, traffic manager for the Iowa Portland Cement Association, objected to the proposed ratings on cement bags, empty, returned, and "crop" ends used in cement mills.

Objections were raised by F. H. Truax, traffic manager for the Simmons Company of Kenosha, Wis., against the advances in minima applicable to metallic beds, cots, cribs, springs, therefor, common wood folding chairs, metallic ship berths and things of that kind. He said the proposals carry an advance of 4,000 pounds in Official on the standard car and 2,400 pounds in a 50-foot car in Western territory. Mr. Truax wanted a mixed carload at 20,000 pounds at the fifth class.

"These highly manufactured articles are certainly not entitled to a fifth class rating at 20,000 pounds, while the fifth class is applied on the raw material at a minimum of 36,000 pounds," said Mr. Fyfe. "Fourth class at a minimum of 20,000 is certainly a reasonable arrangement. Mr. Truax is asking for a lower rating than applies on articles loading much heavier, as, for instance, metal filing cabinets and bookcases. There are many items at 20,000 minimum or higher at the fourth class. Iron stoves, K. D., take 24,000 at fourth class."

Harrison Waechter, traffic manager for a couch manufacturing company at Sheboygan, Wis., minutely described the methods of packing so as to lay a foundation for a

claim that a couch wrapped with excelsior and burlap should take the same rating as couches, boxed or crated. He said a wrapped couch takes up less space and carries just as safely as a crated one. Answering Mr. Fyfe, Mr. Waechter said the loss and damage claims during 1917 amounted to a little less than one-third of one per cent of the value of all the shipments.

Furniture Items.

Furniture items came on for consideration at the close of the morning session of November 15. It is the conviction of C. S. Bather that one and a half times first class on folding wooden chairs, camp stools and things of that kind is unreasonable when applied to frame folding chairs, because they are heavier than the lighter stools. He asked for a retention of the first class on everything except on folded flat chairs, which should take second. He weighed 176,000 chairs actually shipped to get the average weight per cubic foot, which is nearly eleven pounds.

D. T. Lawrence protested against Mr. Bather making suggestions for ratings lower than in the existing classification. Examiner Disque, however, did not limit Mr. Bather. The latter said it would be hard to discuss the proposals without calling attention to injustices now existing, especially when, as in this case, the proposal, if adopted, would increase the injustice.

Mr. Bather also objected to the increase on wooden folding beds from first to one and a half times first class in Official and in Southern.

"Folding cabinet beds are a thing of the past, except in the South, where the movement is considerable," said Mr. Bather. He thought first class on both upright and mantel beds would be just. Instead, he said the committee is proposing to raise all folding beds in both Official and Southern territories to the highest rating. The folding bed, he said, is a cheap article of furniture which cannot stand a high transportation charge. The bed ranges from \$14 to \$26 per unit.

Mr. Bather also suggested a retention of first class on piano benches, because, as he said, such benches in the future will be sent K. D. He said the War Industries Board on November 11 put out a suggestion that piano benches be put out in such form that they can be shipped K. D. so as to conserve car space. Mr. Collyer seemed to be skeptical about the furniture manufacturers conforming to the views of Mr. Baruch.

The witness thought first class on an article of as little value as a piano bench is plenty high enough. Mr. Lawrence asked him to find anything in the classification book weighing four pounds per cubic foot with as low a rating as first.

As to sideboards and buffets, Mr. Bather objected to making the cheap wrapped buffets pay $1\frac{1}{2}$ times first while the heavier sideboards, boxed, pay only first class. The cheaper grades, which are also light, can be carried, wrapped, with less risk than the heavier crated or boxed articles.

A considerable part of Mr. Bather's time during the afternoon session of November 15 was given over to answering questions concerning the packing practices of the furniture manufacturers. He said the manufacturer, when he sends out his product, has no desire to have it come back to him. His interest is to have it reach his customer in good condition. Therefore, he said, that retention of ratings on wrapped articles will not encourage poor packing.

"There is hardly a manufacturer who does not now pack more securely than the tariffs and classifications require," said Bather, who made it clear that the desire of the manufacturers is to save cost wherever that is possible.

The Southern Classification men and Mr. Bather got into dispute as to the ratings now applied on kitchen cabinet parts, particularly the table or base, not attached to the upper. One said it does and the other it doesn't.

"Well, it's all a matter of interpretation," suggested Mr. Colquitt, "and both have your views in the record. Now, can't we get along?"

The witness continued on the stand from just before the noon recess of November 15 to the recess on the following day. He took up dozens of items in the furniture list with a view to showing that the classification men have singled out the furniture list to make density of the commodity the only factor in the making of the ratings, and that they gave no thought to any other and wholly ignored density in rating other commodities.

D. T. Lawrence, for the Official Classification Committee, in equal detail explained and justified the ratings, especially the rating of $1\frac{1}{2}$ times first for so many of the furniture items. Mr. Bather subjected him to cross-examination. He asked Mr. Lawrence to say whether the weight density basis theory was used in fixing the ratings on show cases, and other analogous articles, on which the rating is only first class, or $1\frac{1}{4}$ times first. On that theory articles of a weight of ten pounds per cubic foot should take first class. If it weighed 8 pounds per cubic foot it should be $1\frac{1}{4}$ times first and the lighter $1\frac{1}{2}$ times first.

As to articles not rated in accordance with that rule, Mr. Lawrence said either that he was not a member of the committee when the ratings were made or that the rule was not strictly followed when it was evident that its strict application would work an injustice. Mr. Collyer offered to take the witness stand to explain the ratings that were made before Mr. Lawrence. He said the weights ascertained by the Official Committee do not materially differ from the figures submitted by Mr. Bather. The only difference was that Mr. Bather insisted that the heavier articles constituted a larger percentage of the whole tonnage than the percentage allowed by the Official Committee.

In closing the defense of the ratings in the West Mr. Fyfe said that 24 reductions were made in furniture boxed or crated and 17 in wrapped furniture. The carriers agree with the shippers, he said, that the risk is greater on wrapped than on boxed or crated furniture; that L. C. L. shipments of furniture are less desirable than carloads. So agreeing, however, he said, the carriers, believe the new ratings are fair and constitute a recognition of the facts as to the relative risks in transporting these light and bulky articles.

Mr. Steadwell explained and justified the changes in the South. An obvious error was corrected by him while on the stand by changing the rating on chair frames from second to third because the rating on the finished chair, as shown in another part of the book, is third. In making the change, he said, he was not admitting that third class on an article taking a 10,000-pound minimum is a proper rating, but inasmuch, for commercial considerations, third class on the finished chairs is carried in another part of the book, it was obvious that it would be improper to have a higher rating on the parts than on the completed article.

Mr. Steadwell put into the record letters from the Southern Railway telling about the loss and damage claims on furniture. The money paid out on the different kinds of furniture ranges from 30 to 133 per cent of the revenue derived from the damaged article or shipment. The highest loss is on wicker and woven furniture. One of the furniture men from Louisville, M. J. Parlin, said the Louisville furniture men have had a long argument with the Southern respecting loss and damage claims, with the Louisville men acting as Missourians, demanding to be shown before accepting the Southern's figures.

State Classifications.

A highly explosive part of the consolidated classification hearing was reached November 18, when the question was again considered as to whether state classifications, some real and some only bearing the names of states, and exceptions called state classifications, will be abolished if the proposed consolidated book is adopted. The answer to that question is in the affirmative. The retort to that answer is that if the Railroad Administration tries to abolish the state classifications, without a definite showing, in accordance with the terms of the act to regulate commerce, of unjust discrimination, the matter will get into the courts.

Formal objection was made at the morning session to any proceedings looking to the abolition of the Illinois classification, by the substitution therefor of either the Western or the Official. It was made twice by John S. Burchmore. He made it the second time because, he said, the matter will end in the courts. He made the reservation in behalf of himself, because he asserted the case will get into the courts.

The explosions came in connection with the so-called Illinois classification, which, it was explained by Murray N. Billings, applies not only in Illinois, but in southern Wisconsin and northwestern Indiana, not to mention the cities on the west bank of the Mississippi. It was in connection with this classification that Burchmore's notice was given. Before the Illinois classification came up

state commissioners from Florida and Virginia protested against the abolition of the classifications in those states which are carried as exceptions to the Southern. They pointed out that abolition by that or any other method would result in enormous advances in rates. In the case of Florida, Chairman Burr, of the Florida commission, pointed out that the abolition would cause, not only great advances in purely state business, but on interstate within the state, because interstate rates are based on Jacksonville, with the exceptions to the classification as the basis for the rates beyond Jacksonville. In that state the carriers do not make a pretense of observing Southern Classification, but take the exceptions, which are the ratings made in the first place by the state, as the proper basis. It was in the course of Mr. Burr's presentation, in which he was helped by Mr. Tench, the Florida commission's rate man, that Examiner Disque brought the underlying question to the surface. Mr. Burr, in his remarks, was proceeding on the assumption that there is doubt as to whether the adoption of the consolidated classification would, ipso facto, carry with it the exceptions, which are, in the south, also known as state classifications.

"Perhaps the parties here would like to know the scope of this proceeding," suggested Mr. Disque.

"Is the question as to whether the consolidated classification will supersede the Illinois classification in this case?" inquired H. M. Slater, who, with Mr. Billings, in this particular phase, was acting for the Illinois Manufacturers' Association.

"Yes," was Mr. Disque's answer. "The Commission is thinking of extending Official Classification and C. F. A. rates to Illinois, Wisconsin, Duluth and Minneapolis."

"I would like to know if the question of substituting the consolidated classification for state classifications is in issue in this case, or has this matter already been decided by the Director-General?" asked Walter C. McCormack. "Is the Interstate Commerce Commission to decide whether or not this consolidated classification shall be substituted for state classifications?"

"I do not know whether the Commission will recommend one way or the other, but the question whether it shall be in issue," said the examiner.

Mr. Burchmore's formal objection ran not only to the inherent lack of jurisdiction of the Commission to deal with state classifications, but also as to the sufficiency or accuracy of the proceedings that have thus far been had to warn shippers of what might happen.

In the course of his testimony, as the representative of the Illinois Manufacturers' Association, Mr. Billings said that if the manufacturers of that district, which he said was the largest in the country, had had definite information that there was a definite issue on the subject, the room would have been filled with objectors to the proposal to do anything so radical as to abolish a classification that has been in effect since 1882 and was the outcome of an agitation begun in 1874, when, he said, there were 186 classifications in use on the Wabash alone. One of the classification men suggested that what were called classifications in those days were really only commodity rates, each station having one or more commodity rates applicable only to its own particular markets.

In the early part of the hearing, Mr. Billings announced that, in conference with the carriers, the iron and steel men had come to an agreement with regard to castings, forgings and sewer pipe. Then the Florida and Virginia commissions, represented by Chairman Burr, Attorney Devane and Mr. Tench, for the Florida body, and Attorney Sherman, for the Virginia commission, stated their objections to the abolition of the so-called state classifications which are carried as exceptions to Southern. Mr. Tench was their witness and he showed in detail the large advances that would result. The answer of the Railroad Administration to that contention has been that the traffic committee for the south would put in commodity rates to take care of such situations—in other words, that the proposed classification, so far as the south is concerned, will be a paper fabric to supersede another paper fabric, the existing Southern Classification, which applies only where the exceptions do not govern. Inasmuch as nearly every, if not every, state has exceptions, it applies only in a few spots.

At that point Examiner Disque announced that the Commission had under consideration the extension of

Official Classification to Illinois and Wisconsin. The Director-General, as published in The Traffic World, also has that thought.

Mr. Slater, rate expert for the Illinois commission, by way of comment on what Mr. Disque had said, observed that shippers in that part of the country had not been able to find out what ratings would be used in Illinois—that is, whether they would be Western or Southern.

The traffic managers of cotton oil companies were placed on the stand between sections of the discussion on state classifications to talk about cottonseed meal and hulls. Messrs. Weaver of the Southern Cotton Oil, Ignatius of Procter & Gamble, and Linthicum of the Empire, being the witnesses. The latter was interested in hulls, the question in regard to both hulls and meal being as to whether they shall take fertilizer material ratings.

In behalf of the Case Fowler Lumber Company, James T. Crutcherfield said: "We protest against the elimination of the classification as in effect at the present time through the railroad commission of the state of Georgia on account of the peculiar conditions existing in that state. It is our understanding that this matter is to be handled by the Railroad Administration separate from the action of the consolidated classification committee. The elimination of the state classification would result in an advance on log rates equal to about 75 per cent or 100 per cent. Mr. Fyfe of the Western Classification wanted to know what peculiar conditions justified the same rate on cordwood as on lumber. In order not to prolong the testimony in this case, the witness avoided argument with Mr. Fyfe, but will say that cordwood becomes smoke at delivery of destination, while logs produce lumber, which will result in revenue for the railroad."

Then Mr. Billings came forward as a witness for the Illinois Manufacturers' Association, reading a telegram from the president of the association asking him and Mr. Slater to represent it. Before he could go ahead Mr. Burchmore renewed his formal objection, winding up with his declaration that the subject would find its way into court. When the witness was allowed to go on he said a proper understanding of the Illinois classification required a consideration of the fundamental considerations governing the formulation of the three big classifications. In Official, distance was the controlling factor. In the west, a grouping of points of production or of consumption or of both was the primary consideration, with distance as only a secondary factor. In the south, the only thought was to enable the carriers to meet water competition, no considerable city in that part of the country being more than fifty miles from navigable water.

"If the shippers using Illinois classification could have been certain that their classification was in issue here, this room would be full of objectors," said Mr. Billings. "Illinois classification governs the largest manufacturing district in the country. It extends from Indiana into Illinois and into Wisconsin, from Illinois into Wisconsin and from Illinois to points in near-by states. It is not a state classification, although it is so-called. It is the result of an agitation carried on from 1874 to 1882.

"Illinois is the buffer state where the three great ideas of rate-making meet. If Official Classification and C. F. A. rates are extended into that territory the railroads having less than fifteen per cent of the mileage and carrying about nineteen per cent of the tonnage, with their eastern propensities or sympathies, will govern the western and southern lines that have the mileage and carry the tonnage."

"Does that follow?" inquired Mr. Burchmore.

"Perhaps, even if it does extend Official to that territory, it will not extend the C. F. A. scale," remarked Examiner Disque, half humorously, because he is the author of the C. F. A. scale.

In the colloquy which followed, Billings and others made it emphatic that if the shippers in Illinois classification territory were forced to choose between Official and Western, they would take the latter.

"What you'd like is Western Classification with your own ratings," said Mr. Fyfe.

At the afternoon session Mr. Billings put in exhibits to show how well Illinois classification serves the industries of that big manufacturing district. His exhibit, No. 759, showed that the grouping of towns on the

Mississippi River receive equal rates on iron and steel articles, so they can all compete in the manufacture of agricultural implements.

"If you extend Official Classification and the C. F. A. scale you introduce the inhuman mileage scale," said Mr. Billings. "I use that word inhuman advisedly, because a mileage scale ignores everything human and makes distance the only factor. With the C. F. A. scale in effect here every point would have a different rate, instead of each town in a group having the same and the groups being made, not so much with regard to geography, as with regard to commercial conditions."

Continuing, Mr. Billings said: "The structure in Illinois is not perfect. Perfection means death. The rose is brought to perfection and dies. It, however, is the best that has been worked out. The industries in Illinois have been built up on the classification in use there. It contains descriptions and ratings from each of the three great classifications because competition comes from the three territories. Introduce the mileage scale, and nobody knows what will be the effect. We do know, however, that the shippers of the country are having trouble enough even now readjusting their business from a war to a peace basis without being asked to give consideration to so large a proposition as this."

"As a matter of opinion, don't you think this is too large a matter to be handled as an incident in the consolidated classification case?" asked Mr. Burchmore. Mr. Billings agreed with him.

Mr. Billings said he intended only to cover the fundamental principles involved in this proposal to abolish the Illinois classification by substituting for it the Official Classification and C. F. A. ratings, while Mr. Slater, speaking for the shippers that were represented at the hearing before the traffic committees at Chicago, would go into the details.

One of the first declarations made by Mr. Slater was that he had not known what the proceeding was about, but he had prepared a large number of exhibits on the assumption that Official Classification and C. F. A. rates would be extended to Illinois territory. His exhibits were confined wholly to class rates, carload and less than carload, to show the effect on traffic in Illinois compared with traffic from Indiana into Illinois and from Illinois into neighboring states.

"Nearly seventy-six per cent of the resulting rates from Illinois to destinations on the west bank of the Mississippi will be higher than the rates to points beyond," said the witness. "Under the proposed rates points 639 miles from Chicago, in South Dakota will have as low or lower rates than points on the Mississippi River."

At that point E. I. Lewis, chairman of the Indiana commission, speaking for Indiana shippers, tried to obtain consent to offer exhibits without putting the Indiana commission's expert on the stand. Mr. Burchmore objected. It was agreed that there should be a conference and if the matter submitted was such as did not require cross-examination it would be allowed to go in.

O. L. Shewmake, for the Virginia commission, also asked the privilege of submitting data to show the effect of the abolition of the Virginia exceptions.

The hearing November 19 was as quiet as a meeting of deaf mutes in comparison with the one the preceding day. J. M. Henderson, counsel for the Iowa commission, put in exhibits to show the deleterious effect on Iowa shippers that would be produced by the extension of Official Classification and C. F. A. ratings to the districts in which the Illinois commission scale is applied, not by the Illinois authorities, but by the conflicting carriers using the three large classifications in territories in which their competition among themselves is not so keen.

Then the soap manufacturers took the stand to protest against the proposal to eliminate the any quantity rating on soap in the south, at sixth class. Mr. Ignatius, traffic manager for Procter & Gamble, said the effect of that elimination and the substitution thereof of third class L. C. L. and fifth class in carloads would be to increase the manufacture of soap at home. Mr. Kirk, of the Southern committee, interrogated him minutely as to how he had reached such a conclusion when the fact is that the advance will run from a quarter to a half a cent a bar of soap. Mr. Ignatius said the conclusion had been reached by the sales force, the members of which come into inti-

mate contact with the trade and must know the probable effect of any and all increases in cost to the retailer.

The soap men were followed by the packers who protested against the elimination of the rule allowing the mixing of fresh meats and packing house products.

The packers were represented by H. K. Crafts and W. W. Manker for Armour & Co.; Ross D. Rynder, Swift & Co.; John S. Burchmore and H. T. Hickerson, for Morris & Co.; R. R. Hargis for Wilson & Co., and Walter E. McCornack, Iowa packers.

After D. M. Pomfret, traffic manager for Colgate & Co., had testified as to the prices of soaps, so as to show that an advance of one-half cent per bar is a big factor in the soap business, the carriers put forward E. F. Saur, special agent of the Panhandle, to testify as to the terminal costs on less than carload freight. Messrs. Burchmore and Rynder objected to Mr. Saur's testimony on account of immateriality and redundancy. They said the costs were not figured down to soap or any other particular commodity. Besides, they said, the figures had all been placed before the Commission in what the lawyers called the carload dairy products case, in which a tentative report has been made recommending a rating of third class. "The carriers object to that, they think, inasmuch as the Commission thinks there should be a carload rating on dairy products. Terminal cost figures were put in in both cases. The tender of the figures used in the dairy carload rating and refrigeration reparation cases was like an invitation to renew a fight, especially inasmuch as the attorneys for the soapmakers and the packers professed to believe the railroad men were trying in this case to indicate to the Commission that while these figures had been used to persuade it to allow advances on the first four numbered classes in Official Classification, they now want it to regard them as ground for an increase in ratings."

"They have used these figures to get an advance in the rates on the first four classes and now they are asking the Commission to increase their ratings," said Mr. Burchmore. "The Commission gave them the increase to cover the increased terminal costs and now they want still more for terminal costs."

Examiner Disque decided to allow the figures to be put into the record. Mr. Saur estimated the terminal cost in Official Classification territory to be 6.30 cents per 100 pounds, exclusive of switching. They were 3.15 cents in 1916.

H. E. Coverston of the Big Four, who also made terminal cost studies, estimated the cost of 7.3 cents and that L. C. L. terminal costs, exclusive of switching, are from two and a half to three times that of carload freight.

Mr. Collyer, in defense of a third class L. C. L. and fifth carloads, presented information that was so full and novel that even the traffic managers came around to examine his exhibits, because among them were soap in leaves bound together like a book and soap in a cartridge to one end of which was attached a rubber device that could be used as a shaving brush. He also said soap was valued as high as \$4 a cake. These facts were brought forward to show the reasonableness of third class for so valuable an article of commerce.

The defense of the ratings proposed on soap, third in L. C. L. and fifth in C. L., was completed by the classification men at the morning session on November 20. The witnesses on the stand were Messrs. Collyer, who had begun his testimony the preceding day, Steadwell and Fyfe.

At the afternoon session of that day the packers came forward with their witnesses to show that the proposed mixed carload rule carried in the consolidated classification is an unmixed evil. The first witness was Mr. Davis, representing Morrell & Co. of Ottumwa, Ia., offered by W. E. McCornack. Mr. Davis made it exceedingly emphatic that the small packer needs the mixed carload rule in his business. Attorney-Examiner Disque, by some of his questions, was believed to be of a different opinion.

Enormous increases in the charges per car will be caused if the mixing rule carried in the consolidated classification is made operative, said W. W. Manker, traffic manager for Armour & Co. He said that, while there is a popular impression that the packer can pass every increased cost on to the consumer, the fact is that the consumption of meat is decreasing, because the packers have had to increase their prices, against their desire, because their

interests are served by a comparatively large consumption of meat. He placed into the record a dozen exhibits to show what will be the result. His first exhibit was on carloads of mixtures from Fort Worth to Birmingham, Ala., via the T. & P., V. S. & P., A. & V., and A. G. S. The charges on a carload containing 10,000 pounds of fresh meat, 2,000 pounds of dressed salt meat, 1,000 pounds of canned sausage in boxes, 1,000 pounds of canned beef in boxes, 5,000 pounds of lard in tubs, and 7,000 pounds of lard in bulk in boxes, prior to June 25, 1918, were \$145.

On June 26 the charges went up to \$181.50. Under the proposed consolidated classification basis the charge becomes \$500.50.

The effect of this enormous increase in charges, Mr. Manker said, would be to seriously retard the development of the live stock industry in the south, which the carriers have been trying hard to promote. He said that the railroads, if the consolidated classification is to be allowed to become operative, would be in the attitude of encouraging the live stock industry with one hand and killing it with the other.

R. R. Hargis, for Wilson & Co., also filed a bundle of exhibits. He said that if he was compelled to accept the elimination of the present mixing rule, he would prefer the one suggested by Richard O'Hara at the Chicago meeting. He said, however, that he would fight to retain the present rule.

HIGHWAYS TRANSPORT WORK

The Traffic World Washington Bureau.

A request by Chairman Edward N. Hurley of the United States Shipping Board that highways transport committee workers of the country get back of the peace time task involved in the transportation of foodstuffs, has been transmitted to John T. Stockton of Chicago, chairman of the highways transport committee area No. 6, comprising the states of Illinois, Wisconsin, Iowa, Missouri, Kansas and Nebraska.

Chairman Hurley's letter says:

"Our merchant marine of to-day and to-morrow will carry a message of good will to the nations of the world.

"Millions of cruelly starved folk face westward from every shore with mouths open to the promise of America. These must be fed, and then clothed, and also supplied with the other necessities of life.

"Highways transport facilities at the farmer's gate—and at every farmer's gate—must immediately suggest the initial phase of overseas distribution. The highways transport service is the first step in the great system of transportation to the sea and then on the merchant marine to the far points of the world.

"Food must begin to move soon from every hill, through every valley of the great country behind our shores, down to the shipping points before we can start our ships from the ports and fulfill our duty.

"The United States Shipping Board urges that this message be carried through you and your regional chairmen to the state organizations and on down through your great body of patriotic men whose vision can well embrace the crying need of their brothers in other lands for help."

SHORT LINE MEETING

Representatives of short lines in the northwestern region met in Chicago November 19 to the number of about fifty to listen to an explanation by L. S. Cass, receiver for the Kansas City Northwestern, of the form of contract agreed on with the Railroad Administration. E. M. Carr, chairman of the board of directors of the Manchester & Omaha Railway, was chairman of the meeting and E. R. Ernsberger, general manager of the Charles City Western Railway, was secretary. Those present expressed their satisfaction with the contract as explained by Mr. Cass. The following resolutions were adopted:

"Whereas, The work that has been done at Washington in behalf of the short line railroads of the United States is such as demonstrates the great importance of co-operation and concerted action;

"Whereas, The short line roads in their relation to the trunk lines with which they connect, in all reasonable probability must and will have frequent demands and differences which can be adjusted and settled only by

the Railroad Administration at Washington, and much expense and time may be saved and loss avoided by having some organized agency to act for the short line roads in any and all matters requiring attention;

"Whereas, We believe the end of the war and the period of reconstruction and adjustment which follows will bring upon the short line railroads a situation more serious than that through which they are now passing; and

"Whereas, It has been explained that the American Short Line Railroad Association, which has maintained an organized force at Washington since the early part of 1918 engaged constantly in protecting the interests of all the short line roads of the United States through legislation in Congress and the negotiation of a standardized contract for short line roads, under the terms of which the short line roads are guaranteed such status in relation to the federal control and operation of railroads as enables them to escape bankruptcy and continue as going concerns, in addition to its usual work also proposes to secure the services of certain men of established ability who shall devote themselves to a study of existing conditions in connection with the laws now in force, and any proposed legislation which may affect such properties so that they may be properly safeguarded in the present and future, but the plan proposed by said association cannot be efficiently carried out unless there is substantial co-operation of all the short line railroads;

"Now, therefore, be it resolved, That it is the sense of this meeting of short line railroads that the conditions brought about by the war are such that the very present and future existence of the short line railroads is at stake; it is our opinion that the fight in and out of Congress which has been made for the short line roads must be continued and we hereby appeal to all these roads to unite in a single organization so that the expense of each road may be minimized and the political strength so mobilized as to be most efficient in the contest which confronts them."

NEW LOG SCALE

The Southern Hardwood Traffic Association, J. H. Townsend, secretary-manager, under date of October 18, 1918, wrote the following letter to C. A. Prouty of the United States Railroad Administration, with respect to a new log scale, reference to which was made in *The Traffic World* of November 16:

"Responding to yours of the 3d, suggesting that we prepare what we regard as a fair scale of rates to be applied to the transportation of logs, bolts and billets over roads under federal control without any refund when the manufactured product is shipped out of the mill point.

"Subsequent to receiving your letter we have compiled a statement which we enclose, showing present rates in all the tariffs in our office of the lines in the south and southwest, the combined averages of all lines shown and the proposed scale of rates as suggested by us.

"In our opinion, based on experience, the various scales of rates shown move over 90 per cent of the hardwood logs, bolts and billets.

"It will be seen that the statement contains the high scale of rates of such lines as the N. C. & St. L., L. & N., and G. M. & N. railroads, as well as the low rates as established by the Railroad Commission of Texas.

"The proposed scale of rates were constructed as follows:

"The first 10 miles made \$8 per car, which is approximately the same as the combined averages of all the mileage scales of the various lines shown.

"The present rates of the carriers throughout the country for a haul of 10 miles range from \$3 to \$10 per car, and we feel that \$8 per car, as a minimum per car charge, is just and reasonable for the service involved.

"In constructing the proposed rates for the distances beyond 10 miles we have added to each additional 10 miles \$1 per car, which is the basis used by the Interstate Commerce Commission in arriving at the mileage rates prescribed in case 9134, Pier Pont Manufacturing Company et al. vs. Southern Railway Company, and according to the record in case 9134, is the same basis that the Southern Railway intended to apply uniformly over its system on intrastate and interstate traffic.

"We feel that the method of arriving at the proposed

scale of rates is reasonable and is as nearly fair as any scale that could be suggested.

"While it is true that the suggested rates are somewhat lower than the combined averages of all lines, this is brought about because of the fact that the scale of G. M. & N. Railroad for 10 miles is \$8, it reaches \$30 at 150 miles; T. & P. Railway for 10 miles is \$9.50, it reaches \$31.50 at 105 miles; K. C. S. Railway for 10 miles is \$10, it reaches \$30 at 148 miles; N. C. & St. L. Railway for 10 miles is \$10, it reaches \$30 at 100 miles.

"It is apparent that these mileage scales were improperly constructed, because the maximum rates are too high for the short distances shown and no gradual advance has been made in the rates as the distance increases.

"In this connection your attention is directed to the fact that the scale of the Missouri Pacific Railroad and St. L. S. W. Railway for 200 miles is \$28 per car.

"The combined averages for distances over 150 miles is somewhat higher than it would have been if the mileage rates of such lines as M. C. Railroad, St. L.-S. F. Railroad, A. G. S. Railroad, M. L. & T. Railroad and the Texas lines had been extended to 200 miles on basis of the usual relative advance as the distance increases.

"Under the 25 per cent advance scale, rates for short distances did not receive as large an advance as was accorded rates for longer distances. This accounts for the fact that the combined averages up to 25 miles is approximately the same as the suggested rates.

"If the old rates for the first 10 miles or block had been advanced 25 per cent and each additional 10 miles or blocks been made with the same relation to the first block rate as existed under the old adjustment, then the combined averages, for all distances, would not have exceeded the proposed rates.

"To illustrate: The Missouri Pacific Railroad old adjustment was 2c for 25 miles, and $\frac{1}{2}$ c was added for each additional 25 miles. The old rate, therefore, for 100 miles was $3\frac{1}{2}$ c.

"Under the 25 per cent advance the present rates of the Missouri Pacific for 25 miles or less is $2\frac{1}{2}$ c, and if the $\frac{1}{2}$ c had been added to each additional 25 miles, the rate for 100 miles would have been 4 cents, or \$16 per car, instead of $4\frac{1}{2}$ c, or \$18 per car as now published. The rate we are proposing for 100 miles is \$17 per car.

"Several years ago we compiled a statement of the actual weight of hardwood logs moving into saw mills and found that the average weight was approximately 56,000 per car.

"The proposed rates apply per car of 40,000 pounds and all excess weight is to be charged in proportion, therefore, in considering the adjustment there should be taken into consideration the fact that the carriers will actually receive, because of the average loading of 56,000 pounds per car, revenue on basis of approximately 40 per cent higher than the rates per car as suggested. In other words, instead of the carriers earning \$8 per car as a minimum charge, they will actually receive an average per car charge of \$11.20, and instead of the per car charge of 100 miles being \$17, the carriers will earn an average of \$23.80 per car. We think it desirable that no change be made in the minimum weight, as certain species of logs will not load to exceed 40,000 pounds.

"On our statement we have not shown rates beyond 200 miles. In discussing this matter with our members, however, they feel that rates should be established where necessary for a distance of 400 miles.

"A number of the tariffs listed on our statement provides that the scale of rates shown apply on rough lumber for drying and manufacturing into boxes, flooring, etc., rough sawn heading or staves, flitches, spoke blanks, etc.

"We have not undertaken to suggest in our statement what rates should apply to these commodities; it appears, however, that it would be advisable to apply a transit arrangement to such commodities as we mention, for the reason that if the rates are applied as flat rates into the milling point it might result in defeating the through rates.

"To show the importance of these rates, we might mention the fact that practically all carriers in Arkansas and west of the Mississippi River carry transit arrangements on the articles that we mention, and according to the Department of Agriculture, Forest Service Bulletin 106, over 59 per cent of the lumber produced in Arkansas is further manufactured within the state."

PRIORITY MODIFICATIONS

The Traffic World Washington Bureau.

The War Industries Board, in Circular No. 57, says:

All of the rules, regulations, restrictions and directions embodied in orders and circulars issued by the Priorities Division of the War Industries Board are continued in effect subject to the following modifications:

Section First—Section 5 of Revised Circular No. 21, issued by this Division as of date October 15, 1918, dealing with non-war construction, is hereby amended so as hereafter to read as follows:

Section 5.—Construction Projects Not Requiring Permits or Licenses from Non-War Construction Section.—Construction projects falling within the following classifications are hereby approved and no permits or licenses will be required therefor from the Non-War Construction Section:

(1) Construction projects approved in writing by the facilities division of the War Industries Board.

(2) All farm and ranch buildings, structures or improvements.

(3) All buildings, structures, roadways, plant facilities or other construction projects of every nature whatsoever, undertaken by the United States Railroad Administration or by any rail or water transportation company, organization or utility (whether or not under the direction of such administration) or by the American Railway Express Company, or by the owner or operator of any telegraph or telephone line.

(4) The construction, maintenance, improvement or development, by Federal, state or municipal authorities of highways, roads, boulevards, bridges, streets, parks and playgrounds.

(5) The construction, extension, improvement, maintenance or repair of any public utility, including water-supply systems, sewer systems, light and power facilities and street and inter-urban railways.

(6) The construction, extension or repairs of all irrigation and drainage projects.

(7) Construction projects connected with the extension, expansion or development of mines of every character whatsoever or connected with the production and refining of mineral oils and of natural gas.

(8) The construction, alterations or extensions of, or repairs or additions to plants engaged principally in producing, milling, refining, preserving, refrigerating or storing foods and feeds.

(9) The construction of new or the alterations or extensions of existing schoolhouses, churches, hospitals and Federal, state or municipal buildings, involving in the aggregate a cost not exceeding twenty-five thousand dollars (\$25,000).

(10) The construction of new buildings or structures not embraced in any of the foregoing classifications or the repairs or additions to, or alterations or extensions of existing buildings and structures, in either case involving in the aggregate a cost not exceeding ten thousand dollars (\$10,000).

(11) The construction of new buildings or structures not embraced in any of the foregoing classifications, or the repairs or additions to or alterations or extensions of existing buildings or structures, in either case involving in the aggregate a cost not exceeding twenty-five thousand dollars (\$25,000), when approved in writing by the State Council of Defense or its duly authorized representative.

(12) Buildings begun prior to September 3, 1918, where a substantial portion of the building has already been constructed.

Section Second.—All limitations on the production of building materials, including brick, cement, lime, hollow tile and lumber, are hereby removed, and the materials so produced may be sold and delivered for use in connection with any building project for which no permit or license is required under revised priority circular No. 21, as further revised by section first hereof, or to any project authorized by permits or licenses issued in pursuance of said circular. All limitations upon the production or use of lime or crushed or pulverized limestone in any form for agricultural uses are hereby removed.

Section Third.—Restrictions upon industries and manufacturers in their production of, or in their consumption of materials for, commodities hereafter in this section enumerated, as such restrictions are expressed in orders and circulars issued by this Division, are hereby so modified that such restrictions for the respective periods provided for in such several orders and circulars shall be less than the restrictions provided for in such orders and circulars to the extent of 50 per cent of such restrictions; that is to say, where the industry has been curtailed for a stated period a certain percentage of its production or in its consumption of materials, such curtailment for such period is hereby reduced to the extent of one-half of the curtailment expressed in such order or circular. To illustrate: Where an industry for the last four months of 1918 has been curtailed 25 per cent, such curtailment is hereby changed to $12\frac{1}{2}$ per cent for such period; where it has been curtailed 40 per cent, such curtailment is hereby changed to 20 per cent, and where it has been curtailed 50 per cent, such curtailment is hereby changed to 25 per cent. The commodities referred to are as follows:

1. Agricultural implements and farm operating equipment, including tractors.
2. Road machinery.
3. Coal, coke and wood burning cooking and heating stoves and ranges.
4. Gas ranges, water heaters, room heaters, hot plates and appliances.
5. Oil and gasoline heating and cooking devices.
6. Electrical heating and cooking devices and appliances.
7. Black galvanized and enameled ware and tin-plate household utensils.
8. Refrigerators.
9. Ice-chest freezers.
10. Washing machines.
11. Clothes wringers.
12. Sewing machines.
13. Electric vacuum cleaners.
14. Metal beds, cots, couches, bunks and metal springs for same.
15. Boilers and radiators.
16. Radio cartridges.
17. Clocks.
18. Bicycles.
19. Electric fans (including motors).
20. Hardware.
21. Padlocks.
22. Staplers.
23. Scales and balances.
24. Rat and animal traps.
25. Sewing machines (including motors and accessories).
26. Sewing-machine needles.
27. Clock-watches and clocks.
28. Watch movements and watch cases.
29. Hand stamping and marking devices.
30. Safes and vaults.
31. Lawn mowers.
32. Pottery.
33. Pocket knives and similar products.
34. Luggage.
35. Long felt floor covering.
36. Sporting goods.
37. Glass bottles and glass jars.
38. Tea plates.
39. Pianos, including piano players, automatic pianos and parts.
40. Pneumatic automobile tires.
41. Passenger automobiles.
42. Cash registers.

Nothing herein contained shall be construed to release any industry or manufacturer from the strict observance of the rules and regulations of the Conservation Division of the War Industries Board as applicable to such industry or manufacture.

Section Fourth—Dealers (wholesale and retail) in raw materials, semi-finished and finished products, are hereby relieved from the obligation to give and require pledges relating to such commodities, notwithstanding any provision for pledges in any order or circular heretofore issued by the Priorities Division, and notwithstanding any stipulation in any pledge that they will require pledges from those who buy from them for resale. Provided, however, building materials and other products shall not be sold and delivered for use in connection with any non-war construction projects save those for which no permit or license is required under Priority Circular No. 21, as revised by section first hereof, or those authorized by permits or licenses issued in pursuance of said circular. Provided further, Manufacturers will continue to give pledges in accordance with the terms of orders and circulars heretofore issued, and comply with all pledges heretofore or hereafter given, save that they are hereby relieved from the provisions in such pledges as require manufacturers to exact pledges from those who buy from them for resale.

Section Fifth—The Priorities Division of the War Industries Board will, as far as practicable, assist industries in procuring materials, fuel, transportation and labor to enable them to increase their operations to normal limits as rapidly as conditions may warrant. Precedence must, however, be given to stimulate and increase the production of cargo ships and supply the requirements of the army and the navy of the United States, as well as to provide for this nation's proper proportion of the enormous volume of materials, equipment and supplies as shall be required for the reconstruction and rehabilitation of the devastated territories of Europe. Precedence must also be given to such activities as will tend to stimulate the production of foods and feeds, of coal, of natural gas, of oil and its products, of textiles and clothing, and of minerals; and to provide for deferred maintenance, additions, betterments and extensions of railroads, telegraph and telephone lines, and other public utilities, and to permit and stimulate the intensive development of inland waterways.

The War Industries Board requests, and with confidence shall expect to receive, the continuance of that whole-hearted co-operation and support of the industries of this

nation which it has heretofore enjoyed, and which will make possible the success of so much of the industrial adjustment program covering the period of transition from a war to a peace basis as it is called upon to administer.

ASKS SENATE TO ENDORSE GOVERNMENT OWNERSHIP

The Traffic World Washington Bureau.

A resolution asking the Senate to express itself as favoring Government ownership of railroads, telegraphs, telephones, oil wells and coal mines was offered by Senator Lewis of Illinois on November 21. Immediately, advocates of Government ownership began circulating it as if it were the beginning of their campaign. This is the second measure of that kind offered by Senator Lewis, the first being a bill authorizing the Secretary of the Navy to acquire the Virginian Railroad, and coal lands in Virginia and West Virginia, so as to assure an ample supply of fuel for the navy. Secretary Daniels did not back that proposal, nor so far as could ever be learned did Director-General McAdoo or President Wilson. Lewis, so far as is known, is also playing a lone hand in this case.

EXPORTS FOR OCTOBER

The Traffic World Washington Bureau.

Director-General McAdoo announced, November 14, a report from the Exports Control Committee for the month of October shows that arrivals of carload export freight at North Atlantic ports (inclusive of bulk grain and coal) during the month totaled 45,210 cars, while deliveries were 42,655 cars, resulting in an increase of freight on hand, principally due to recent arrivals of United States government freight. The situation is the same in South Atlantic and gulf ports, there being a slight increase at those ports. Arrangements have been made for a proper distribution of ocean tonnage to take care of this movement.

The estimated tonnage of export freight, including U. S. government freight but exclusive of bulk grain and coal, handled during the month of October, compared with October export tonnage of previous years, is as follows:

	With October—	Per cent increase.	With October—	Per cent increase.
1913	177.5		1916	27.1
1914	166.4		1917	57.2
1915	70.0			

The average daily delivery of cars of export freight at North Atlantic ports, April to October, 1918, inclusive, was as follows:

Port.	April.	May.	June.	July.	Aug.	Sept.	Oct.
Boston	160	98	76	92	64	26	88
New York	680	814	845	932	741	712	1,029
Philadelphia	105	181	123	128	154	147	160
Baltimore	124	122	140	156	105	109	113
Newport News	24	106	104	103	76	147	145
Norfolk	22	24	63	69	92	107	112
Total	1,055	1,348	1,351	1,480	1,232	1,248	1,647

There was a decided increase during the month of October due to the rapidly increasing volume of freight for account of the United States government.

U. S. government freight on hand at all North Atlantic ports on railroad-operated terminals, as of November 5, was as follows:

Army	4,540 cars
Navy	54 cars
Total	4,594 cars

The total arrivals for week ending November 5, inclusive, were:

Army	6,999 cars
Navy	63 cars
Total	7,062 cars

Over 4,000 cars for the U. S. government were under load at New York at one period last week. There is ample storage space at the seaboard and the closest co-operation is being given by the War Department and the U. S. Navy Department in the matter of prompt disposition after arrival. To show the enormous increase in the movement,

the deliveries to all North Atlantic ports during September were about 13,000 cars, while for October they were over 20,000.

The provision program for account of the French government calls for the movement of 14,000 tons via New York and 1,000 tons via Boston; while the program of the Italian government calls for 40,000 tons via New York, during the month of November. Provisions on hand as of November 7 amounted to 176 cars, of which 56 cars are for account of the commission for relief in Belgium.

Frozen beef on hand as of November 7 amounted to 60 cars. As of possible interest in this connection, permits covering approximately 1,000 cars, or 15,000 tons, were issued during the past week by the North Atlantic Committee.

North Atlantic Ports

Boston—Six vessels are now loading at Boston terminals and with the enlarged ocean shipping program from Boston there should be no difficulty in clearing promptly the various lots of freight on hand and arriving.

New York—In addition to vessels loading grain at railroad terminals, a steamer is loading at West Shore Railroad terminals. Two steamers also arrived on the 6th and docked at West Shore Railroad terminals on the 7th instant to take on deadweight cargo.

The Belgian Relief Commission have two steamers at Erie Railroad terminal loading, which were reported last week, and also have a steamer which arrived on the 7th to take 4,000 tons of supplies. They are also negotiating for an additional steamer to load 10,000 tons of Belgian relief supplies.

Philadelphia—Conditions at this point are sub-normal. **Baltimore**—The operating conditions on Baltimore & Ohio Lines West, reported last week, have improved sufficiently to warrant lifting of restriction against movement of traffic. While there is a present lack of ocean tonnage account of the British and Italian governments, assurances are given that ample ship space will be available shortly. Six vessels account of the French have been allocated for November, which will take care of the barbed wire, of which 80 cars are on hand at P. R. R. terminals.

Newport News and Norfolk—The conditions at these points are improving slightly. Among the cars on wheels are 132 cars of billets, account French government, which are being worked off on American transports. The cars on wheels also include 62 cars of flour, which will be unloaded to piers.

Southern Ports

Savannah shows little change in situation. One steamer cleared during the week with British munitions, and advices indicate that two additional steamers have been scheduled to call during November for British cargoes. Also two steamers have been scheduled by the Italians for cotton movement.

Brunswick—At Brunswick there has been a slight increase in the accumulation of export freight. The British, however, have allocated enough tonnage for Brunswick to take care of the accumulation.

Fernandina—The movement of phosphate rock destined to Sweden has been active from this point.

Jacksonville—There has been limited activity in connection with the handling of export traffic. The British have assigned tonnage for November movement to take on cotton and munitions accumulated at that point by the British government.

Pensacola—Conditions sub-normal.

Mobile—There has been little or no activity in connection with the handling of munitions.

Gulfport—The lumber movement has been active, as usual, and conditions may be considered normal.

New Orleans—There has been considerable activity in connection with the handling of munitions. Eleven ships cleared during the week, moving a large quantity of freight from carriers' facilities, all of which assisted the latter in their efforts to promptly release equipment carrying the large volume of export traffic which is moving into New Orleans at this time under permits.

Port Arthur—There has been no activity in connection with the handling of munitions. It is, however, of interest to know that the allies have allocated for this port over 165,000 tons for November, which will be principally lumber and grain.

Galveston—There has been some activity in connection

with the handling of munitions. Two vessels with general cargo cleared during the week and two additional ships are in port taking on cargoes for account of the British and Italian governments. There is a slight increase in the accumulation of loaded cars containing export traffic, but the local people advise that they have the matter well in hand and that there is no occasion for alarm. The allies have allocated a considerable tonnage for November movement.

Texas City—There has been little or no activity in connection with the handling of munitions, the principal loading having been grain.

Grain Situation.

The grain situation as of October 31 showed the following:

	Stock in elevators or boats, per cent.	Held in cars for unloading, per cent.
Portland, Me.	45.6	...
Boston	77.3	19.5
New York	89.3	12.2
Philadelphia	71.6	31.9
Baltimore	81.6	5.5
Newport News	72.3	9.0
Total for North Atlantic ports.....	77.7	13.5
	Stock in elevators or boats, per cent.	Held in cars for unloading, per cent.
New Orleans	101.9	.9
Galveston	63.4	2.6
Port Arthur	69.5	1.1
Texas City	79.2	.3
Mobile	1.1	....
Total gulf ports	86.1	1.4
Grand total North Atlantic and gulf ports....	80.5	9.6

These figures represent the percentage of the working capacity of the elevators and, aside from the New Orleans situation, indicates a normal condition. The allocation of vessels on hand and due will take care of the movement.

Assistant Manager Lahey, of Inland Traffic, U. S. Food Administration, is giving special attention to the clearance of about 2,000,000 bushels of rye, which have been in the elevators at Philadelphia, New York and Baltimore for some time. He advises that arrangements for clearance of oats which have been in Philadelphia elevators for British Ministry of Shipping have now been made, and steamer was due at Philadelphia on the seventh to take 500,000 bushels. The oats in Baltimore elevators account U. S. War Department are now being taken out. An additional vessel has been ordered into Baltimore for grain.

In connection with the movement of grain and grain products generally, statement was made that there would probably be a very material increase in the shipping program for flour, and it is contemplated that there will be a very heavy movement of flour within the next two or three months. It is indicated that about 275,000 tons of flour per month may have to be provided for to move from all southern and north Atlantic ports.

At New Orleans two ships are in port and one reported overdue, with total grain allocations 246,000 bushels. The stock in elevators is 6,133,000 bushels, and no permits for additional grain into New Orleans have been issued, except a small lot from the St. Louis territory by barge.

At Mobile the M. & O. grain elevator is practically empty, but on application from the Food Administration permits were issued during the week for 200,000 bushels of grain to move from the Omaha district in connection with the Missouri Pacific and Mobile & Ohio railroads. The ship allocations under present program seem to justify the operation of this elevator continuously.

At Texas City one vessel took on a solid cargo of grain, clearing 187,000 bushels during the week.

At Galveston the export grain movement is inactive. No ships are in port and our advice will indicate that only eight ships have been scheduled to call during November, with total grain allocations of 560,000 bushels. There are approximately 2,000,000 bushels of grain in the elevators and about 800,000 bushels en route from interior points under permits.

At Port Arthur there are approximately 300,000 bushels of grain in the elevators. The large allocation of ships by the allies will no doubt clean this up.

McADOO WILL STILL CONTROL

The Traffic World Washington Bureau.

Supplementing the semi-official announcement last week that there would be no decrease in the wages of railroad employes with the advent of peace, and consequently no immediate reduction in railroad rates, except that the extra charge for the privilege of riding on a Pullman car may be removed, Director-General McAdoo this week allowed it to become known that, regardless of the ending of hostilities and the resulting demand or expectation that the severity and arbitrary character of government war-time control be relaxed pending the expiration of the twenty-one months' period of government control under the law or additional legislation, he intends to continue to unify railroad operations, pool facilities and otherwise conduct the business of railroading according to his own ideas. In other words, he will not base the changes he has been making or may make on the necessity for winning the war, which has been the defense for the things he has done and which is no longer present, but on efficiency and economy. Legally he is still the Director-General of Railroads and his powers are the same, under the federal control act, as they were while the war was on. They will continue to be the same until twenty-one months after peace is declared or until some change is made in the law. He proposes to use his power.

Mr. McAdoo, by observers of the development of government policies, is represented as believing that on the showing made by the railroads under unified control during the next year or two depends settlement of the issue of permanent government control and ownership or of restoration of private management.

Without attempting at this time to take a definite stand on this question, the Director-General plans to make government operation show the best results possible, in service to shippers and travelers, rates and treatment of employes. Instead of considering any proposed reform in the light of its necessity as a war measure, he will regard it from the point of view of whether it will improve transportation conditions for the nation's business. He expresses the hope that the reforms, such as pooling of facilities and standardizing or unifying operation and accounting practices, will result in material economies in another year, and that ultimately this will mean rate reductions or improved service.

The Railroad Administration's policy will be to minimize the influence of state laws and regulations over rates, but at the same time to seek the advice and co-operation of state railway and utilities commissions. These state bodies will be regarded as advisory rather than executive institutions. It is the intention, for instance, to put some kind of standard mileage scales of class rates into effect regardless of the protests as to state rights in this matter. Mr. McAdoo's view is that now is the opportunity to do the efficient and scientific thing while the power is in him to do it.

AUTHORITY AS TO CAR PURCHASE

The Traffic World Washington Bureau.

It is thought probable that there will be litigation between the railroad corporations and Director-General McAdoo over the question as to whether he has the authority to require the corporations to buy cars during the period of federal control. He thinks he has such authority. They are of a different notion.

The question as to power arose in connection with the engines the Railroad Administration ordered and then directed the corporations to buy. A committee of railroad executives came to Washington to talk over the subject, but their representations produced no effect. The Director-General adhered to his original decision and, October 25, formally notified the railroad executives of his adhesion.

In the regular order of business established by the Railroad Administration, its inspectors are accepting railroad cars and locomotives from the manufacturers and allocating them to various roads. The cars and engines are stenciled with the names of the various railroad companies to which the items of equipment are being sent. In the early part of the program the engines were merely marked "USA."

In the week ending November 2, Railroad Administration

inspectors accepted 845 cars from the manufacturers, sending 239 to the C. & N. W., 15 to the Bessemer & Lake Erie, 198 to the Big Four and 353 to the New York Central. The next week the deliveries amounted to 811 cars, distributed among the C. & N. W., Big Four, Pittsburgh & Lake Erie, New York Central, Erie and C. C. & O., the total of new cars turned out being something over 4,000 since the beginning of deliveries on the 100,000 order.

The question as to Mr. McAdoo's authority to order cars and require the railroad corporations to pay for them came out, in its most recent manifestation, in a conference between Chairman Baruch, of the War Industries Board, and a committee representing the American Iron and Steel Institute, the steel men, headed by E. H. Gary, asking Baruch to ask McAdoo to buy equipment and rails now so as to give the steel mill workers something to do when the contracts for war steel have been cancelled. Baruch said McAdoo was having trouble to convince the railroad corporations that he has the right to say whether they, as corporations, should buy equipment during the era of high prices; also that McAdoo was opposed to buying steel rails at \$57 a ton, because he knows that rails are chargeable to operating account except when new rails are acquired for making extensions.

Diplomatists would say that Mr. McAdoo and the railroad corporations are at an impasse in the matter of expenditures for equipment because the corporations say that, in their judgment, this is not the time to buy equipment, because prices are too high. If their judgment is not to be followed, they submit, then let the Director-General pay for the cars.

Roads like the Pennsylvania point to the fact that the car service reports show they have more than 100 per cent of the cars needed to carry what is offered them; that they have provided cars for other roads, but that they are unwilling, during an era of high prices, to make investments for the benefit of other corporations, especially in view of the fact that the corporation, as a corporation, obtains nothing for this additional investment. In normal times it received from other roads 45 cents a day for the use of a car. When the Railroad Administration abolished per diem the allowance was 65 cents a day, which, in view of the fact that the price of cars is about treble the normal, would afford less than an adequate return, assuming that 45 cents was an adequate return in normal times.

In its essence, it is believed, the issue is as to what power Congress gave the Director-General when it authorized the taking over of the railroads and prescribed rules for their operation during the period of federal control. The ordinary idea is that all Congress intended was to substitute the President for the railroad corporations in the matter of physical operation, leaving the corporations to act, within the sphere of their authority, just as if there had been no change in the physical control over the tangible property.

The Railroad Administration, from the start, dealt with many questions not having to do with physical operation. It went farther in the making of rates than shippers generally believed the law authorized. No one made objection in the courts, believing acceptance of the Administration's view was a display of patriotism. The Administration started its equipment program as if it had not only taken over the physical assets of the railroad companies, but also the corporate rights and powers to decide questions as to further investments.

Under the accounting rules of the Commission, cars that merely replace cars that have been scrapped are chargeable to operating expenses. Cars that are an addition to the stock of equipment are chargeable to capital account. If the new car is larger than the one it replaces, and the cost is greater, then the excess is chargeable to capital account.

The cars ordered by the Railroad Administration are no larger, as a rule, than the ones they have displaced. However, the price the Administration agreed to pay for them is much higher. Generally speaking, the standard car, in pre-war days, cost \$1,000. The cars ordered by the Railroad Administration, roundly speaking, cost \$3,000.

It is the contention of the railroad corporations that, inasmuch as the government took over the physical property and agreed to maintain it and return it in substantially as good repair as when it took it over, the cost of these cars is properly chargeable to operating expense. There is no

question as to who pays operating expenses. The government does that. It has increased the rates to be paid by shippers to meet the increased operating expenses. It is collecting the money. The railroads are not. They are to receive a definite rental for their property. They do not obtain the money coming in by reason of the increased rates.

When a new car is taken into the books, the cost is charged to capital account. When it is retired the sum is distributed in accordance with the rule before stated, between capital and operating accounts. In ordinary times the additional cost for the no larger car would be charged to capital account.

But in times of high prices the railroads able to finance their affairs without embarrassment will not buy cars. The Pennsylvania, in arguing with the Director-General, points to the fact that the car service reports show it has more than enough cars to conduct its business, and then asks why it should buy cars in the era of high prices. The only answer is that it has always bought cars and that it should do so now. But the company's answer is that it does not care to buy now and there the argument hangs, with the Railroad Administration issuing what it calls orders, directing the Pennsylvania to buy cars it ordered from divers manufacturers.

GENERAL ORDER NO. 55

The text of General Order No. 55, collection of transportation charges and disposition of overcharges, undercharges and agency relief claims, is as follows:

"The following regulations shall govern the assessment and collection of transportation and other charges for all services performed by carriers under federal control, the refund of overcharges and the collection of undercharges and also the disposition in the accounts of such carriers of uncollectible undercharges and agency relief claims:

"(1) Officers and agents of carriers under federal control are required and expected to collect the correct amount due for each service performed, determined or determinable by the application of the lawfully published rate or rates applicable to such services, plus charges for intermediate or terminal service not included in and made a part of such rate or rates, and war taxes applicable to the foregoing.

"(2) They shall continue, or, if not already established, institute such methods as may be necessary to insure, as accurately as possible, the correctness of such charges before the collection thereof.

"(3) When the amount of overcharge is determined after collection of charges, refund shall be made on presentation of original freight receipt, and the amount of such refund shall be indorsed on such receipt.

"(4) Formal claims for overcharge presented by claimants shall be prepared on the standard form approved by the Interstate Commerce Commission. They shall be supported by the original paid freight receipt, and, if claim is based on weight, misrouting, valuation, etc., by all other obtainable documents or particulars. If the original paid freight receipt cannot be presented, claimant's indemnity bond may be required. If overcharge is based on the rate clear reference shall be shown to the tariff or base in which the rate claimed is published. Such formal claims shall be presented to, and adjusted by, either the initial or the destination carrier. If claims are presented to intermediate carriers they shall be immediately transmitted to one of those named.

"(5) Claims paid by carriers other than the carrier which collected the freight charges shall, in the discretion of the accounting officer, be sent to such collecting carrier to be registered, in order that duplicate payments may be avoided.

"(6) No apportionment shall be made among carriers of overcharge claims paid, or of agency relief claims covering charges absorbed, such as switching, elevation, transfer charges, terminal delivery charges, icing, cost of grain doors, or other analogous items. This rule does not apply to claims for charges on freight destroyed or confiscated.

"(7) Claims for overcharges which cannot be refunded by agents shall be promptly forwarded to the proper officer having jurisdiction. Such officer, upon receipt of such claims, properly supported, shall take immediate steps, consistent with accuracy, to determine the correct charge

applicable. If the amount claimed be found correct, or if an overcharge in any amount be found, such amount shall be promptly refunded, and any difference between the amount claimed and the amount refunded clearly explained to the claimant. If the claim be wholly invalid, the claimant shall be notified promptly.

"(8) In the event an undercharge be developed after collection of transportation charges, or in the investigation of a claim or otherwise, the officer or agent having jurisdiction shall promptly prepare a freight bill for such undercharge, upon which bill shall be shown all facts incident to the transaction, and such freight bill shall be promptly presented for collection.

"(9) The duty of collecting such undercharge shall rest with the officer or agent whose duty it is to collect transportation charges, and he shall exhaust every reasonable effort to collect such amounts.

"(10) In the event of failure to make collection of an undercharge, after every reasonable effort has been made to do so, the officer or agent charged with the duty of collecting the undercharge shall promptly transmit the bill therefor, with a statement of all facts incident to his efforts and failure to collect, to the accounting officer having jurisdiction. Appropriate adjustment of the agent's accounts shall be made by station claim or otherwise, according to the established practice of the carrier.

"(11) If the facts presented with such undercharge indicate that every reasonable effort has been made to collect it, appropriate action shall be taken as follows:

"(a) If a bill for an undercharge be for five dollars (\$5.00) or less in any one case, and in the exercise of his business judgment be concluded that further efforts to collect would be futile, the chief accounting officer shall direct that it be charged off.

"(b) If a bill for an undercharge be for more than five dollars, in any one case, it shall be promptly transmitted by the accounting officer to the chief counsel of the carrier interested, and his recommendations as to its disposition shall be followed.

"(c) If the party liable for the undercharge cannot be located, or service cannot be had, or where, upon investigation by counsel in good faith, it is found that legal process would be futile and ineffectual, counsel shall direct the claim to be charged off and it shall be so disposed of; otherwise, suit shall be entered for its collection.

"(12) All undercharges determined to be uncollectible as prescribed in subparagraphs (a), (b) and (c), or paragraph (11) hereof, shall be borne by the carrier which originally settled the freight charges on the erroneous basis, regardless of the responsibility for such error in settlement.

"(13) In the event that suit be instituted to collect an undercharge, the cost of such suit shall be borne by the suing carrier. If the undercharge be not collected under suit, the amount thereof shall be disposed of as provided in paragraph (12) hereof.

"(14) In the event freight be destroyed or confiscated in transit, so as to preclude the possibility of delivery of the freight or collection of the charges, no part of the freight charges accruing thereon to any participating carrier shall be included in interline accounts. If waybills have been audited and settled before information concerning the destruction or confiscation of the property is available, such waybills shall be made void, and resettled with participating carriers by correction account or through claim channels.

"(15) The provisions of this order shall apply to overcharges, uncollectible undercharges, and to other charges herein referred to, which accrued or which may accrue on and subsequent to Jan. 1, 1918. Settlements which have already been completed on the basis of rules heretofore in effect shall not be readjusted."

TRAFFIC STATEMENT

The Traffic World Washington Bureau.

"Director-General McAdoo, November 16, issued the following comparative statement showing the traffic handled by the railways under federal control at twenty-five of the more important railroad termini of the country during the twenty-three days ending October 14, 1918:

"The purpose of this statement, which is being issued weekly, is to provide the public with information that will assist them in measuring the relative business activity of

the country as indicated by the comparison between the tonnage handled this and last year at the points named.

"The statement in the form submitted comprises only a few of the more important cities of the country. Others will be added to the list as rapidly as arrangements can be made for the compilation of the figures. It is hoped that the information will be useful as a partial index of the country's business expressed in terms of cars and tons that will complement and supplement the statements issued by the Federal Reserve Board and the clearing houses of the United States in which the volume of business is reflected in terms of dollars.

"The subjoined statement is noteworthy in that it shows an increase of 6.13 per cent in the tonnage as against an increase of only .23 per cent in the number of cars used to carry the increased tonnage.

COMPARATIVE STATEMENT OF TRAFFIC HANDLED,
TWENTY-THREE DAYS ENDING OCT. 11, 1918.

	Cars.		Tons.	
	1917.	1918.	1917.	1918.
Albany	7,617	7,489	197,668	211,179
Albany	14,947	15,420	661,704	691,737
Boston	29,097	25,027	429,181	473,458
Buffalo	26,429	25,735	527,518	581,810
Chicago	155,899	156,809	6,027,182	6,352,070
Charleston	3,334	5,475	88,070	183,128
Cleveland	30,504	34,096	1,149,320	1,336,680
Duluth-Superior	30,592	39,385	3,576,881	4,016,519
Galveston	4,533	4,410	84,669	101,799
Hampton Roads	35,882	45,191	1,493,576	1,863,135
Kansas City	21,565	32,982	351,684	788,124
Los Angeles	8,001	5,355	140,339	135,018
New York	92,872	84,224	2,219,105	2,262,372
New Orleans	15,044	14,028	467,135	482,140
Omaha	13,219	13,074	434,261	445,887
Portland, Ore.	6,627	7,761	152,923	198,393
Philadelphia	66,517	46,885	1,819,457	1,547,232
Pittsburgh	29,135	26,006	817,876	942,355
Seattle	23,358	30,059	929,964	1,012,274
St. Louis	17,366	26,135	574,543	671,266
San Francisco	11,081	8,476	345,880	259,190
Savannah	6,023	5,907	100,165	111,995
Tampa	3,406	4,227	98,829	140,120
Waco, Texas	12,932	13,091	1,087,119	1,238,020
Totals	34,433	34,431	1,544,790	1,134,412
Total	785,074	786,871	25,952,961	27,543,629
Percentage increase		1.79		1,390,668
Percentage increase		.23		6.15
Average tons per car			33	35

AUTHORITY FOR ADDITIONS OR BETTERMENTS

The Traffic World Washington Bureau.

In Supplement No. 1 to General Order No. 12, dated November 12, but issued November 20, Director-General McAdoo said:

"The 'standard clauses' for the contracts between the government and the railroad companies provide that 'prompt notice' shall be given the company of the making or ordering of additions, betterments, road extensions, equipment, etc., costing more than \$1,000, with an estimate of the cost thereof, and that 'such notice shall be given before the beginning of the work or the acquisition of the property whenever in the judgment of the Director-General it is practicable to do so.' In order the better to comply with said agreement, paragraph 'Fifth' of General Order No. 12, dated March 21, 1918 (which authorized in certain circumstances work involving charges to capital account not in excess of \$25,000 to be contracted for and commenced in advance of approval by the Director-General), is hereby amended, effective Jan. 1, 1919, so as hereafter to read as follows:

Fifth: A requisition for authority on the form prescribed by D. C. E. Circular No. 1 and Supplement 1 and by other supplements issued or that may be issued thereto shall be prepared and a copy thereof shall be forwarded by mail to the president of the company to be charged therewith, as provided in said circular, as notice of the making or ordering of such addition, betterment, road extension, equipment, etc., required by said agreement; and such copy should be so forwarded before the beginning of the work or the acquisition of the property except in cases of emergency or other cases where the delay incident to the preparation and forwarding of such requisitions will be detrimental to the government, the service, or the company; and in all such exceptional cases the requisitions shall be forwarded as soon after the beginning of the work as reasonably practicable. No work involving a charge to capital account of \$1,000 or more shall

be contracted for or commenced unless it be authorized by the regional director except in cases of emergency; and no work involving a charge to capital account in excess of \$10,000 shall be contracted for or commenced unless it be authorized by the director of the Division of Capital Expenditures except in cases of emergency and in other cases where the delay incident to awaiting such authority on the usual form would be detrimental, in which latter cases preliminary authority should be obtained by telegraph whenever practicable.

STANDARD HOGSHEAD

The Traffic World Washington Bureau.

A statement from the Railroad Administration on November 16, said that in order to permit the full utilization of equipment in the shipment of tobacco, a plan for the adoption of a so-called "standard hogshead" which will allow double tiering in freight cars used for this purpose is being worked out by Director-General McAdoo in conjunction with the War Industries Board.

Under the proposed arrangement instead of 50,000 cars to move 1,000,000,000 pounds of tobacco, probably the same amount can be transported in 32,000 cars by use of the "standard containers."

Under the present system tobacco to be used in the manufacture of cigarettes, chewing and smoking tobacco, moves in hogsheads 48x52 inches, 48x56 inches or 48x60 inches, which does not permit of full utilization of equipment. An effort is now being made to have adopted a standard hogshead 46x48 inches.

Double tiering has been promoted in nearly every line of goods shipped in barrels, casks or hogsheads since the beginning of the war congestion in 1915. Petroleum shippers claim that double tiering is justifiable only as a war measure. They claim that the dunnage they are required to furnish costs them from \$45 to \$50 per car, for which they receive either no allowance or an inadequate one. Tobacco shippers are expected to oppose double tiering unless Mr. McAdoo proposes to share the benefits with them.

BUDGET FOR ROADS NEXT YEAR

The Traffic World Washington Bureau.

Imminence of the return of railroads to their owners has not made an change in the policies that are formulated and executed by the divisions of Capital Expenditures and Finances and Purchases of the Railroad Administration. They are making plans for the whole of 1919.

It is the intention of Robert S. Lovett, head of the Capital Expenditures Division, to establish and maintain a rigid budget for the railroads under federal control during 1919. At the time the railroads were taken over not more than 25 per cent of them had budgets in the technical sense of that term. All will have such articles of financial housekeeping during the coming year.

When the railroads were taken over the Railroad Administration was practically compelled to say to each railroad, "Go ahead with whatever plans you have for spending money during 1918." The administration made up a budget calling for the expenditure of considerably more than \$1,000,000,000, but it was exceedingly elastic. It had to have flexibility, because, as before remarked, not more than one-quarter of the railroad companies had provided themselves with budgets. With this year's experience the Railroad Administration believes itself to be in a position to require a careful preparation of a plan for next year's expenditures, and necessarily a strict compliance therewith in all particulars, except such as may have to be changed to meet unexpected conditions.

At this time the administration is not giving any thought whatsoever to the ordering of cars for next year. Up to November 20 not 5 per cent of the 100,000 cars ordered in the spring of 1918 had been delivered. Notwithstanding the failure of the administration to obtain cars to take the place of those which had to be retired, there was no congestion and none of the distress which is usually to be found during the fall months. In fact, the car situation was "easy." There were cars enough for practically all the essential freight, and the non-essentials, which had been driven from railroad rights of way, had not begun coming back on the day mentioned.

The attitude with regard to the question of cars for 1919

was that of waiting to see what would happen. One of the big men in Mr. Lovett's organization said that that was the only attitude to assume at this time, because it is possible that the volume of traffic for several months may be somewhat less than during the corresponding period of 1918. Therefore, the cars which the builders may reasonably be expected to deliver in the early months of 1919 will be sufficient to take care of the freight offering.

Another reason for "the wait and see" attitude is the suit filed by the Toledo, St. Louis & Western, asking that the Railroad Administration be enjoined from compelling it to pay something more than \$3,500,000 for the 1,250 cars allocated to it. Director-General McAdoo, for nearly a week before the suit was begun, knew that it would be filed, because he and the representatives of the railroad corporations had come to an impasse in their negotiations concerning the financing of equipment operations. Mr. McAdoo claims to have the power to order a corporation to buy cars from the Railroad Administration, which in turn had given the orders for their construction. The officers of the corporations said that he had no such power and that if Congress had assumed to give him such authority the statute was unconstitutional. While the Director-General and his assistants believe they have the authority to order a corporation to spend its money for high-priced cars, they are willing to admit that the question is close enough to make them hesitate about ordering more cars, especially at a time when there is little or no demand for their use.

Innumerable reports, almost, about further orders for freight cars in 100,000 lots have been circulated. Subordinate advisers of Messrs. McAdoo and Lovett may have made recommendations that such orders be placed, but as a matter of cold fact no order other than the original one for 100,000 has been given to the car builders.

In the forthcoming budgets the Railroad Administration will give great attention to terminal properties. The word "terminal," as here used, is not confined merely to yard tracks, but means engine repair shops, roundhouses and car repair shops, and all the accessorial things necessary to start out a train from one terminal and get it to another in a reasonable time. Most of the time of equipment is spent in terminals, so that it is believed to be obvious that the way to improve railroad service is to provide more yard track, more roundhouses and more repair shops.

Nearly all the operating officials of the railroads are urging the Railroad Administration to buy more rails, regardless of the price. Director-General McAdoo, however, is not disposed to buy rails. His indisposition in that particular is similar to the unwillingness of the railroad corporations to buy cars at the prevailing high prices. The War Industries Board early in the summer said that \$55 per ton would be a fair price for Bessemer rails and \$57 per ton would be an equitable figure for open hearth rails. The Director-General appealed to President Wilson and had him, in effect, set aside the fair prices established by Chairman Baruch's committee.

The willingness of the railroad officials to have Mr. McAdoo buy and lay rails at this time is easily ascribed to the fact that when a 90-pound rail replaces a 90-pound rail the whole cost of the operation must be borne by the Railroad Administration, because replacement of rails is a cost that must be charged to operating accounts. All operating expenses, during government control, must be paid by the United States and not by a railroad corporation. Under the accounting rules of the Interstate Commerce Commission the cost of a new car is charged to the capital account, which must be kept good by the railroad corporation, although ultimately a certain percentage of the cost of a new car is charged to operating expenses.

In other words, in the case of cars, it is the corporation or that is being gored, and in the case of rails it is the government or that is being subjected to that painful process.

REDUCED FARES TO RETURNING SOLDIERS

The Traffic World Washington Bureau.

Because of the law allowing 3½ cents per mile for transportation and sustenance for soldiers and in order to make certain that soldiers will not be required to pay any part

of the expense of returning to their homes after being discharged from the army, Director-General McAdoo, November 19, authorized a reduction of 33 1-3 per cent in the current coach fare for this purpose, making the rates to them approximately two cents per mile.

It is estimated that the total reduction of railroad revenue resulting from this arrangement will be approximately \$12,000,000. If the discharged soldiers require sleeping car accommodations, they will pay the additional charge of approximately ½ cent per mile in tourist cars, the type of sleeping car which will be generally used. This will leave them an adequate amount to pay for their meals while going home.

It will be necessary to file with the Interstate Commerce Commission special tariffs authorizing this rate, which will be done promptly, and the arrangement will be placed in effect within the next few days. It will be applicable until further notice to all discharged soldiers as well as to the 132,000 men stationed at the 14 camps throughout the country and who are to be immediately demobilized by the War Department and honorably discharged.

McADOO ANNOUNCES AWARD

The Traffic World Washington Bureau.

Director-General McAdoo, November 16, in Supplement 10 to General Order 27, announced his award, effective October 1, 1918, with respect to telegraphers, telephone operators, excepting switchboard operators, agent telegraphers, agent telephoners, towermen, levermen, tower and train directors, block operators and staffmen. The award affects between sixty and seventy thousand railroad employees and involves increasing approximating \$30,000,000 per annum.

All rates of wages paid as of January 1, 1918, prior to the application of General Order No. 27, and exclusive of all compensation for extra services, are first reduced to an hourly basis, which is arrived at in case of monthly paid employees by dividing the annual compensation by the number of regularly assigned working days for the year 1918, and then dividing the daily rate thus obtained by the regularly assigned or established number of hours constituting a day's work, exclusive of the meal hour. The hourly rate for weekly and daily paid employees is arrived at similarly.

Rates thus obtained, where less, are first advanced to a basic minimum of 35c per hour and to this basic minimum, and to hourly rates which are above the minimum, 13c per hour is added.

Eight consecutive hours, exclusive of the meal hour, constitutes a day's work and overtime will be paid at the rate of time and one-half. There has been no consistent practice on the several railroads with respect to this item. On the majority of railroads there has been in effect, however, varying rates for overtime, some of which were less, and in instances more than the time and one-half rate.

The award does not apply to cases where individuals are paid \$30 per month or less for special service which only takes a portion of their time from outside employment or business, and in the case of employees who are paid upon a commission basis or upon a combination of salary and commission, not including express or outside commissions, the Board of Railroad Wages and Working Conditions are instructed to make individual recommendations when properly presented. Appeal is provided for in case of individual grievance.

ZONE ASSIGNMENT CHANGES

In General Order No. C. S. 17, Supplement No. 9, Car Service Section Manager Kendall announced the following changes in the "List of Roads with Zone Assignments," as shown in General Order No. C. S. 17, dated January 15, 1918:

Birmingham, Ala.—Discontinued, effective September 15, 1918, as zone headquarters and assigned roads transferred to other zone chairmen.

Boston, Mass.—J. H. Curtis, appointed chairman, succeeding A. G. Thomason, effective November 11, 1918.

Columbus, Ohio.—To be discontinued, effective November 15, 1918, as zone headquarters and assigned roads transferred to Cincinnati, Ohio, H. B. Sargent, chairman, Union Central Building.

Indianapolis, Ind.—Discontinued, effective September 15, 1918, as zone headquarters and assigned roads transferred to other zone chairmen.

Louisville, Ky.—Discontinued, effective September 15, 1918, as zone headquarters and assigned roads transferred to other zone chairmen.

Nashville, Tenn.—To be discontinued, effective November 15, 1918, as zone headquarters and assigned roads transferred to Cincinnati, Ohio, H. B. Sargent, chairman, Union Central Building.

Richmond, Va.—Headquarters transferred to Norfolk, Va., September 20, 1918, C. E. Hix, chairman.

Seattle, Wash.—J. C. Roth, appointed chairman, succeeding J. H. O'Neill, transferred.

San Francisco, Cal.—To be discontinued, effective November 15, 1918, as zone headquarters, and assigned roads transferred to Seattle, Wash., zone.

Winnipeg, Man.—W. P. Hinton appointed chairman, succeeding Mr. Frank Hall, transferred.

LOADING OF COAL

The Traffic World Washington Bureau.

A report was received November 16 by the Director-General from the Car Service Section of the Railroad Administration on the quantity of coal of all kinds loaded by roads for week ended November 2, 1918, as compared with the same period of 1917, a summary of which follows:

	1918	1917
Total cars bituminous	187,943	177,300
Total cars anthracite	29,235	31,115
Total cars lignite	3,826	4,133
Grand total cars, all coal.....	219,792	222,547

A summary of reports for week ended November 9, 1918, as compared with the same period of 1917, based on actual reports from most roads, but with the estimated results of some roads, follows:

	1918	1917
Total cars bituminous.....	178,205	168,006
Total cars anthracite	32,525	38,571
Total cars lignite	3,150	4,520
Grand total cars, all coal.....	214,516	238,516

The decrease in coal loading has been due to influenza among the miners and railroad workers. Total increase of 1918, up to and including week ending November 9, over the same period in 1917, 598,661 cars.

TRAFFIC CONDITIONS FOR THE WEEK

The Traffic World Washington Bureau.

Director-General McAdoo, November 20, made public a report of traffic conditions throughout the country for the week ended November 18.

The report shows that as a result of the subsidence of the influenza epidemic, freight and passenger service have materially improved.

An encouraging note is sounded in the report affecting the relief work which this country will have to perform in the stricken European areas. While on October 1 there were but 7,000,000 bushels of grain in elevators and cars in the Eastern Region ready for shipment overseas, at the end of the current week 10,000,000 bushels were on hand to be loaded into vessels bound for European ports.

The summary follows:

Eastern Region.

Grain situation at ports in this region (New York, Boston and Portland) shows 10,000,000 bushels in elevators and cars ready for vessels as against 7,000,000 on October 1, which is a good preparation for the heavier overseas movement.

The reduction in overseas grain program expected for the next two months will probably not take place on account of change in conditions.

Strike of tugboat men at New York has been settled. Improvement in health conditions has resulted in increased ticket sales and passenger movement, and also in the resumption of theatrical traffic.

National Grange meeting at Syracuse, N. Y., on Novem-

ber 13 will result in considerable volume of long-distance travel.

Consolidation of passenger facilities at stations continued, with good results.

Allegheny Region.

Consumption of perishable foodstuffs at large markets has been sluggish, accentuated by celebration of victory on two days, resulting in some embargoes on perishables.

Freight movement good, although all of the men off duty by reason of sickness have not returned.

Arrangements for diversion of carload freight traffic from Pittsburgh gateway have been canceled.

L. C. L. transfer points in good condition.

Passenger travel again normal, the epidemic having subsided.

B. & O. ticket office in Pittsburgh to be enlarged.

Tickets between New York and Atlantic City have been made interchangeable between the two roads.

Passenger schedule on Cumberland Valley Railroad has been rearranged to make better connections to and from the west.

Pocahontas Region.

Freight business generally improving by reason of the subsidence of the epidemic.

Freight movement shows material increase over previous week, particularly in coal and coke movement.

General passenger conditions continue to improve, the schools and theaters reopening.

New train services between Memphis and Washington, via Chattanooga, attracting a good deal of travel.

Additional train service arranged on branch line of C. & O. Railroad in the coalfield districts.

Southern Region.

Freight movement generally shows increase over week previous, movement of perishable freight from Florida rapidly increasing in volume.

Car supply ample, with surplus of box cars.

Indications are that movement of cattle from Texas points to North Carolina, Georgia and Alabama will total 25,000 head.

General improvement in passenger travel.

Regular sleeping car line between Jacksonville and St. Petersburg, Fla., established by Atlantic Coast Line November 1.

Northwestern Region.

Quite a heavy decrease in number of freight cars moved, due to general business conditions, but also accentuated by two "Victory" days.

Movement of live stock continues, due to unfavorable range conditions.

Cessation of hostilities making farmers anxious to move grains on which the price is not fixed.

Passenger travel still showing the effects of epidemic.

Car situation normal, with casual shortages of refrigerator cars, which have been relieved.

Central Western Region.

Quite a large falling off in cars of freight handled, partly due to holidays.

Coal loading showing decrease on account of lack of orders.

Live stock movement increased.

Rerouting reports of week ending November 14 show saving of 327,087 car miles.

Passenger travel, while still light, shows some improvement.

C. B. & Q. Railroad discontinued standard sleeper between Chicago and Omaha.

C. & A. Railroad discontinued trains Nos. 62 and 65 between Chicago and Peoria, and eliminated some Sunday trains, with an aggregate saving of 127,180 train miles per annum.

Salt Lake line handled 100,000 men on special trains for shipbuilders during October.

Southwestern Region.

Slight congestion on the T. & P. Railroad, due to heavy movement of empty cars westbound.

Coal traffic not so heavy, account less active market and storage by principal industries.

Cotton movement slow.

Passenger travel shows slight increase over previous week.

No change in train service.

Ticket offices now working full complement of men.

War Industries Board.

Issuance of Circular No. 57 modifying restrictions as to building will create a demand for a good deal of material for that purpose.

Restrictions as to railroad construction completely removed.

Prospect that United States Housing Corporation requirements will be reduced fifty per cent.

With consent of War Industries Board, general lumber embargo canceled November 16.

Efforts will be made to continue the good results of the conservation work.

War Department.

Situation at New York, Philadelphia and Baltimore slightly above normal. Reason, difficulty to secure enough labor to unload as rapidly as traffic arrived.

Transportation conditions generally satisfactory, and, while there has been a labor shortage at a number of points, on the whole there has been an improvement in that regard, due to the lessening effects of the epidemic.

Efforts to relieve Newport News by using Norfolk has lessened pressure at former point.

Navy Department.

Transportation situation generally satisfactory, except express service.

Proposed movement of enlisted men to New England lumber district discontinued.

Cessation in aircraft production.

Permanent naval air station to be established at Brunswick, Ga.

Food Administration.

Some complaint continues as to movement of fresh meat and packing house products.

Improvement in schedule on live stock from Louisville, but some difficulty in supplying double-deck cars on the L. & N. Railroad. This is being given attention.

Very little change in grain situation since last week.

Continued shortage of cars for grain loading reported in Indiana and Illinois, and difficulty now being experienced in that direction in Idaho. These matters are being taken up by Car Service Section.

Fuel Administration.

Eastern, Allegheny and Pocahontas Regions—Surplus car supply, and transportation ample, except C. & O. Railroad, still overloaded eastbound.

Tidewater—Vessel supply somewhat short latter part of week.

Lake—Bituminous program completed November 16.

Southern and Western Regions—Transportation facilities and car supply ample.

Coke—Movement improved, and ample supply.

General—Coal production reduced account illness, but bituminous supply ample.

Fuel Administration—Oil Division.

Suggested construction of number of private sidings in the Texas fields for better handling of oil.

Some congestion of export oil at Marcus Hook, due to delay in arrival of steamers, which is being relieved by diversion through other channels.

Loading showing some decreases, and diminution of export shipments expected.

Shipping Board.

Conditions at all yards reported good; numerous small congestions on account of the holidays, resulting from the celebration of victory, which, however, are being actively looked after.

Allies' Traffic Executive.

Report movement of munitions and foodstuffs satisfactory.

Call attention to the need of flour at north Atlantic ports.

Exports Control Committee.

Arrivals of freight at north Atlantic ports exceeding the delivery, but no anxiety expressed at present.

British, French and Italian Ministries of Shipping all state that foodstuffs of all kinds will be given preference.

Much of overseas traffic for War Department will be stopped at interior points and stored.

Decreased use of the port of Montreal as winter ap-

proaches will throw heavier burden on north Atlantic ports.

Arrangements being made to move the necessary grain and flour to seaboard to meet the new conditions.

Pacific coast situation shows some increase in number of cars.

Efforts being made to stop leaks in embargo.

Express and Mail Section.

Reports show general conditions good and no serious congestions.

Some complaint by express company of shortage of cars, particularly in eastern Michigan and northeastern Ohio departments; this is being looked after.

Small labor disturbances at numerous points have been settled.

Troop Movement.

The movement of troops during the past week has been practically suspended.

Demobilization will soon begin, requiring large movements of men from the camps to their homes.

General.

Movement of live stock shows small increase in cattle arriving at Chicago, and very large increase in hogs and sheep.

Hog movements to the six large markets were embargoed temporarily at the request of the Food Administration.

Movement of apples shows some decrease over last week, with total increase of 8,000 cars to date over last season.

Cabbage and onion crops promise to exceed last year's; and the sweet potato crop reported the finest on record.

Building program for War and Navy Departments for two weeks ending November 14 comprised 150 projects, requiring 18,380 cars, but doubtless there will be a material change in this program.

Cotton moving slowly, but in connection with the use of the coastwise lines the all-rail movement shows decrease since August 1 of 250,000 bales.

No lack of transportation for iron furnaces.

Car supply ample, and no material-reported holding account car shortage.

WILL TRY TO ARRANGE FOR PUBLICITY FOR EASTERN AND SOUTHERN COMMITTEE DOCKETS

Luther Walter and his two assistants in the Division of Public Service and Accounting, Messrs. Atkins and Heinemann, spent most of the day November 21 in Cincinnati in conference with shipper members of the various freight traffic committees who were in attendance on the annual meeting of the National Industrial Traffic League.

The purpose was to consult as to any difficulties that might have been encountered and to take counsel as to plans. Mr. Walter told the thirty men who met with him that he would immediately try to have put into effect in the east and the south the same scheme for publicity as to dockets of the district committees that is being employed in the west by the voluntary action of the Western Freight Traffic Committee. He and others attributed to this plan of publicity the fact that the traffic committee scheme of making rates has worked with less friction in the west than elsewhere. His announcement was received with pleasure by the shipper members, who seemed to think this would cure many of their troubles. The committees have recently been instructed by Directors Chambers and Prouty to inform persons interested as to the status of their cases before the committees and as to what conclusions, if any, have been reached in them. Stories were told by some shipper members of their being practically ignored by the railroad members. In such cases they were instructed by Mr. Walter to report the matter to Washington immediately. Shipper members were instructed to stand at all times on their rights as members in fully as good standing and as of as much importance as the railroad members. One of the instructions is that no correspondence shall go out from a committee without all the members being fully informed as to what is being done.

INCREASED EXPRESS RATE ORDER

The Traffic World Washington Bureau.

Director-General McAdoo, on November 20, issued General Order No. 56, increasing express rates in the territory north of the Ohio and Potomac rivers and east of the Mississippi, in accordance with the plan suggested to him by the American Railway Express Company. The higher rates are to become operative on January 1. The issuance of this general order was foreshadowed by the proclamation of President Wilson of November 16 taking over the express company.

By assuming possession and control, under the act of Aug. 29, 1916, President Wilson wiped out all questions of the power of the Director-General to make the increases suggested in the letter to him by the American Railway Express Company.

The general order increasing the wages of the employees of the express company is expected before the beginning of the new year. The increase in rates primarily was intended, according to the representations made by the express company to the Director-General and to the Interstate Commerce Commission, to make possible a further increase in wages. The Interstate Commerce Commission, in its report, made for the benefit of the Director-General, pointed out that only about \$10,000,000 or \$11,000,000 would be needed to make the increases in wages, but that the advances in rates proposed would yield about \$24,000,000, of which more than one-half would go to the Railroad Administration. The Commission further pointed out that the Administration had not come forward to say that it needed any increase in compensation to cover the cost of carrying express matter or to pay any other part of the cost of government operation of railroads. Therefore, it suggested that the increase in wages could be made by the simple expedient of the Director-General increasing the allowance to the express company out of the joint rate received by it and the railroads for the service of carrying express parcels.

The day the Commission issued its report, the Director-General gave out a statement indicating that he was not at all impressed with the reasoning of the regulating body. His utterance was taken at that time as indicating that he would advance the rates as proposed. That notice of his caused a discussion of the question of power on the part of the Director-General to order such an increase in rates. The President put the snuffers on that discussion by commandeering the express company. The Director-General gave out the following press notice concerning the general order advancing express rates:

A general order initiating increased express rates was issued by Director-General McAdoo to-day. The essential features of the order provide that in the territory north of the Ohio and Potomac rivers and east of the Mississippi River, the increase in express merchandise rates range from 16c to 17c per hundred pounds, regardless of the distance hauled in that territory. The increase in the balance of the United States will range from 10c to 12c per hundred pounds on merchandise. The increase on food products will be about three-quarters of the increase on merchandise shipped by express.

The Director-General submitted this plan for increased express rates to the Interstate Commerce Commission for its advice. He indicated to the Commission that it was necessary to raise approximately \$24,000,000 additional revenue, which under the contract would go practically half to the railroad revenue and half to the express revenue, and inquired whether the plan proposed would yield approximately that amount, and, if so, whether the plan was proper. The Commission, after a public hearing, announced its conclusion that, if the amount of increased revenue was needed, the plan proposed was proper and preferable to any other method that had been suggested. The Commission pointed out that under this plan the greater increase in rates would be applied in the Eastern territory, which is the territory "of lowest rates, of the greatest cost of operation and greatest increase in those costs" and stated that while the plan would be a departure from the original zone relationship established by the Commission, that departure appeared under the circumstances now presented to the Commission to be justified.

The Commission raised for the Director-General's con-

sideration the question whether the increase in rates could be obviated by a reduction in the amount which the express company is required to pay the Railroad Administration for the express privilege, but as the Director-General has heretofore announced, such change in the contract is not practicable in view of the relative cost to the Railroad Administration of handling the express business and in view of the heavy increase in the operating costs attributable to the railroad handling of that business.

The fact that the Eastern territory is the region of greatest cost of operation and of greatest increase in such cost is due to the fact that in that region there is the greatest percentage of short-haul traffic, on which relatively the terminal and other costs are greatest. Another important advantage in increasing the rates in the Eastern territory to a greater extent than other parts of the country is that it will have a tendency to restore the proper balance between express and freight rates, which has been disturbed in recent years by the greater increases in freight rates that have been granted in that territory than in other parts of the country, which has resulted in the transfer from freight to express transportation of much traffic which ought to move by freight.

This Eastern territory has been swamped with express traffic for the past two years, a great deal of it having been diverted from the regular freight trains, causing congestion of terminals, overcrowding of passenger trains and producing a volume of traffic which prevented giving good express service on shipments which were usually handled in that way.

It is expected the increased express rates will have the effect of transferring considerable of the short-haul business to motor trucks and back to the freight service, where it really should be handled. It is also anticipated that another result will be the transferring of the handling of some of the smaller packages to the parcel post. It will increase the rates in some of the middle western states where the express rates have been unduly low; in fact, in some cases where they have been lower than the freight rates and considerably lower than the express rates in surrounding states which had adopted the Interstate Commerce Commission basis of rates made for the express.

The express company increased the wages of their employees to the extent of about ten million dollars beginning July 1, which used up approximately the increase of ten per cent in express rates effective July 15. It soon became evident that many express employees were still underpaid, and the question of their wages is now being presented to the Board of Railroad Wages and Working Conditions, and it is expected that the further increased wages will practically consume all of the increased revenue which will come to the express company after January 1 under this order.

General Order No. 56, dated November 19, is as follows:

Whereas, it has been found and is hereby certified to the Interstate Commerce Commission that in order to defray the expenses of federal control and operation fairly chargeable to express and railway operating expenses, and also to pay express and railway tax accruals other than war taxes, net rents for joint facilities and equipment, and compensation to the carriers, it is necessary to increase the express operating revenues, and

Whereas, the public interest requires that a general advance in all express rates and charges on all traffic carried by the American Railway Express Company taken under federal control under an act of Congress approved Aug. 29, 1916, entitled "An Act Making Appropriations for the Support of the Army for the Fiscal Year Ending June 30, 1917, and for Other Purposes," shall be made by initiating the necessary rates and charges, classifications, regulations and practices, by filing the same with the Interstate Commerce Commission, under authority of an act of Congress approved March 21, 1918, entitled "An Act to Provide for the Operation of Transportation Systems While Under Federal Control, for the Just Compensation of Their Owners, and for Other Purposes."

Now, therefore, under and by virtue of the provision of the said act of March, 21, 1918, it is ordered, that all existing express rates and charges, classifications, regulations and practices, including charges heretofore published but not yet effective, on all traffic carried by said American Railway Express Company, be increased, changed, modified or adopted, effective the first day of

January, 1919, to the extent and in the manner indicated herein, by filing schedules with the Interstate Commerce Commission effective on not less than one day's notice.

Section 1. Between points in Zone 1 and between points in Zone 1 and points in all other zones, the first and second class rates, both interstate and intrastate, shall be increased three scale numbers. Between points both outside of Zone 1, the first and second class rates, both interstate and intrastate, shall be increased two scale numbers.

Merchandise rates from points in the United States to points in Canada shall be increased 15 cents per 100 pounds, and commodity rates not stated in scale numbers shall be increased 10 cents per 100 pounds.

Section 2. Commodity rates, both interstate and intrastate, stated in scale numbers, shall be increased not more than 10 cents per 100 pounds.

Commodity rates, both interstate and intrastate, which are stated in cents or in dollars and cents per 100 pounds, per pound or other unit of weight, shall be increased 10 cents per 100 pounds, except as to mileage or commodity rates on milk and cream. Commodity rates, both interstate and intrastate, which are stated in cents or in dollars and cents per crate, barrel or other package, or per car, shall be increased at the rate of 10 cents per 100 pounds, based upon the authorized billing weight.

Section 3. Milk and cream mileage or commodity rates, both interstate and intrastate, shall be made 25 per cent higher than rates in effect July 1, 1918.

Section 4. Intrastate first and second class rates in states which have not adopted the existing Interstate Commerce Commission basis of first and second class rates, shall be made the same as the increased interstate rates in the same zone.

In states which did not adopt the increase of 10 per cent on commodity rates on intrastate traffic as authorized by the Interstate Commerce Commission on interstate traffic, by fifteenth section order No. 746, such commodity rates shall be increased 10 per cent and in addition increased 10 cents per 100 pounds, except on milk and cream, which shall be made 25 per cent higher than rates in effect July 1, 1918.

Section 5. Where, prior to Jan. 1, 1918, the Interstate Commerce Commission authorizes or prescribes rates and charges which have not been published prior to that date, the rates and charges initially established hereunder may be subsequently revised by applying the increases prescribed herein to the rates and charges so authorized or prescribed by the Interstate Commerce Commission.

Section 6. All rates and charges, both interstate and intrastate, shall be governed by and apply in connection with the tariff of first and second class express rates I. C. C. No. 2, Directory of Express Stations I. C. C. No. A-3, Official Express Classification I. C. C. No. 150, Directory of Collection and Delivery Limits I. C. C. No. A-4; also Terminal and Switching Charges I. C. C. No. A-2095, on file with the Interstate Commerce Commission, and supplements thereto and reissues thereof, which shall be adopted by filing notice with the Interstate Commerce Commission.

Section 7. All intrastate rates which are to be increased under this order, if not now on file, shall be immediately filed with the Interstate Commerce Commission. Such intrastate rates shall not be applied to interstate shipments, and the schedules containing said rates shall be so restricted.

Section 8. All schedules published to cover express rates and charges, classifications, regulations and practices under the provisions of this order shall bear on the title page one of the legends shown below in bold-faced type.

If restricted to apply on intrastate traffic only, use the following:

"The rates and charges made effective by this schedule are initiated by the President of the United States, through the Director-General, United States Railroad Administration, and apply on intrastate traffic only.

"This schedule is published and filed on not less than one day's notice with the Interstate Commerce Commission under General Order No. 56 of the Director-General, United States Railroad Administration, dated 19th day of November, 1918."

If restricted to apply on interstate traffic only, use the following:

"The rates and charges made effective by this schedule are initiated by the President of the United States, through the Director-General, United States Railroad Administration, and apply to interstate traffic only.

"This schedule is published and filed on not less than one day's notice with the Interstate Commerce Commission, under General Order No. 56 of the Director-General, United States Railroad Administration, dated 19th day of November, 1918."

If to apply on both intrastate and interstate traffic, use the following:

"The rates and charges made effective by this schedule are initiated by the President of the United States, through the Director-General, United States Railroad Administration, and apply to both interstate and intrastate traffic.

"This schedule is published and filed on not less than one day's notice with the Interstate Commerce Commission, under General Order No. 56 of the Director-General, United States Railroad Administration, dated 19th day of November, 1918."

If some of the rates and charges therein are to apply on interstate traffic and others to intrastate traffic, use the following:

"The rates and charges made effective by this schedule are initiated by the President of the United States, through the Director-General, United States Railroad Administration, and apply to interstate and intrastate traffic, as provided herein.

"This schedule is published and filed on not less than one day's notice with the Interstate Commerce Commission, under General Order No. 56 of the Director-General, United States Railroad Administration, dated 19th day of November, 1918."

EXPRESS COMPANY TAKEN OVER

The Traffic World Washington Bureau.

The President, by means of a proclamation issued November 16, effective November 18, took under federal control the American Railway Express Company. Thereby he removed all questions as to the right of the Director-General to make advances in rates in accordance with the scheme proposed by the express company and disapproved, except as a last resort, by the Interstate Commerce Commission.

At Director-General McAdoo's office the taking over was treated as a formality, on the ground that the companies had been consolidated at the instigation of Director-General McAdoo and designated by him as his agent for the transaction of express business.

An order putting into effect the higher rates, as a "war emergency" is printed elsewhere in this issue. The issuance of the order is expected to bring to a boiling point the indignation of the state commissioners, who suggested the providing of more revenue for the express company by increasing the division to the company. That suggestion was approved by the Commission, but disapproved by the Director-General. By persuading the President to take over the company, the Director-General, in one stroke of the pen, removes the question of power and takes unto himself all the authority over rates granted to the President in the federal control law.

There is a thought that when the taking over becomes known, senators and representatives will suggest that the federal control law gave the President twenty-one months after the war to enable him to unscramble the railroads, rather than as an additional period for further scrambling. Director-General McAdoo, however, November 15 told the newspaper correspondents that he intended to continue the unification of railroads during the twenty-one months after the war part of the law instead of using it to undo the things he did to win the war.

There is promise of a bitter contest over the matter between the Railroad Administration on the one hand and Congress on the other, even during the three months of the short session of Congress that begins the first Monday in December. Hoke Smith, before the proclamation taking over the express company, was preparing a joint resolution amending the control law so as to terminate federal control six months after the adoption of the resolution instead of twenty-one months after the end of the war.

The question that will be raised by that resolution or

others of like import is as to whether the disgust of the southern senators with the Railroad Administration is so profound as to cause them to vote with senators of a different political faith to abolish the federal control sooner than provided in the control law, by putting a rider to that effect in an appropriation bill. By adding such a rider they put before the President a choice between two evils. The one evil, as he would be expected to see it, would be the abolition of the Railroad Administration, and the other would be a special session of a Congress controlled by his partisan opponents. He is supposed to dread the latter evil more than the other.

The proclamation taking over the express company is as follows:

"Whereas, The organizations for the conduct of the express business over numerous systems of transportation which have been duly placed under federal control, and pertaining to such systems of transportation, have been consolidated into the American Railway Express Company, which has been made the sole agent of the government for conducting the express business, with the result that the entire transportation system of said express company has been necessarily in substance and effect placed under federal control; and

"Whereas, It is desirable, in order to administer to the best advantage the transportation business and operations of the American Railway Express System to make it specifically clear by this proclamation that the President has the possession, use, control and operation of the entire transportation system of the American Railway Express Company;

"Now, therefore, I, Woodrow Wilson, President of the United States, under and by virtue of the powers vested in me by law, do hereby, through Newton D. Baker, Secretary of War, take possession, and assume control at 12 o'clock noon on the eighteenth day of November, 1918, of that certain system of transportation called the American Railway Express Company and all of its appurtenances and property of every kind or nature, directly or indirectly, owned, leased, chartered, controlled, or used in the conduct of, or in connection with, its express business.

"It is hereby further directed that the possession, control, operation and utilization of said express transportation system hereby by me undertaken shall be exercised by and through William G. McAdoo, heretofore appointed Director-General of Railroads, with all the powers conferred upon him by the said proclamation of Dec. 26, 1917, and March 29, 1918, respectively, together with all and singular the powers conferred upon the President by the act of Congress entitled, 'An Act to Provide for the Operation of Transportation Systems While Under Federal Control, for the Just Compensation of Their Owners, and for Other Purposes,' approved March 21, 1918.

"The said Director-General of Railroads may perform the duties hereby imposed upon him, so long and to such an extent as he shall determine, through the board of directors, officers and employees of the said American Railway Express Company, under the contract already made, and dated the twenty-sixth day of June, 1918, between the said Director-General of Railroads and said American Railway Express Company, and until and except so far as said Director-General shall from time to time by general or special orders otherwise provide, the board of directors, officers and employees of said company shall continue the operation thereof in the usual and ordinary course under such contract.

"From and after 12 o'clock noon on said Nov. 18, 1918, the said transportation system shall conclusively be deemed within the possession and control of said Director-General without further act or notice.

"In witness whereof I have hereunto set my hand and caused the seal of the United States to be affixed.

"Done by the President, through Newton D. Baker, Secretary of War, in the District of Columbia, this sixteenth day of November, in the year of our Lord, one thousand nine hundred and eighteen, and of the independence of the United States the one hundred and forty-second."

RAILROADS TO CASH BOND COUPONS

The Traffic World Washington Bureau.

Under the terms of P. S. & A. Circular No. 46, Liberty Bond coupons may be cashed at railroad ticket offices. The circular says:

1. Effective at once, local freight and ticket agents, including agents of consolidated ticket offices, are authorized to cash coupons of Liberty Bonds when such coupons are due and payable.

2. These coupons are payable to bearer and should therefore be given the same protection as currency. They should be considered as cash and so remitted, under proper safeguards, to the federal treasurer or to the bank where deposits are ordinarily made.

3. If any difficulties develop or losses occur as a result of this practice, the undersigned should be promptly notified.

4. Federal treasurers and federal auditors shall issue such instructions to agents under their jurisdiction as may be necessary to make the foregoing provisions operative at once.

THE REASON FOR CABLE CONTROL

The Traffic World Washington Bureau.

The President, in a proclamation dated November 2, but not given to the public until November 18, when it was published in the "Official Bulletin," took over the control of the Atlantic cables operating in conjunction with the domestic telegraph lines. The taking was under the joint resolution that authorizes him to operate wire systems during the period of the war.

Great surprise and some indignation was expressed at the Capitol by senators and representatives. The indignation was enhanced, if possible, by the fact that on November 16 the President took over the American Railway Express Company, although, according to general belief, the war was over when the express company was commandeered.

Possession of the cables, it is believed, is necessary to enable the President and the peace commissioners of the United States to have communication with the United States unsupervised by any foreign government. While nothing has been published, it is a fact well known among informed men in Washington that there is considerable disagreement among the entente allies as to what constitutes both "freedom of the seas" and the measure of commercial restriction which shall be placed upon Germany after it has become a republic and a safe abiding place for democracy. One view espoused openly by British statesmen is that Germany shall be made a negligible factor, not only in a military, but in a commercial, sense as well. The President's views on that point are not known, but it is suspected that, inasmuch as he has said this was a war for democracy throughout the world, he holds that when Germany has changed her form of government she is entitled to treatment that will enable her to work out her own salvation under the new form. Depriving her of access to the world's markets, either by a narrow interpretation of "freedom of the seas" or by means of commercial agreements, giving her less rights of trade than are accorded to other nations, it is believed, would be inconsistent with the underlying idea of the ground on which the United States entered the war.

Before America's entry into the conflict there was a good deal of friction and misunderstanding among American and British officials as to questions of trade. The British carried on a secondary boycott against Americans who were of German origin or who had ever done business with German firms or corporations. The United States officials did not believe in going as far as the British. Similar questions are again under discussion between the officials of the two governments.

There is misunderstanding now as then as to the disposition of ships built to meet the war emergency. At the order of the Shipping Board, the International Mercantile Marine, an American corporation, has suspended moves intended to transfer the ships belonging to the White Star, Leland and other British lines from one British corporation to another. The American company controls the White Star, Leland and other British corporations owning and operating ships that fly the British flag. Just what the misunderstanding is with regard to these British corporations and British ships controlled by American capital is not definitely known.

It is suggested that these questions must be thrashed out at the Peace Conference and the American commissioners, at the head of whom will be President Wilson, will be in need of wires, both ocean and land, that will

enable them to carry on their correspondence with men in Washington without subjecting that correspondence to the scrutiny or supervision conducted by any foreign government. On that hypothesis this belated commandeering of the cable lines is given a stronger explanation and justification than in the official communication on the subject made public by Postmaster-General Burleson, which is as follows:

"Originally the cable systems were organized and operated independently of the land line systems. The transmission of messages commenced and ended at the termini of the cables and the communications destined to points beyond the terminal were physically transferred to other lines. To-day the transmission is continuous for land and cable lines. The distance of continuous transmission is bounded neither by continents nor oceans.

"Effective communication, therefore, demands intimate relations under which a continuous circuit can be established, not from one terminal to another, and, so far as authorized under the joint resolution, from destination to destination. The effectiveness of the service is dependent upon the extent of the common control of circuits, which should be the furthestest point possible.

"This necessity of continuity and common control between land and cable lines is most conclusively shown by the fact that each of our telegraph systems have their own independent cable systems.

"The Mackay Company, originally a cable system, finding that the land lines were indispensable to the cable system, constructed a land system to make more effective its cable system.

"The Western Union, while organized primarily as a land company, although there were large cable facilities working in connection with it belonging to other companies, yet for its own interest, was forced into constructing and otherwise obtaining effectual control of the transatlantic cable companies, which had theretofore been independent, but which worked in connection with the Western Union and which did not belong to or work in connection with the Commercial or Mackay interests. The other cable companies, through their contractual relations, became more or less a part of the telegraph system, so far as transmission and continuity were concerned, and their operation in this way was made as effective as it would be through ownership or common control.

"There never was a time in the history of this war, for which this joint resolution was passed giving the President the right to control the wire and cable systems, which called for such a close control of the cable system as to-day and will continue during the period of readjustment. The absolute necessity of uninterrupted, continuous communication should be apparent to all. The Postmaster-General is now operating all the telegraph and telephone lines in one system. The recent breakdown in connection with one of the cable systems has demonstrated the absolute necessity of being able to utilize at will the facilities of either cable system with all of the land line systems, in order that traffic may be adjusted in the same hands as it is on the land lines.

"There are many other reasons for taking over the cables which have been suggested by the experience so far in government control of land lines, but I only think it necessary to state the determining factors."

OPPOSE GOVERNMENT OWNERSHIP

The Traffic World Washington Bureau.

Informal conferences are taking place among U. S. senators opposed to any form of government ownership with a view to putting themselves into position, if advocates of it show any disposition to bring forward their ideas in connection with the railroads and wire companies, to fight any plan that may be made. The fact that nine months of government operation ending with September show a decrease of \$217,000,000, made public by the Commission November 18, gives point to their main contention that government ownership is a luxury that the American people cannot afford to indulge in now, if by any method they can force the owners of railroads and wire companies to take back their property. Nothing formal has been done by the opponents of government ownership, chiefly, however, because its advocates have not yet shown their hands on any phase of the subject.

NATIONAL MARITIME POLICY

A declaration against an economic warfare after the war, and a pronouncement in favor of the adoption of a national maritime policy which will permit the permanent retention and operation of the newly constructed American merchant fleet under the American flag were the distinguishing features of the fifth annual meeting of the National Trade Council, which has just been held in New York. The National Foreign Trade Council is made up of representatives of every factor of foreign trade, industrial, agricultural, commercial, financial and transportation. It represents every section of the country, and among those present at the annual meeting were men from the Pacific coast, the south, the middle west and New England, as well as from New York City. The chairman of the Council is James A. Farrell, president of the United States Steel Corporation. In his opening remarks Mr. Farrell discussed some of the problems facing this country as a result of the war and of the restoration of peace.

"The progress of the war," he said, "has been marked by much discussion of proposals for and conditions of a continuation of the contest by economic forces after the military struggle is ended. Our supreme duty is to see to it that the peace terms render impossible the continuance of conditions sought to be corrected or prevented by economic warfare. If the peace is satisfactory, there will be no need for economic warfare. If the peace is not satisfactory, economic warfare will be impossible. It is for us then rather to devote our fullest effort now to insuring the enforcement of an adequate, just and final peace. With such a peace we can go forward in confidence to meet and solve the numerous and intricate problems certain to arise from the complex and novel conditions naturally flowing from the cataclysm that has overwhelmed the world during these last four years."

Mr. Farrell referred to the importance of the negotiation of new commercial treaties which will be necessary promptly after the conclusion of peace, and declared that the first problem of reconstruction will be that of the merchant marine. He emphasized the importance of arriving promptly at an effective solution of this problem.

Extended consideration of the problem of the merchant marine was given in the report of the Council's Committee on Merchant Marine. This committee is composed of Mr. Farrell as chairman, P. A. S. Franklin, president of the International Mercantile Marine Company and chairman of the Joint Committee on Shipping Control, and Captain Robert Dollar, president of the Robert Dollar Company of San Francisco.

"Just as ships constituted the first problem of our participation in the war," says the committee's report, "so will ships constitute the first factor in our great task of reconstruction and in the development of our foreign commerce after the restoration of peace, our own American ships will be the essential agency through which we shall be able to maintain that just and beneficial relationship with the rest of the world to which our participation in the war and its prosecution to a successful close will entitle us and the rest of the world."

"It is fortunate for us that one of our greatest contributions to war work will also render a most valuable service after peace has been restored. We are building the ships which will be the most effective agency in the permanent solution of the great after-war problems. Always provided, however, that our nation adopts a definite maritime policy which will permit the permanent retention and operation of these vessels under the American flag."

The report then discussed the construction program of the Shipping Board and pointed out that its completion would mean a fleet roughly estimated at at least 14,000,000 gross tons. The report showed that it has been the experience of Great Britain during a long period of years that about sixty per cent of the carrying power of British shipping in foreign trade is employed in bringing imports into and taking exports from the United Kingdom, and it pointed out that, on the basis of the British precedent, the expected American fleet of 14,000,000 gross tons will be ample to meet the needs of American foreign trade.

The report then discussed the fact that a considerable portion of the new fleet will be unavailable for offshore service. This refers particularly to the wooden ships which constitute so large a part of the Shipping Board construction program. The committee recommended the

advisability of "curtailing the program of wooden construction at the earliest feasible date and the preparation to transform into barges the surplus of the wooden steamers over those which can be employed economically. The machinery thus made available could be used with advantage in steel hulls."

Referring to the fabrication of steel vessels as the development of an entirely new industry in shipbuilding, the committee said that it is inevitable that the fabrication yards erected under the supervision of the Shipping Board will constitute an important factor in American ship construction after the war. The committee pointed out the fact that more than 385,000 employees are now at work in American shipyards, whereas two years ago there were fewer than 50,000. The existence of this large body of labor trained in ship construction, the committee pointed out, will constitute another important factor in the permanent retention of an adequate merchant fleet under the American flag.

The report emphasized the fact that the experience of the great maritime nations of the world "has taught them that it is necessary to provide a certain proportion of passenger carrying steamers in their fleets," and that it is most essential that our fleet comprise the various types of passenger steamers in addition to cargo vessels.

After discussing the diminution of world tonnage that has occurred during the war, as a result of submarine and other losses, which is estimated at more than four million gross tons, the committee report emphasized the importance of "the continuation of the present accelerated program of construction for a considerable time after the war, in order to bring the world's ocean tonnage again to the point where it is adequate to meet the world's needs." The committee declared that it may even be necessary to extend the present program of steel construction in order to assist in making up for the depletion of tonnage that has occurred during the war.

Discussing the essential factors in the furnishment and operation of ships—the cost of capital, the cost of construction and the cost of operation—the committee concluded that, so far as costs of capital and of construction are concerned, the United States will not be disadvantageously situated after the war compared with other maritime nations. The report then says:

"No one contends or believes that it is not desirable to have American vessels fully manned by competent crews and to have American seamen enjoy the best possible conditions of life and service, and receive in wages due an ample return for their labor. But it is perfectly obvious that provisions of law which require American vessels to maintain larger crews, and to pay them higher wages than is the case with foreign vessels, necessarily subject such American vessels to a disadvantage which renders it difficult if not impossible for them to continue in operation against the competition of foreign vessels which can operate at lesser cost."

Summing up the whole matter, the committee says: "The United States then will emerge from the war with a large merchant fleet and with the facilities for its renewal and expansion, but unless positive steps are taken in the very near future toward the formulation and adoption of a sound national maritime policy, it may be set down as absolutely certain that these newly constructed American vessels will not remain in operation under the American flag and that the American merchant marine, rehabilitated with vast expenditure of capital and effort as a war emergency measure, will again be dissipated under the operation of inexorable economic laws.

"For one thing is absolutely sure: Unless these vessels can be operated profitably under the American flag, either they will be transferred to foreign registry, or they will rust out a useless existence which will soon terminate on the scrap heap. For production is fundamentally a question of profit, and production of ocean transportation, especially in foreign trade, where we must meet the competition of the world's ships, is not differentiated in its amenability to this economic law from the production of cotton or lumber or any other of the myriad articles of our daily commerce.

"The American national maritime policy, therefore, which is to provide for the permanent retention and operation of our new merchant fleet, under the American flag, must be founded upon the principle that those operating the vessels shall be assured of conditions which will enable

them to meet the competition of all other maritime nations upon an equitable basis."

The committee called attention to a recent public statement of Chairman Hurley of the United States Shipping Board, in which he said:

"These ships are being constructed because and only because of war needs, under conditions and pressure which have economically increased their cost per ton over the cost of construction prevailing in normal time. It would seem fair that their valuation be written down to a point, which will give them a fair chance to compete with vessels built before the war at much lower cost."

In concluding its report, the committee suggested the possibility of an international agreement to be effected at the peace conference which should enable the working out of uniform and equal conditions upon all alike. The committee said:

"We cheer the acquisition of the new fleet and we applaud the energy of the Shipping Board and the tireless industry of the thousands of workmen in the mills and shipyards who have brought it into being; but our cheers will be idle and our enthusiasm and energy will have been wasted unless before the day arrives for the renewal of competition that is bound to follow the restoration of peace, we have formulated and adopted a policy based upon honest recognition of fundamental economic principles, which will enable us to meet that competition with our new American ships, under the American flag, with honor and with profit to ourselves and without injustice or unfairness to our competitors. It is most important that the American should face his competitors under equal conditions. All that is needed is a fair field and no favor. As an incident of the international agreement and settlements soon to be worked out, the maritime nations should agree upon uniform regulations which will impose equal conditions and requirements upon all alike. Such an arrangement would insure that equality which will give everyone a fair chance."

In accepting the report of the committee the Council emphasized particularly the importance of that part of the report declaring for a continuation of the Shipping Board program of construction in order to make up for the depletion of world tonnage resulting from the war.

Reports were also submitted to the meeting by the Council's Committee on Foreign Relations, on Exports Control, and on Co-operation in Foreign Trade. The Committee on Foreign Relations strongly urged prompt economic assistance to Russia, and asked for an authoritative expression from the government of intention to support foreign trade, saying: "In the absence of any world organization, which will protect the enterprise and investment of all nations in foreign countries, it would be a very great and helpful service to the foreign trade of the United States, if the State Department or some other authoritative voice of the government should give formal expression to the intention of the government to support foreign trade as a part of its international policy, as outlined especially in the public addresses of President Wilson within the last year. Our foreign trade desires nothing but the impartial justice which the President has described and which he has demanded from all for all. If, happily, an organization of nations is formed to put those views into effective operation, well and good. But until then justice to our own people and their foreign trade demands, and without injustice to any others, the fullest support of legitimate enterprise abroad, and the declaration by our government of its consistent purpose to insure such support."

FOREIGN TRADE PLANS

The Traffic World Washington Bureau.

E. N. Hurley, chairman of the U. S. Shipping Board, has sailed for Europe to participate in allied conferences on the allocation of tonnage for the transportation of food and reconstruction materials from the United States to Europe, and to study the British and French plans for re-establishing foreign trade and come home prepared to advise the administration and American producers and shippers on the means of taking and holding the American share of export business.

Before departing on this mission Mr. Hurley addressed to every organization of business men in the country an appeal, in which he said:

"I am going to call upon your organization for some team work. The time has come for Americans everywhere to put themselves solidly behind American ships.

"Our railroads must no longer stop at the ocean. We are building an American merchant fleet of twenty-five million tons—three thousand ships. We are backing modern ships with modern port facilities, establishing our bunkering stations all over the globe, and will operate with American railroad efficiency.

"We will carry American cargoes at rates corresponding to our railroad rates—the cheapest in the world. Fast American passenger and cargo liners will run regularly to every port in Latin America, the Orient, Africa, Australia.

"Are you taking steps to use the ships to increase your own prosperity? Do you realize that American products of factory, farm and mine can be delivered to customers in foreign countries on terms which will build lasting trade?

"Do you realize the possibilities for bringing back raw materials to extend your products and trade?

"We must all take off our coats and work to bring these American ships home to the people of every American interest and community. The manufacturer must think of customers in Latin America as being as accessible as those in the next state. The farmer must visualize ships carrying his wheat, cotton, breeding animals, dairy products and fruit to new world markets. The American boy must think of ships and foreign countries when he chooses a calling.

"Has your organization appointed a live committee on merchant marine? Is the chairman of this committee a man of international vision?

"Are you applying the new world vision to the interests represented in your organization and learning what ships can do toward widening your markets?

"These are your ships. It is your duty to bring them close, regard them as new railroads, spread knowledge about them through investigation, meetings, discussions."

Shipping Board Plans.

"Now that the armistice has been signed and the end of the war is in sight," said Mr. Hurley, "a statement roughly outlining the plans of the Shipping Board is in order.

"The continued need for building American-owned tonnage is obvious. Not only must we continue to supply our armies overseas and prepare to bring them home at the earliest moment compatible with safety, but Europe must be fed and supplied with the necessary materials to permit the reconstruction of devastated areas in order that both our friends and our enemies may become self-supporting, and the burden of feeding the world taken from our shoulders.

"There are not enough ships in the world to carry on this work and to provide immediately for ordinary commerce. For that reason only a limited portion of the shipping which can be constructed by us in 1919 will be available for use in the ordinary commercial channels.

"For two months the Shipping Board has been making a complete resurvey of its construction program and contracts. Believing that the emergency war pressure which necessitated the speediest construction possible would soon end, the investigation has been with a view to a replanning of the ships to be constructed from this date forward. It is planned that from now on ships will be built with special reference to suitability for special service, and with particular reference to the economical cost of operation, including the motive power, cargo space and speed.

"It is also planned that these shall be built with reference to probable trade uses and trade lines so as to adapt them to particular uses and to increase the speed of the turn-around of the ship—this because every unnecessary delay in loading and unloading must be eliminated."

The Need For Ships.

Mr. Hurley thus summarized the work of that organization and outlined the need for ships which peace entails:

"With the advent of peace the need for ocean tonnage, instead of decreasing, as many may suppose, will become one of the imperative necessities of the world.

"The need for ships was never so great as it is now, and this demand will continue for years, until the world

shall catch up with the tonnage it requires to transact its normal commerce. At present we are nowhere near providing that urgently needed tonnage. To make this clear, there is now a deficit in the world's tonnage of approximately 20,000,000 deadweight tons. To put this disconcerting fact in another way, the ship construction needed to make up for losses and for the lapse in meeting the normal growth of shipping will be about 20,000,000 deadweight tons.

"These 20,000,000 deadweight tons represent eight times the total of seagoing ship construction in the United States during the calendar year 1917. Yet never in human annals did anything ever approach the unprecedented production of tonnage in our yards since 1917. The 160 new shipyards which have been created under the United States Shipping Board Emergency Fleet Corporation have been busy day and night. There are now about 386,000 employees in these shipyards and 250,000 in allied trades.

"If with this immense force working at top speed our ship production is ten times less a year than the 20,000,000 deadweight tons the world will imperatively need by 1920, it is clear that instead of being at the end of shipbuilding requirements we are only at the beginning. What has been done so far is only the inception of what we must further do.

"This estimate of 20,000,000 is a conservative one. It is, in fact, based upon the normal growth of shipping in normal times. In peace times the growth of the world's commerce demanded a proportionate growth in shipping yearly. There was also an excessive depreciation that had to be replaced.

"But when we consider the abnormal effects which the war had upon shipping it is more than probable that the needs of the world will demand by the end of 1920 much more than 20,000,000 deadweight tons.

"In normal times the destruction of property is insignificant. Ships are not needed for the purpose of restoring cities and countries. But throughout the war the devastation wrought had been so vast that whole parts of Europe will now have to be rehabilitated or restored, and in the shortest possible time. Vast supplies will have to be shipped from America for this purpose. Not only will villages and cities have to be rebuilt with the materials that we shall have to send, but the demand from many parts of Europe upon us will also be for great supplies of food, wearing apparel, iron and steel products, lumber, agricultural machinery, oils and many other products. It will take Europe a long time to recover from the effects of the war, and meanwhile we shall have to send over a far greater aggregate of materials than would normally be the case in a given time.

"The second element showing the marked difference on shipping between peace and war times is that of depreciation.

"In peace times a certain allowance is made for the running down, wearing out or loss of ships. But in the war the strain on merchant ships was much greater than would have been the case in ordinary times. This meant that the life of a ship counted for less and had to be more quickly replaced.

"There is a third element showing that with peace the world will need relatively much greater tonnage than would ordinarily be supposed.

"The whole world is short of raw materials. The countries that could import were importing just what they needed for war purposes and little or no more. With peace, there will be such a demand for raw material as the world has never before seen. Factories the world over must be quickly transformed from the making of war essentials to the manufacture of peace products. Improved machinery will be installed. Women workers brought into the factories by the war will remain and will be reinforced by the returned men from the armies. The output of manufactured commodities will be very great.

"All of this means that the movement of raw material before the war is no standard of what that movement will be now. It will be a vast and urgent movement, with all countries clamoring for the rush of raw materials. The shortage of the world's manufactured goods will have to be made up, and with the least possible delay. For this purpose alone the need of an enormous tonnage is self-evident.

"If the war had not come the estimated normal increase

in the world's merchant marine would have been (from August 1, 1914, to December 1, 1919) 19,740,000 deadweight tons. Merchant marine losses, actual and estimated, for the time between the same dates, are placed at 28,390,447 tons. And what during this period will have been the construction of ships? Not including enemy countries, it figures, actual and estimated as probable, 32,558,630 deadweight tons by the end of next year (1919).

"There will then be, according to this computation, a net deficit due to the war of 15,751,817 tons.

"There is much uncertainty as to how theoretical solutions of certain problems will work out after the war. But there is no uncertainty as to the shipbuilding industry. It is going to be a permanent institution. The United States, Great Britain and other nations will have all they can do for years to provide the necessary world ship tonnage. Some industries that came in with the war will go out with the war. But not so the shipbuilding industry. It is here, and is here not only to stay, but to grow.

"All the probabilities point to the conclusion that within five years we shall have a force of one million men in connection with the American merchant marine. This force will include shipyard workers, men and women in factories making ship equipment, officers and seamen manning our fleets and numerous groups engaged in export trade.

"Our export trade has already grown by great bounds. In the four fiscal years preceding the war the total foreign trade of the United States was \$15,972,000,000. In the four fiscal years since the war it has increased to \$29,232,000,000. Our imports for those two periods have increased from \$6,887,000,000 to \$9,558,000,000. Our exports during the same time have increased from \$9,084,000,000 to \$19,674,000,000, and this notwithstanding the fact that our exports of cotton decreased about 33 per cent because of Germany, Austria and some other countries being shut out of the market. True, in stating these great totals, mention must be made of the fact that on the average money values have risen 50 per cent, but even with this allowance our exports have greatly increased, not only to Europe, but to all other continents as well.

"The United States spent immense sums building the Panama Canal. These sums have totaled \$375,000,000, including \$50,000,000 paid to the New French Canal Company and to the Panama Republic. Yet when the canal was built and opened the merchant marine was at such a low ebb that the amount of our sea-borne imports and exports carried in American vessels was trifling. But now with the great American merchant fleets already created and the still greater fleets in process of creation by the United States Shipping Board the Panama Canal has become a waterway of prime importance to the American merchant marine and an undertaking and investment of increasing benefit to the American people.

"In 1914 the seagoing American merchant marine comprised only 391 vessels of 1,500 deadweight tons and over, totaling 1,600,679 deadweight tons. To-day our seagoing fleet, of 1,500 deadweight tons and over, totals 1,389 vessels of 7,012,210 deadweight tons. All told, within the jurisdiction of the Shipping Board, including requisitioned and chartered ships, there are at the present time 2,312 seagoing vessels totaling 10,114,334 deadweight tons. Since August, 1917, nearly 4,000,000 deadweight tons—to be exact, 3,610,838 deadweight tons of new shipping have been launched, and 2,894,510 deadweight tons have been completed and delivered for service. Nearly nine times as much seagoing tonnage has been built in the United States this year as in the banner prewar year of American shipbuilding.

"This is only the beginning of a program calling for 25,000,000 deadweight tons. The major part of the billions we have appropriated were for needs that will not outlive the war. But the expenditures authorized for the United States Shipping Board represents an outlay that will be important after the war. It includes construction, plants, housing, transportation, recruiting and operation. Every dollar of this is a sound investment for America. It will also provide a great merchant fleet that will repay its cost to the taxpayers by greatly helping in the near future in reducing the cost of commodities to the consumer. To a very large extent the cost of great numbers of products has gone up because of the scarcity of world shipping tonnage.

"In nearly all of the important articles imported prices have greatly increased.

"The average price of clothing wool in 1918 has been 54 cents per pound, as against 23 cents per pound in 1915.

"Raw sugar averaged 4.8 cents per pound in 1918, as against 2 cents per pound in 1914.

"Raw silk averaged \$5.25 per pound in 1918, as against \$3.09 per pound in 1915.

"Mackerel averaged 20.72 cents per pound in 1918, as against 10.98 per pound in 1914.

"Cheese averaged 41.6 cents per pound in 1918, as against 17.3 cents in 1914.

"Manilla hemp in 1918 averaged \$353 per ton, as against \$180 per ton in 1915.

"Flax averaged \$1,037.71 in 1918, as against \$290.37 in 1914.

"These are a few examples of what to a considerable measure lack of shipping has brought about. The program of the U. S. Shipping Board will do much in assisting toward relieving this condition and in bringing relief to the consumer. Large sections of our people are producers as well as consumers. Our fleets of ships will take away the products they raise as well as bring here the essential things we have to import from all parts of the world."

OVERSEAS SHIPMENTS

The Traffic World Washington Bureau.

The following announcement was made at the office of the Director-General November 19:

"Anticipating an extremely heavy movement of grain, flour and other foodstuffs overseas, due to relief work, Director-General McAdoo is giving consideration to methods that will expedite the handling of these necessities over the railroads to the seaboard. Arrangements are being made to give preference to the shipment of foodstuffs.

"Owing to a cessation of hostilities, the previously arranged shipping program for overseas freight on account of the United States and her allies will be materially changed as to commodities.

"At a recent meeting between members of the New York Freight Traffic Committee and representatives of the Ministries of Shipping account of the British, French and Italian governments, it was determined that foodstuffs of all kinds shall be given preference in shipments abroad.

"According to the report of the Exports Control Committee, for the week ended November 17, in order to take care of the prospective demand that will be made for transportation facilities, a large number of permits have been cancelled and freight, held non-essential, will not be forwarded from points of shipment. Any freight, for which permits will hereafter be issued, will be for immediate overseas movement, with the exception of some weight cargo. Various commodities now on ground storage will have to be held for future developments.

"Traffic for the account of the Belgian Relief Commission and for neutral countries probably will be moved in considerable volume.

"The War Department is now engaged in taking an inventory of all traffic on hand which is considered non-essential for overseas.

"There is an earnest desire evidenced by all those concerned to arrange matters that the railroad terminals will promptly be cleared of freight now on hand and in transit.

"According to the report of the Exports Control Committee there was a decrease of 75 cars of steel at the South Atlantic and gulf ports for the week ended November 17.

"The indications are that there will be quite a heavy movement of clothing to Belgium and northern France in the near future, and cars will be needed to transport it to the seaboard.

"The grain situation, according to the Exports Control Committee, for the week ended October 7, shows that at North Atlantic ports there were 422,102 tons in elevators, while 93,490 tons had been cleared. At the gulf ports there were 258,510 tons on hand, while 13,862 were cleared. The storage capacity of elevators at gulf ports is being utilized, but the slow lifting at these points prevents the maximum turnover as transfer facilities. There is sufficient quantity of grain at Philadelphia and Baltimore to amply provide for ships in port and due.

"Government oats at North Atlantic ports, of which there are several hundred cars being held, will be forwarded from shipping point at the rate of 30 cars a day, but cars have been bunched in transit and have arrived beyond the possibility of immediate unloading into the elevators.

"At New Orleans the stock of grain in elevators was 6,351,000 bushels. One ship was in port and three were overdue. The excess accumulation of grain in cars has been entirely cleared up and in view of the available space in elevators and ocean tonnage allocations, permits were issued during the week to cover 426 cars of grain to move from interior points.

"At Galveston the handling of export grain continues

inactive. No grain has been delivered to vessels since October 16 and there are no ships in port, although five have been scheduled to call during the present month. The stock of grain in elevators is 2,289,000 bushels, and permits were issued during the week to cover 52 additional carloads to move from interior points.

"In the Puget Sound district the situation has not improved in the past week. There has been an excess of arrivals over deliveries of 248 cars, which is chargeable to the arrival of export freight without permit or shipped under expired permits. In the San Francisco district there were 1,448 cars on hand on November 8 as against 1,42 on November 1."

Traffic Lesson No. L

State Regulation by Statute—Fiftieth in the Course of Fifty-two Lessons Written for the Traffic World by Grover G. Huebner, Ph.D., Assistant Professor of Transportation and Commerce, University of Pennsylvania, and Published Bi-weekly—(Copyrighted)

From the preceding lesson it will be remembered that there has been a pronounced tendency in all except one state to regulate intrastate traffic through state commissions. There has, however, also been a tendency on the part of the state legislatures to regulate directly by statute. The practice of many of the state legislatures has in this regard been different from that of Congress. Most of the federal statutes regulating the railroads are supplementary to the Interstate Commerce Commission and are designed to strengthen the powers of the Commission and to make its work effective. While many state statutes likewise are but parts of or amendments to the laws creating commissions, some of them clearly evince the purpose of legislatures to regulate directly by law certain matters which other states and Congress have regarded as proper functions of administrative commissions.

In the regulation of passenger fares and freight rates, for example, all the states having commissions have enacted laws prohibiting rebates and unfair discrimination between places in intrastate commerce similar to the provisions of the interstate commerce act relative to rebates and undue discrimination in interstate commerce. Those enacted since the Elkins act of 1903 and the Hepburn amendment of 1906 have, in the main, been modeled after the federal statutes. They are intended primarily as aids to the commissions. Most of the states similarly have laws requiring the publication and filing of tariffs and schedule and the giving of a notice of from ten to thirty days before changing a rate. Most states also have enacted anti-pass legislation prohibiting the giving of free transportation to any except specified persons. Some states, however, retain the narrower anti-pass laws which merely prohibit the giving of free passes to certain public officials and several endeavor to accomplish the desired purpose by requiring the railways to grant free transportation to specified public officials in the belief that the knowledge of legal compulsion will enable the officials to act freely without the feeling of special obligation to the carriers. Statutes of this kind are but complementary to the control of rates and fares through commissions.

In many states, however, the legislatures have established maximum passenger fares by statute, even though their commissions possess the mandatory power to regulate fares. In one state the legislature enacted a two-cent fare law after its commission had made an investigation and declared itself in favor of a maximum no lower than two and one-half cents per mile. A number of state legislatures have also enacted laws relative to mileage books, the more common requirements of such laws being that mileage books of specified amounts must be sold, that they are to be transferable, and that their selling price may not exceed prescribed maximum fares per mile.

Maximum freight laws are less numerous, but in several states having commissions with rate revising powers complete maximum schedules of freight rates are embodied in statutes. In others, maximum rates for certain com-

modities are fixed by statute, and a number of states have established intrastate freight classifications by law.

Statutory Regulation of Services.

Railroad services and practices other than charges are variously regulated by statute in many states. Thus, while most states regulate services through commissions, and by general supplementary laws requiring reasonable service and prohibiting undue discrimination in car distribution, some twenty state legislatures have enacted reciprocal demurrage laws variously penalizing the carriers unless they adhere to the provisions prescribing the number of cars to be delivered when applied for, the time limit, the number of miles per day which cars must move and the time allowed for delivery to consignee. As was stated in Lesson No. 32, various states have similarly regulated shipper's demurrage and free time for loading and unloading by statute.

Numerous state legislatures regulate station and terminal services and facilities by requiring that adequate stations must be constructed when population or traffic have attained stated amounts; that they must be suited to the convenience of the public; and they must be open at specified times, have a public telephone service, be properly heated and lighted and be equipped in other respects as required by law. Train services and connections are similarly regulated by law in many states; and there are numerous statutes requiring train bulletin boards.

The transportation of live stock has been subjected to much state legislation, some of which is similar to the federal statute governing interstate shipments. The usual provisions require cattle to be unloaded for food and rest at the end of a stated number of hours, that stock cars shall be hauled a prescribed number of miles per hour, and that free caboose facilities shall be provided for caretakers. Others, in addition, give preference to live stock in car distribution, prohibit the shipment of live stock without inspection, or require approved fences and cattle-guards, and telegraphic information as to the movement of stock cars.

Private sidings are regulated direct by statute in many states. In various instances carriers are required to construct sidings to a distance of one-fourth to one-half mile from the main line unless lack or necessity or other special reason can be demonstrated to the state commission.

Public Safety Laws.

Many types of state statutes designed to reduce the number of railroad accidents have been enacted. Grade crossings are variously regulated, not only through the state commissions, but by laws calling for defined safety devices, or limiting the maximum percentage of grade or the speed of trains at crossings. The number of hours of continuous labor permissible on the part of trainmen and telegraphers has been prescribed in many states in the belief that longer service by men responsible for the movement of trains increases the likelihood of accidents. Some states have taken the additional step of requiring

the employment of crews of prescribed numbers, the size of crews varying with the number of cars in a train. The movement for "full train crew laws" has, however, been checked, because their relationship with public safety is far less definite than that of statutes limiting the hours of labor of trainmen and telegraphers. Their effect too often has been to needlessly increase the size of train crews and the operating expenses of the railways without in any way reducing the number of accidents.

There are also miscellaneous safety statutes penalizing attempts to derail trains, or tampering with signals and switches; requiring power brakes for locomotives and for a prescribed percentage of cars in a train, automatic couplers, grab-irons, bridge guards, etc.; prohibiting the employment of men addicted to the use of liquor; and prescribing the minimum age and qualifications of telegraphers or the qualifications of trainmen with respect to their ability to distinguish objects, colors and sounds.

Regulations of Security Issues by State Statute.*

Although twenty-three state commissions have varying degrees of power over railroad security issues, many statutory requirements and restrictions have also been enacted:

(1) The proportion to be maintained between stocks and bonds is prescribed in numerous states. Bond issues in other states are variously limited to one-half the amount expended on the railroad, as in Connecticut, or to the value of the property, as in Texas.

(2) Many statutes provide that railroad securities must be issued only for legitimate purposes, and the purposes are in many instances specified by law. Those most commonly authorized are as follows: (a) The acquisition of property; (b) the construction, completion, extension or improvement of facilities or property; (c) the improvement or maintenance of services; (d) the discharge or refunding of outstanding obligations, and the reimbursement of the company for sums expended from income or from other money in the treasury not secured by the issue of stocks or bonds.

(3) Various statutes specifically prohibit or limit scrip and stock dividends and the capitalization of contracts for consolidation or lease and franchises. Various states limit the capitalization of consolidated and reorganized companies to amounts not in excess of the par value of the securities of the individual companies and any additional amounts paid up in cash, or to amounts not in excess of the value of their property.

(4) The price at which railway securities may be issued is also regulated by law in a number of states. Reference is not had merely to laws which pertain to the par value of securities, but to laws which limit selling prices at the time of issue. The main statutes of this type are those which prohibit (a) the issue of stock at less than par; (b) the issue of stock at less than par or market price; and (c) the issue of bonds at less than prescribed amounts. Requirements of par in case of bonds is exceptional, but in Indiana and Wisconsin bonds may not be issued at less than 75 per cent of par, and limitations of various kinds have been enforced in several states, mainly through the state commissions.

(5) Requirements as to the selling price of securities are usually ineffective unless the mode of payment is also regulated. Consequently several state laws require payment in cash, and a larger number require payment in cash or in property and labor, with the proviso that the value of property and labor offered in lieu of cash shall be subject to revision by the state commission.

(6) There are, of course, many general state statutes, some of long standing, authorizing companies to issue securities, specifying the proportion of directors in favor of an issue to make it legal, requiring a vote of stockholders in case of a bond issue or of a change in the maximum amount of securities authorized; and prescribing the limitations of stockholders.

Statutory requirements concerning security issues are subject to wide variations and they have frequently remained impotential. It has been found that unless the state commissions are intrusted with their enforcement, statutes concerning security issues have little effect except when public opinion is aroused by some gross mis-

application of power by directors. The tendency has therefore been to confer upon state commissions the administrative powers referred to in Lesson No. 49.

State Statutes Under Federal Control.

The activities of state commissions and the enforcement of regulatory statutes have in many instances been deferred, in a measure, since the railroads were placed under government control. The control act of March 21, 1918, specifically sets aside "such laws, powers or regulations as may affect the transportation of troops, war materials, government supplies or the issue of stocks and bonds." So long as the war continued there was relatively little desire on the part of the states to in any way run counter to the Railway Administration, although the federal control act, aside from the exceptions mentioned above, provides "that nothing in this act shall be construed to amend, repeal, or offset the existing laws or powers of the states in relation to taxation or the lawful police regulations of the several states. . . ."

With the approach of peace, evidences of a desire to renew state regulations as in the past have been manifested. Section 16 of the control act makes it clear "that this act is expressly declared to be emergency legislation enacted to meet conditions growing out of war;" and that nothing in the act "is to be construed as expressing or prejudicing the future policy of the federal government concerning the ownership, control, or regulation of carriers or the method or basis of the capitalization thereof."

PRIORITY IN TRANSPORTATION

The Traffic World Washington Bureau.

Senator Cummins of Iowa thinks the ending of hostilities is reason for bringing to a close the era of preferential treatment for supposed essential industries in the matter of transportation. Therefore, by means of a blanket measure, he proposes that Congress withdraw all authority, whether carried in the Lever law, under which the food and fuel administrations are organized, or under the Council of National Defense act, under which the War Industries Board was created, under which priority of transportation orders were issued during the war. This withdrawal would be from the date of the enactment of his bill (S. 5027), introduced for that purpose. "The bill for the abolition of priority orders is as follows:

"That from and after the approval of this act all authority heretofore granted to establish or order priority in transportation by the United States Railroad Administration, or by any railway common carrier, or by any water common carrier within the United States, is hereby withdrawn and set aside. Hereafter all such carriage shall proceed, in so far as priority in transportation is concerned, according to the statutes, rules, law and regulations in force on the first day of January, nineteen hundred and sixteen.

"Sec. 2. That from and after the approval of this act, all authority heretofore granted to the President, or any other executive or administrative department of the government to restrict or suspend the right of producers to sell and distribute the commodities which they produce, or to prevent construction of improvements of any character upon the ground of war necessity, is hereby withdrawn and set aside. All to the end that the business and commerce of the country may be restored to their normal channels.

"Sec. 3. That nothing in this act shall be construed to interfere with such control as may now be lawfully exercised over the production and transportation of coal for domestic purposes, or of foodstuffs for export."

TO EXPEDITE MOVEMENT OF OATS

Regional Director Alston, in Supplement No. 6 to Circular No. 34, says:

"The Food Administration anticipates a heavy movement of oats from Chicago and Milwaukee for War Department and allied account.

"To secure prompt movement of oats into these markets, you will direct agents at country stations to transmit by wire to grain control committees all applications filed with them for permits to ship oats to Chicago and Milwaukee. All permits for oats issued at these markets will be transmitted by wire to the loading station."

*The detailed account see "State Regulation of the Securities of Railroads and Public Service Companies" (1918) by Mary L. Pearson.

N. A. R. U. C. RESOLUTIONS

The Traffic World Washington Bureau.

Following is the text of the Ranson resolution as to the future status of the railroads and the jurisdiction of the states, adopted the closing day of the N. A. R. U. C. convention:

"Resolved, That in the opinion of the National Association of Railway and Utilities Commissioners, met in annual convention during the week of the close of the war, it is desirable that suitable action should forthwith be taken, by the President or Director-General of Railroads, to recognize the full and unimpaired authority of the states over the intrastate rates, service and facilities of the carrier properties now under federal control, but that in any event it is the duty of each state to exercise and maintain its constitutional and statutory authority as to such rates, service and facilities to the extent which it may deem the public interest demands, taking into account, as factors in any determinations reached, the present status of the railroads under federal control, the responsibility of the federal treasury for any deficiencies in revenue and contractual return, and the desirability of achieving results by friendly co-operation wherever possible; and be it further

"Resolved, That, in the opinion of this association, consideration ought to be given, by the President and Congress, to legislation defining the future status of the railroads; and the association is emphatically of the opinion that any plan for the future operation of the railroads should fully safeguard the powers of local tribunals, responsible to the people of the several states, with respect to rates, service and facilities essentially intrastate in character."

New Mexico's Troubles.

At the direction of the convention the chair appointed a committee consisting of Mr. Williams of New Mexico, Mr. Jones of Arizona, and Mr. Shaughnessy of Nevada, to call on the Director-General with reference to the following matter, presented by Mr. Williams:

"As a member of the State Corporation Commission of New Mexico, and representing that body here, I desire to say that the people of my state loyally stood behind the federal government, in its program for the winning of the war. They have faith in this organization and its representatives in Washington, and feel that they will be accorded justice in the final readjustment of all matters. We were not disposed under war conditions to cavil over questions of jurisdiction, but we do desire to preserve the integrity of state administration.

"The work of the New Mexico commission is directed chiefly toward the elimination of discrimination, and, since the government has taken over the railroads and when our commission received definite advice that a blanket increase of 25 per cent would be made in all freight rates on New Mexico state traffic as well as interstate traffic on all railroads under government control, and at the same time the passenger fares under government control were placed on a basic rate of three cents per mile, excepting New Mexico and a few other western states which had a fare of four cents a mile, I desire to call the attention of this association to the fact that a serious discrimination arises against our people in the west, and I think this association should appoint a committee to wait upon Mr. McAdoo and call his attention to this matter and endeavor to impress upon him the necessity of removing the discriminations against these western states which now have a passenger rate of four cents a mile on trunk lines.

"So far as the passenger fares in New Mexico are concerned, it is our contention, and has been ever since the government took control of the railroads, and especially since a practically universal fare of three cents per mile has been established on all of the federal controlled lines, excepting in New Mexico and other western states, that the fare should be reduced to the general basis of three cents per mile, especially in view of the fact that fares in central, western and eastern states have been increased from two and two and one-half cents a mile to three cents, which would certainly reimburse the federal government for any reductions made in these states. As a matter of fact, the money all goes into one pocket, so to speak, and the citizens of New Mexico and our commission feel that we are being discriminated against in

the matter of the four-cent fare. This question has been up with Mr. McAdoo and with Mr. Fort, his passenger traffic assistant, but to date without result. While the travel in New Mexico is not as heavy as in other states where the three-cent fare applies, the Santa Fe and other trunk lines have their regular service, and the trains would be run regardless of the New Mexico travel, and the trains are stopped at all agency stations for interstate travel and for operating purposes. Consequently, there is no additional expense on account of the picking up or discharging of New Mexico passengers. The railroads have steadily contended that the larger proportion of their passenger business was interstate, and but a small percentage being local or intrastate. Taking them at their word for this, it follows naturally that the general reduction to basis of three cents per mile would affect their revenue but to a minor degree.

"In view of all the above, we, therefore, feel that our contention and complaint is just, and that the fare in New Mexico should be reduced to the general basis of three cents a mile on all trunk lines, and we believe that the Director-General should grant this concession, especially since the abolishment of all scrip books, mileage tickets and excursion rates providing for transportation at a reduction from the regular fare.

"New Mexico is a new state. In the past both freight rates and passenger fares have discriminated against its growth and development, and we hope that Uncle Sam will see that we get justice—at least while he is in control of the arteries of commerce and traffic.

"Regarding the freight rate situation, as a matter of fairness and consistency, I believe that the commodity rates from defined territories should be graded on the same percentage upon which the class rates have been established, which would give the intermountain territory rates of from 65 per cent to 85 per cent of the current Pacific coast rates, which, as I understand, would involve a reduction in the rates of approximately 28 per cent, and would just about offset the 25 per cent increase as promulgated in Director-General McAdoo's Order No. 28.

"Respecting the New Mexico intrastate rates, we believe that a general readjustment of this situation should be had, with a view of ironing out certain discriminations and inequalities which now exist in favor of certain communities as against others. This is particularly true so far as the rates on coal are concerned, and we do not believe that the increases promulgated by the Director-General on coal especially are justifiable in all cases, for, as stated, the rates were not originally established on a scientific basis, and in many cases there appears to be no question but what the rates are excessive, while in other instances, as a matter of fairness to the carriers, they may be too low. Consequently, we believe that a thorough investigation of this situation should be undertaken. This question has been before this Commission informally for some years in this state, and a formal hearing was had about two years ago, and no action was taken at that time for the reason that it was expected that other adjustments would influence the New Mexico situation.

"The state of New Mexico has heartily joined in the sale of the Liberty Bond issues and has on the four occasions oversubscribed its quota. In the last loan New Mexico oversubscribed 33 1/3 per cent; the county of Santa Fe, in which the capital is located, oversubscribed 180 per cent, and has the distinction of having furnished our government more men for the service than any other community of equal area in the United States.

"We accordingly ask for the co-operation of this association, to the end that the above may speedily be put before the proper official or officials and our contention agreed to, in order that New Mexico and other western states get what we believe is legitimately due them."

DALLAS DISTRICT COMMITTEE HEARING

The Dallas district traffic committee will hold a conference at 10 a. m. Tuesday, November 26, to consider rates and transit privileges on unshelled peanuts, carloads, from southeastern points to Texas. The present rate is fourth class and it is proposed to consider rates ranging from 50 to 70 cents per 100 pounds. This will be handled as an emergency matter on docket 393.

Legal Department

In this department a legal expert answers simple questions relating to the law of interstate transportation of freight. Readers desiring special service by immediate answer may obtain privately written answers to their inquiries by the payment of a small fee.

Address Legal Department, The Traffic Service Bureau, Colorado Building, Washington, D. C.

Claims for Express Charges.

Ohio.—Question: My letter of September 28, and your answer, "Ohio," page 729, Traffic World, October 12, regarding the right of shipper to file claim and collect freight charges due from the express company on shipment that was partly destroyed in transit. The express company says that this merely covers the entering of the claim, or, in other words, it gives someone authority to file a claim.

You understand that in the case I have cited the consignee has charged the shipper with nothing but that portion of the invoice price covering the loss of the goods, and not with the proportion of the express charges, although the shipper, when placing the claim against the express company, asks for the invoice price of the shipment, as well as the portion of the express charge covering that part that was damaged.

The express company states that since the shipper who makes the claim does not intend to turn over the proportionate amount of the express charge or has no evidence that that amount has been paid the consignee, that it is not bound to pay the charges unless the shipper can show a receipt from the consignee stating that the proportion of the express charges for which the shipper is making claim has been or will be turned over to the consignee, or that the consignee is making a waiver and authorizes the shipper to make this collection. In other words, they say that they will pay the shipper the proportionate amount of the express charges as shippers on the collect shipment, but the shipper must produce evidence to show that it will be to the benefit of the real owner of the goods, or, as the express company terms it, a benefit to the consignee.

Answer: If the express charges were not prepaid, and if the consignee does not intend to make claim, either in person or through you, for a refund of that portion of the express charges which covered the lost part of the shipment, then you could not recover from the express company such charges, because the object of the Cummins amendment and the bill of lading provision is to compensate the claimant only to the full amount of his actual loss. If, on the other hand, you are acting merely as agent for the consignee in the recovery of the express charges, and the consignee intends to hold the express company for such charges as a part of his actual loss and damage, then the express company is liable in that amount.

Loss by Fire.

Nebraska.—Question: May 1, 1918, we made shipment consisting of oil, grease and auto accessories via a certain railroad and, before delivery of part of shipment at destination, depot was destroyed by fire.

I filed claim for loss and railroad returns claim, declining payment on the ground that fire originated in a nearby lumber yard, depot catching fire from same, and that loss was due to Providence, the prevention of which was not within their control. Please advise, through columns of weekly Traffic World, at your earliest convenience, what recourse we may have to recover loss.

Answer: There is no provision in the uniform bill of lading that exempts the carrier from liability for loss of goods by fire, not attributable to its negligence. But section one thereof does provide that the carrier shall not be liable for loss or damage caused by the act of God, and, furthermore, when caused by fire occurring 48 hours after notice of the arrival of the property at destination. Assuming that the shipment in question moved under the uniform bill of lading, and that the carrier was not holding it as warehouseman by reason of having given notice of its arrival at destination, and holding it for 48 hours after such notice, before the fire occurred, then we are of the opinion that the carrier is liable.

Michie on Carriers, section 1, page 739, says: "A loss occasioned by accident or fire, not arising from negligence

or carelessness, is not within the exception of a loss caused by the act of God, unless the fire was caused by lightning, or the spontaneous combustion of the goods carried," and cites a number of decisions in support of this view. Hutchinson on Carriers, 3d edition, Vol. 1, sections 279 and 280, says: "Loss by fire, unless it is caused by lightning, does not come within the exception, because it can originate in no other way so as to be fairly called the act of God."

In the early case of *Miller vs. Steam Nav. Co.*, 10 N. Y. 431, the carrier had deposited goods upon a floating warehouse for further transportation by another carrier. A fire broke out a quarter of a mile distant, and very soon afterward a gale of wind suddenly sprung up and blew the fire in the direction of the float, and the goods were consumed. There was no evidence to show how the fire originated, and it was therefore presumed to have arisen from some act of man, and the carrier was held liable. However, all courts are not agreed on this doctrine, as, for instance, those in Pennsylvania and Colorado.

Released Rates on Household Goods.

Missouri.—Question: "A" and "B" of Missouri decide to move to Texas on a ranch and ship their household goods in the same car, "A" loading in the south end and "B" in the other end. Each paid half of the freight, but the bill of lading was issued to "A" as shipper and consignee. After all parties arrived at destination "B" decides to return to Missouri and when reaching St. Louis finds that car containing their household goods is still there and asks the railroad people for permission to unload his goods, but they refuse to let him do it. "B" then has them wire "A" in Texas to allow him to unload and the railroad company wired the agent at destination to see "A" and take up the original bill of lading and get permission from "A" to allow "B" to unload his part of the goods. "A" refused to surrender the bill of lading and also refused to allow "B" to take his goods out and the agent so wired the St. Louis railroad people. Regardless of all of this, they allowed "B" to open car and remove his goods and the car was open four hours, and during that time someone pilfered "A's" boxes and took goods amounting to \$206.75, for which "A" filed claim against the carriers. "A" signed bill of lading releasing goods to value of \$10 per cwt. in case of loss or damage and the carriers refuse to settle except on that basis, or will settle for full value if "A" will pay the higher rate, which is not conditioned on any value. The additional rate would be \$86, which would reduce the claim to \$120.75. Now, as they wired "A" for his permission to open car and he refused to allow it, can the carriers compel "A" to settle on the released value? Your full opinion will be appreciated.

Answer: As "A" was the shipper, consignee and the party with whom the contract of carriage was made, his instructions regarding the disposition of the shipment should have been conclusive upon the carrier, and the carrier by permitting "B" to take possession of part of the shipment at St. Louis was chargeable with a conversion of so much of the shipment. Formerly the carrier's liability for conversion was determined by the amount of the actual damage sustained at destination point, but as the present uniform bill of lading contains a stipulation to the effect that the amount of damages for loss or injury to goods is to be computed on the basis of the value of the property at the place and time of shipment, and as the U. S. Supreme Court has held in the *Blish Milling Company* case that this stipulation is binding in actions for conversion, the same as in other cases, it necessarily follows that the amount of a carrier's liability would be the value of the shipment at place of shipment, provided no other value had been lawfully agreed upon by the shipper and the carrier.

By the second Cummins amendment, the carrier may establish and maintain rates dependent upon the value declared in writing by the shipper or agreed upon in writing as the released value of the property, provided such rates have been expressly authorized or required by order of the Interstate Commerce Commission. If, therefore, the carrier with whom "A" made his contract of carriage had on file a published released rate on household goods from and to the points named above, which rates were lower than the regular rates in consideration of a declared valuation less than its real value, and if such rates were expressly authorized or ordered by the Interstate Com-

Commission, then the carrier's liability would be limited to the \$10 per cwt. declared by the shipper. If, however, such released rates were not published, or, if published, not authorized by the Interstate Commerce Commission, then the regular unreleased rates must be paid, and the carrier is liable in the full, actual value of the lost property at place and time of shipment. Judging from the fact that the carrier offers to settle for the full value on payment of the regular rate, it is our opinion that the carrier either had no released rate on file, or that such rate, if filed, had not been expressly authorized by the Interstate Commerce Commission. See the cases of *In re Express Rates, etc.*, 43 I. C. C., 510; *Williams Co. vs. New York Transfer Co.*, 48 I. C. C., 269.

Discount From Invoice Price on Damaged Goods.

Iowa.—Question: Some of the railroads are insisting that, in the settlement of loss and damage claims, they will pay only the invoice value at the time and point of shipment, less any cash or trade discounts shown on the original invoice. In filing claims it has been customary for us to allow any regular trade discount, but we have not allowed cash discounts, as the discount for cash depends entirely upon settlement of the bill within a given number of days and we have always considered that, where a cash discount is based upon payment within a certain number of days, that same cash discount should only be allowed the railroads when the claim is likewise paid within the same limited time. In other words, there is very little difference between a cash discount and interest on money. For example, if we pay a bill of \$5,000 and place that \$5,000 in the hands of the shipper within a few days, we should be entitled to a discount which is not allowed a man who holds up the \$5,000 a month or possibly two or three months before he turns the money over to the shipper, as the use of that money to the shipper is worth practically the amount of discount he is allowing.

Now, then, if an entire shipment is lost, but we have discounted our bill, and paid for the goods and we file a claim with the carriers for reimbursement, we are perfectly willing to allow the cash discount if the carrier settles our claim within the same number of days; but, where the claim is held up maybe two or three months before settlement, it is not fair, and I do not see how it can be legal for the carrier to take the cash discount, which is based entirely upon the prompt discounting of the bill.

The claim departments of several railroads are insisting that, under the government administration of the railroads, they are forced to insist upon allowance of all cash discounts as well as trade discounts and any other form of discount. I have tried to get at the bottom of this and have them refer me to authority for this position, but all I can learn is that John Barton Payne has ruled that we must make the allowance. We want to know if the railroads can legally take this stand. In other words, are they privileged to tie up our money without paying us interest for same or deprive us, with impunity, of the use of our own money?

Answer: We answered a similar question from "Wisconsin" and published on page 743 of the April 6, 1918, issue of *The Traffic World*, as follows: "The Cummins amendment makes a carrier liable for any loss, damage or injury to such property, and the Interstate Commerce Commission construes this amendment as placing upon the carrier liability for the full actual loss, damage or injury to the property transported which is caused by it. The uniform bill of lading contains the stipulation that the amount of all loss or damage for which any carrier is liable shall be computed on the basis of the actual value of the property at the place and time of shipment. The invoice price from the consignor to the consignee does not figure in the transaction if it does not fairly represent the actual value of the property at the shipping point. If the invoice price does not fairly represent the actual value of the property at the place and time of shipment, or, if no invoice price was actually made out or agreed upon, then the Cummins amendment must be understood as indicating the actual value of the property at the point of shipment when loaded and ready for transportation.

Since the question of cash discount on the invoice price is made for future adjustment by the buyer and seller, and has no bearing upon the value of the property when ready for transportation, it is our opinion that a carrier cannot lawfully deduct the percentage of discount from the in-

voice price allowed the consignee by reason of his paying for the goods within a certain time.

We are not familiar with any ruling by the U. S. Railroad Administration to the effect that carriers must deduct cash discounts from the amount of the damages claimed. In fact, such an order would be invalid as being in conflict with the Cummins amendment. In General Order No. 41 the Director-General ruled that "loss and damage claims shall be adjusted with the claimant in accordance with the established legal liability, bill of lading, tariff provisions and federal regulations," and, as stated above, the established legal liability under the Cummins amendment will be the actual value of the goods at place and time of shipment.

RAILWAY REVENUES

The Traffic World Washington Bureau.

A final summary of the result of operations of class 1 roads in September was made public by the Commission November 18. For the country as a whole the operating revenue rose from \$358,798,497 to \$488,135,960; expenses from \$244,316,681 to \$370,604,890, and operating income increased from \$97,637,927 to \$101,389,953.

In the eastern district the revenue increased from \$161,514,663 to \$222,336,812; expenses from \$115,637,699 to \$172,697,248 and the income from \$39,661,508 to \$43,464,446.

In the southern district the revenue increased from \$51,754,410 to \$76,933,267; expenses from \$35,254,525 to \$56,894,464, and the operating income from \$14,174,390 to \$17,671,418.

In the western district the revenue increased from \$145,529,424 to \$188,865,881; expenses from \$93,424,457 to \$141,013,178, but the net decrease from \$43,802,029 to \$40,254,089.

At the end of the nine months ending with September, the operating income under government management was \$217,000,000 behind the income for the same nine months of the previous year under private control, the income having slid downward from \$756,492,995 to \$539,549,994, for the corresponding months of this year, the so-called 25 per cent increase in rates and the supposed economies in operation being apparently thus far insufficient to cover the increase in wages and the rise in the price of materials and supplies.

For the country as a whole the revenue increased from \$2,971,239,713 to \$3,541,343,402; expenses from \$2,082,610,808 to \$2,861,753,017, while the income fell from \$756,492,995 to \$539,549,994.

In the eastern district the revenue advanced from \$1,339,467,166 to \$1,606,602,152; expenses from \$938,941,131 to \$1,365,051,127, while the income fell from \$297,957,047 to \$185,394,330.

In the southern district the revenue increased from \$440,571,650 to \$568,732,544; expenses from \$301,609,680 to \$436,177,680, and the income fell from \$119,460,405 to \$111,996,511.

In the western district the revenue rose from \$191,205,897 to \$1,366,008,706; expenses from \$792,059,997 to \$1,060,524,210, and the operating income fell from \$339,075,543 to \$242,159,153.

DECLINES TO PAY FOR NEW CARS

The Traffic World Washington Bureau.

The officials of the Railroad Administration are not informed in detail as to the litigation begun at Toledo by the receiver for the Toledo, St. Louis & Western, in which the constitutionality of the federal control law was questioned in connection with an order from the Director-General telling the receiver to pay for 1,250 freight cars, ordered by the Railroad Administration and now being distributed in small numbers.

Litigation on that point has been expected because the railroad corporation officials have contended that the cost of the cars should be borne by the revolving fund at the disposal of the Director-General, amounting, when it is full, to \$500,000,000. Instead, the Railroad Administration has thought the cost of the cars should be borne by the railroad corporation. In the end, it is believed to be more a question of financing the operation than of who shall ultimately pay for the equipment.

It is assumed that the litigation is in the alternative. That is to say, the Clover Leaf asserts that if the order directing it to pay for the cars is within the scope of the act, then the act is unconstitutional.

Help for Traffic Man

This department is conducted by a traffic man of long experience and wide knowledge. In it he will answer questions relating to practical traffic problems. We do not desire to take the place of the traffic man, but to help him in his work. We reserve the right to refuse to answer any questions that we judge it unwise to answer or that involve situations that are too complex for the kind of investigation contemplated. Questions will be answered as promptly as possible. No answers will be given by mail except for a fee.

Address "Help for Traffic Man," The Traffic Service Bureau, Colorado Building, Washington, D. C.

Responsibility for Loading of Defective Equipment.

Q Will you please advise us whether the railroad company or the shipper is responsible for loading coal or other commodities in defective equipment?

We have had two cases of this nature recently, one where there was a hole in the bottom of the car at the time the coal was loaded and in the other case the car contained a large quantity of ice and cinders and the coal was loaded without the car being cleaned out. The shipper and the railroad company each deny responsibility. We shall be pleased to hear from you regarding this?

A—The Interstate Commerce Commission has held that cars furnished by carriers must be in good repair and kept clean and in proper condition for transportation. It is the duty of the carriers to inspect the equipment before loading. If they fail to do this the responsibility for resulting losses cannot be placed on shippers.

Application of Rate Where No Through Commodity Rate

Is Shown and Combination of Local Rates Based on Commodity Rates Is Lower than Class Rates.

Q Will you please advise your opinion in the following case? From Bentley, N. D., to Greenway, S. D., there is no through commodity rate on lignite coal. The class rate between the two points is 22 cents per cwt. We figure a combination of locals based on a commodity rate of \$1.90 to Roscoe, S. D., and 55 cents beyond. The railroad company insists that the through class rate should take priority over the combination of local commodity rates. Will you please advise your opinion in this matter?

A It is technically correct to apply class rate on the shipment referred to; but reparation application should be made to the Interstate Commerce Commission setting forth all the facts, and we would suggest also that a formal request to the railroad company be made to publish a through commodity rate from Bentley, N. D., to Greenway, S. D., provided there is sufficient movement of the commodity between the points named to warrant such publication. In Interstate Commerce Commission Conference Ratings Bulletin No. 220-g, June 7, 1917, we find the following:

"The Commission has repeatedly announced the view that the law does not permit the use of any rate or fare except that contained in a lawful tariff that is applicable via the line, route, and gateway over and through which the shipment or passenger moves. The lawful rate or fare for through movement is the through rate or fare, wherever such through rate or fare exists, even though some combination makes a lower rate or fare and even though the practice in the past has been to give to some the benefit of such lower combination. The Commission long since extended to carriers, in a general order, permission to reduce, on one day's notice, a joint commodity or class rate or fare that is higher than the sum of the intermediate rates between the same points to make it equal the sum of such intermediates. If, therefore, carriers have maintained through rates or fares that are higher than the sums of the intermediates between the same points, it is because of their desire so to do, and not, as some agents of carriers have informed shippers, because the law or the Commission forces them to do so."

Classification Under Catalogs

Q The Official Classification shows catalogs, carload lots minimum 24,000 pounds, third class rate. It also shows a classification of telephone directories at third class rate. Freight tariff 120 K. Exceptions to Official Classification, provides for catalogs minimum 40,000 pounds at fourth class rate. The commodity which is shipped

is a classified telephone directory, which is nothing more nor less than a group catalog of classified advertisers showing their telephone numbers, the value of the article being the same as a catalog of the same size. Question is, may the shipper demand a catalog rating of fourth class on a minimum of 40,000 pounds under the exceptions to the classification, and, furthermore, how can such a classification be secured in case the carriers refuse to ship the goods under the lower rating and rate?

A.—If these goods are shipped under a freight tariff containing the exceptions, it is the judgment of this department that the goods as described should be shipped under fourth class, especially the 40,000 pounds minimum. If the shipment is refused when tendered as a fourth class shipment, the matter should be taken up with the agent of the road or roads publishing the exceptions and explanation should be made of the character of the goods shipped, showing that they are practically catalogs and not purely telephone directories. From the description given it seems that these should rate as catalogs and under the exceptions to the Official Classification noted they should be entitled to fourth class.

NOT MOVED BY THREAT

The Traffic World Washington Bureau.

Director-General McAdoo, November 18, made public the following correspondence:

"St. Louis, Mo., Nov. 16.

"W. G. McAdoo, Director-General of Railroads,
Washington, D. C.

"The telegraphers, train dispatchers, train directors and levermen employed on the Terminal R. R. Association of St. Louis and affiliated lines will cease work seven o'clock Monday morning, November 18, unless award has been made by you on wage and working condition, case which you have been considering for several weeks.

"(Signed) J. F. Siefert, General Chairman."

"Washington, D. C., Nov. 16, 1918.

"J. F. Siefert, General Chairman, Terminal R. R. Association of St. Louis, St. Louis, Mo.

"Your telegram sixteenth threatening a strike at St. Louis unless my decision as to the wages of telegraphers is rendered before Monday morning, November eighteenth, at seven o'clock, received. It so happens that the order recommended by the Board of Railroad Wages and Working Conditions was signed by me before receipt of your telegram. If the decision had not thus been made before your threat of a strike was received, the order would have been withheld until this threat had been eliminated. You must understand that the United States government cannot be intimidated and that it is highly improper to attempt to do so."

"(Signed) W. G. McAdoo."

NOTICES TO CONSIGNEES OF FREIGHT TRANSFERRED EN ROUTE

Under date of November 20, Regional Director Bush, in his Order No. 22, says:

When cars are transferred en route, the consignee will be notified, giving the original car number and initial and the number and initial of the car into which contents were transferred. Postal advice card in the following form will be used:

UNITED STATES RAILROAD ADMINISTRATION

W. G. McAdoo, Director-General of Railroads
North & South Railroad

.....Car No....., containing
billed from.....on.....19..
consigned to you, was transferred.....19..
atto.....Car No.....
.....19.. Agent.....R. R.

Personal Notes

"There is but one Fred W. Graham," said F. V. Brown, western counsel of the Great Northern Railway system,



speaking recently of the industrial and immigration agent of the system, headquarters at Seattle. He seldom does the obvious thing or anything as others have done it before him. For instance, the Transportation Club of Seattle, of which he has just been re-elected president, has a by-law which makes it impossible for a president to succeed himself. Mr. Graham placed the organization in one year in so dominating a position that the club amended its by-laws. He is a tireless worker. He personally knows more farmers,

more land owners, more railway men and agricultural and industrial development personalities, it is said, than any other man on the Pacific coast, and maintains the close personal relationship. He was born at Lodi, Ill. He took his first railroad job as telegraph operator on the Grand Rapids & Indiana Railroad at \$35 a month, and was later operator on the Grand Trunk and with the Western Union at Kalamazoo. He was afterward manager of the Postal at Saginaw, Mich. He went west in the early nineties to take a key at Tacoma for the Northern Pacific. He was agent at Bellingham, commercial agent of the Great Northern at Bellingham and manager of the Parker-Graham Shingle Company of Skagit County for eleven years. He became traveling freight agent of the Great Northern at Seattle in 1899 and was made western industrial and immigration agent in 1910. He was the originator of the Redmond, Ore., potato show, the Central Oregon Development League, the Irrigation Celebration at Oroville, and Tonasket, with its \$600,000 reclamation project, and others of similar character. His dominating trait as an official of the Great Northern has been to bring the man and his industrial or agricultural need together.

Lee G. Macomber, traffic manager of the Woolson Spice Company, will become commissioner of the Toledo Commerce Club traffic department December 1. He was appointed November 18 by the club trustees to succeed H. G. Wilson, who becomes associated with Mayer & Lege, New York importers and exporters.

Regional Director Holden announces that, effective November 11, Edmund K. Fleming is appointed supervisor loss and damage, Central Western Region, with headquarters at Chicago, Ill.

Yusuke Tsurumi, representative of the Imperial Railways of Japan, who came to this country to negotiate with the War Trade Board for the exportation of railroad materials, called on Director-General McAdoo on November 16. He intends calling on all the regional directors before returning to Japan to discuss with each terminal and operating condition similar to those with which the railroad administration of Japan has to deal.

W. S. Groom, shipper member of the Cincinnati District Freight Traffic Committee, has resigned, due to the request of the Whitaker Paper Company that he return to his former duties. More than twenty-five per cent of the former employees and executives of that company are in military service and it feels it can no longer afford to continue to pay for his services with the committee.

The North Louisiana & Gulf Railroad Company announces that J. A. McCoy has been appointed auditor and general freight and passenger agent, with headquarters at Hodge, La.

E. F. Flinn has been appointed general western freight agent of the Grand Trunk Railway System (lines in Can-

ada), with office at Chicago, and Hugh H. Hamill has been appointed general agent, freight department, with office at Detroit.

The Nevada-California-Oregon Railway announces that S. H. McCartney has been elected general manager, vice R. M. Cox, resigned; R. Rosa has been elected treasurer, vice R. M. Cox; and O. R. Belcher has been elected assistant treasurer, vice R. Rosa.

The following general offices of the Buffalo & Susquehanna Railroad have been moved to Wellsville, N. Y.: A. M. Darlow, general manager; W. L. McGuigan, general auditor; E. M. Meagher, general freight and passenger agent; E. J. Urtel, purchasing agent; V. J. Estabrook, acting federal treasurer.

C. E. Perkins, freight traffic manager, announces that the jurisdiction of the following officers of the Missouri Pacific Railroad is extended over the railroads as indicated: Assistant freight traffic managers—W. A. Rambach, Arkansas Central Railroad, Natchez & Southern Railroad, Natchez & Louisiana Railroad Transfer, St. Louis, Mo. C. C. P. Rausch, Memphis, Dallas & Gulf Railroad, Arkansas Central Railroad, Natchez & Southern Railroad, Natchez & Louisiana Railroad Transfer, St. Louis, Mo. General freight agent—W. I. Jones, Arkansas Central Railroad, Natchez & Southern Railroad, Natchez & Louisiana Railroad Transfer, St. Louis, Mo. Assistant general freight agents—D. R. Lincoln, Arkansas Central Railroad; C. E. Warner, Natchez & Southern Railroad; J. F. Harris, Natchez & Louisiana Railroad Transfer, G. H. Hamilton, St. Louis, Mo. W. M. Cook, Memphis, Dallas & Gulf Railroad, Arkansas Central Railroad, Natchez & Southern Railroad, Natchez & Louisiana Railroad Transfer, St. Louis, Mo. Division freight agents—R. M. McWilliams, Memphis, Dallas & Gulf Railroad, Arkansas Central Railroad, Little Rock, Ark.; Dan Jacobs, Natchez & Southern Railroad, Natchez & Louisiana Railroad Transfer, Alexandria, La. Live stock agents—W. B. Shirk, Memphis, Dallas & Gulf Railroad; W. F. Jetmore, Arkansas Central Railroad; G. T. Fergus, Natchez & Southern Railroad, Natchez & Louisiana Railroad Transfer, Kansas City, Mo. Traveling freight agents—W. D. Young, Natchez & Southern Railroad, Natchez & Louisiana Railroad Transfer, Alexandria, La.; W. N. Ernst, Memphis, Dallas & Gulf Railroad, Arkansas Central Railroad, Little Rock, Ark.

Regional Director Aishton announces that the title of the following general managers is changed to federal manager: W. H. Bremner, Minneapolis & St. Louis, Minneapolis, Minn.; A. J. Davidson, Oregon Trunk, Oregon Electric, Spokane, Portland & Seattle, Portland, Ore.; F. E. House, Duluth & Iron Range and Duluth, Missabe & Northern, Duluth, Minn.; W. L. Park, Chicago Great Western, Chicago, Ill.

TRAFFIC COMMITTEE DOCKETS

The Western Freight Traffic Committee has directed the district freight traffic committees at Chicago, St. Paul, St. Louis, Kansas City, Dallas, Denver, and Portland to docket for consideration the question of out of line hauls in connection with the storage in transit of apples, carloads, as provided for in Western Lines Circular No. 18, Agent E. B. Boyd's I. C. C. A912, F. A. Leland's I. C. C. 1248, which became effective October 21, 1918, the question being to what extent these out of line movements should be permitted under the storage in transit privileges referred to.

It has asked the Kansas City District Committee, the St. Louis District Committee, the Dallas District Committee and the New Orleans District Committee to docket for consideration the question of a readjustment of the rates on grain and grain products to New Orleans locally and when for export from the territory west of the line of the K. C. S. R. R. and west of the Missouri River.

It has asked the New Orleans committee and the Dallas committee to docket for consideration the question of rates on rice, rough and cleaned and rice products, carloads and less-than-carloads, with a view to the institution of a uniform mileage scale of rates on Texas traffic, state and interstate. It has also requested that these committees give consideration to the question of either cancelling present transit privileges on this traffic or extending such privileges so as to apply uniformly to points in Louisiana and Texas on state and interstate traffic.

The Western Freight Traffic Committee has docketed for consideration the question of increased charges for ice and salt furnished in connection with the reicing of perishable freight in carloads throughout Western territory and has set the matter down for hearing at 10:30 a. m., Tuesday, December 3, 1918, at Room 1909, Transportation Bldg., Chicago. The following charges have been proposed to take the place of the present charges for ice and salt furnished:

Where ice is furnished in—	Proposed charge per ton.
Arizona	\$5.50
Arkansas—	
Harvard and Hulbert	5.00
All other points	4.50
California—	
Coachella Valley, Imperial Valley and Palo Verde Valley	6.50
All other points	4.50
Colorado	4.00
Idaho	4.00
Illinois—	
Calro and Mounds	5.00
Metropolis	4.50
All other points	4.00
Indiana	4.00
Iowa	4.00
Kansas—	
All points on and east of Mississippi River, including points west of Mississippi River in New Orleans switching district	5.00
All other points	4.50
Michigan	3.50
Minnesota	4.00
Missouri	3.00
Nebraska—	
All points on the S. P. and W. P. railroads	4.50
All other points	7.00
New Mexico	4.50
North and South Dakota	3.50
Oklahoma	4.50
Oregon	4.50
Texas	4.00
Utah	4.00
Washington	4.00
West Virginia	3.50
Wyoming	4.00

In addition to the proposed charges for ice as above enumerated, it is proposed to charge 75c per 100 pounds for salt furnished.

The Western Freight Traffic Committee, in docket G-2065, has docketed for consideration the question of a commodity rate on crude oil, carloads, from Vivian, La., to Kansas City, Mo., and in docket G-2127, the question of a westbound rate on low-grade copper lead-matte, from Grasselli, Ind., to Denver, Colo.

The Western Freight Traffic Committee has further postponed the hearing on the question of rates on grain from western, northwestern and southwestern points to Chicago, Minneapolis, Omaha, etc. It is now set for Tuesday, December 10, at 10:30 a. m.

CONSOLIDATING L. C. L. FREIGHT

Regional Director Bush, in Order No. 120, says:

"With respect to the practice of forwarding companies in consolidating less-than-carload shipments and forwarding them at carload rates, as well as in receiving carload shipments and distributing them in small lots:

"It should be understood that no action will be taken by the carriers to interfere with the legitimate operations of these forwarding companies. However, the carriers must not participate in the receiving or distribution of such freight, either by furnishing labor or permitting the use of their facilities.

"If any of the tariffs applicable within this region are at variance with the above, correction should be made as early as possible."

UNSETTLED FREIGHT CLAIMS.

Regional Director Smith has instructed federal managers, general managers and terminal managers in the eastern region to have freight claim agents send to J. H. Howard, manager, Claims and Property Protection Section, at Washington, statements of all unsettled freight claims for damage by freezing during the winter of 1917-1918.

ROADS NOT UNDER CONTROL.

Director Chambers of the Division of Traffic advises that the following railroads should not have appeared in the Division of Traffic Circular No. 5, dated Oct. 10, 1918 (Traffic World, Oct. 26, p. 806), and will be eliminated

in the first supplement: Leetonia Railway, Waynesburg & Washington Railroad, Rapid Railway, Thomas Railroad, Hoboken Railroad, Warehouse & Steamship Company. The New York & Hartford Transportation Company, appearing in the same circular, should read, "Hartford & New York Transportation Company."

A MINOR CHANGE FOR THE BETTER.

Regional Director Smith has issued instructions for the eastern region as follows: "At the present time notices of the Director-General appearing on menus, folders, etc., show in many cases the Director-General's name and title at the top. As his name and title appear as signature to the notices, this is an undesirable duplication and should be eliminated. Since menus are not official publications in the sense that tariffs and time tables are, they should show only 'United States Railroad Administration' and name of road concerned, omitting the Director-General's name entirely, except as signature to any of his official notices which are authorized to be printed on menus. Please make necessary changes as soon as possible."

GRAIN EMBARGO PRIMARY MARKETS

Hale Holden, Regional Director, in Supplement No. 4 to Circular No. 161, says:

"Grain embargo on primary markets placed September 18, as applied to Chicago, will also apply to grain billed to all points in the Chicago switching district, including the following: Argo, Ill.; Matteson, Ill.; Roby, Ind.; Indiana Harbor, Ind.; Hammond, Ind.; North Hammond, Ind.; West Hammond, Ill.; Riverdale, Ill.

"Effective November 22, 1918, grain consigned to points in the Chicago switching district must not be accepted without proper permit from the Grain Control Committee at Chicago.

"In the original embargo covering shipments of grain to primary markets in connection with the establishment of the permit system, particular reference was made to 'wheat and other grains.' In order that there may be a uniform understanding, please notify all concerned that the only grains to be included are: Wheat, corn, oats, barley, rye, flaxseed. It should not include any other kind of grain, nor shipments of malt, popcorn, rice or grass seeds, etc."

COMMISSION ORDERS

The Commission has dismissed proceedings in case 9841, Natl. Live Stock Exchange et al. vs. Ala. & Miss. R. R. Co. et al., on complainant's request.

The Commission has dismissed proceedings in case 8300, Tex.-Ark. Frt. Bureau vs. St. L. I. M. & S. Ry. Co. et al.

The Commission has ordered, in case 9415, Val. & Siletz R. R. Co. et al. vs. Sou. Pac. Co. et al., further hearing.

The Commission has dismissed proceedings in case 6145, Milwaukee Metal Bed Co. vs. C. M. & St. P. Ry. Co. et al., on receipt of advice that complaint had been satisfied.

The Commission has dismissed proceedings in case 10206, Natl. Wholesale Lbr. Dealers' Assn. vs. Apalachicola Nor. R. R. Co. et al., on advice that complaint had been satisfied.

The Commission has extended time on all parties for filing briefs in the following proceedings until April 1, 1919: 9516, Sou. East Rate Adjustment; 8844, City of Atlanta, Ga., vs. Sou. Ry. Co. et al.; 9148, Boston Chamber of Commerce et al. vs. Ocean S. S. Co. of Sav. et al.; 9297, Procter & Gamble Dist. Co. et al. vs. Ala. Cent. Ry. et al.; 9332, Memphis Frt. Bureau et al. vs. Ill. Cent. R. R. Co. et al.; 9396, M. C. Kiser Co. et al. vs. Cent. of Ga. Ry. Co. et al.; 9404, State Corp. Com. of the Commonwealth of Va. vs. Sou. Ry. Co. et al.; 9436, Ala.-Ga. Syrup Co. et al. vs. L. & N. R. R. Co. et al.; 9443, F. J. Lewis Mfg. Co. vs. Atlanta, Bghm. & Atlantic Ry. Co. et al.; 9968, Barrett Co. vs. L. & N. R. R. Co.; 10011, Bghm. Traffic Bureau vs. St. L.-S. F. Ry. Co. et al.

The Commission has vacated and discontinued I. & S. No. 1109, St. Louis Switching Case, the carriers having cancelled the tariffs which the Commission had suspended. The carriers voluntarily postponed the effective date of the tariffs until November 15 and then cancelled them.

LUMBER EMBARGO LIFTED

The Traffic World Washington Bureau.

The embargo on forest products placed on September 16, was lifted November 16, to be effective immediately. This action by Manager Kendall of the Car Service Section authorizes the shipment of lumber without restriction, except where local embargoes may be placed by particular lines over specified routes. No more permits from car service section will be needed.

AN EXPLANATION.

The opinions expressed concerning the proposed mileage scales in *The Traffic World* of November 16, page 961, were erroneously credited to the Southern Traffic League. They are merely the opinions of M. M. Caskie, the manager of the Transportation Bureau of the organization. The official views of the transportation bureau have been formulated and are being forwarded to the Interstate Commerce Commission. The memorandum of Mr. Caskie's views was not identified in any way and, on account of his official position, it was assumed that they were the views of the League.

Digest of New Complaints

No. 10261, Sub. No. 1. Norris Grain Co., Chicago, vs. Indiana Harbor Belt et al.

Alleges unjust and illegal demurrage charges on grain at Chicago. Demands reparation.

No. 10261, Sub. No. 2. E. R. Bacon, Chicago, vs. W. G. McAdoo et al.

Alleges unjust and illegal demurrage charges on grain at Chicago. Demands reparation.

No. 10261, Sub. No. 3. The Quaker Oats Co., Chicago, Ill. vs. W. G. McAdoo et al.

Alleges unjust and illegal demurrage charges on grain at Chicago. Demands reparation.

No. 10261, Sub. No. 4. Armour Grain Co., Chicago, vs. W. G. McAdoo et al.

Alleges unjust and illegal demurrage charges on grain at Chicago. Demands reparation.

No. 10261, Sub. No. 5. Armour Grain Co., Chicago, vs. W. G. McAdoo et al.

Alleges unjust and illegal demurrage charges on grain at Chicago. Demands reparation.

No. 10261, Sub. No. 6. Armour Grain Co., Chicago, vs. W. G. McAdoo et al.

Alleges unjust and illegal demurrage charges on grain at Chicago. Demands reparation.

No. 10261, Sub. No. 11. Muller & Young Grain Co. vs. W. G. McAdoo et al.

Alleges unjust and illegal demurrage charges on grain at Chicago. Demands reparation.

No. 10261, Sub. No. 7. M. C. McKenna & Rogers, Chicago, vs. W. G. McAdoo et al.

Alleges unjust and illegal demurrage charges on grain at Chicago. Demands reparation.

No. 10261, Sub. No. 8. M. C. McKenna & Rogers, Chicago, vs. W. G. McAdoo et al.

Alleges unjust and illegal demurrage charges on grain at Chicago. Demands reparation.

No. 10261, Sub. No. 9. Rosenbaum & Bros., Chicago, vs. W. G. McAdoo et al.

Alleges unjust and illegal demurrage charges on grain at Chicago. Demands reparation.

No. 10261, Sub. No. 19. C. L. Dougherty & Co., Chicago, Ill. vs. W. G. McAdoo et al.

Alleges unjust and illegal demurrage charges on grain at Chicago. Demands reparation.

No. 10261, Frank J. Delaney & Cragin Elevators Co., Chicago and Cragin, Ill., vs. W. G. McAdoo et al.

Alleges unjust and illegal demurrage charges on grain at Chicago. Demands reparation.

No. 10267. The Procter & Gamble Co., Ivandale, O., vs. Louisville & Nashville R. R. Co., W. G. McAdoo et al.

Against the rate of 73c on tank car shipments of peanut oil from Enterprise, Ala., and 65c from Opp, Ala., to Ivandale, O., as unjust and unreasonable. Cease and desist order and reparation asked for.

No. 10271. The Brunswick-Balke-Collender Co., Chicago, vs. C. G. W. et al.

Against a through rate of \$1.48 on talking machines from Dubuque to Atlanta as unjust and unreasonable to the extent that it exceeds a second class rate of \$1.27. Asks for reparation and a carload rating.

No. 10271, Sub. No. 1. The Brunswick-Balke-Collender Co., Chicago, vs. Illinois Central.

Against a rate of \$1.16 on talking machines from Dubuque to New Orleans. Asks for just and reasonable rate and reparation.

No. 10271, Sub. No. 2. The Brunswick-Balke-Collender Co., Chicago vs. Illinois Central et al.

Against a rate of \$1.27 on talking machines from Dubuque to Atlanta. Asks for just and reasonable rate and reparation.

No. 10271, Sub. No. 3. The Brunswick-Balke-Collender Co., Chicago, vs. C. G. W. et al.

Against a rate of 91c on talking machines from Dubuque to Memphis. Asks for a through rate of 70c and reparation.

No. 10271, Sub. No. 4. The Brunswick-Balke-Collender Co., Chicago, vs. C. M. & St. P. et al.

Against a rate of \$1.48 on talking machines from Dubuque to Atlanta. Asks for a second class rate of \$1.27 and reparation.

No. 10273. The Savage Tire Co., San Diego, Cal., vs. A. T. & S. F. McAdoo et al.

Unjust and unreasonable package requirements and rates on rubber tires from San Diego and points in groups A, B, C, D, E, F, G, H and J of Transcontinental Freight Bureau, I. C. C. 1038, Countiss. Asks for a cease and desist order and the establishment of rates, rules and packing requirements. The Commission may deem reasonable and non-discriminatory.

No. 10274. Wadhams Oil Co. et al., Milwaukee, vs. C. & N. W. et al.

Unjust and unreasonable rates on gasoline, etc., from points in Oklahoma and Kansas to Milwaukee by reason of the 25 per cent and subsequent advances, which make them unjustly discriminatory as compared with the rates from points in Indiana, Illinois, Texas and Wyoming to the same destination. Ask for just and reasonable rates.

No. 10275. Pittsburgh Steel Co., Monessen, vs. P. & L. E. and McAdoo.

Against a rate of 23c per net ton on coal from mines within a seven-mile radius of Monessen as excessive and unreasonable, exceeding as it does the rate per ton per mile of any coal rate in the United States. Since the preparation of the complaint originally, the rate has been increased to 40c, giving a per ton mile in the region of heaviest traffic density of 3.2c per ton per mile. Asks for a just and reasonable rate not exceeding 18c and reparation.

No. 10276. Pittsburgh Steel Co. vs. Monongahela Ry. Co., McAdoo and P. & L. E.

Against a rate of 90c per net ton from Allison and Alicia, Pa., and other points in the Klondike Coke region as excessive, unreasonable and discriminatory. Also against an increase to \$1.20 per ton from the same points. Asks for a rate not exceeding 50c and reparation.

No. 10277. New Process Stove Co. Division of the American Stove Co., Cleveland, vs. N. Y. C. et al.

Against assessment of car service in connection with shipments from Eau Claire and Washburn to Cleveland as unjust and unreasonable. Asks for reparation.

No. 10278. Beaumont (Tex.) Chamber of Commerce vs. Beaumont, Sour Lake & Western Ry. Co. et al.

Against a rate of 44c per 100 pounds on moulding sand, G. L., from Utica, Ill., to Beaumont, Tex., as unjust and unreasonable. Asks for the application of a rate of 32½c and reparation.

No. 10278, Sub. No. 1. Beaumont (Tex.) Chamber of Commerce vs. the Beaumont, Sour Lake & Western Ry. Co. et al.

Against a rate of 44c per 100 pounds on moulding sand, C. L., from Utica, Ill., to Beaumont, Tex., as unjust and unreasonable. Asks for the application of a rate of 32½c and reparation.

No. 10278, Sub. No. 2. Beaumont (Tex.) Chamber of Commerce vs. the Beaumont, Sour Lake & Western Ry. Co. et al.

Against a rate of 44c per 100 pounds on moulding sand, C. L., from Utica, Ill., to Beaumont, Tex., as unjust and unreasonable. Asks for the application of a rate of 32½c and reparation.

No. 10279. Union Line Co., Milwaukee, Wis., vs. C. & N. W. Ry. Co. et al.

Against a rate of 16c on C. L. shipments of crushed stone from Brillion, Wis., to Cloquet, Minn., as unjust and unreasonable. Ask for a rate of 10c and reparation.

No. 10280. G. Weissbaum & Co., San Francisco, Cal., vs. Oregon-Washington R. R. & Nav. Co. et al.

Against the assessment of pipe rates as applied to scrap pipe, scrap iron flux and scrap iron from Ogilby, Cal., Seattle, Wash., and Tacoma, Wash., to San Francisco, as unjust, unreasonable and unduly prejudicial. Ask for maximum rates and reparation.

No. 10282. Swift & Co., Chicago, Ill., vs. A. T. & S. F. Ry. Co., W. G. McAdoo et al.

Unjust and unreasonable rates on shipments on wool in grease, C. L., from South St. Joseph and from Chicago to Camden, N. J., and other points in Official Classification territory. Cease and desist order, the establishment of maximum rates and reparation of \$10,000 asked for.

No. 10281. J. W. Difenberfer Lumber Co., Philadelphia, Pa., vs. Mt. Aily & Eastern Ry. Co. et al.

Unjust and unreasonable charges on shipments of lumber from McBires, Va., to Jersey City, due to alleged misrouting. Reparation asked for.

No. 10285. Ill. Glass Co., Alton, Ill., vs. St. Louis-San Francisco Ry. Co. et al.

Against a rate of 78c on shipments of glass soda bottles from Okmulgee, Okla., to Thibodeaux, La., as unjust and unreasonable. Cease and desist order, maximum rates over same. Reparation asked for.

No. 10286. Hyman-Michaels Co., Chicago and St. Louis, vs. C. B. & Q. McAdoo, et al.

Unjust and unreasonable rates on scrap iron and steel from Memphis to Federal, Ill. Asks for just and reasonable rates not exceeding the combination of locals to and from East St. Louis.

No. 10287. Globe Elevator Co., Buffalo, vs. D. L. & W., McAdoo et al.

Against unjust and unreasonable switching charges at Buffalo on grain and grain products. Asks for just and reasonable rates and reparation.

No. 10288. Fred P. Zimmerman, traffic manager Equitable Powder Manufacturing Co., East Alton, Ill., vs. Y. & M. V., McAdoo et al.

Unjust and unreasonable rates on nitrate of soda, New Orleans and Pensacola to Fenn, Ark. Asks for just and reasonable rates and reparation amounting to \$5,200.

No. 10289. Trexler Lumber Co., Allentown, Pa. vs. Tidewater & Western, McAdoo et al.

Unjust and unreasonable charges on shipment of lumber from Flippin's Siding, Va., to Allentown. Asks for reparation.

TRAFFIC ORGANIZATIONS

THE NATIONAL INDUSTRIAL TRAFFIC LEAGUE.—Object: The object of this league is to interchange ideas concerning traffic matters, to co-operate with the Interstate Commerce Commission, state railroad commissions and transportation companies in promoting and securing better understanding by the public and the state and national governments of the needs of the traffic world; to secure proper legislation where deemed necessary, and the modification of present laws where considered harmful to the free interchange of commerce; with the view to advance fair dealing and to promote, conserve and protect the commercial and transportation interests.

Headquarters—Tacoma Bldg., 5 North La Salle St., Chicago.
G. M. Freer President
 Manager Traffic Department, Cincinnati Chamber of Commerce and Merchants' Exchange.

W. H. Chandler Vice-President
 Manager Transportation Department, Boston Chamber of Commerce.

Oscar F. Bell Secretary-Treasurer
 T. M. Crane Company, 888 South Michigan Avenue, Chicago, Ill.

E. F. Lacey Assistant Secretary
 5 North La Salle Street, Chicago, Ill.

MANUFACTURERS' ASSOCIATION, in Charge of Traffic of Industries Located at Sterling and Rock Falls, Ill.

A. N. Bradford President
P. W. Dillon Vice-President
W. J. Burling Secretary-Treasurer
W. E. Long Traffic Manager

All correspondence relative to movement of traffic to or from Sterling and Rock Falls, Ill., should be addressed to the Traffic Manager, General Offices, Lawrence Building, Sterling, Ill.

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INDUSTRIAL TRAFFIC MANAGER, thoroughly familiar with rate adjustments; have produced results. Single. Will accept out of town. Address G. L. 31, The Traffic World, Chicago, Ill.

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WANTED—Situation by man experienced in freight traffic work and exporting. Address B. B. 31, The Traffic World, Chicago, Ill.

EXPERT TRAFFIC MANAGER, thirty-five, railroad and industrial experience; successful before Interstate Commerce Commission, State Commissions and Federal Courts; executive ability; good business man; wishes connection with large mercantile concern January 1st; must be high class position; some capital to invest. Address T. D. 72, The Traffic World, Chicago, Ill.

SALESMEN—Traffic men or railroad solicitors to handle our loose leaf freight rate guide on full or part time. Hundreds of testimonials from traffic managers and other executives stating ours is the only freight rate solution. Traffic men now employed, earning from \$35 to \$50 per week on their own time, through our liberal commission payments. All communications held strictly confidential. Give business reference when replying. Getzler's Transportation Rates, Inc. (Established 1894), Rochester, N. Y.

TRAFFIC MANAGER is seeking desirable opening; sixteen years' experience, railroad and industrial. Thoroughly familiar with I. C. C. regulations and procedure; rates and efficient handling of claims. Capable of assuming charge or organizing traffic department. Married. Address "Manager," care of The Traffic World, Chicago, Ill.

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DOCKET OF THE COMMISSION

Note.—Items in the Docket marked with an asterisk (*) are new, having been added since the last issue of The Traffic World. Cancellations and postponements announced too late to show the change in this Docket will be noted elsewhere.

November 25—Watertown, S. D.—Examiner Mackley:
 10242—Watertown Sash & Door Co. et al. vs. Wm. G. McAdoo, Director-General of Railroads et al.

November 25—Galesburg, Ill.—Examiner Money:
 10192—Western Stoneware Co. vs. A. T. & S. F. Ry. Co. et al.

November 25—St. Louis, Mo.—Examiner Graham:
 10157—Walter A. Zelnicker Supply Co. vs. La. Western R. R. Co. et al.

10158—Walter A. Zelnicker Supply Co. vs. O. S. L. R. R. Co. et al.

10168—Walter A. Zelnicker Supply Co. vs. Sou. Pac. R. R. Co. et al.

10196—Walter A. Zelnicker Supply Co. vs. M. P. R. R. Co. in Ill. et al.

November 25—Memphis, Tenn.—Examiner Spethman:
 1138—Lamb-Fish Lumber Co. vs. Transcontinental Freight Bureau et al.

1227—Lamb-Fish Lumber Co. vs. I. C. R. R. et al.

10249—Cottonseed Products Co. vs. St. L.-S. F. Ry. Co. et al.

November 25—Asheville, N. C.—Examiner Trezise:
 10258—Anson G. Belts vs. Wm. G. McAdoo, Director-General of Railroads et al.

November 25—Philadelphia, Pa.—Examiner Burnside:
 10043 and Sub. Nos. 1 to 34 inclusive—E. I. Du Pont de Nemours & Co. vs. Sou. Ry. et al.

10045 and Sub. Nos. 1 to 37 inclusive—E. I. Du Pont de Nemours & Co. vs. A. & V. Ry. Co. et al.

November 25—Cleveland, O.—Examiner Burbank:
 10113—The Gallon Iron Works Mfg. Co. vs. C. C. C. & St. L. Ry. Co. et al.

November 25—Chicago, Ill.—Examiner Bell:
 10128—Lumber carload minima.

November 25—Washington, D. C.—Examiner Disque:
 10204—Consolidated Classification case—stove interests.

10161—The McKinny Steel Co. vs. N. Y. & C. R. R. Co.

10161, Sub. 1—The McKinny Steel Co. vs. E. R. R. Co. et al.

November 25—Olean, N. Y.—Examiner Smith:
 10211—Herman Cross vs. N. Y. & P. Ry. Co. et al.

10246—Herman Cross, doing business as the Puritan Glass Co. vs. Wm. G. McAdoo, Director-General of Railroads et al.

November 26—Sioux City, Ia.—Examiner Gerry:
 10142—Traffic Bureau of the Sioux City Commercial Club vs. A. & N. Ry. Co. et al.

November 26—Cleveland, O.—Examiner Burbank:
 10221—The Grasselli Chem. Co. vs. M. L. & T. R. R. & S. S. Co. et al.

10212—M. W. Jamison vs. Pa. R. R. Co.

November 26—St. Louis, Mo.—Examiner Graham:
 10213—Anheuser-Busch Brewing Assn. vs. C. R. I. & P. Ry. Co. et al.

10217—Sligo Iron Store Co. vs. Western Md. Co. et al.

10176 and Sub. Nos. 1 and 2—The Quinton Spelter Co. vs. Ft. S. & W. R. R. Co. et al.

November 27—Minneapolis, Minn.—Examiner Money:
 10207—Gamble-Robinson Co. vs. C. St. P. M. & O. Ry. Co. et al.

10208—Gamble-Robinson Co. vs. Northern Pacific Ry. Co. et al.

10216—Page-Hill Co. vs. C. St. P. M. & O. Ry. Co. et al.

November 27—St. Louis, Mo.—Examiner Graham:
 10133—Gallatin Coal and Coke Co. vs. L. & N. R. R. Co. et al.

November 27—Sumter, S. C.—Examiner Trezise:
 10182—Tweed Lumber Co. vs. Sou. Ry. Co. et al.

November 29—Detroit, Mich.—Examiner Burbank:
 10136—A. H. Brott vs. P. M. Ry. Co. et al.

November 29—Omaha, Neb.—Examiner Gerry:
 10251—Nebraska-Iowa Fruit Jobbers' Assn. vs. Wm. G. McAdoo, Director-General of Railroads et al.

November 29—New York City, N. Y.—Examiner Burnside:
 10187—Michigan Paper Mills Traffic Assn. et al. vs. N. Y. C. R. R. Co. et al.

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- Portions of following 4th section applications by which carriers named as parties thereto seek authority to continue to charge for the transportation of Portland cement from Richard City, Tenn., to Lake Charles, La., rates which are lower than the rates contemporaneously maintained on like and to intermediate points: 458—N. C. & St. L. Ry.; 488—M. L. & T. R. R. & S. S. Co. and L. W. R. R. Co.; 542—A. G. S. R. R.; 601—N. O. & N. E. R. R. Co.
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THE SHIPPER'S ATTITUDE

We respectfully submit that the advice given to the members of the National Industrial Traffic League by Charles A. Prouty, Director of the Division of Public Service and Accounting of the Railroad Administration and put in that position as a recognition of the interests of shippers, is fallacious, and that, if followed, it is likely to lead shippers into a trap of their own making. That advice is, in a word, that it is their duty to make government operation of the railroads as great a success as possible that it may have a fair test. He told them that, whether they liked it or not, government operation was here to stay for at least two years, and it was up to them to make the best of it—that any other procedure would be unfair. He gave no reason why government operation must be continued for at least two years except that he said the executive chair was filled by a man of one party and the majority of the House and Senate was of the opposite party.

Even if it were a fact that there was no possibility of altering the present method of railroad control inside of two years, we do not think Mr. Prouty's advice would be good. There is something to be said, of course, against the wisdom of throwing a monkey wrench into the machinery, so to speak, and it naturally follows that if the machinery could not be replaced by something else, shippers would be hurting themselves in any effort to hamper its workings. Still, it is asking a good deal of anybody to suggest that he ought to do his best to make a success of a plan to which he is opposed and which he thinks inferior to another plan which has been cast aside or to one which has not yet been tried. In so far as his efforts might

avail to make the present plan successful he would be working to fasten it upon himself and the country. Every time he helped he would be offering another argument for retaining a plan he did not want. Even if, with his co-operation, it should work fairly well, that would prove nothing as to a comparison with what he considered to be the better plan. It would merely prove that the plan was not as bad as it might have been without his help.

But it is not necessary to spend much time arguing that phase of the matter, for Mr. Prouty is wrong in his premise—that there is no possibility of a change inside of two years—and we are not interested in any experiments, as he seems to be, merely to see what there is in this thing now that we have it thrust upon us. We see no reason why there should not be a change comparatively soon. Certain it is that the way to bring about a change, if we want it, is to demand it and work for it, and not to content ourselves with doing the best we can under the makeshift offered, so that students of economics may observe its workings under the most favorable conditions. There is no reason why the experiment of government operation of railroads in peace times under a war law should be tried any longer than is necessary safely and without dangerous jar to shift the belt. We have the present kind of operation because those at the head of the government thought it was necessary for the winning of the war, and Congress was willing to let them have their way. We want none of it, and Congress proposed none of it, for any other reason or under any other theory. There is no reason for retaining it any longer than is absolutely necessary. The period of time necessary may be twenty-one months after peace is declared or it may be one week from now. That ought to be determined at once and action taken accordingly. Shippers have been caught asleep at the switch many times, but we hope they are awake now. Congress has the power to act and the public has the power to make it act.

There is danger in other respects that the members of the Traffic League and shippers generally will overlook their responsibilities and opportunities. For instance, they admit, as does practically everybody else, that certain advantages have been gained through government operation of the railroads—pooling of cars, for one thing. The advocates of government ownership or rigid government control seize on these very things and these very admissions as fuel for their fires. "We offer these benefits to you," they say. "How else can you get them?" The danger in the situation is that those who admit these things to be good, but who at the same time are opposed to the propaganda that includes them in a government ownership plan

and understand that they may be obtained by means of a wise and simple revision of the laws, retaining private ownership, will have no definite, concrete plan to oppose to the government ownership plan, and so fail. It ought to be the business of the National Industrial Traffic League committee, appointed in accordance with the resolutions adopted by that body at its meeting last week, to construct such a concrete plan and it ought to be approved by the executive committee and backed by the League. Here is an opportunity for the League to do a big constructive work, and we believe that if it is awake to the emergency and properly interprets the feeling of its own members and shippers generally it will act along such lines. It can be the leader if it chooses or it can fail to act forcefully and run the risk also that no one will take up the burden.

There is encouragement in the recent action of the National Association of Owners of Railroad Securities in planning to fight the government ownership propaganda, but these men represent only one phase of the opposition and their interest is largely, if not purely, financial. That of the shipper, while, of course, he is looking after his own interest, in a sense, is of a larger sort. In looking after his own interest he is looking after the interest of the commercial business of the country, and his action expresses his thought as to what is necessary for the promotion of commerce. He is, so to speak, on the other side of the counter from the railroad—the buyer, as the railroad is the seller, of transportation. His idea of the justice of the transaction is just as important as that of the seller, and if he does not express it in fixing the rules of trade he must expect to get the worst of the bargain.

MCADOO'S ABDICATION

Things happen so fast in the transportation world these days that before these words are read the President of the United States may have appointed a new Director-General of Railroads to take the place of W. G. McAdoo, who has resigned from that and other offices. Whom he appoints is not, of course, as important as the ideas of the man appointed, and when the appointment is announced we may hope to learn from it something of what the transportation policy of the government is to be—whether there is to be a change in the plan of war control in peace times as outlined by Mr. McAdoo, or whether the McAdoo plan is to continue. Of course, the man appointed may have no ideas on the subject, or his views may not be known, or, if he has views, he may change them to fit the terms of the appointment, but there will at least be room for speculation.

Neither is it important why Mr. McAdoo re-

signed, unless it be a fact that the reason was that he did not agree with the President in the latter's apparent policy of gathering everything under the folds of paternalism. If that were the reason we should at least know where the President stood. But it is only one of the many reasons guessed by those who refuse to take at their face value the reasons given by Mr. McAdoo himself. If he has not told the real reason, it might, for all anyone knows, be anywhere in the range between a desire to groom himself for the presidency of the nation and a peeve because his father-in-law refused to give him a piece of the white meat at Sunday dinner. One guess is as good as another. Perhaps future events will shed a light on the past that will better enable us to judge.

We may say, however, that we are not inclined to believe that Mr. McAdoo fell out with the President because the latter's ideas of government ownership or government control went too far. We should say that he would have to go pretty far to get beyond Mr. McAdoo's ideas, at least as far as the railroads are concerned. Either that, or Mr. McAdoo's policies as outlined by himself, have represented the ideas of some one other than himself—and that we do not believe, for Mr. McAdoo generally thinks for himself, we should say. It would seem more likely that he resigned because the President was not willing to go as far as he went in railroad control, though we have no information that that is the case, and it is true that other paternalistic acts of the government would seem to indicate that Mr. McAdoo does not stand alone in his theories. It is all a jumble which, if only out of curiosity, we shall hope to see made clear some day.

Mr. McAdoo has proved what was already known of him—that he is a man of great ability and executive capacity, and we have at no time been disposed to doubt his good intentions in his conduct of the railroads. His fault has been in time of war that he permitted the men around him to do many things that were unfair and unwise and not at all justified by the fact of the war emergency, and that in time of peace he has proposed to exercise his continued arbitrary power to do things which seemed to him in the interest of efficiency and proper operation of the railroads but which were not at all contemplated when the government was authorized to take them over. Opposition had been smoldering for a long time, but it was smothered because the country was at war and it was felt that the Administration should have a free hand. But the minute the armistice was signed the flames broke out. It may be said, therefore, that Mr. McAdoo, if not actually or consciously retiring under fire, is but little ahead of it.

Current Topics in Washington



Mr. McAdoo's Job.—Among those who have had to keep their eyes on the Railroad Administration all the time since its creation, there is a feeling that the men who have been aspiring to Director-General McAdoo's place have shown a wonderful fondness for a position of power, trust and loss of sleep, if not of reputation. It is not often that the receiver of a financially embarrassed institution emerges from the management thereof with any great amount of acclaim.

Yet there are men who have pulled

all the wires they could think of in an effort to get the eye of the President so that he would consider them with a view to appointing a savior. That a salvage operation is needed will not be denied by anyone having an intimate knowledge of the facts. Some, for political or other reasons, may make a pretense of believing that all is well and that Mr. McAdoo's successor will have a comparatively easy time and much credit. Broadly speaking, however, there is not a man among those who have any conception of the true situation who believes the successor will not have much tribulation. There is a fondness for war prices, war wages and war conditions. Autocratic rule can flourish during the continuation of such prices, wages and conditions. Mr. McAdoo's successor, however, will have to struggle with problems tendered to him by ill-informed workmen—men who deride the Bolsheviks, but can see no reason for any reduction in the wages awarded to them by Mr. McAdoo; men who believe the public can be made to pay anything a director-general may order (in the way of rates) and who will jeer at the idea of a railroad having to consider the possibility of its charges being so high that traffic cannot move, or that, if it does move, it will move over the country roads in motor trucks; or who, if they do admit that, will think the quantity so small that the loss in revenue will be negligible. Nearly every man who has had anything to do with the Railroad Administration or the Interstate Commerce Commission since the early part of 1916 knows that managing a railroad, during that period, was comparatively simple, because, no matter what the cost, the traffic would move, because a large part of the world had to fight, and the cost of getting much of the tonnage moved was being paid out of public treasuries. The real test of management, it is suggested, will come when the buyer, and not the seller, makes the terms of sale. The railroads will be solicitous sellers of transportation, asking for patronage, on rates of pay and rates of carriage fixed to meet war conditions and prices, loaded down with burdens which they will not be able easily to slough off, because they were placed there by the government when its officials had the power of autocrats.

Railroad Legislation.—Unless there is a recession by one or both kinds of senators, there will be no revenue legislation at the regular session of Congress beginning next week. They are at loggerheads over stating the limit of taxes to be raised during the fiscal year beginning July 1 next. The majority party senators have written into the revenue legislation a limitation of \$4,000,000,000. The minority party senators think that is a bit of political trickery, intended to bring discredit on the Republicans because it is morally certain that \$4,000,000,000 could not be made to cover the commitments of the government for the year. The reason for the impasse is of no particular significance in and of itself, but it suggests to those who would like to read some legislation on the subject of railroad control that there will be an extra session of Congress after March 4. Extra session, to many, means legislation on that subject. What kind of legislation may be expected, if any, depends on each individual. The fact that it throws itself into the consciousness of everybody interested is that no plan has yet been formulated, even by those who are opposed to a continuance of governmental control. They have not even agreed on the fundamental

fact that all the benefits that have arisen from government control can be retained under private operation by writing a few amendments into the act to regulate commerce and then telling the Commission to take charge of railroads that, by an amendment to the federal control law, can be returned to their owners, one, two, three or six months after the passage of the bill. Until there is some kind of an agreement among those who will be responsible for legislation after March 4, nothing can be done.

The Speed of Government Operation.—One of the arguments used to favor the law that gives the President power to make rates on whatever notice pleases him was that speed was needed. There was some speed in advancing rates, after it was determined that the increase in wages, cost of materials and supplies, and things like that would require the raising of \$800,000,000 more than in 1917. But that is the only time any speed was shown in anything in connection with the administration of railroad affairs by government officials. Just how slow the government can operate may be inferred from the fact that up to Thanksgiving Day contracts had been signed with only three large roads. That was the fact notwithstanding the completion of the clauses of the standard compensation contract at least two months ago and the further truth that the Commission, at any time, was prepared to say what was the average net operating income for the three-year period ending June 30, 1917, of any road in the country. The form of the contract and the amount of the maximum possible compensation being known, the ordinary man might infer that the signing of a contract would be a mere matter of a few days, instead of months. Another fair proof that government control isn't necessarily speedy, even when it is exercised by officials having unlimited power, is the fact that it took from August to the end of November to patch up rates on which the starving cattle in Texas could be brought to pastures east of the Mississippi. A temporary scale was fixed up in August, although S. H. Cowan had been working on the matter since June. A disagreement as to how fractions should be handled caused rates to be put in, in August, that were not in accord with what the cattlemen thought had been agreed upon. On November 23 the rate authority to change the rates to what had been originally intended by the cattlemen came along. But the final scales for use in the southwest and the southeast have not yet got through the rate authority mill. The supposedly slow Interstate Commerce Commission operates at a speed that can be compared with that, without discredit to the Commission.

Hall Imported "Questionnaire."—It is not often that a word first used by the Interstate Commerce Commission finds its way into general use throughout the country. Commissioner Hall, however, added the word "questionnaire" to the vocabulary of the regulating body and from the Commission its employment has extended to everyday use in all occupations and businesses in the country. He became familiar with it during the time he was practicing law in Paris. It is the only French word he ever used in any outgiving of the Commission. Its general adoption may be taken as indicating the existence of "long felt want" for something of that kind. "Sending out a questionnaire" is something that everybody now understands. Prior to Mr. Hall's happy thought it was necessary to say the Commission sent out a list of questions, or interrogatories. There is no Anglo-Saxon equivalent for it, there is a need for it, and therefore it is not likely to die out or even be limited to the sphere of usefulness to which Mr. Hall introduced it.

War Restrictions Being Lifted.—The War Industries Board, the Food Administration, the War Trade Board and the Fuel Administration nearly every day lift a restriction that was reflected in some way in limitations on tariffs filed by the railroads. The probabilities are that nearly all the restrictions placed during the period of belligerency will be removed early next year. There is hardly a minimum in a tariff that was not made obsolete during the period of hostilities by a regulation from some board or administration—as, for instance, the 60,000-pound minimum on sugar. The boards and administrations are not willingly removing the restrictions. There is an element in each that desires to retain the power Congress gave for

the vigorous prosecution of the war. There is also an element in nearly every trade that desires restrictions to be continued. Each restricts competition and thereby tends to stabilize prices and keep things within control of the well organized units within a given industry. While nearly every industry has recognized the harm that unlimited competition has done, the recognition has not been so complete that every unit in an industry has been willing to submit to the restraints, even when placed by governmental authority. The removals have been made as a result of pressure, although the boards and administrations may not be willing to admit the fact.

Saving of Ton-Miles.—One of the points that will be made, it is believed, by the advocates of government ownership, or government operation, or both, is that the Railroad Administration saved hundreds of millions of ton-miles. A wasted ton-mile is a waste, of course. Everybody admits that. Not every man, however, admits that the saving is worth what it promises to cost. The saving, it may be argued, is exactly like that achieved when a carpenter receiving \$4 a day uses up his time or a considerable part of it in picking up a few ounces of nails, worth five cents a pound, scattered over a ten-room house. Even the greenest of contractors knows it is not an economy for a carpenter or a plasterer to stop his work to pick up the nails that are dropped by an ordinarily efficient workman. The saving is not anywhere near equal to the cost. The saving achieved by the Railroad Administration in this matter of ton-miles, it has been pointed out, and will be again pointed out many times, can be accomplished by an amendment to the act to regulate commerce authorizing the pooling of tonnage or earnings so as to make unnecessary the observance of the short-hauling prohibition of the fifteenth section, when through routes and joint rates are ordered. The general public, however, does not know why ton-miles must be wasted. It does not know that that waste, in effect, is commanded by the law and that that waste can be stopped by a change in the wording of the statute.

A. E. H.

HURLEY ON THE LA FOLLETTE LAW

In an article on "American Ships on the Pacific," published in the November issue of "Asia," Chairman Edward N. Hurley of the United States Shipping Board gives his views on the La Follette act and other matters connected with the new merchant marine. Many men, especially those engaged in shipping, have shown anxiety about laws relating to the new merchant ships and have asked questions concerning policies on wages, ownership, operation, costs, competition, and the like. Many of them believe that new legislation will be needed to keep our ships on the ocean.

Mr. Hurley reminds the public that the Shipping Board was created long before the entry of the United States into the war. One of its functions is to build up an American merchant marine and Congress gave it full scope for investigation and the recommending of further legislation. Therefore, the chief task, he says now, is to obtain real information about the operation of ships and create an intelligent American opinion on ships, so that, if new legislation is needed, it may be wise.

"One of the chief obstacles supposed to hamper us in the operation of our new ships," says Mr. Hurley, "is the La Follette law, also known as the seamen's act. I think it well to give my viewpoint on this much debated law.

"It is unfortunate that sea wages have occupied so much of our thought in connection with merchant ships. The La Follette act is a high-wage law and has, therefore, been a burning question. It seems inevitable that all discussions of American shipping must begin with a debate about a coolie and a bowl of rice, and in many cases never get any further. Read shipping testimony before Congress, and this problem of wages dominates. Talk with shipping men, and you will find it is ever present in their thoughts.

"Now it may be that they are right—that in the future, after we have made practical efforts to operate American ships with American crews, paid American wages and living under American standards, we shall need cheaper labor to hold our own in competition.

"But if that proves true, then the American merchant marine will run counter to most of our industrial ex-

periences. We haul freight on the railroads and the Great Lakes cheaper than any nation in the world, and do it with American labor under American conditions. Most of our foreign trade in manufactured goods consists of products made by the best paid American workmen—automobiles, typewriters and office machinery, agricultural implements, steel and other metal products. We have learned at home, as business men, that it almost invariably pays to raise living standards and wages, and I believe that this is as true upon the oceans as it is upon land.

"Wages are by no means the only factor in management. If you have an up-to-date plant and run it at high efficiency with a scientific cost system and can create a large, steady volume of business through intelligent sales work and good service to your customers, wages may be an entirely secondary matter—indeed, by utilizing these other elements of good management, you may be able to increase wages. That is true in manufacturing, and I believe it to be true of merchant shipping. Perhaps I am wrong.

"It is natural for me to be guided by past experience as a manufacturer in approaching a new task, and so my thought on merchant marine policy has run in these directions rather than to cheap labor. There is so much opportunity for efficiency in the design and operation of our ships, the rearrangement of our ports, the building up of trade volume, the use of machinery in handling freight, and the saving of money by quick turn-around of ships, that we have studied these matters first. It was logical to turn to them during the period when we were building our ocean transportation plant, with its terminal facilities. Had we been apprehensive over the coolie and his bowl of rice we might have overlooked opportunities to incorporate economically new devices in the design of our ships and port machinery. So my policy thus far might be stated as follows:

"First—Build the ships and win the war.

"Second—Make our merchant marine as good an American machine as possible and truly American in operation and living standards.

"Third—Put the support of an intelligent American public behind our merchant marine.

"Fourth—Then, if we cannot keep these ships on the ocean without the coolie and his bowl of rice, it will be time to go to Congress and ask for help.

"The La Follette act has not yet been tested, by reason of abnormal conditions in ocean transportation caused by the war. Most arguments advanced against it, as well as for it, are now theoretical, and we need the light of practical experience to guide us in changes if they are necessary. I am even a little prejudiced in favor of that law, because it raises human standards in the ocean transportation industry. I personally believe that good human standards are not only desirable, but also that they actually work better than poor human standards."

Mr. Hurley also pays a high tribute to the British merchant service:

"It has long been the dominating force in ocean commerce," says he, "and will continue to be after the war. Autocracy might have throttled the world without the British merchant marine, mobilizing the men and food of the British Empire. We owe British merchant ships and sailors a great debt for transporting our man-power to France. After the war we may have more merchant tonnage than Great Britain, temporarily, but the lessons of the war will not be lost on John Bull—he is bound to bring his merchant marine up to first place as an economic and military necessity. I believe wages and living conditions in the British merchant marine will be placed on higher standards as a result of war experience and the great stimulus to betterment that has grown out of the war. Bargain-hunting for ocean transportation and other services has got both John Bull and ourselves into difficulties."

SUPERVISORS ARE OFFICIALS.

Director-General McAdoo, on November 9, announced that signal supervisors and assistant signal supervisors shall be considered as officials and that therefore their compensation shall be fixed by the Director-General upon the recommendation of the regional directors.



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Decisions of Interstate Commerce Commission

UNREASONABLE COAL RATE

An order of reparation has been made in No. 9381, Midland Coal Co. vs. St. Louis & San Francisco, opinion No. 5439, 51 I. C. C., 313-316, on account of an unreasonable rate on coal from Liberal, Mo., to Burlington, Kan., the unreasonableness consisting of the amount of \$1.10 per ton, the rate in effect from other mines in the neighborhood of the mine at Liberal that made the shipment, to the same destination. The rate charged was \$1.65 a ton. The legally applicable rate was a combination of \$1.60 per ton. After the movement the carriers established the rate of \$1.10 per ton, so the only question in issue was that of reparation. The complainant in this instance was neither consignor nor consignee, but it was the real party in interest. Therefore the Commission applied the rule laid down by it in *Oden & Elliott vs. S. A. L.*, 37 I. C. C., 345. On account of the fact that the complainant was not an avowed party to the transportation, the Commission, in its report, discussed the cases bearing on the question of the right of a party not in the transportation record obtaining an order of reparation.

McADOO NOT A DEFENDANT

CASE NO. 9661 (51 I. C. C., 326-330)
MAYFIELD & GRAVES COUNTY COMMERCIAL CLUB
VS ALABAMA & VICKSBURG RAILWAY COMPANY
ET AL.

PARTS OF FOURTH SECTION APPLICATION NO. 2045.

Submitted March 2, 1918. Opinion No. 5442

1. Rates on cotton factory products from points in Carolina, southeastern and interior Mississippi Valley territories to Mayfield, Ky., not shown to have been unreasonable but found to have been unduly prejudicial to Mayfield.
2. Fourth section matters not determined upon the record in this case.

Division 3, Commissioners Harlan, Hall and Anderson.

The Mayfield & Graves County Commercial Club alleges that defendants' rates on cotton factory products to Mayfield from points in Carolina, southeastern and interior Mississippi Valley territories are unreasonable and also unduly prejudicial to the advantage of Paducah, Ky., St. Louis, Mo., Milwaukee, Wis., Cairo and Chicago, Ill., and various interior points in southern Illinois. The Commission is asked to prescribe rates to Mayfield not in excess of the present rates to Paducah. Most of the evidence offered with respect to the alleged violation of section 4 relates to the rates to Mayfield as compared with those to Paducah.

Mayfield, with approximately 7,000 inhabitants, is a local station on the Illinois Central Railroad 23 miles south of Paducah. There are two large mills at Mayfield which manufacture clothing for men and boys. These mills buy cotton piece goods in considerable quantities, and it was recognized on their behalf that this proceeding was instituted. Paducah, with approximately 25,000 inhabitants, is

situated on the south bank of the Ohio River. It is served from the south by the Illinois Central Railroad and the Nashville, Chattanooga & St. Louis Railway. There are no clothing factories at Paducah.

Rates on cotton factory products from the points of origin to Mayfield are, with few exceptions, made by combinations of commodity rates to Paducah and fourth class rates, governed by the Southern Classification, beyond. Charlotte, N. C., Columbia, S. C., Atlanta, Ga., Birmingham, Ala., and Chattanooga, Tenn., are selected as representative of points in the originating territories, and the following table, using short-line distances, illustrates the situation which complainant urges is unreasonable and prejudicial. Rates are stated in cents per 100 pounds and apply on any quantity.

	From Charlotte.		From Columbia.		From Atlanta.		From Birmingham.		From Chattanooga.	
	Miles.	Rate.	Miles.	Rate.	Miles.	Rate.	Miles.	Rate.	Miles.	Rate.
Mayfield, Ky. . . .	609	81	633	75	414	71	303	71	277	62
Paducah, Ky. . . .	632	59	656	53	437	49	326	49	300	40
St. Louis, Mo. . . .	793	59	817	57	598	50	474	50	461	45
Chicago, Ill. . . .	831	65	855	55	746	55	698	55	609	50
Milwaukee, Wis. . .	916	68	940	58	831	58	783	58	694	53
Indianapolis, Ind.	637	65	661	55	552	55	504	55	415	50
Cairo, Ill.	675	59	699	53	480	49	331	49	343	40
Carterville, Ill.* .	703	70½	727	64	508	60½	397	60½	371	55½

*Represents interior southern Illinois points.

The Nashville, Chattanooga & St. Louis Railway has its own rails from Atlanta to Paducah, and traffic from southeastern and Carolina territories to Mayfield generally moves over this line to Paducah, at which point it is delivered to the Illinois Central. There is a shorter route from Atlanta through Martin, Tenn., via which Mayfield is intermediate to Paducah, but this route is seldom used, although the rates are the same as the rates applicable over the route first described. Traffic from interior Mississippi Valley territory to Paducah moves through Mayfield. However, there is no movement of cotton factory products from the latter territory to either Mayfield or Paducah.

Complainant's evidence in support of the allegation of unreasonableness consisted principally of general statements. Its contention in this respect rest principally upon the existence of lower rates for greater distances to points on and north of the Ohio River. Mention is made of the fact that transportation to points north of the river involves expensive river crossings, and at the more important points, some of which are shown in the above table, the terminal expense is said to be considerably greater than at Mayfield.

Witnesses representing the two Mayfield clothing factories say that their principal competitors are located at St. Louis, Mo., Evansville, Ind., Louisville, Ky., Cincinnati, O., Memphis and Nashville, Tenn., Cairo and Chicago, Ill., and New York, N. Y.; that most of their output is sold

in the south and southeast; that the more favorable rates on cotton factory products to the competing points gives those points such an advantage in marketing their goods that it threatens Mayfield as an industrial center; and that there are no circumstances entering into the manufacture of clothing at Mayfield which counterbalance the preference arising from the rate inequalities.

The manufacture of cotton factory products in the southeast is confined principally to Alabama, Georgia, the Carolinas, eastern Tennessee and southern Virginia. About 25 years ago the lines serving this territory began to direct their efforts strongly to the development of the cotton manufacturing industry. It became necessary to accord the southern mills northbound rates which would permit them to compete with New England mills in the territory bordering and north of the Ohio River, and a basis of rates was adopted by which the rate from Atlanta to Chicago would equal the rate from the New England mills taking the Boston rate. The Boston rate was the same as that from New York to Chicago. Rates to other points north of the river were based on a percentage scale of the New York-Chicago rate.

Defendants assert that the rates to Mayfield made by combinations on Paducah give Mayfield the advantage of the very low commodity rates to Paducah, instead of the normal class basis. At the time of the hearing the rate from Boston to Cincinnati was 50.5 cents. The rate from Atlanta and points in the Atlanta group, which is fairly illustrative of the rates from southeastern territory, to Cincinnati, was and is 49 cents. Because of competitive conditions which have necessitated a parity in the rates from Atlanta to the several river crossings, the rate to Paducah is made 49 cents, which, for the reason stated, is lower than the rate from Boston to Paducah. The fourth class rate from Paducah to Mayfield is 22 cents, making the through rate from Atlanta 71 cents. Rates from Carolina territory are made with a fixed relationship to the Atlanta rate and are generally 10 cents higher, except that from a few points bordering the Atlanta group the differential is 5 cents.

Defendants argue that cotton factory products are essentially class traffic; that their value is much higher than the general average of freight moving in the south; and that the movement of cotton factory products is generally in less-than-carload quantities. In the Western Classification the rating is first class; in Official Classification, rule 25; and in Southern Classification, as stated, fourth class. The fourth class rating in the Southern Classification is said to have been prescribed for the purpose of encouraging and aiding the development of the cotton mill industry in the south.

For the purpose of showing that the rates in issue are intrinsically reasonable, defendants compare them with rates on cotton factory products between points in the south; from Ohio River points to southern points; and from St. Louis to points in Arkansas, Louisiana and Oklahoma. It is not necessary to discuss these exhibits in detail. It is sufficient to say they tend to show that the rates assailed are not unreasonable.

Notwithstanding this showing by defendants there appears to be an excessive spread between the rates to Paducah and those to Mayfield which is disadvantageous to Mayfield. This disadvantage cannot be justified by the efforts of defendants to stimulate and promote industries in another section of the south by establishing extremely low rates to Paducah while Mayfield is subjected to rates which are 22 cents higher. In *Mayfield & Graves County Commercial Club vs. B. & O. R. R. Co.*, 48 I. C. C., 45 (The Traffic World, Feb. 2, 1931, p. 214), we considered joint class rates from trunk line territory to Mayfield, which were alleged to be unreasonable and unduly prejudicial. These joint class rates were composed of the class rates to and from Paducah, and except for the fact that commodity rates are in effect from the southern territory to Paducah, the bases of constructing the through rates are alike. In that proceeding we found that the through rates, including those on cotton piece goods, were not unreasonable, but were unduly prejudicial to Mayfield to the extent that they exceeded the rates contemporaneously in effect to Paducah by certain definite amounts, 18 cents being prescribed as a maximum for fourth class. The general character of that case is not unlike the present one.

In *Mayfield & Graves County Commercial Club vs.*

I. C. R. R. Co., 49 I. C. C., 419 (The Traffic World, May 11, 1918, p. 1010), we found that the rate on uncompressed cotton in less than carloads from Marietta, Ga., to Mayfield was unreasonable to the extent that it exceeded 75 cents. That commodity takes a rating of first class. The rate assailed was a combination of 50 cents to Paducah and a first class rate of 37 cents beyond.

We find that the rates assailed are not shown to have been unreasonable, but that they were unduly prejudicial to Mayfield to the extent that they exceeded by more than 18 cents per 100 pounds the rates contemporaneously in effect on like traffic from the points of origin involved to Paducah.

There was assigned for hearing in connection with this proceeding that portion of Fourth Section Application No. 2045, filed by the Illinois Central Railroad Company, wherein authority is sought to continue to charge for the transportation of cotton factory and mill products from points in southeastern, Carolina and interior Mississippi Valley territories to Paducah rates which are lower than rates contemporaneously maintained on like traffic to Mayfield and other intermediate points. Some evidence was submitted by defendants with respect to this situation. However, the Illinois Central, which is the only line serving Mayfield, is not a controlling, or even an important, factor in the rate adjustment on these commodities. The rates to Mayfield and Paducah are a part of the general scheme of rates from the origin territories involved to points on and north of the Ohio River and the intermediate territory south of the river. Other markets and carriers are vitally interested in the adjustment, and the fourth section issue presented is too broad to be determined upon the meager record in this case. We accordingly make no finding relative to the fourth section application, reserving it for consideration upon a more comprehensive record.

ANDERSON, Commissioner:

The foregoing report proposed by the examiner was filed in the record and served upon the parties. Exceptions thereto were filed by the complainant. An examination of the record with special reference to the points raised by the exceptions verifies the accuracy of the statements of facts in the examiner's proposed report. Upon consideration of the record, we approve and adopt his proposed report as part of this report.

In the exercise of powers conferred upon the President by the federal control act, approved March 21, 1918, the Director-General of Railroads has, by General Order No. 28, as amended, initiated, effective June 25, 1918, rates exceeding those complained of. Rates so initiated are subject to review by us only upon complaint as prescribed in the federal control act.

On Aug. 3, 1918, we made a supplemental announcement in which we said, among other things, that the Director-General was a necessary party defendant where the cause of action is as to rates, etc., which, since the filing of the complaint, have been or shall have been increased or changed by order of the Director-General under the federal control act, and the relief sought includes an order for the future.

By said supplemental announcement we further stated that complainants desiring to bring in the Director-General as an additional defendant should, on or before Oct. 1, 1918, apply for leave to file a supplemental complaint setting forth their cause of action against the Director-General, and, that failing such application, unless the time is extended for cause shown, complainants will be understood as electing to stand upon the issues as made.

No such application was filed in this case, and the rates initiated by the Director-General cannot be considered upon the present pleading. The complaint will be dismissed.

MINOR COMMISSION ORDERS

The Commission has dismissed proceedings in case No. 9469, *Amer. Coal Mining Co. et al. vs. C. & E. I. R. R. Co. et al.*, upon complainant's request.

The Commission has dismissed proceedings in case No. 10229, *Public Service Commission of the State of Washington et al. vs. W. G. McAdoo, Director-General of R. R., U. S. R. R. Administration et al.*, upon request of all parties interested.

PRESIDENT'S RAILROAD POLICY

The Traffic World Washington Bureau.

The President is expected to tell Congress next Monday, or whatever day he selects for delivering his annual message, which will be just before he starts for Europe, what he thinks should be done with the railroads and the common carriers by water he has taken over. It would surprise no one were he to give out, either directly or by discreet hints, the substance of his recommendations on that head in time for publication on Sunday, December 1.

It would not surprise some men who think themselves well informed were he to announce that he intended to return the railroads to their owners as of January 1, thereby making the period of government control just one year.

"I think the administration should seriously consider the advisability of returning the railroads to their owners on January 1," said Director Prouty of the Division of Public Service and Accounting, when asked if he had any idea as to what recommendation had been made to the President or what recommendation the President would make to Congress.

"If it is desired, to give a thorough test to government operation the twenty-one months allowed by law are not sufficient," he continued. "Additional legislation would be needed to afford such an opportunity. There is no probability of legislation during the coming session of Congress. The war is over and serious consideration should be given to the advisability of returning the railroads to their owners on January 1."

Mr. Prouty has never favored government operation. He is, however, one of those who have had an idea that such a solution would be forced on the country. That was his idea while a commissioner and nothing has happened or been done to cause a change of view.

It is a conviction at the Railroad Administration among those subordinate to the Director-General that the Railroad Administration has made a recommendation to the President on the subject of legislation. It is known, for instance, that the President asked every administration and board, soon after the signing of the armistice, to make recommendations to him on which he could base advice to Congress as to what should be done by, with or for the wartime agencies.

But the recommendation, if made, is the work of the Director-General and not his advisers. They have told him, it is believed, what they think should be done. But if the subordinates have made such recommendations and have discussed them in what they call the staff meetings, it is not certain that Director-General McAdoo has transmitted their views to the President or that their thoughts have influenced him at all in the recommendations he has made. The Railroad Administration staff held a long consultation November 26. Inasmuch as the Director-General was then in Atlanta, whatever the members of the staff may have recommended it it has been placed before his eyes, had to go by wire or mail.

Director-General McAdoo is expected back in Washington some time November 29, although he may not arrive until the next day. That would enable him to place before the President a written communication embodying his final views as to what the President should say to Congress.

It is fair to assume that Mr. McAdoo has not changed his mind since the passage of the federal control act. At the time Congress dealt with that subject he was opposed to any time limit within which the railroads would have to be returned to their owners. In other words, less than a year ago he favored government operation for an unlimited period. Had Congress agreed with him there would not now be any question as to what the Railroad Administration or the President thought should be done. The law would provide for a continuance, in time of peace, of government operation, "until otherwise ordered" by Congress. The believers in government operation or government ownership were defeated on that point, notwithstanding that compliance with the views of the President was then almost the unvaried practice of the lawmaking branch of the government.

It would not be at all shocking, then, if Director-General McAdoo should advise the President along the lines of Director Prouty's talk—that is to say, if Congress does not desire to enact further legislation providing for a fair and unlimited test of government operation under normal con-

ditions, then, the war being over, the railroads should be returned to their owners as of January 1.

In other words, it would not surprise those who have thought on the subject, if the President should say to Congress in effect: "A year ago, nearly, I asked for unlimited power for an unlimited period to try government operation. You did not give it to me. Therefore, I now suggest that, unless you do give me power, perhaps not unlimited for an unlimited period, but certainly for more than twenty-one months, I am minded to turn these properties back to their owners four weeks hence and let them and you struggle with the problems of immediate readjustment, or avoid that trouble by giving me permission to mature a plan in such time as I think is needed to enable me to give a matured judgment on the matter."

The Director-General's resignation is effective on January 1, if the President so desires. The return of the railroads to their owners could be made effective on the same day and thereby force on the divided house of railroad operators and railroad security holders the task of taking care of a situation that is not as rosy, from the point of view of the public or of the owners of the railroads, as might be inferred from the "press notices" prepared by Theodore H. Price, the Railroad Administration's "actuary," or the humbler men whose names are not attached to the reports that have been daily ground out for the information of those who have to pay the bills incurred for the operation of the railroads.

That there is a divided house on the railroad side of the question may be known from the fact that Samuel Rea and S. Davies Warfield are engaged in a newspaper controversy on that subject. Mr. Rea is of the family of railroad men who are suspected of believing this is a good time for the owners to unload on the government, either directly or indirectly, through the creation of six or seven federally-incorporated railroads, each operating in what is now a region presided over by a Railroad Administration director, with a guaranteed return to each for performing the common carrier service in the particular region.

Mr. Warfield and his association are believed to be of the idea that the railroads could be operated at a profit to their owners if the act to regulate commerce were amended so as to allow the railroads to operate in a way that would give them the benefit of pooled tonnage, unified terminals and supervised issues of stocks and bonds.

The groundwork for a distinct division between railroad operators like Samuel Rea and A. H. Smith on one hand and bankers representing the security holders on the other, has been laid. It is not only possible, but probable, that the shippers may be drawn into it.

There are two ways for the owners of the property to procure its return. The first is by application to the President. He has power to return it to them without any action on the part of Congress. The other is to apply to Congress for a change in the federal control law so that the period in which the railroads may be held will be reduced from twenty-one months after the exchange of ratifications of a peace treaty to whatever term less than that may be desired.

The Warfield faction among the owners is inclined to go to Congress. It has been able to negotiate with the Railroad Administration only in a tenuous sort of way, the Administration confining its attentions largely to the Thom committee, as representing the party of stock owners which selected the officers in the period before control.

Should the President tell Congress he intended to return the railroads on January 1 or any other near date, it would be necessary for the owners to formulate some plan, either for legislation or for financing, because, according to general understanding, the financial affairs of the companies are not in condition, without help from the Treasury, to go on with the ordinary operations in the ordinary way. The Railroad Administration has not paid the rent in full to all companies. It has the surplus funds of some of them and if the physical properties were returned there might not be enough money in the tills of some of them to continue operating and paying bills on time.

Among the lawmakers who have studied the railroad question there seems to be no clearly defined attitude. Senators Cummins and Norris are working on bills squinting at a larger measure of control. Some senators may prepare drafts of bills amending the act to regulate commerce so as to enable the regulating body to assure the

public of a continuance of all the good that was accomplished during government control. In a large way of speaking, there is nothing the Railroad Administration has accomplished that could not have been done by the Commission, it is believed, if Congress had given it the power to allow the pooling of tonnage, the joint use of terminals and the issuance of stocks and bonds. The last-mentioned power, it is believed, is more needed for the protection of well managed roads than for the protection of the investing public. By the power over stocks and bonds, the Commission could prevent the construction of competing roads intended only to be sold to the well managed and the construction of industrial roads only intended to force divisions from trunk lines.

A final conference between the President and Mr. McAdoo on railroads is expected November 30, when the Director-General is due in Washington. Just how the next move, if any, is to be made waits on them. Everybody is at a standstill. The Commission thus far has not shown any inclination to comply with the request of the Railroad Administration to hold hearings on the mileage class scales. Opponents of the Administration in Congress, except for the introduction of the Cummins bill restoring full power over rates to the Commission, have done nothing.

Congressmen and commissioners, without saying so openly, by their attitude are asking the President and the Administration what they propose doing about the situation created by the reversal at the pools and the opposition shown by shippers to every proposal put forward by the Administration, especially the class scales.

There has been an intimation that shortly the Administration will make public the salary roll of the chief executives. It is understood, but not confirmed, that the members of McAdoo's staff are paid \$25,000 a year and that Regional Directors Smith, Ashton and possibly one other are paid \$50,000, the others receiving \$40,000.

THE McADOO RESIGNATION

The Traffic World Washington Bureau.

There is as yet nothing approaching definite information as to who will be appointed by the President to succeed William G. McAdoo as Director-General of Railroads, from which office, without any previous intimation to the public, he resigned at the same time he resigned as Secretary of the Treasury, the announcement being made Friday night, November 22. Neither is there any information as to any possible reason for his retirement other than the reasons given in his letter of resignation, though speculation has been busy to discern some ulterior motive.

Suggestions cover the range between family trouble with his father-in-law, the President of the United States, to a desire to get out of public life so that he may groom himself as a candidate for the presidential nomination. One suggested reason—stated in a tone of authority by the Providence Journal—is that he disagreed with the purpose of the President to impose government ownership or control on all public utilities, though that, of course, would not account for his resignation as Secretary of the Treasury, unless his disagreement with the President went to the point where it was unpleasant for him to sit in the cabinet.

Government ownership advocates appear to be back of a report that he resigned because Congress did not give sufficient opportunity for making a real test of government operation of railroads. There might be a slight basis for that in view of the fact that Director-General McAdoo was understood to be disappointed because Congress insisted on limiting the period of government control to twenty-one months after the war. He wanted no limit. Leaders in Congress, however, insisted on a limit for the very reason that they were really opposed to government operation and regretted somewhat having enacted a provision in the army appropriation bill of 1916 authorizing the President to take over the railroads in time of war or other national emergency.

One thought has been that if the President should not designate another Director-General of Railroads, Newton Baker, Secretary of War, would ex officio become the head of the Railroad Administration, though perhaps few remember that the law of 1916 authorizes the Secretary of War to take over the railroads. Railroad Administra-

tion lawyers, however, deny that this would be true. They say the law of August, 1916, in so far as the management of the roads taken over is concerned, has been wholly superseded by the federal control law.

McAdoo-Wilson Correspondence.

The correspondence between the President and Director General McAdoo is as follows, Mr. McAdoo's letter being given first:

November 14, 1918.

Dear Mr. President:

Now that an armistice has been signed and peace is assured I feel at liberty to apprise you of my desire to return, as soon as possible, to private life.

I have been conscious, for some time, of the necessity for this step, but, of course, I could not consider it while the country was at war.

For almost six years I have worked incessantly under the pressure of great responsibilities. Their exactions have drawn heavily on my strength. The inadequate compensation allowed by law to Cabinet officers (as you know I receive no compensation as Director General of Railroads) and the very burdensome cost of living in Washington have so depleted my personal resources that I am obliged to reckon with the facts of the situation.

I do not wish to convey the impression that there is any actual impairment of my health because such is not the fact. As a result of long overwork I need a reasonable period of genuine rest to replenish my energy. But more than this, I must, for the sake of my family, get back to private life to retrieve my personal fortunes.

I cannot secure the required rest nor the opportunity to look after my long neglected private affairs unless I am relieved of my present responsibilities.

I am anxious to have my retirement effected with the least possible inconvenience to yourself and to the public service, but it would, I think, be wise to accept my resignation now, as Secretary of the Treasury, to become effective upon the appointment and qualification of my successor so that he may have the opportunity and advantage of participating promptly in the formation of the policies that should govern the future work of the Treasury. I would suggest that my resignation as Director General of Railroads become effective January 1, 1919, or upon the appointment of my successor.

I hope you will understand, my dear Mr. President, that I would permit nothing but the most imperious demands to force my withdrawal from public life. Always I shall cherish as the greatest honor of my career the opportunity you have so generously given me to serve the country under your leadership in these epochal times.

Affectionately yours,

W. G. McADOO.

21 November, 1918.

My Dear Mr. Secretary:

I was not unprepared for your letter of the fourteenth because you had more than once, of course, discussed with me the circumstances which have long made it a serious personal sacrifice for you to remain in office. I knew that only your high and exacting sense of duty had kept you here until the immediate tasks of the war should be over. But I am none the less distressed. I shall not allow our intimate personal relation to deprive me of the pleasure of saying that in my judgment the country has never had an abler, a more resourceful and yet prudent, a more uniformly efficient Secretary of the Treasury; and I say this, remembering all the able, devoted and distinguished men who preceded you. I have kept your letter a number of days in order to suggest, if I could, some other solution of your difficulty than the one you have now felt obliged to resort to. But I have not been able to think of any. I cannot ask you to make further sacrifices, serious as the loss of the Government will be in your retirement. I accept your resignation, therefore, to take effect upon the appointment of a successor, because in justice to you I must.

I also, for the same reasons, accept your resignation as Director General of Railroads, to take effect, as you suggest, on the first of January next, or when your successor is appointed. The whole country admires, I am sure, as I do, the skill and executive capacity with which you have handled the great and complex problem of the unified administration of the railways under the stress of war uses, and will regret, as I do, to see you leave that post just as the crest of its difficulty is passed.

For the distinguished, disinterested and altogether admirable service you have rendered the country in both posts, and especially for the way in which you have guided the Treasury through all the perplexities and problems of transitional financial conditions and of the financing of a war which has been without precedent alike in kind and scope I thank you with a sense of gratitude that comes from the very bottom of my heart.

Gratefully and affectionately,

WOODROW WILSON.

Who Will Succeed Him?

One suggestion is that the President may try what was urged on him before Mr. McAdoo was appointed—namely, putting the administration of the carriers in the hands of the Commission, without designating any particular man to act as chief executive officer. That was Commissioner McChord's idea and McChord has been able at times to get his ideas into the President's head, which has not always been an easy task. Mr. McAdoo, realizing that there would be questions as to whether the real reason for quitting had been given, suggested, in talking of his resignation, that before any of the men with whom he was talking wrote anything of that kind, ask himself one

question, "Has McAdoo ever double-crossed me?" Mr. McAdoo, among newspaper men, has the reputation of being a truth-teller.

If the President were appointing a Director General on the strength of manifestations in behalf of candidates for the place, C. A. Prouty would probably be regarded as the most likely candidate. Representations in his behalf have been made by senators, some shippers and some members of McAdoo's cabinet. Nobody, however, has any idea as to what the President will do.

Not even the President's political enemies believe he is thinking of inviting insurrection in Congress by appointing anyone wholly unsatisfactory to shippers. Mr. Prouty has talked some with his friends. One of the points made by him is that the man who follows Mr. McAdoo will have a much harder task than the retiring Director-General, because of the high level of rates and wages, all other prices showing a tendency to come down.

Considerable of the gossip at the Railroad Administration turns to Walker D. Hines for the place. His appointment would be unsatisfactory to shippers. They would prefer Mr. Prouty, C. C. McChord, or W. A. Wimbish of Atlanta.

Many railroad men believe Walker D. Hines has a good chance of succeeding McAdoo, though they admit that John Skelton Williams and C. A. Prouty are making a stiff fight for what many think will be a thankless task. Williams is with McAdoo on his southern inspection trip. Friends of Commissioner McChord are working as hard as any, and if the President is thinking of naming a man not obnoxious to shippers by reason of his connection with the Railroad Administration, and who is qualified, Mr. McChord will probably be near the top of the list.

Although the President is not credited with ever paying much attention to representations made to him in connection with appointments, efforts, it is believed, will be made to bring to his attention the fact that Director Prouty, of the Division of Public Service and Accounting, is the one man in the Railroad Administration who has a fair share of the confidence of both the shipping public and railroad operating officials. It may be suggested to him that if there is to be a fair test of government operation of railroads, under conditions other than those caused by war, now is the time to have it made and that Mr. Prouty is the man who has these outstanding qualifications. He knows the policies in effect now and the reasons therefor, because he has been present and helped in the discussions that preceded their formulation and he has the confidence of the two great divisions of the public that formulate what is loosely called the "railroad problem." He is committed to the policy of making a fair test of government operation. Above all else, he has no political ambitions. He is not a member of the party now in control of the government.

Franklin K. Lane, regarded as another possibility, is like him in his lack of political ambition, having been born in Nova Scotia and being ineligible to become President. But Mr. Lane has been out of direct touch with the work of the Commission for six years and never at all in touch with the policies on which Director General McAdoo worked. Both are fearless men. Neither would allow himself to be held up for a second by a labor leader, nor hesitate to apply the law of conspiracy to a brotherhood that ordered a strike because of disagreement about wages or working conditions.

John Skelton Williams is director of the division of Securities and purchases and comptroller of the currency. He is not favored by anyone who knows the need is of a head who will bring the shippers and state commissioners into cooperation with himself. Mr. McAdoo ignored both state commissioners and shippers to such an extent that they are now more or less unwilling to credit him with a desire to have things move smoothly. John Skelton Williams, it is believed, might be even worse than McAdoo on that score.

John Barton Payne, the legal adviser of the Railroad Administration, has not come much in contact with the shippers. All they know about him is the strained constructions placed upon decisions of inferior courts, in the matter of reparation, in what seemed to them like a determined plan not to make reparation on anything, except upon placing errors of tariff publication. He is the man whose circular suggested that coal is shipped in open-top equipment for the convenience of shippers and therefore the carriers should not be required to make reparation

when there is loss by pilferage or because some of the coal has been shaken off the top of heavy loads. His appointment would cause an energetic protest at the capitol and probably a determined effort to have all laws authorizing the taking over of railroads or their operation repealed because the views that have been credited to him, in the matter of claims and reparation, do not set well with those who pay the major cost of railroad operation.

That no one apparently has an idea as to the identity of the successor to Director General McAdoo is true, notwithstanding that the President, for a week before the correspondence was made public, knew that Mr. McAdoo intended retiring. There was some shivering on the theory that any uncertainty in respect to control of the railroads would have a deleterious effect, but Mr. McAdoo will remain in charge until a successor has been named.

Immediately after the announcement of the resignation, a discussion sprung up as to the possibility of a contest, with the President as the umpire, between the advocates of government ownership, and those opposed to further indulgence in that kind of luxury. Ideas of all kinds were freely put forth by public men (but not for publication in connection with their names), not one of whom stood the slightest chance of being asked to advise the President on the subject. The names of Associate Justice Brandeis, Charles A. Prouty, Secretary Franklin K. Lane, Postmaster General A. S. Burleson, Fuel Administrator Garfield, Food Administrator Hoover, Interstate Commerce Commissioner McChord, former President Taft, Assistant Director General Walker D. Hines, John Skelton Williams and Director Chambers were used in the speculation concerning the place. Everybody was free to use the name that occurred to him, because apparently President Wilson and Director General McAdoo were the only persons who had talked on the subject.

The Task Left by McAdoo

Mixed with the speculation as to the successor was a little inclination to suggest that Mr. McAdoo, in retiring now, is getting from under, leaving his successor to deal with a trying situation, in the creation of which the successor had no part. The public, it is suggested, will not think of the huge bill that will have to be paid for the luxury of government operation as having been incurred by Mr. McAdoo and his assistants. They will be inclined to think the successor caused it.

That bill will be somewhere between \$400,000,000 and \$600,000,000, in addition to the bill caused by the advanced freight and passenger rates. The part of the bill caused by higher rates has been and will continue to be paid by the particular class of the public known as shippers. The rest of the bill will be paid out of the treasury. The advances in rates, it has been roughly estimated, will entail a cost of about \$800,000,000. The greater part of that sum will be absorbed by the increases in wages.

Whether it was necessary, to enable the railroad employees who are members of the four big brotherhoods to live, during the war, to give them as large advances as did come to some of their members is a question about which there will be much debate. Engine drivers, before the advances were made, were receiving on an average about \$5.40 a day. All employees receiving less than \$250 a month were put in a class, the members of which were eligible to receive advances in wages.

Whether it is fair to say that the bill of between \$400,000,000 and \$600,000,000, which must be paid, is attributable in whole to government operation, is also a question that is debatable. The fact is that there will be a big bill, in addition to the extra cost caused by advanced rates, that must be paid out of the treasury. Part of the next liberty loan will have to be used to pay it.

If the railroads had been left in the hands of their owners, the owners might have had to pay even larger bills, but it is believed that there would not have been as large advances in wages as the government has allowed. The owners would simply have had to say they could not pay the wage scales that were put in. The brotherhoods might have gone on strike and thus prevented the movement of supplies to the armies. The station and shop employees might have taken other jobs and thus left the railroads without labor with which to keep themselves in operating condition. Nobody knows.

The fact that cannot be explained away by any reasoning or excuses is that, while rates and fares were ad

vanced pretty close to 40 per cent for the last half of the year, the money resulting from that advance will not be large enough to make the railroads, the first year of government operation, self-supporting. Self-support was the target at which Director General McAdoo was aiming. When General Order No. 28 was put out the estimate was that government operation would call for the expenditure of about \$750,000,000 more than under private control. Therefore the desire was to raise about \$800,000,000 more than the year before.

Unless the first nine months of the current year were not fair indicators as to what might be expected for the whole year, the increase in revenue will be disappointing. Instead of \$800,000,000, the higher rates will raise only about \$732,629,000 during the year. The operating revenue increased during the nine months only \$570,103,000. The expenses increased \$769,142,000. The economies that have been talked about are petty trifles in comparison with the big items of added expense.

Since the beginning of the year not one reparation has been made. The operating revenue, during the nine months, in round figures, was \$217,000,000 less than during the corresponding nine months of 1917. As an operating proposition, therefore, the Railroad Administration, notwithstanding the big advance in rates, has not been as successful as private operation. The operating ratio ran up, during the nine months, in comparison with the nine months of 1917, from 70.09 to 80.81. That is to say, under private operation, out of every dollar taken in from the public, the private control saved nearly thirty cents for the payment of dividends, interest and so forth, while under government operation the margin was only a little more than nineteen cents.

In September, the last of the nine months' period under discussion, the condition was more favorable to government operation. Out of each dollar taken in, the government operators had 24.08 cents left for the payment of dividends and so forth. During September, 1917, the owners of the property had 31.91 cents out of each dollar left for the payment of such things.

The owners of the railroads do not suffer these losses. They are to receive just compensation, or just plain rent for the use of their property, the average of the operating income for the three-year period ending with June 30, 1917, plus something for the investments made during the last half of 1917. The average operating income for all the railroads in the country, good, bad and indifferent, in round numbers, was \$945,000,000.

That sum, however, is not the total that will be paid for the use of the railroads. The roads that had no operating income must be paid something, because, while they made no profit, the law is not such that the government can take charge of the non-profitable property and operate it without paying the owner something for the use of it and that something is usually about six per cent on the investment, regardless of its market value. The contract with the B. & O. is about completed. It is a dividend paying road, yet on account of abnormalities in its situation, it is to be paid more than the average of the operating income for the three-year period. There are dozens of cases like that, each calling for an addition to the rent bill of \$945,000,000.

How much more than \$945,000,000 per annum the government is to pay for the privilege of operating the properties, and incidentally making less out of them than their owners, nobody knows. The amount has been estimated as high as \$250,000,000 and as low as \$50,000,000. If it is only \$100,000,000, and nothing is paid on claims or as reparation, the additional bill will be just about \$400,000,000, assuming that the one-fourth of the year remaining after September will be a little better than the first nine months and there are no increases in wages, other than those already decreed for the railroad telegraphers. Those are violent assumptions, because the brotherhoods have in a demand for time and a half for overtime. The station agents that are not telegraph operators are pressing a claim and the express employees, by implication, have been promised increases.

It is admitted that the man who takes up the task where McAdoo puts it down is going to have a harder one than McAdoo in many respects. There will not be unlimited money at his disposal, even if the new Secretary of the Treasury is also Director General. The Treasury, it is generally figured, is going to have trouble floating loans, now that the glamor of war is over and the sordid

squabbles of the nations fighting for democracy are on the point of being exposed, to a limited extent at least, to the public view.

The public has not been informed as to the condition of the \$500,000,000 revolving fund. The general understanding is that it is showing an inclination to become emaciated because the margin between income and expense is decreasing. If the railroads up to this time had received the rent guaranteed to them by the federal control law, the revolving fund would be at a standstill, unless the treasury had contributed to it.

At present the government is operating the railroads at the expense of the owners, not at the expense of the treasury. That is to say, the rent has not been paid in full. Money enough has been given to most of the railroads to pay their usual dividends, but the Baltimore & Ohio is a notable exception to that rule. The fact is that company has not had the money wherewith to pay, regardless of the reason for the delay.

The incoming director general must find a way to carry out the government's obligations to the owners of the railroads. According to those who opposed the passage of the federal control bill, the government agreed to pay a larger rent than it should have said it would pay.

How the financing will be done, no one has suggested. An ordinary employer might call a conference of his employees and ask them which course they preferred to take—a reduction in wages or indefinite furloughs with the possibility of having to face the fact that other men were willing to work for lower wages. Railroad employees, however, especially the brotherhoods, have been misled into believing the railroad companies are rich and can stand any advances in wages their consciences permit them to demand. The general public also has been misled into believing there has been so much stock watering and other kind of financial trickery that, if the railroad companies are not rich, it is by reason of the trickery and not by reason of any economic fact. The truth, it is believed, is the financial crookedness has been so small in comparison with the whole amount of investment that it is really ridiculous to count the crookedness as a factor.

On account of the misbeliefs of the railroad employees and the uninformed public, it is believed economies of that kind are almost out of the question. In other words, it is almost impossible for the incoming director general to persuade the employees that, the war being over, they should think seriously before deciding that there could be no economies of that kind, and that the treasury would have to bear the burden alone—even if it has trouble in raising the money.

Another bill that will have to be paid is that for putting the properties in as good shape as they were when the government took them over. No one contends they are in as good shape as when they were taken over. They may be brought up during the next five or six months, because, as pointed out by McAdoo in a statement issued November 22, coincident with the announcement of his resignation, authorizations totaling \$909,000,000 for the remainder of this year and next have already been made and not a dollar spent on them.

Tag Day for McAdoo?

Employees of the Wabash and the Missouri Pacific at St. Louis November 25 wired to Director-General McAdoo saying they pledged themselves for \$2,000 a month as part of his salary. "We are opposed to your resignation," they said, and are heartily in sympathy with your financial straits."

"I'm glad somebody appreciates my financial condition," said Mr. McAdoo.

The telegram from the railroad employees is easily understood. Mr. McAdoo's wage increases put the wage basis away above the dreams of labor leaders in pre-war days. Their followers desire to retain war wages. Mr. McAdoo is regarded as a man who can and will stand for them in peace time. He is expected to approve the demands for advances of express employees calling for more than thirty millions increase in the total wage bill, thereby putting the express company into a deficit of between twenty and twenty-five millions. That is a sum the express company cannot stand, operating without the help of the Treasury.

Demands of railroad employees for a continuance of the war wage level in peace times presents to shippers a

serious question as to whether they can stand war rates when prices of their products show a tendency to go down.

Mr. McAdoo intimated at Atlanta, November 25, that he is considering making a public statement of his views on the question of government ownership of railroads and other public utilities.

"I have wanted," he said, "to get all the practical experience possible before making up my mind as to just what is the most advantageous thing to be done. When I am ready with my conclusions I may have something to say as to what I consider the most feasible solution."

WALTER'S NEW JOB

The Traffic World Washington Bureau.

Luther M. Walter has not resigned as assistant to Director Prouty. He has, however, expressed a willingness to join the staff of attorneys retained by the Association of Owners of Railroad Securities. That arrangement was made before the resignation of Director-General McAdoo, although the announcements were made at about the same time. His idea was that, inasmuch as the war is over, his obligation to help in the operation of the railroads is over and, as a lawyer, he is free to resign from the Railroad Administration to serve as attorney in the negotiations for the return of the property to its owners. His thought was that he would resign about December 15.

But if there is a possibility of Director Prouty being retained as Director-General to make a real test, free from war conditions, of government operation, Mr. Walter is willing to remain and help make that test, although he came to Washington primarily to help in the operation under war conditions. Shippers know that the policies of the Railroad Administration have not been such as to make Director Prouty's and Luther M. Walter's places the most desirable on earth. In fact, at times they have seemed to be between the upper and the nether millstones. Under such an administration as Director Prouty would give Walter would be willing to try his hand at government operation and defer his efforts to have a return to the owners.

The Association of Railroad Security Owners is distinct from the committee of railroad executives, the lawyer head of which is Alfred P. Thom. The security owners made some suggestions as to the form of contract between the government and the railroads, but Mr. Thom and his associates advised their clients, the corporate officials of the railroads, to accept the terms of the contract offered by Mr. McAdoo, while Samuel Untermyer, then counsel for the association, indirectly advised them to reject it. Mr. Thom advised acceptance on the ground that the contract was the best that could be had, not because the contract was satisfactory to him and his associates.

It is suspected that there will be closer co-operation between the two bodies in efforts to obtain the return of the property than in the framing of the contract, although there is no assurance that there will be.

FOR RETURN OF RAILROADS

New York, N. Y., November 24.—Prominent lawyers, headed by Elihu Root, were named as advisory counsel to the National Association of Owners of Railroad Securities by the executive committee at a meeting Friday night. Luther M. Walter, assistant director public service and accounting, U. S. Railroad Administration, becomes one of general counsel, with Samuel Untermyer and B. H. Inness Brown. The lawyers who will serve with Mr. Root are John G. Milburn, New York; John S. Miller, Chicago; Forbes Johnstone, Birmingham, Ala., and Hugh L. Bond of Baltimore. The chairman of the executive committee and chairman of the association, S. Davies Warfield, in announcing the advisory and general counsel, made the following statement:

"This action by the committee is the result of meetings heretofore held in relation to the return of the railroads under the federal control act, which provides not only for their operation by the government 'during the period of the war,' but also that they shall be returned within 'a reasonable time thereafter,' giving as the maximum twenty-one months.

"The war has ended. The objects for which the railroads are now to be operated by the government is a

matter of considerable concern to the millions of people who own or are interested in their securities, as it is also to the shippers, the traveling public, and to the country.

"The methods employed by the Railroad Administration up to this time may be contended to have been necessary for the purposes of war. What is done from now on, however, must be taken as indicating the railroad policy of the administration. Is it proposed to carry out the intention of Congress as expressed in the federal control act and return them 'within a reasonable time,' with each railroad, in the wording of the act, 'in substantially as complete equipment as it was at the beginning of federal control' or is it intended to use them for laying the foundation for permanent government control and operation under such plans as the present Railroad Administration may desire and as the forerunner of government ownership?

"Congress made no provision in the act for any such use of them, but, on the contrary, it specifically provides for their return.

"There is first to be decided the time of such return. The twenty-one months is now allowed by Congress for their exploitation. It was given in order that their affairs might be adjusted for their return. Under the policy now being pursued, charges incident to so-called unification are piling up against the roads, which will be difficult for them to repay.

"The policy in force is destructive of their individual credit. Furthermore, present conditions cannot continue without obliteration of railroads as individual going concerns. If they are to be returned as Congress intended and provided they should be, this cannot be carried out under methods which are destructive of the very facilities which have been built up by the expenditures of millions of dollars for the promotion of enterprise and convenience of business and the public. The most potent factor in our reconstruction for upbuilding and extending our industrial and agricultural life will be the railroads loosened from their present entanglements.

"Comprehensive plans for strict governmental regulation, which shall include supervision of security issues, must be studied. They are to be decided upon by Congress and should be worked out co-incidentally with the operation of the roads by the government to the end that was intended by Congress, that they shall be returned as prescribed and not conducted so as to add to their financial obligations, such sums, in many cases against the protest of their corporate managements, as the railroads will be unable to repay.

"The association will have some suggestions to offer in relation to plans for their return which must give equal protection to the shippers, to labor and to the owners of railroad securities. With this in view, the association has named an advisory counsel and has added to the general counsel the well-known lawyers mentioned.

"The questions involved are now at issue. They are of great magnitude and far-reaching in result, not only in respect to the railroads, but also as regards all industrial and business life. This association will ask for an early decision as to the status of the railroads, securities of which it represents to the extent of nearly \$5,000,000,000."

In a later interview, Mr. Warfield said:

"In response to many inquiries made by telegram, letter and otherwise, coming from the press, from shippers, from individuals and security holders, and in number impossible to make reply otherwise than by public statement, it seems necessary that such statement be made.

"The railroads must be returned under plans which shall

"1. Protect alike the shipper, the traveling public, labor and the security owner.

"2. Provide adequate means for governmental regulation, including supervision of railroad security issues. The Interstate Commerce Commission is the authorized agency to which this will be likely intrusted. Legislation by the Congress is necessarily required for the direction of that Commission, if continued by the Congress, as the regulating body.

"3. Provide for the retention of such methods of administration as may have been found to be effective during federal control, such as joint use of important terminals; but increase rather than diminish the advantages to be secured from individual initiative. To concentrate to the extent of its destruction and to limit reasonable competition essential to constant and continuing improve

ment of service, will retard business, industrial and agricultural growth essential during reconstruction and thereafter. It is not difficult to limit the extent to which this shall go.

"4. Provide for taking care of the obligations to the government of each railroad incurred or to be incurred during the continuance of federal control. The railroads cannot be returned with their credit impaired. If it is, it will be costly to the shippers and to the public. The higher their credit, the cheaper can money be secured by them, for purposes of hauling freight and passengers. The contract made by Director-General Burleson with the telephone company provides that its obligations to the government shall be paid in twenty years in yearly installments. Loans made by the government to the railroads are made on call.

"In reply to the question whether the association has matured its plans and what will now be done, it may be stated that plans have been discussed, but not matured. Such plans as may be worked out will be submitted to the committees of the association. This association, through its membership, directly and indirectly, by institutional and individual membership, represents five billion of the outstanding 17 billion dollars of securities of the railroads.

"It represents through such membership 30,000,000 people of the country of the 50,000,000, nearly one-half of the total population, who own or are interested in railroad securities. Its management is vested in an advisory committee of 150 members from 67 cities and 36 states, an executive committee of 33 members, an active sub-executive committee of nine members, a financial committee of 70 named from 34 cities and 30 states, a general committee of 15 representing 10 states, many of this latter committee being shippers.

"There are five vice-presidents, one for each of the following cities: San Francisco, Chicago, Galveston, Tex.; Atlanta, Ga., and Newark, N. J. Any plan that may be developed will be finally acted upon by the above-mentioned committees, originating with the sub-executive committee in consultation with the advisory counsel of the association, who will play an important part in these proceedings, and other counsel.

"What will be done will be also in consultation with accredited representatives of the shippers, such as the committee of nine recently named at the convention held in Cincinnati, of the National Industrial Traffic League, which represents trade bodies, and individual and associations of shippers, to the extent of upward of 300,000. It should be recognized that the return of the railroads calls for important legislative action by the Congress, to provide for their proper and safe return under plans which will promote continuing efficiency, protect the various interests concerned and produce sane methods of regulation.

"This association, on the faith of the intention and the provision made by the Congress, as expressed through the federal control act, that the railroads will be returned within a 'reasonable time after the war,' believes that its duty to its members demands that it take as prompt action as the importance of the subject permits and render such service as it can in the solution of problems incident to such return. And also to perform its duty to the public in order that such plans as may be suggested shall make such return permanent. It has no fight to make. The questions involved are far too great to approach this subject in any such spirit."

NINE MONTHS OF FEDERAL CONTROL

(Bulletin of Bureau of Railway News and Statistics.)

American shippers paid 9.28 mills per freight ton mile in August, 1918, against only 7.19 in August, 1917, an advance of nearly 30 per cent; in September, 1918, operating expenses of the railways absorbed 75.95 per cent of operating revenues, against only 68.37 per cent for the same month in 1917, and the American public paid nearly \$560,000,000 more for inferior service during the nine months to Sept. 30, 1918, than it did during the same period in 1917. These are the concrete results under government control as computed by the Bureau of Railway News & Statistics, Chicago, from the monthly reports to the Interstate Commerce Commission and the latest report of freight train operation issued by the federal Division of Operating Statistics.

The relative figures of receipts per freight ton mile for August may be accepted as representative of what they will be for the two years in question. In the month of August last, Order No. 28, increasing freight rates, was fully operative, while Order No. 27, advancing wages, was only partially so, as its scale is being constantly added to by supplementary orders.

The advance in the operating ratio is even more startling than it appears, for September is naturally a month of high revenues and moderate expenses. In the ten years prior to 1917 the operating ratio for September ranged between 61.25 per cent (1909) and 67.43 per cent (1913).

The tale as to the great increase in the amount paid by American shippers and travelers may be told in three lines:

	Operating revenues (000 omitted).	Operating expenses (000 omitted).	Op. ratio in- clud- ing taxes.
For 9 months to Sept. 30, 1918..	\$3,637,420	\$2,948,135	85.29%
For 9 months to Sept. 30, 1917..	3,079,191	2,167,019	75.41%
Increase	\$ 558,229	\$ 781,126	

That the expenses outstripped the revenues, great as they were, is not surprising, for the remedy of advanced rates was not applied until the epidemic of higher wages had run nearly six months.

More in detail the income account for the corresponding nine months of the two years under review was as follows:

INCOME ACCOUNT OF STEAM RAILWAYS FOR NINE MONTHS TO SEPT. 30, 1918.

	1918.	1917.
Average mileage	260,623	260,013
Operating revenues from—		
Freight	\$2,519,831,304	\$2,162,788,494
Passengers	792,921,553	629,913,411
Mail	41,484,473	46,765,632
Express	92,047,932	81,340,132
Other transportation	93,969,823	86,970,831
Incidental, etc.	94,217,712	81,413,461
Joint facility, balance.....	2,947,650	.....
Total operating revenues.....	\$3,637,420,447	\$3,079,191,961
Operating expenses—		
Mtce. way and structures.....	\$ 471,398,456	\$ 361,736,028
Mtce. of equipment	801,170,664	517,787,097
Traffic expense	39,777,117	49,978,081
Transportation expense	1,524,912,539	1,143,495,706
General expense	84,910,701	74,016,323
Miscellaneous and other.....	29,986,380	20,004,097
Transport. for investment (credit) red	4,020,742	.....
Total operating revenue	\$2,948,135,115	\$2,167,019,332
Net revenue from operation.....	689,285,332	912,174,629
Tax accruals (exc. war taxes).....	144,166,280	154,309,441
Railway operating income	\$ 545,119,052	\$ 757,265,188

The most disquieting feature of this statement is the fact behind it that the vast expenditures for maintenance of way and of equipment do not provide the equivalent in facilities that half the amounts did a decade ago.

The railway cost of living has doubled in ten years.

RAILROAD FARES REDUCED

The Traffic World Washington Bureau.

Effective December 1, Director General McAdoo November 26 abolished the extra fare of a half cent a mile imposed on users of sleeping and parlor cars, and a quarter of a cent a mile on users of tourist sleepers. This reduction in fare cuts off revenue amounting to \$57,000,000 per annum.

The Director-General's announcement is as follows:

"Effective December 1, the additional passage charge of 16½ per cent of the normal one-way fare now required from passengers traveling in standard sleeping cars and parlor cars, and 8½ per cent of the normal one-way fare required from passengers traveling in tourist sleeping cars, will be abolished. This means a reduction of one-half cent per mile in the fare of passengers using standard sleeping or parlor cars, and one-fourth cent a mile in the fare of those using tourist sleeping cars. The charge in question has served a useful purpose in conserving sleeping car equipment."

CLASSIFICATION HEARING ENDS

The Traffic World Washington Bureau.

The longest continuous hearing on any subject ever held by the Commission came to an end at 4 o'clock Tuesday afternoon, November 26, when Attorney Examiner Disque asked L. H. Duncan of Rocky Mount, N. C., whether what he had just said was all he had to say. Mr. Duncan said it was and then Mr. Disque said: "The hearing is closed." When he did that, the record of testimony respecting Consolidated Classification No. 1 was completed so far as plans then in existence are concerned.

This continuous hearing was begun at Boston August 1 and continued, without interruption, except to allow time for the Commission's staff to travel from place to place, to the day mentioned. Briefs are to be filed not later than December 15. Whether there will be oral argument will be decided later.

The proceeding has been under the eighth section of the federal control act, which authorizes the Director-General to call on the Interstate Commerce Commission for help as to things he may desire to undertake. A consolidated classification is one of those things. Long before General Order No. 28 was issued or formulated Mr. McAdoo directed the classification men to get together and produce one book for use throughout the country. Consolidated Classification No. 1 is the result.

At one time it was reported that Mr. McAdoo had among his advisers men who expressed the belief that a consolidated classification could be made in two or three weeks. The adviser who was accused of having said that if he had made any such statement he said it as a joke. Commissioner Clark, who has charge of tariffs and classifications, consulted J. C. Colquitt, in charge of classification matters for the Commission, and he estimated that the Director-General would be fortunate if he could write up a consolidated book in as many months as the joker suggested in weeks. The estimate about the Commission has been that the Director-General would be fortunate if he could attain a consolidated classification in nine or ten months, even by the use of the autocratic power conferred on the President, during the period of federal control, to make rates effective on whatever notice he might choose to give.

At this time it looks as if the Director-General would be fortunate if he obtained a report on the subject from the Commission by January 1, on which date, just for the sake of fixing a date, gossips have been suggesting the consolidated book might be made operative. If it is made operative by that time it will be by the exercise of the autocratic power, because it is inconceivable that the Commission, which has given until December 15 for the filing of briefs, can prepare a report and have it in the hands of the Director-General in time to make the book operative on January 1.

On the last day of the hearing, paints, steel barrels and drums, pressed steel pulleys and state classifications were under consideration. William J. Pitt, representing the National Paint, Oil and Varnish Association, was the first witness, protesting against increased ratings, L. C. L., in the south on whitening, asphaltum, linseed oil in partially jacketed containers. J. E. Kirk, for the southern committee, helped out Mr. Steadwell because of his greater familiarity with the details pertaining to the two kinds of paint—earth and chemical. The last-mentioned paints have been rated fourth in the south, although the symbol indicating an advance was not used.

Clifford Thorne, appearing for the American Petroleum League, said he was opposed to any change in the rules pertaining to steel oil drums that might increase the expense to the users of such containers. He said the changes in rate to about the marking of drums might have that effect. The steel barrel men said they desire to mark their product, but that the marking proposed to be enforced would not interfere with the use of the head of a drum by the shipper for his advertising matter.

W. J. Tompkins, Chicago, traffic commissioner for the Steel Barrel Manufacturers' Association, was the chief witness for the drum makers. He submitted a revision for rule 40 that would make it more acceptable to the manufacturers, because it would conform more nearly to the practices of the manufacturers. The revision would require the year of manufacture, name, symbol or trade-

mark, gallonage and gauge of steel used in drums made in accordance with the I. C. C. specifications for dangerous and explosive commodities to be stamped, brazed or soldered upon the barrel in legible letters not less than one-fourth inch in height. The year, gauge and capacity may be abbreviated, as 14-58-20, meaning that the drum is of 14 gauge, that it is of 58 gallons capacity and was made in the year 1920.

Mr. Tompkins' chief fight, however, was for a rating of fifth class on carloads of steel drums, made in accordance with I. C. C. specifications, 18,000 minimum at the fifth class instead of 16,000 at fourth class. He contended that the manufacturers can load 18,000 and that it shall be the effort of the association to show how that can be done. Some manufacturers cannot do it under the methods they now use. Mr. Tompkins said the manufacturers think it unjust to impose as high a rating on the heavy barrels or drums as is imposed on the lighter. The lighter are rated fourth, with a minimum of 13,000 pounds. He said the relationship in rating between the heavy and light drums is really the issue.

"We are willing to take a 26,000-pound minimum if the carriers will agree to furnish suitable cars," said the witness.

C. T. Draper, president of the association, was also a witness along the same lines.

In defense of the 16,000-pound rating at fourth, Mr. Fye said the carriers were standing pat on it because the whole subject had been threshed out at other meetings. Mr. Collyer put in exhibits to show that the 16,000 minimum is about what the manufacturers can load of the heavy ones.

At the afternoon session R. C. Jones, appearing for the American Pulley Company of Philadelphia, objected to the increase in the south from fifth to third on pressed steel pulleys, L. C. L. Mr. Steadwell thought such pulleys should take the machinery rating, although there is little difference in value between a cast and a pressed steel pulley.

The North Carolina commission was allowed to put in exhibits tending to show increases running as high as 300 per cent if the exceptions are cancelled, as it is admitted will be the fact in the south, if and when the consolidated classification becomes operative. Chairman Lee presented J. S. Griffin, clerk of the commission, and W. G. Womble, its rate clerk, as witnesses to file the exhibits.

The carriers indicated at the morning session of November 21 that they are not wedded to the mixing rule governing fresh meat and packing house products, but are willing to make the changes that testimony indicates should be made. This announcement was made by Mr. Steadwell, speaking for the three classification committees. Later Mr. Collyer said that the desire of the committees is to get all the facts before the Commission and have it settle the disputes. Their idea is not to obtain more revenue, but to establish a proper classification, so as to have the business move freely.

This announcement was taken as indicating that the carriers will seriously consider the O'Hara rules, submitted at the Chicago hearing, as the basis for something they will submit in place of that which is now in the book. The O'Hara suggestion was printed in *The Traffic World*, November 9, page 890.

Mr. O'Hara, assistant traffic manager for Swift & Co., was the only witness on the stand at the morning session of November 21. He also had exhibits showing the financial effects of the rule carried in the consolidated. They are of a piece with those submitted by Traffic Manager Manker of Armour & Co. and might be expected to convince the Commission that symmetry and uniformity are not desirable if they impose such financial burdens as the exhibits say they will.

At the classification committee hearings of the afternoon of November 21 and the whole of the next day, the classification committee men and the representatives of the packers went over the issues between themselves in great detail, the classification men submitting exhibits intended to offset the elaborate ones presented by W. W. Manker and R. O'Hara on behalf of the packers. They practically admitted that, as drawn, the rules and mixtures would result in situations they might have difficulty in defending.

Toward the end of the session November 22 the hearing practically became a conference between the packers and the classification men, the latter saying their desire was

to have the facts brought into the record, so that the Commission can say what shall be done.

"You gentlemen know there is a large section of the public which says the carriers have been giving the packers favors," said Mr. Fyfe. "We don't like that any more than you do. Therefore we take the position that, while we may be satisfied that we are right or that you are right on a particular contention, it will be better for everybody concerned to have the decision made by the Commission and not by us, which would be the fact if we said, on any particular point, that what you have brought forth shows that such and such a change should be made."

Representatives of the packers, in effect, agreed with the position taken by Mr. Fyfe, although they did not show themselves as sensitive about the insinuation that the packers have received favors from the railroads as Mr. Fyfe appeared to be. They took the position that there comes a time, in the advance in railroad rates, when not even the most efficient packer can pass on the increased cost of transportation and that when that point is reached it is the duty of the carrier to admit that what it is doing is to increase the price of meat to the consumer.

One of the contentions made by the packers is that in the application of rates on mixed carloads the mixture shall bear the highest rate of any article in the mixture, instead of the highest rating.

A rule providing for the application of the highest rate of any article in the mixture to the whole carload will remove the possibility of a mixed carload being charged second class or higher simply because of a classification rating on a particular kind of meat is to be found in the book. Traffic managers know there are many articles in a classification bearing a high rating which never move under the rating, but always on exceptions to the classification or on commodity rates. The rule, as proposed by the packers, will cause the use of rates in all instances instead of ratings, when the rates are lower than the rating.

The session of November 23 was a conference between the classification men and the Commission men. They went over points brought out at the hearings which were shown to be in need of repairing so that the classification men would show in their book what they really thought they were saying when they sent it to press. A large number of changes of that kind will have to be made before the book can be presented to the Commission in the form necessary to define the issues made at the hearings.

Stoves and Ranges

At the session of November 25 the rules, regulations and ratings on stoves and ranges were scheduled for consideration.

Objection was made to fourth class and a 16,000-pound minimum by M. H. Owen, speaking for the American Stove Company. He said the manufacturers, including the particular company for which he was speaking, prefer a 20,000 minimum and fifth class rating. The fourth class and 16,000 proposal is a reduction in the minimum accompanied by an increase in the rating in Official and Western. He submitted a statement in which 18,708 pounds was shown as the average loading in a 36-foot car. The carriers raised a question as to why a minimum of 20,000 was desired when the average loading was shown to be less than 19,000. The answer was that the manufacturers think the higher minimum and lower rating a more favorable basis.

In support of the last mentioned proposition, Allen W. Williams, secretary of the Western Central Association of Stove Manufacturers, introduced letters from a large number of manufacturers expressing the opinion that the higher minimum and lower rating is preferable to the lower minimum and higher rating. Mr. Fyfe, by means of questions, developed the fact that perhaps the manufacturers who wrote the letters did not understand that with cars of larger size the minimum takes a decided upward jump and that perhaps when they had considered that fact they would change their minds.

In behalf of the National Association of Stove Manufacturers, L. B. Boswell submitted photographs showing the ways in which stoves and ranges are packed; also estimates as to the cost of crating different types, ranging from 69 cents to \$2.04%, with pine and elm lumber esti-

mated at \$30 per thousand, as the cost ante bellum, nails at four cent and labor at forty cents per hour. Mr. Fyfe questioned the accuracy of an estimate of wastage of two cents per foot on lumber and the general estimate of 26.75 cents for wastage, checking and overhead on a crate, the total cost of which, including the wastage, checking and overhead, was estimated at a fraction over 80 cents.

The witness asked for a continuance of R-25 on the non-crated stoves and third class on the crated in Official, L. C. L.

Examiner Disque wanted to know what the witness thought about the rating in Western L. C. L.

"Oh, we know Mr. Fyfe too well to think he is serious in thinking of increasing the rating from third to second," said the witness. "He would not do that."

"The snow you saw coming through Chicago has affected your head," retorted Fyfe. "The proposal is to increase from third to second, and you know there is not such a difference between second and third as to make the proposal unreasonable."

Mr. Boswell put into the record figures prepared by another witness in a different matter. They showed, among other things, that sixty per cent of the coal and wood stoves manufactured in the United States are used in Official Classification territory, which contains from forty-five to fifty per cent of the population. Mr. Collyer suggested that perhaps when it is recalled that there is

At the afternoon session Messrs. Collyer, Fyfe and Steadwell put in their justification for the changes they propose in the descriptions and ratings on stoves, stove furniture, ranges and heaters. The last mentioned put in a sheaf of exhibits showing the actual shipments made by various stove manufacturers in the south during last summer down to within two weeks ago. Most of the shipments weighed more than 20,000 and a good many over 24,000 pounds. That fact, Mr. Steadwell submitted, showed ample justification for the increase in the minimum carload from 20,000 to 24,000 at the fifth class.

The stove men said commercial reasons called for a minimum of 20,000 to enable the small shipper to do business. Mr. Boswell suggested that in asking for the lower minimum the stove shippers were not proposing to hold their shipments down to the limit, but they desired the minimum to be low so that when there is reason for desiring to ship a light load the man who can handle only 20,000 pounds of stoves will not be penalized. He said the stove men can, and do, generally, load much more than the minimum, but that most of the heavy loads go to the jobbers. Mr. Steadwell read over the billing on which his figures were founded and showed that the implication that the heavy shipments went only to jobbers was not warranted by the billing. That, he said, shows many shipments to dealers other than jobbers.

MERCHANT MARINE RECRUITS

The Traffic World Washington Bureau.

That young Americans have a lively interest in the opportunity now afforded them by the merchant marine to help bring home the troops from France, was indicated by a report of the United States Shipping Board issued November 18, on the results of its first week of recruiting new material for merchant crews under peace conditions.

The total enrollment of volunteers for training as sailors, firemen and stewards was higher for the week than the weekly average for the duration of the war, being about 1,000 men.

More than double this number were called for training by the Board during the week, however, the daily average being 400 men. The difference was made up from a waiting list. Of those called 250 were sailors and 125 stewards, the remainder being firemen. At present no limit is placed on the number of firemen the Board can accept for training. It hopes to secure 1,000 firemen in the next two weeks and 2,000 in a month.

The men selected receive a physical examination and are put on training ships for six weeks of intensive drill before being shipped for deep-water voyages.

The Commission has ordered rehearing in case 9093, Northern Potato Traffic Association vs. A., T. & S. F. Ry. Co. et al., in respect of reparation and filing of supplemental complaint.

N. I. T. L. MEETING

(By a staff correspondent at Cincinnati)

C. A. Prouty addressed the N. I. T. L. meeting Nov. 22. The substance of his appeal was that now the government operation of the railroads is the unavoidable fact, it is the duty of shippers and the public generally, whatever their convictions may be as to the correctness of the principle, to make such operations as great a success as possible that it may have a fair test. He said the railroad service had not been satisfactory for the shippers, but it had not been the duty of the Railroad Administration to make it so. Its duty had been to furnish the service necessary to winning the war. Now that the war is over and the emergency passed, he said, its duty was to give the public adequate service, though there was still a demand for preferential government service. He said he thought the Railroad Administration had done well. But for the intervention of the government nearly all the railroads would now be in the hands of receivers. It had been a success for the purpose for which it was created. The railroads ought now, he thought, to be turned back to their owners if it could be done, but it could not be done, and everybody was of the opinion that there must be additional legislation before doing it. He saw no prospect of any chance before the expiration of the 21 months' period. The attitude of the shippers in the meantime, he said, should be as above expressed. The experiment of government operation had been forced on the public by the war conditions and everybody should help try to make it a success. The test of government operation was whether it could give better service for less money than private operation. He advised shippers to let him know about anything wrong and how it ought to be corrected. Shippers should be reasonable. In the past they had had things to which they were not entitled.

As to off-line agents, he asked for definite suggestions as to how the service formerly given by these men could be restored. The idea of shippers on traffic committees was his, he said, and he believed in it. He said a public representative was no good, however, unless he remained in close contact with the public, which was the reason that the Administration did not pay them, but asked their organizations to pay them. He cited his own case. He is paid as valuation director of the Commission and as extra work, for which he receives no compensation, he does his work as director of a division under the Railroad Administration.

He said the way overcharge claims had been handled by some of the railroads had been a disgrace. Every claim should be passed on at once and there was no excuse for months of delay. He pledged himself to bring about a reform.

As to embargoes, he said the permit system ought to stop. The man who does not unload promptly should be embargoed and others should not be punished for his faults. There should also, he thought, be a means of informing shippers as to embargoes in force.

President Freer called his attention to recent orders of the War Service Section cutting off such information to the public, and Mr. Prouty said he would give the matter his attention.

The recent lumber embargo he characterized as an outrage, but he explained that it was laid at the request of the War Industries Board in order to induce lumber manufacturers to sell to the government.

Mr. Harrison asked him as to reparation where changes were made in Order No. 28, and Mr. Prouty said that the matter was under consideration. He thought there should be immediate refunds where the overcharge was not fairly contemplated by the order. If the matter were one merely of a simple reduction in rates the Commission would have to decide. He said that notwithstanding all the recent rate increases the revenue question was getting serious, as shown by recent figures. The Administration would come to the end of the year without enough money to pay the railroads what Congress had said they must have, but he thought expenses would decrease before long and that if there was any slack the government itself ought to take it up without farther increases in rates.

Express Committee Report

Mr. Chandler, chairman, made the report of the express committee before Mr. Prouty spoke. He condemned

the principle of penalizing the public by making it pay twice the amount the express company needs in revenue, because the railroads must have their share. He said express service had not been good and that it was not to be expected that it should be good. Mr. Prouty expressed disagreement with him, saying that the express company could give good service as soon as the Railroad Administration could give the express company good service.

Discuss Mileage Scales

There was a long discussion of the proposed mileage scales, much opposition to the scales themselves and the idea of proposing any such thing at this time being expressed. The matter was finally referred to the rate construction committee, Mr. Williamson, chairman, with instructions to report to the executive committee the results of its investigations. Mr. Mueller of Lansing, Mich., made the point that if the Commission did not act in the matter in any way, there was a possibility that the Railroad Administration would make mileage scales effective anyhow. President Freer said Mr. Prouty had told him that the Commission would hold hearings.

State Classifications and Exceptions

The matter of cancellation of exceptions to classifications by the consolidated classification was also discussed at length. A resolution was finally adopted to the effect that exceptions should be retained rather than to have them replaced by commodity tariffs and that the League notify members by circular of the present plan to cancel exceptions and that shippers be advised to present their views to the freight traffic committees, not as to the question as to whether exceptions shall be cancelled, with which question the traffic committees have nothing to do, but as to the effect in specific instances of such cancellations and how they should be taken care of.

Closing Business

The Traffic League finished the business of its annual meeting Friday evening, November 22. Invitations for the meeting next spring were received from St. Louis, San Francisco, New Orleans, Milwaukee and Philadelphia. They were referred to the executive committee.

The meeting adopted a recommendation of the executive committee that the League lay before the proper authorities at Washington the necessity for eliminating terminal switching charges in addition to line haul rates where such charges are now made, and that the League be authorized to take appropriate action to obtain the application of terminal rates to and from all terminals of federal-controlled roads serving a given point, where a switching charge is now made for such service.

The matter of service bureaus, mentioned by Mr. Prouty in his address at the morning session, was referred to by President Freer, who recalled that the League had once informed Mr. Prouty as to just what was wanted in view of the abolition of off-line offices. He said he would call Mr. Prouty's attention to the former recommendations.

R. D. Sangster, chairman of the bill of lading committee, reported that he had no information as to when the bill of lading case would be decided. Mr. Chandler of Boston volunteered the information that, as he understood it, the new bill of lading would go into effect with the new consolidated classification.

There was a discussion of the plan of railway collection bureau as maintained at Kansas City and St. Joseph, many expressing the opinion that the thought was good if properly worked out, but that the bureaus should deal with correct weights as well as rates. The matter was sent back to Mr. Sangster's special committee with instructions to make a further investigation.

Announcement was made of an A. R. A. circular to the effect that November 11 was a free day with respect to demurrage.

Inland Waterways

Mr. Coyle of St. Louis offered a resolution, which was adopted, that transportation by inland waterways be encouraged by the Railroad Administration; that rates for such water transportation bear a reasonable and proper relation to those for rail transportation to be determined by needs and cost; that there be a general line of through rail-and-water rates, both class and commodity, from and to all inland points of origin and destination, as may be found to be reasonable and accessible; that such rates be on a

proper differential under all-rail rates; and that the officers and committees of the League be directed to take action in furtherance of this resolution.

The following resolution, offered by Mr. Barlow, was adopted:

"Resolved, That the National Industrial Traffic League in annual convention assembled in the City of Cincinnati, November 22, 1918, extends its cordial thanks to the Honorable C. A. Prouty for his attendance and address at this meeting of the League, and expresses to him its high regard and appreciation of his public service through the years to our beloved country. As interstate commerce commissioner, as the head of the Department of Valuation of Railroads, and now in this period of stress and progress, as Director of Public Service and Accounting of the United States Railroad Administration, Judge Prouty has rendered able and distinguished service to the United States, and has worthily won that noblest of all laurels—the heartfelt thanks of a grateful people. In all the years of his public life the League has found in him a mighty bulwark, always ably, effectively and impartially guarding the welfare of the carriers as well as the rights of the people. Be it further resolved, a copy of these resolutions be sent to the Honorable Judge Prouty."

WATERWAY IMPROVEMENT

No convention of the National Rivers and Harbors Congress was held in 1917 and none will be held this year. It was decided early in October that it would be the wise and patriotic course to hold no more conventions during the war. At that time, the close of the war was not foreseen, and the time left between the signing of the armistice and the regular date of holding the convention was too short for making the necessary arrangements.

A meeting of the official board will be held in Washington December 7, at which time it will be decided whether to call a convention early in the coming year or to wait until the regular time in December. In any event the nation-wide campaign of education, which the Congress has been carrying on for more than twelve years, will be continued.

"It was demonstrated beyond all question during the war," says a statement from the River and Harbor Congress, "that the railroads alone cannot meet the traffic needs of the country. One result was to throw upon the highways a burden which they were not built to carry. Some roads were cut completely to pieces and it is probable that \$100,000,000 is a conservative estimate of the total damage caused to the highways by the heavy loads carried at high speed by motor trucks.

"It has always been recognized by the Congress that the highway, the railway and the waterway make up a trinity of transportation agencies, which must not only be symmetrically developed but completely co-ordinated before we can utilize all our natural resources and so attain the maximum expansion of industry and commerce and produce a continued increase of national prosperity and national power.

"During the past eighteen months we have proved both our ability and our willingness to devote tens of billions of dollars to purposes of destruction, and it is safe to prophesy that, after the treaty of peace is signed, we will devote billions of dollars to constructive work. One of the things that must be done is to provide a great increase of transportation facilities and, unless we ignore the lessons that the war has taught, we shall do more than ever before for the improvement and the use of our waterways and harbors."

CODE FOR CLAIM AGENTS

The Traffic World Washington Bureau.

J. H. Howard, manager of the Claims and Property Protection Section, with the approval of John Barton Payne, general counsel, has issued to freight claim agents a code for the government of claim agents in disposing of claims for damage to fresh fruits and vegetables, known as Circular No. 3. It is believed that the code is in accordance with the rules of law governing the liability of carriers, though a study of the circular may result in the discovery of changes that are not apparent on the face of the circular, which is as follows:

"It is the practice of some carriers to pay claims for

damage on fresh fruits and vegetables when records show shipment was received at point of origin in apparent good condition, and damage by frost, deterioration, or decay is found at time of delivery, even though investigation discloses no fault in the transportation service.

"Other carriers decline to assume any liability when shipper's specific instructions, as provided by tariff publications, have been fully complied with, and damage by frost, deterioration, or decay is found to exist at the time of delivery, the damage being attributed to the inherent vice of the commodity or to some cause other than negligence of the carrier.

"Such varying practices result in undue preference and unjust discrimination, and should not exist. Therefore, to establish uniform practices, the following rules are prescribed:

"Rule 1.—Shippers of fresh fruits and vegetables must give carrier reasonable advance notice of the commodity to be shipped and the kind of car required.

"Rule 2.—Shippers must declare in writing to the initial carrier at loading station whether or not their shipments are tendered by them for transportation under refrigeration or ventilation, as provided in current tariff publications. Changes in refrigeration or ventilation instructions en route, given reasonably in advance to the carriers, may be made by the shipper, or the owner, or the duly authorized agent of either.

"Rule 3.—The agent at the loading station must insert in the waybill the shipping instructions as to refrigeration or ventilation required by the shipment en route.

"Rule 4.—The carriers shall keep accurate records of the services performed, so there will be no question as to the compliance with shipper's instructions. The information shown by the carrier's records shall be furnished to claimant in connection with claim when there is controversy regarding the service performed.

"Rule 5.—Damage to fruits or vegetables caused by frost or freezing shall be investigated, and, when it is found that such damage is due to unreasonable delay, failure to comply with shipper's instructions, or other negligence of the carriers, claims for damage due to such causes shall be paid.

"Rule 6.—When the service and protection afforded by the carriers is in accordance with shipper's instructions, as provided in current tariff publications, and there is no evidence of negligence, unusual handling or unreasonable delay, claims for damage shall not be paid. When carrier's handling is not in accordance with such instructions, and as a consequence loss or damage has occurred, or there is evidence of negligence, unusual handling, or unreasonable delay, and damage results therefrom, claim for loss occasioned by such causes shall be paid by it."

THREE GROUPS IN SOUTHEAST

The Traffic World Washington Bureau.

A new scheme for making joint rates from Pacific Coast and intermountain territories to the southeast and in the reverse direction is contained in fifteenth section application 6857, filed with the Commission by Countiss, McCain and Morris. This is in accordance with order from McAdoo soon after G. O. 28 was issued.

Transcontinental rates applicable to groups A, B and C will be applied to and from three groups in the southeast, corresponding as nearly as possible to the three big groups in C. F. A. and Trunk Line territories, with the exception of rates on coal and coke, which are to take rates applicable from St. Louis and Chicago, namely, 62.5 and 56.5 cents per 100 pounds; and on pig iron and articles taking pig iron rates. From all points except Bristol, Embreesville and Johnson City rate on pig iron will be 75 cents; from the three excepted points, 77.25 cents per 100 pounds, and present rate on pineapples from Florida to be continued.

Beginning at the Mississippi River and moving eastward, the Cincinnati-Detroit group is extended with the L. & N., with the eastern boundary running into the gulf at Pensacola. The next group, corresponding to Buffalo-Pittsburg territory has, as points on its eastern boundary, Speer's Ferry, Bristol, Roanoke, Johnson City, Asheville and Augusta, including Augusta, Valdosta to Madison and thence along the Suwanee River into the gulf. The easternmost group is the rest of southeastern territory.

This application to the Commission was made necessary so as to include non-controlled roads.

RELINQUISHMENT OF GOVERNMENT CONTROL

(Address delivered at the annual meeting of the Traffic Club of New York, November 26, by Lewis J. Spence, Director of Traffic, Southern Pacific Company.)

No problem of reconstruction is more important to the public than the future operation of our transportation systems. I do not intend to deal with this question by criticizing the performance of the the Railroad Administration; it isn't necessary. An experiment in railroad and steamship operation has been undertaken which must be tested by your own experiences, but it may be appropriate to remind you that you have not yet by any means experienced all of the evils of government ownership or permanent government control.

It has been nearly eleven months since possession, control and operation of the principal railroads of the country and their proprietary steamship lines were assumed by the government. The law provides that federal control shall continue for a reasonable time after the war—not to exceed one year and nine months following the proclamation of peace. It also authorizes the President to relinquish control in the meantime whenever he shall deem such action needful or desirable. The act was expressly declared to be emergency legislation enacted to meet conditions growing out of the war. The owners and users of the transportation systems patriotically accepted that reason for assuming control of the properties, but it is not surprising that the question should now be persistently asked why governmental operation of the transportation systems of the country should be continued for twenty-one months after the proclamation of peace, or, indeed, for any longer period of time than may be necessary to restore them to individual management in an orderly way.

Since the cessation of hostilities, an industrious publicity bureau has devoted much attention to an explanation of other benefits accruing from unified control and has especially emphasized the elimination of "competitive waste." The definition of "waste" which is most appropriate to this discussion is "useless expenditure." If the expression "competitive waste" is intended to mean that every expenditure arising from competition in transportation is a useless expenditure, I venture the opinion that it will not strongly appeal to you. If, on the other hand, competitive waste means only extravagant expenditures which are not necessary to afford the public adequate service and facilities, and reasonable competition, I submit that railroad officers, under private management, have a disposition to eliminate waste which has never been characteristic of governmental agencies, and that they may be depended upon to eliminate competitive waste in so far as the necessary action to accomplish this result shall not be prohibited by law, and in so far as its accomplishment will not deprive the public of adequate service and facilities and reasonable competition.

If joint ticket offices conveniently and adequately serve the public and are found to be more economical than individual ticket offices, I predict that consolidated ticket offices will be continued.

If extravagant duplication of passenger trains can be avoided by co-ordination of service without depriving the public of the comforts and conveniences which may reasonably be expected, there is every reason why railroad officers should promote such co-ordination if they are not prohibited by law from doing so.

If the shippers are willing to have cars loaded to their maximum capacity—as they should be to promote efficiency and economy—it is only necessary for them to advocate or concur in the publication of minimum carload weights which will insure such maximum loading and continue the efficiency and economy which the Railroad Administration has established by more arbitrary methods.

Competition is where two or more persons are engaged in the same business and each is seeking patronage; where competition does not act at all there is complete monopoly. Elimination of competition is the avowed policy of the Director General of Railroads. It is a fundamental principle of the present system of federal control, and it is inherent in government ownership or any other form of unified control and operation which has ever been proposed.

If my interpretation of public sentiment is correct, whatever benefits have been obtained during federal control are

believed to have been outweighed by the disadvantages attributable to the elimination of competition, and the paramount desire of the public is that there shall be a prompt restoration of the benefits of reasonable competition in rates and service; that the shipper's right to route his freight shall be respected; that the courtesy and accommodation which are born of individual initiative and competitive endeavor shall be revived; and that there shall be an impartial consideration of rates by the Interstate Commerce Commission which shall be fair alike to shippers and carriers. These advantages are not obtainable under unified control and operation; and, personally, I do not believe that there is any satisfactory middle ground between government ownership and monopoly, on the one hand, and individual ownership, with fair competition, on the other hand.

Government ownership would be accomplished by the payment of just compensation for the property acquired. There are members of Congress who favor this solution of the transportation problem, and there are quite a number of security owners who have been driven to the conclusion that government ownership would be preferable to private ownership and operation under a system of regulation which denies the carriers sufficient revenue to meet enforced increases in wages and in other uncontrollable expenses. If I believed government ownership to be the salvation of security owners it would not become me as a director and trustee to discourage that destiny; but I have too much confidence in the good sense of the American people to believe that we shall be driven to a solution which, I am sure, would be inimical to the public interest, and would be a national calamity.

If it is a correct conclusion that competition is eliminated in every substantial sense by any plan of federal control or unified operation, whether it contemplates the operation of all of the lines of the country as one system or their operation in unified groups, and if it is a correct conclusion that the public interest requires the preservation of that individual initiative, resourcefulness, efficiency and fair competition which have developed the cheapest and most efficient transportation in the world, the people should become aroused to a sense of their responsibility and forestall the drift of our transportation systems to government ownership or some other form of unified control.

The organization and the policies of the Railroad Administration; the propaganda in favor of continuing governmental control of the railroads after the disappearance of the avowed necessity for taking them over; and, finally, the seizure of the ocean cables, after the conclusion of an armistice, have too much significance to be ignored by the public. The evident desire to continue in peace the governmental administration of the great systems of transportation and communication is revealing a tendency toward state socialism which threatens to undermine our free institutions; and our most conservative statesmen, irrespective of party, are beginning to view this tendency with the greatest concern.

It must be apparent to everyone who is familiar with the subject that some comprehensive legislation will have to be enacted to correct the intolerable burdens of the past and ensure the successful development of the railroads as useful instrumentalities of commerce. For example, labor difficulties, which are always with us, have been greatly increased by the exigencies of war and the federal control of railroads. There have been wage and adjustment commissions to deal with wages, hours and working conditions, which have resulted in generous treatment of employes, and I believe it will be to the interest of the public, the employes and the railroads to have such a tribunal of adjustment under private control; but I believe quite as firmly that the findings of such a commission should be subject to the review and approval of the same governmental agency which is charged with the regulation of rates, and that such governmental agency should also be charged with the duty of readjusting rates contemporaneously with any readjustment in wages which it may approve and authorize.

But the longer the railroad and steamship lines are continued under unified control and operation, the more completely their individualities will be obliterated, their organizations disrupted, and their individual credit impaired. If unified control is not to be prolonged for exploitation by the advocates of government ownership or the apostles

of paternalism, the situation, in my judgment, requires prompt, concerted and vigorous action by the public.

The short cut would be for the President to exercise the authority conferred upon him by the federal control act to relinquish control of the properties; but if this course is taken his notice of intention to relinquish the properties on a specified date should be accompanied by a recommendation to Congress to enact the necessary legislation to provide a tribunal for the consideration of wages and the contemporaneous adjustment of rates.

Why should not a public petition be made to the President so to deal with the question? If he submits it to Congress in this way, it will, of course, be important that the people should not fail to exert their influence upon the members of Congress to insure the enactment of the legislation immediately required to become effective with the return of the properties.

The Director-General of Railroads has tendered his resignation with the suggestion that it become effective on January first. Is there any reason why a successor should be appointed? Is there any good reason why the President should not inform Congress when it reconvenes on December 2 of his intention to relinquish the properties at midnight, December 31, and recommend enactment of the specific legislation which would become effective on January 1, with the understanding that additional legislation shall be undertaken after a comprehensive study of the entire subject? Both the President and the Congress will respond to an unmistakable expression of public sentiment. Will the people rise to their responsibility?

A resolution was adopted by the club unanimously endorsing the address and calling on the government to restore the transportation systems to their owners as soon as practicable.

MILLING IN TRANSIT

Milling in transit, according to the supreme court of Louisiana, is a public convenience—a recognition of commercial necessity—and the railroad commissioners of that state not only have the power to order milling-in-transit privileges for rice, but when they have exercised the power, and there is no showing that they acted in an arbitrary manner, the railroads operating within the state must accord milling in transit.

The fact that the railroads are under government control was not mentioned in the Louisiana court and Justice Somerville, who wrote the opinion, did not refer to it. The original decision in the case was made on June 29. The New Orleans Board of Trade, of which rice millers in New Orleans are members, undertook to have the order directing the establishment of the privilege enjoined and set aside on the ground that the establishment of the privilege having caused the commissioners to raise the rice rates, they were deprived of some legal right.

Justice Somerville bowled them out of court early in his opinion, but, while he said they had no standing in the court, he went on to explain why the commissioners have the right to order milling in transit. In a large way his opinion is a recognition that at least a state regulating body has a right to consider commercial conditions in the making of rates, rules and regulations.

A short time ago the New Orleans objectors to milling in transit asked for a rehearing on the case. On November 4, ten months after the federal government took charge of the railroads, Justice Somerville denied the rehearing, so that now the matter stands finally decided. The opinion is herewith given in full, the title of the case being *Empire Rice Milling Co. vs. Railroad Commission of Louisiana*:

"The plaintiffs, thirteen in number, are the New Orleans Joint Traffic Bureau of the New Orleans Board of Trade, Ltd., six rice mills and six merchants and commercial firms, all located in New Orleans. They allege that they are buyers, sellers and millers of rice; that they are 'parties in interest' in and to order No. 2116 adopted by the Railroad Commission of Louisiana; that order No. 2116 establishes tariffs on dressed and rough rice which are increases in rates over those prevailing at the time of the adoption of said order; that defendant has also ordered the railroads to establish the privilege of milling rice in transit on all of the roads throughout the state; that the imposition of this burden upon the railroads was the cause of

the increase in the tariffs on cleaned and rough rice to be paid by plaintiffs; and that such increase in rates, due to milling in transit, is unreasonable, unjust, discriminatory and extortionate when applied to the shipments of rice made by them. They pray 'that there be judgment in favor of petitioners and against the said Railroad Commission of Louisiana avoiding, annulling and canceling the said order No. 2116.'

"The defendant commission answered that milling in transit was an ordinary rule and regulation of and for railroad companies and of railroad commissions; that the tariffs on rice established by it were in every way reasonable and just; and that the fixing of rates and the establishing of rules and regulations for the government of railroads were entirely within the power and authority granted it in article 284 of the constitution.

"The Southern Rice Growers' Association, a Texas corporation domiciled in the county of Jefferson, state of Texas, and largely composed of rice producers of the states of Louisiana, Texas and Arkansas, together with seven rice growers of Acadia parish, intervened in the suit, and joined defendant in support of the validity and regularity of order No. 2116.

"A second petition of intervention was filed by the Lake Charles Rice Milling Company of Louisiana, which also joined the defendant.

"There was judgment in favor of the defendant and interveners; and plaintiffs have appealed.

"The contest presented in this suit appears to be between the rice millers and merchants of New Orleans and the rice producers and one or two independent rice millers outside of the city of New Orleans.

"It is said there are thirty-one rice mills in the state; but only seven or eight have made themselves parties to this suit. It may be that the others are not interested in order No. 2116. Some of them may be simply rice mills which receive rice for milling, and do not pay the shipping rates. They are the consignees, while the producers are the consignors, and the latter pay the freight. The producers, or rice growers, are asking that the tariffs be maintained. Or, it may be, some of the out-of-town mills receive much of the rough rice which they may have purchased in wagons and barges, which is, therefore, not affected by the tariffs fixed for railroads. Or, as buyers of rough rice which is received by them over a railroad, they get the benefit of the milling in transit; and, therefore, they have no cause for complaint against the established rules and rates.

"It does not appear how the New Orleans Joint Traffic Bureau of the New Orleans Board of Trade, Ltd., is a person interested in the rates paid by the shippers of rice. The rice mills of New Orleans, simply as millers of rice, and not as owners and shippers, would not be interested in the freight rates either; but they, together with the other plaintiffs, allege that they are buyers and sellers of rice, and, as owners and shippers, they are required to pay the additional freight rates on rough rice; and they are therefore injured by the adoption of the milling-in-transit rule and the increase in the tariff.

"Order 2116 is really in two parts, with the two parts depending upon one another. It orders the railroads to grant the privilege of milling rice in transit; and it increases the tariffs on rice because of the increased burden of milling in transit placed on the railroads. That is just, and not unjust. It is fair, and not discriminatory. It is, in the opinion of the commission, for the good of the public; and, on its face, order 2116 is valid.

"It results from the contentions and concessions of the respective parties that the controversy is reduced to a single issue: What was the nature and character of the order made by the commission? What, in substance, was the power which the commission exercised in making the order?

"Plaintiffs on their brief say that 'the issue herein is not as to the correctness of an order of an administrative body, but as to the power of the railroad commission to make it, and from this viewpoint the facts upon which the order rests becomes immaterial.' * * * They also say: 'The mass of testimony in the record is almost appalling and would have entailed a large amount of work on the court, but fortunately the brief of interveners tenders an issue of law rather than fact, obviating the

need of reading all this testimony. An examination of the purpose of the order under attack, as found within the order itself, also shows that the issue here is not the correctness of an order of an administrative body, but the power of that body to make the order. Order 2116 of the railroad commission compelled the carriers to grant milling-in-transit and raised the rates through the whole field of rice transportation.

... That it is not claimed for the order (by defendant) that its rates are the measure of the service, but its virtue lies in the fact that it equalizes the cost of transportation between millers, irrespective of the value of the transportation each demands. The purpose of the order admittedly is to foster competition and increase the selling price of rice. The defense of order 2116 has rested on no other foundation, and, therefore, in the clear light of this frank statement of the purpose of the order the whole voluminous record of facts disappears, and, the question resolves itself, not into a question of the expediency of the order from a transportation standpoint, but a question of the power of the railroad commission to make an order that has as its end the regulation of market conditions. Because there is only a question of law involved, it is not even necessary to read the voluminous transcript.

"The state railroad commission is an administrative body, as was decided in the case of Morgan's Louisiana & T. R. R. & S. S. Co. vs. Railroad Commission, 109 La., 247, 32 South., 214. It was further said in that case: 'It is a matter not debatable that the state, subject to certain limitations, has, in furtherance of its object of advancing the public good, a power of regulation and control over the action and conduct to whom she has granted these rights and franchises. From the very nature of things there must arise from time to time difference between the corporation, seeking to derive from its corporate rights the utmost personal advantage it can, and the state, seeking to obtain through its conduct and action the greatest possible good for the public. These differences may arise at any time between them on matters of detail or administration more or less important. As it would be manifestly impossible to anticipate what these causes would be, or when they would arise, different states have found it necessary to constitute a body charged, as their representative, with the duty of guarding the public interests upon this particular subject, to which they have expressly given very broad authority and power. ... The power, authority and duty of the latter are not limited merely to matters affecting the public safety or the public health. They extend also to matters concerning public comfort and public convenience, and in the consideration of the matters of comfort and convenience the number of persons who may be concerned or interested in some particular matter at some particular point enter as important factors in determining what is proper to be done. ... As a matter of course, the Commission could not, even under expressly delegated powers, act arbitrarily, in manner such as to trench upon the rights of corporations secured to them by law; but, within certain limits, though their action and orders are all subject to review, they are not all subject to reversal. ... When such a point in the business of the road is reached, the rights of the 'general public' comes clearly into view, and it is not for the railroad, but for the commission, to determine how, in what way, and in what place this money is to be expended so as best to subserve their interest. This is a matter submitted to the judgment of the commission, not that of the railroad or of this court, unless the selection trenches upon the legal rights of the railroad corporation. The mere reference of disputed issues between the parties to this court for adjudication was not intended to constitute it an 'administrative' board, revisory in character over the orders and conclusions of the commission. Our action is judicial, not administrative. It was not intended that we should substitute our judgment for that of the commission every time there is a dispute touching the particular place on the line of railroad where it would be best for the public interest that a station or depot should be placed. To come successfully before this court, the appellant must be able to point out some legal right of its own which has been infringed upon. A statute or order of railroad commissioners establishing a station or fixing rates of transportation is not to be interfered with, except

upon clean and satisfactory evidence showing that it is unjust and unreasonable.'

"Plaintiffs concede that the order of the commission complained of is not open to attack in the courts so long as that body has kept within the powers conferred by law. But they argue that the order was not the exercise of such authority, but was based upon the assumption of a power not conferred by law; and they quote from the finding of the commission that it took into consideration, in connection with the petition of the rice growers to have the railroads return to the principle of milling in transit on rice, the necessity for such a rule in order to give the rice growers of the state a larger field in which to sell their product. Such argument would have force coming from the railroads, if the commission had added an additional burden upon them without providing for reasonable compensation for the additional service. But, in providing for milling in transit, and, at the same time, raising the tariffs, the commission has acted justly towards the railroads, and with full consideration of their legal rights; and the railroads are not complaining.

"In raising the rates to be paid by the shippers, the commission has not invaded any legal rights of plaintiffs, who are shippers.

"The nature and character of the order of the commission was to obtain from the railroads the greatest good for the public, or that portion of the public composed of rice growers and of rice millers who are near the rice fields. That was within the power delegated to it. It acted upon a matter of public convenience; and the administration of its affairs, or the details thereof, will not be interfered with by the courts, where legal rights have not been invaded. The convenience of rice growers was an important factor in determining that railroads should grant to shippers of rice the privilege of milling in transit. And, in considering and determining the matter, the commission has not interfered with any legal right of plaintiffs.

"Milling in transit has long been a privilege accorded the producers of agricultural products in this and in other states. It has been established by railroads and by railroad commissions. The privilege is given to shippers of corn and other cereals; and it has been stated that the lumber industry of the state could not exist without it. So, in ordering that rice might be milled in transit, it would seem that the commission did not act arbitrarily, or in an unreasonable way.

"The rice milling privilege as established by the commission is general in its terms and application. It may be availed of by everyone shipping rough rice. It may be availed of by the plaintiffs in this case, if, instead of shipping rough rice to the mills in New Orleans, they would ship to the nearer mills from the place where they buy rice and have it milled there. But plaintiffs, apparently, prefer to do their own milling. That is, of course, their privilege, which order 2116 does not take away from them. It is doubtless of great advantage to establish rice mills in New Orleans, which city is the primary rice market of the country; and these advantages must be taken together with the disadvantages of being far removed from the rice fields, or points where plaintiffs buy rough rice. It is also their privilege to have their rice milled nearer to points of production and receive the benefits of milling in transit.

"It appears in the record that the commission, before it adopted order 2116, had the railroads, producers, shippers, merchants and rice millers before them and earnestly and diligently inquired into the matter of tariffs on rice and the milling of rice in transit, etc. They deliberately came to the conclusion that the shippers of rice should have the privilege of milling rice in transit, and that the tariffs on cleaned and rough rice should be increased.

"The presumption is that the commission has acted with justice to all parties concerned in adopting order 2116; and the courts will not undertake to interfere with the commission in the absence of clear evidence that the plaintiffs' legal rights have been invaded, or that the rates fixed are unreasonable, unjust, discriminatory or extortionate. The evidence offered by plaintiffs has no such tendency.

"Besides, the railroads are the parties most interested in the reduction of the tariffs involved, and they are not parties to the suit. They would be entitled to a hearing in

court before their legal rights were taken from them.

"The constitution confers upon the railroad commission, and not upon the courts, the power and authority 'to make reasonable and just rates, charges and regulations, to govern and regulate railroads * * * freight and passenger tariffs and service, * * * to correct abuses, and prevent unjust discrimination and extortion in the rates for the same, on the different railroads, * * * and to prevent such companies from charging any greater compensation in the aggregate for the like kind of property or passengers, or messages, for a shorter than a longer distance over the same line, unless authorized by the commission to do so in special cases.'

"The plaintiffs have not introduced evidence sufficient to show that the railroad commission has acted unreasonably, or unjustly, or without authority, in providing for the milling of rice in transit on the various railroads throughout the state; or that it has acted arbitrarily in fixing the tariffs on rice transported within the state. They have not shown that their legal rights have been interfered with.

"The judgment appealed from is affirmed."

CUMMINS RECONSTRUCTION PLAN

The Cummins' reconstruction committee's plan, agreed on in the conference of Republican Senators, is embodied in S. Con. Res. No. 25. The plan differs from the original reports concerning it in only one particular. The committees, instead of being composed of six Senators and an equal number of Representatives, would be composed of five Senators and five Representatives. That means that instead of the major parties being equally represented, the majority party would have six of the ten members on each of the six committees. The resolution is as follows:

"That there are hereby created six committees, to be known as the Joint Congressional Committees on Reconstruction. Each of said committees shall be composed of five Senators and five Representatives in Congress. The members of said committees shall be selected as follows:

"The Senators in the manner provided in the rules of the Senate for the selection of the standing committees of the Senate and the Representatives in the manner provided in the rules of the House for the selection of the standing committees of the House.

"The members of these committees shall be subject to change from time to time by the Senate and House, respectively, as are said standing committees, and all vacancies shall be filled in the same manner as the original selections were made.

"The said committees shall make, respectively, investigations of the subjects hereinafter named and herein assigned to them, respectively, and shall report to Congress from time to time with such recommendations as to additional legislation, or otherwise, as they, respectively, may deem advisable.

"The first committee, which shall be known as the Joint Congressional Committee upon the Demobilization of the Army and Navy, shall so investigate and report upon the following matters, to wit:

"(a) The employment of discharged soldiers and sailors in civil pursuits.

"(b) The allotment of lands to returned soldiers and sailors and their establishment in homes upon the public domain.

"(c) All legislation which may be required in the proper care for those who have suffered the dangers of war, and especially those who have been disabled and whose ability to earn a livelihood has been impaired.

"The second of the said committees, which shall be known as the Joint Congressional Committee upon Foreign Trade and Commerce, shall so investigate and report upon the following matters, to wit:

"(a) Duties on imports for the protection and encouragement of home industry.

"(b) The development of new foreign markets.

"(c) Combinations for the purpose of increasing our selling facilities.

"(d) Changes in our banking facilities necessary to cooperate with such trade.

"(e) Our merchant marine, including the construction of ships; the continuance of government ownership and operation, and in general with respect to the various problems of transportation upon the high seas.

"The third of said committees, which shall be known as the Joint Congressional Committee on Interstate Transportation, shall so investigate and report upon the following matters, to wit:

"(a) The permanent relation which the government of the United States should sustain to the common carriers of the country.

"(b) Whether the systems of transportation now in possession of and being operated by the government should be returned to their former owners and operated as heretofore, or whether government operation should continue with or without government ownership; or, if private ownership is to continue and private operation resumed, what system of regulation and control will be best adapted to secure efficiency in service, reasonable rates of transportation, and fairness to the capital invested.

"(c) The relation which should be established between inland water transportation and the railways, including the control of the former.

"(d) All questions relating to communication by wire."

"The fourth of said committees, which shall be known as the Joint Congressional Committee on Domestic Business, shall so investigate and report upon the following matters, to wit:

"(a) To what extent, if any, should our laws relating to trusts and combinations be modified.

"(b) What co-operation should be permitted in order to increase efficiency, reduce cost, and enable this country to successfully meet foreign competition.

"(c) To what extent should the government undertake to control prices.

"(d) Government loans to private enterprises.

"(e) Government supervision of capital issues.

"(f) The supply and control of raw materials and encouragement in the production of articles that have not heretofore been manufactured in this country.

"The fifth of said committees, which shall be known as the Joint Congressional Committee on Employers and Employees, shall so investigate and report upon the following matters, to wit:

"(a) Conciliation and arbitration in labor disputes.

"(b) The relation of men and women in similar employments.

"(c) Substitution of female employees for male employees, and vice versa.

"(d) The organization of permanent employment agencies.

"(e) The distribution of labor, including employment of surplus labor on public works.

"(f) The sanitary housing of employees and the disposition of houses constructed by the government during the war.

"(g) The freedom of labor, and of employment in its relation to trade unionism; and wages, hours and conditions of employment.

"The sixth of said committees, which shall be known as the Joint Congressional Committee upon Natural Resources, shall so investigate and report on the following matters, to wit:

"(a) The encouragement of private enterprises in the development of the resources of the public domain.

"(b) The tendency toward urban population and the best means of checking it, including the requirements for farm labor and the best means of securing it.

"(c) Government loans to farmers.

"(d) The distribution of food products.

"(e) Our timber problems.

"(f) The adequate production and proper distribution of our mineral resources, including coal, petroleum and other fuels.

"(g) The development and control of water power.

"Each of said committees is empowered to take up and examine any other subject which in the course of its investigation it finds to be inseparably connected with the subjects herein assigned to it and which ought to be considered in view of the change from the activities of war to the pursuits of peace, and especially the demobilization of war commissions, administrations, bureaus and other civilian war agencies, and the adjustment of the forces employed therein to private industry and commerce under normal peace conditions.

"Each of said committees is authorized to employ such clerical assistance as it may deem necessary, including the services of experts, and may, by subcommittee or otherwise, send for persons or papers, administer oaths, and employ stenographers at a cost not to exceed \$1 per printed page to report such hearings as may be had in connection with any subject before it.

"Each of said committees may sit during the sessions or recesses of the Senate and House of Representatives."

How Part of Our Merchant Marine Can Be Used ✓

(Written for The Traffic World by T. W. Van Metre, Assistant Professor of Transportation, School of Business, Columbia University.)

An outstanding feature of the industrial transformation conditioned by the war is the great revival of shipbuilding and ship operation by the people of the United States. The development of our merchant marine throughout our entire history as a nation has been conditioned by war. The Napoleonic wars gave us our first great shipping industry; the Civil War brought the industry virtually to an end; the present war places the industry once more in a position of primary importance. Before the end of another year we shall possess a merchant marine of a tonnage several times the tonnage operating under the American flag before the European war began.

We are beginning to ask what is to be done with our great merchant marine and our extensive shipyards when peace is fully restored. The knowledge that for many years before the war it was impossible for American shipping to compete successfully with the shipping of other countries gives rise to grave concern over the problem of operating our vessels when competitive conditions return. So far the chief suggestions concerning our future shipping policy have had to do with measures that will make it possible for our vessels to engage in foreign trade.

There is another field in which we should be able to employ a large tonnage of merchant shipping. Very little has been said concerning the opportunities in this field. Should we not begin to consider the desirability of increasing our coastwise trade and transportation?

For some reason we have been led to believe for several years that, while our flag has been almost driven from the foreign carrying trade, we have nevertheless been the happy possessors of a large and prosperous merchant marine engaged in coastwise commerce. As a matter of fact, in view of the great enlargement of the domestic commerce of the United States in the last fifty years, the increase of tonnage of coastwise shipping on the Atlantic and Pacific coasts has been almost trivial. On the Great Lakes there has been a development of the shipping industry commensurate with the general growth of population, industry and trade. But on the canals and rivers of the country the transportation business has virtually disappeared, and on the ocean its progress has been slow and relatively unimportant.

Before the Civil War the coastwise trade was the most important factor in the domestic commerce of the country. Of small volume during the colonial period, because of the lack of mutual demand among the various groups of colonies for the commodities produced in each section, with the advent of extensive cotton culture in the south and the rise of manufacturing in the north, the coastwise traffic gradually reached a position of first importance in the commerce of the nation. Before the war of 1812 the tonnage of vessels engaged in coastwise trade was little more than one-third the tonnage engaged in foreign trade. In part the disparity was due to the abnormal stimulation which the Napoleonic wars gave to our foreign carrying trade, but in a large measure it was due to the fact that industrial conditions in the United States were not yet suited to the extensive development of domestic commerce. After the war of 1812, industrial conditions changed, and coastwise traffic grew at a more rapid rate than foreign trade. By 1830 the tonnage of enrolled vessels was greater than the tonnage of registered vessels, and in no subsequent year previous to the Civil War did the tonnage of registered vessels regain numerical superiority. In 1852 Israel D. Andrews estimated the gross value of the domestic commerce of the United States to be \$5,538,539,732. Of this amount \$3,319,039,372 consisted of coastwise trade; \$1,188,000,000 of canal and river trade, and \$1,031,500,000 of railway traffic.

In 1860 the "permanent enrolled tonnage" of shipping on the Atlantic coast amounted to more than 1,200,000 tons; on the Pacific coast, 33,000 tons, and on the Great Lakes, 200,000 tons. The record of coastwise tonnage since 1868 is shown in the following table:

ENROLLED VESSELS OF THE UNITED STATES.

	Atlantic and Gulf coasts.	Pacific Coast.	Great Lakes.
1868	1,404,806	71,778	679,069
1910	1,432,113	103,727	672,291

1875	1,753,130	138,679	817,364
1880†	1,328,819	144,966	587,268
1885	1,492,591	187,900	743,034
1890	1,677,809	188,139	1,053,419
1895	1,787,537	219,637	1,234,736
1900	1,959,488	257,028	1,554,590
1905	2,669,939	467,082	2,061,472
1910	2,950,594	589,925	2,892,518
1914	3,084,657	613,338	2,875,835
1916‡	2,739,774	520,714	2,746,425

*Decrease due chiefly to correction of statistics by eliminations of obsolete tonnage.

†Decrease due to elimination of canal boat tonnage in 1876.

‡Decrease due to transfer of vessels to foreign trade.

While the tonnage of coastwise shipping on the Atlantic coast has been expanding from 1,200,000 tons to three million tons, the total commerce of the country has increased at least thirty-fold. The tonnage of railway traffic in 1860 was estimated at 26,000,000 tons, in 1914 it amounted to 1,109,271,040. There has been an enormous growth in the movement of traffic between the north Atlantic states and the south Atlantic and Gulf states, but a comparatively small part of the traffic has moved by water. Coastwise lines operate between the leading cities of the Atlantic and Gulf seaboard, but the number of sailings has not been large, and the volume of traffic handled has been but a small fraction of the traffic moving by rail.

It cannot be truthfully asserted that the railroads offer a more efficient and cheaper means of transportation than coastwise steamships. It may be true that canal and river transportation is inferior in all respects to transportation by rail, but it is not true that the inexpensive highway of the ocean does not offer a means of transportation certainly cheaper, and usually as rapid and safe as the railway lines. The mere fact that existing coastwise lines have prospered, with rates lower than railroad rates, is sufficient evidence that it is possible to utilize the ocean successfully in our domestic trade.

If coastwise transportation is cheap and practicable, why is it that with the great increase in the general productivity and commerce of the country the coastwise shipping business has not made satisfactory progress?

The answer is merely that the business has been kept under control and wilfully suppressed by the railroad interests of the country. Virtually all of the coastwise lines on the Atlantic coast have for many years been directly controlled by, or closely affiliated with, powerful railroad interests, and these interests have also obtained control of a large portion of the water front of the leading seaports. The railroad companies have not developed coastwise shipping themselves, and they have successfully prevented independent interests from engaging in coastwise transportation. Time after time companies organized to carry on a coastwise shipping business have been destroyed by unfair methods of competition of railroads. In the investigation of shipping combinations by the House committee on the merchant marine and fisheries in 1912-13, abundant testimony was given as to the unfair and even dishonest methods which had been employed to drive independent shipping concerns out of the coastwise business.

Among the methods utilized to prevent or overcome competition the following were of leading importance: (1) The prevention of the purchase of ships by independent companies; (2) bribing employees of independent companies to divulge information concerning the business of their employers; (3) bringing influence to bear upon insurance companies to discriminate against independent carriers; (4) granting rebates; (5) preventing independent carriers from making satisfactory arrangements with railroad companies for the division of through rates.

The printed testimony of the committee's report is replete with actual instances of how, by these methods, and by others equally reprehensible, the established transportation interests of the Atlantic and Pacific coasts had, to the detriment of the commercial interests of the entire country, throttled attempts at competition and caused investors in independent coastwise shipping companies to lose millions of dollars.

Railroad managers have for several years been bitterly complaining about the treatment they have received at

the hands of the government and the public, asserting that they have been oppressed and harassed to such a degree that their business has been brought to the brink of ruin. It is unquestionably true that the methods of railroad regulation in the United States has been in many respects inimical to the best interests of the railroads and of the country as a whole, but it is equally true that the railroad managers have pursued a policy of selfishness which has contributed in no small measure to the virtual crippling of the transportation business.

Nothing accomplished by the railroad companies in their efforts to perpetuate their monopoly power has resulted in greater loss to the country than the suppression of the coastwise shipping business. For several years before we entered the war, industry was hampered because of inadequate transportation facilities. Had the possibilities of water transportation been fully developed, not only would there have been less danger of a complete collapse of the domestic transportation service, but we would have had a vastly greater tonnage to devote, if necessary, to overseas traffic during the war.

Under proper arrangement for the free interchange of rail and water traffic, the ocean coastwise commerce of the United States could soon be developed to support a merchant marine of at least twelve million tons. But this development can occur only if provision is made for the active co-operation between rail and water carriers. The provisions of the Panama Canal act of 1912 and of the shipping act of 1916 remove some of the obstructions which formerly stood in the way of the operation of coastwise shipping by independent companies. The terms of these laws have been opposed by the railroad companies, and the decisions of the Interstate Commerce Commission under the former law have been accepted with bad grace. The legal counsel of the Atlantic Coast Line Railroad endeavored to have the interstate commerce act construed in such a manner that coastwise lines would be virtually excluded from handling all except port-to-port traffic (49 I. C. C. 176).

The development of a coastwise merchant marine will not hurt the railroad business. It will help it. Transportation and trade are mutually stimulative. Each is cause and effect in its relation to the other. When the Erie Canal was built the resulting development of the west made the construction of new transportation lines imperative. And each new line brought added commercial development, which in turn created the demand for better transportation. The first transcontinental railroad line unquestionably made possible the ultimate construction of others. The construction of electric interurban lines in the middle west has resulted, not in the decrease of steam railroad traffic, but in its expansion. And yet there has not been an electric line constructed without the bitter opposition of steam railroad interests. The same principle is true in connection with the improvement of terminals. New York does not have the unified terminal which the commerce of the city requires, merely because the various railroad lines refuse to give up the exclusive control of their individual sites. If the managers of the railroad lines could only be brought to realize that a unified terminal would ultimately give a vast increase of business to all the railroads, that the decrease in cost would result in the enhancement of profit on every ton of freight carried, that the improvement of the terminal would be of the greatest importance in adding to the commerce of the port and of the nation, perhaps it would be possible to secure co-operative action.

There are sound economic reasons for the future employment of a large portion of the merchant ship tonnage now being constructed in the coastwise business. If the railroad managers are not willing to draw a lesson from the past and adopt a policy of progress and improvement instead of a policy of suppression and exclusion, steps must be taken to compel their co-operation and to destroy their power to stand in the way of what manifestly makes for the best interests of the commerce and industry of the nation.

B. Campbell, chairman Eastern Freight Traffic Committee, announces that information regarding freight rates heretofore supplied by the agency of the Southern Pacific Lines in New York City will be furnished by the Lehigh Valley Railroad, Fred E. Signer, general eastern freight agent, 143 Liberty street, New York City; telephone, Cortland 4902.

ARGUE TENTATIVE REPORT

The Traffic World Washington Bureau.

Arguments were made on November 21 on the tentative report submitted by Attorney-Examiner Barclay on No. 10,080, R. T. Feltus Lumber Co. et al. vs. Great Northern et al., in which the reasonableness of the cubical capacity rule, as applied to lumber, is under attack. The tentative report condemns part of the rule, but in a general way it approves it.

The Commission, in its general lumber minima investigation, is considering the same subject. Testimony was to be taken on that point at Chicago November 25. For that reason more than ordinary interest was taken in the arguments on November 21, attorneys for lumber companies that are not interveners in this case listening to the arguments so as to be prepared for the larger attack at Chicago.

The arguments were made by John S. Burchmore for the complainant, by R. J. Knott for the Western Pine Manufacturers' Association, intervener in behalf of the complainant, and B. W. Scandrett, for the northern transcontinental carriers, the ones that devised the cubical capacity rules for application to lumber. The first mentioned said in effect the rule is notice by the carriers that they will consider any car other than the forty-foot box to be an extraordinary car, when asked for by a man intending to ship lumber; that the rule fits neither the cars the Great Northern has nor the lumber to be shipped and is impossible of application, because no two experts will agree that a shipment loaded in a given car could have been loaded in a car of the size ordered by the shipper.

Mr. Burchmore pointed out that cars of the same length are not of the same cubical capacity; that some 34-foot cars are of greater cubical capacity than the 36-foot car that is the standard in all classes of traffic except lumber transported on the northern transcontinental lines and that the working of the rule is to penalize every shipper who is not lucky in getting a car of the kind he can use in the lottery in which he engages when he orders a particular size. He pointed out that 32, 33 and 50 foot cars are the ones that lend themselves best to the loading of the standard lengths of lumber, yet every car of the lengths mentioned is put down as a car of extraordinary size, which the Great Northern does not hold itself out to furnish, although it has thousands of cars of the lengths mentioned.

RAILROAD EXPENDITURES

The Traffic World Washington Bureau.

A summary of authorizations and expenditures in connection with work chargeable as to capital account for all class 1 railroads as of November 10, 1918, prepared by Robert S. Lovett, director Division of Capital Expenditures, made public November 15 by Director-General McAdoo, shows that a total of \$403,864,950 was spent from January 1, 1918, to September 30, 1918, for all work.

Of this amount, \$173,716,897 was spent for additions and betterments, \$216,186,206 was spent for equipment, and \$13,961,847 for construction of extensions, branches, etc. Total spent represents 34.3 per cent of the amount specifically authorized during the calendar year 1918, which totals \$1,002,513,844.

A total of \$433,731,488 was included in the 1918 budget for additions and betterments, and \$52,825,757 had been added to the budget up to November 10, 1918, for the same purposes. For equipment, \$486,979,925 was included in the 1918 budget, and \$6,580,113 has been added since. For additions and betterments, \$121,099,793 had been specifically authorized up to November 10, 1918, chargeable to operating expenses, and \$490,549,941 had been specifically authorized chargeable to capital account. For equipment, \$19,276,960 had been specifically authorized up to November 10, 1918, chargeable to operating expenses, and \$646,235,905 had been specifically authorized chargeable to capital account.

Until further ordered, the Director-General has approved payment by carriers of assessments for current expenses of the following associations, such payments to be charged to operation: Cincinnati Local Freight Agents' Association, Local Freight Agents' Association of Houston, Tex.

The Open Forum

A Department for the Discussion by Patrons and Friends of THE TRAFFIC WORLD of
Transportation Questions of Interest to Traffic Men Who Keep in Touch
With the Times—Contributions are Welcomed

STORE-DOOR DELIVERY

Editor The Traffic World:

The subject of store-door delivery at the port of New York as suggested by the committee of commissioners appointed by Director-General McAdoo is one worthy of discussion in our Traffic World forum. This subject interests not only the port of New York, but is of vital importance to shippers in all our big cities.

The successful operation of this system in New York City may revolutionize the very foundation of national transportation. Perhaps it will ultimately result in a single organization to handle shipments from the store door of the consignor to the store door of the consignee.

Letters on this subject are now in order.

Gillette Safety Razor Company,

Leo F. Caldwell, Traffic Manager.

Boston, Mass., November 22, 1918.

OPPOSES MILEAGE SCALES

Editor The Traffic World:

I am in receipt of schedule of proposed standard or mileage scale of class rates for the southeastern territory.

While I have not carefully examined or thoroughly checked out these proposed rates, I have examined them enough to know that the mean quite an increase in our present, already very high, freight rates.

Answering three questions submitted in a recent circular from C. A. Prouty, I might do so as follows:

First—"Should a uniform classification be established in this country at the present time and, if so, may the Western Classification be taken as the basis of that uniform classification?"

I would say, no. The present conditions are not opportune for adopting a uniform classification, and certainly the Western Classification is not the proper basis, any more than would be the Southern Classification; in fact, less so.

Second—"Should a mileage schedule of class rates be applied at this time to the southeastern territory?"

I would say that our rates at present in the southeast are too high, having been increased two or three times in the past two years, in addition to the 25 per cent increase placed on us under General Order No. 28, effective June 25. A great many of our rates have also been increased in the past three or four years by advance in classification.

Third—"If such schedule should be applied, is the scale presented a proper one?"

I would also answer this in the negative, since the proposed scale materially increases the present rates in the southeast under the application of both the Southern and Western classifications, and we don't feel that our rates should be further increased, and we most certainly object to adopting the present Western Classification to apply to rates in the southeast.

We don't believe that this is the proper time to make any change, especially increases in either the classification or rates. The shippers, manufacturers, etc., in the southeast, as well as throughout the United States, have been forced to stand the burden of increased transportation rates placed on them by the carriers during the past two years, and in many instances unreasonable and unjust, but, through patriotism and a desire to do everything possible to win the war and not throw any obstacle in the way, the people have patiently and willingly submitted to these increases in rates as an additional burden. But the time has about arrived when the people, including the shippers, are going to make complaint and enter protest, not only to prevent the proposed increase

in freight rates, etc., but to be relieved, to some extent, by demanding a modification in some of these already excessive rates of transportation, etc.

There is no doubt that manufacturing conditions, as well as all commercial business, will have to go through an adjustment in the near future, and when that is accomplished it will be time enough to undertake to adjust the rates of transportation, and on a lower basis than the present rates.

I trust the Railroad Administration and the Interstate Commerce Commission will find it consistent to postpone action or abandon altogether the idea of further increasing the freight rates.

C. W. Chears, Traffic Manager,

Cotton Manufacturers' Association of Georgia.
Chattanooga, Tenn., Nov. 11, 1918.

OCEAN SHIPPING

Editor The Traffic World:

We read with a great deal of interest the notice in your issue of November 16, that you intended to publish a series of articles by Professor Grover C. Huebner on ocean shipping.

I have always thought that this country has sadly neglected the opportunities for foreign commerce, and, after the war activities cease, our facilities for supplying other countries with our goods will have greatly increased. I think this applies particularly to South America, and that, in connection with the study of rules and regulations of ocean shipping, a man could very well employ his time to good advantage by securing at least a working knowledge of Spanish.

One of our great faults on our export business has been poor packing. We do not seem to know how, or do not want to take the time, to properly pack goods for foreign shipment.

Many manufacturers and exporters will be looking for new foreign fields for their goods, and the man who can get these goods from the factory to these foreign countries will be a valuable man to these manufacturers.

These articles should be read with interest, in any event, because a great many of the traffic men in this country have to run to a custom house broker when they want to import a shipment from a foreign country into this country.

R. Flickinger, Traffic Manager,

The Morey Mercantile Co.

Denver, Colo., Nov. 19, 1918.

EMBARGO INFORMATION

Editor The Traffic World:

On page 251 of The Traffic World for November 16 is an extract from Car Service Circular C.S.-37, which has been interpreted by the railroads as instructing them to cease making any distribution of their embargoes to shippers.

Although I have already forwarded a letter of protest to W. C. Kendall, manager of the Car Service Section, at Washington, in regard to this interpretation, I feel that this matter should have more publicity than was given to it in the November 16 issue and would, therefore, request that you take some action to acquaint shippers with what the enforcement of this circular means to them.

By refusing to furnish shippers with copies of their embargoes, the railroads put the large shipper to a great deal of additional expense, due to extra telephone calls and time of clerks wasted in making these calls, as at the height of the winter season it would be unwise to

prepare shipments for forwarding to any point without first ascertaining from the railroad company whether or not the destination of the shipment is at that time embargoed.

The company, located at a central point, such as New York, Chicago, Buffalo, etc., and making shipments to many points in the United States, can, if its traffic manager is thoroughly posted on the embargoes of the various railroads, continue to do business even in a winter such as was experienced last year, when more routes were closed by embargoes than were open for handling freight, but to acquire this familiarity with the embargo situation and to trace out possible open routes via which traffic may travel, requires that the various embargoes be carefully studied and correlated, and this cannot be done unless the embargoes are in your own possession. This service could not be obtained from the railroad agents or representatives under the present conditions, as these agents and representatives are too busy to give the necessary time and study to this matter for the benefit of one particular shipper; besides which, they have not the embargoes of other roads at hand to compare with publications of their own road; also the incentive to perform this extra work is lacking, due to the elimination of competition under the present government administration.

The reason for the issuance of this order, as given in the first paragraph, is "to insure uniformity of practice with respect to furnishing information to the public relative to embargoes." On this basis and changing the word "embargoes" in the above quotation to "rates," the lines under government control should at once cease furnishing copies of their tariffs to shippers who make request for this service. It is unnecessary to elaborate on the endless trouble and confusion which would be caused both to the railroads and to shippers by this application of the theory of this order, yet this would be the only logical course to pursue so as to insure uniformity of practice with respect to furnishing information to the public, as it is manifestly impossible to supply every shipper in the country with tariffs covering movement of his shipments.

It may be said that tariffs become law after being filed with the Interstate Commerce Commission, and, as shippers are required to know the law, it is proper to furnish those who need them with copies of the tariffs. If it is necessary that shippers know the law, it is just so much more important that they be familiar with embargoes, which presume to set aside the application of the law by suspending the movement of freight, provided for by lawful tariffs, over certain routes, indefinitely, and without notice to the public or the Interstate Commerce Commission, or the filing of these embargoes with any recognized government officer.

Of course, at the present time, when there are comparatively few embargoes in operation, it is no great hardship for a shipper to obtain information as to embargoes from the railroad representatives, but when the bad weather commences, as it soon will, the shipper must have all possible information at his fingers' ends, and something should be done to obtain relief from this regulation prior to the arrival of the real winter weather.

C. R. Scharff, Traffic Director, Chevrolet Motor Co.
New York, Nov. 20, 1918.

OPPOSES MILEAGE SCALES

Editor The Traffic World:

Referring to your private (daily) issue, number 5307, Wednesday, November 6, under the caption, "No Protests Yet Made on Proposed Mileage Scales," this is to advise you that this association, representing the largest tonnage, outside of lumber and grain, opposes the scale suggested and will do everything that we possibly can to prevent its adoption. We have already addressed our senators and representatives in Congress, asking them to oppose this theoretical proposition, and we will attempt to state in a more detailed form our objections.

We do not think that the time has yet arrived in this great country where entire commercial conditions should be disrupted by the adoption of a general mileage scale of rates.

We think the adoption of the proposition is so far-reaching and the actual result of this step would be such a readjustment of present conditions and such a radical change, that it is our purpose to oppose its adoption, be-

cause we do not think it is practical or based on rate-making principles.

A. R. Bragg, Traffic Manager,
Merchants' Freight Bureau.

Little Rock, Ark., Nov. 11, 1918.

THE TRAFFIC COMMITTEES

Editor The Traffic World:

I note your editorial in your issue of November 9, "Shippers' Representation." It might be that in Western and Southern territory railroad matters and rate adjustments are handled in a very different manner from the way the same subjects are covered in the east. I am inclined to believe that there is a vast difference between the territories, as shown by my comment appearing in your issue of the 9th.

In the east it appears that the Railroad Administration has torn apart completely traffic organizations previously in existence when the carriers were handling their own rate matters. All that exists now of the Trunk Line carriers' previous organization is an official generally known as "chief of tariff bureau" or acting in that capacity, with no authority to act without an F. A. from Washington, D. C.

The slightest change in the existing rates, either maladjustments, publication of rates to new stations, or—more important—the adjustment of rates on products of new industries, must be handled by the local traffic committees, and these committees are held down to very stringent and positive rules, conveyed to them by the regional traffic committees, which has had the effect of making it almost impossible to secure any relief regardless of the merits of the complaints.

It would seem that shipping organizations and people interested in the rate situations have apparently given up any idea of securing any relief through these local traffic organizations, but are apparently waiting until the carriers are returned to their owners.

On the general subject of "shippers' representation," all that these committees, as they are operated in the east, do is to make a slow, methodical investigation and report. It seems ridiculous to assume that such organizations are supposed to be substituted for what was a compromise makeshift consisting of the board of suspension, as run under the Interstate Commerce Commission.

Most shippers had lost confidence in this scheme, as a protest presented for suspension required as much work as if the complainant had gone to the Commission with a formal complaint, and the work had to be done in a very few days; instead of the carriers being compelled to make full justification before the board of suspension, the actual operation got down to a grilling of the protestant by the carriers' representatives.

The changing of rates on orders by the Railroad Administration not subject to suspension should be abolished by Congress, now that the war is won.

What shippers need is more backbone behind the suspension board, with the absolute right to have the advances or changes suspended on formal printed protests in which a financial interest in the rate changes is shown and prompt action by the Commission on complaint. It now takes about two months to get a complaint even docketed before the Commission.

F. W. Pancoast.

New York, N. Y., Nov. 13, 1918.

Will Mr. Pancoast please send details as to his mail address? Letters sent to him at the street address he gives are returned.—Editor The Traffic World.

CHANGES IN DOCKET

The Commission has cancelled the argument set for November 21 at Washington, D. C., in case 10188, City of East Liverpool, Ohio, vs. Steubenville, East Liverpool and Beaver Val. Traction Co.

The Commission cancelled the hearings set for November 20 at Columbus, Ohio, before Examiner Pattison in case 10252, the Ohio Cities Gas Co. vs. W. G. McAdoo, Director-General of R. R. et al.

The Commission cancelled the hearing set for November 25 at Louisville, Ky., in case 10247, Sou. Hardwood Traffic Assn. vs. W. G. McAdoo, Director-General of R. R. et al., and reassigned it for hearing November 22 before Examiner Pattison at Louisville.

INCREASE FOR STATION AGENTS

The Traffic World Washington Bureau.

Director-General McAdoo, November 23, in supplement No. 11 to General Order No. 27, ordered increases in the wages of station agents, other than telegraph operators. No estimate as to the cost of these advances was made. The supplement is as follows:

Effective Oct. 1, 1918, superseding General Order No. 27, and in lieu thereof as to the employees herein named, the following rates of pay, rules for overtime and working conditions upon railroads under federal control are hereby ordered:

ARTICLE I.

Rates of Pay.

For agents, except as provided for in Article IV, whose regular assignment does not require the sending or receiving of railroad train orders or messages by telephone or telegraph, establish a basic minimum rate of seventy (\$70) dollars per month, and to this basic minimum rate add all rates of seventy (\$70) dollars and above, in effect as of Jan. 1, 1918, prior to the application of General Order No. 27, add twenty-five (\$25) dollars per month, establishing a minimum rate of ninety-five (\$95) dollars per month.

ARTICLE II.

Maximum Monthly Wage.

No part of the increases provided for in this order shall be applied to establish a salary in excess of two hundred and fifty (\$250) dollars per month.

ARTICLE III.

Preservation of Rates.

(a) The minimum rates and all rates in excess thereof as herein established, and higher rates which have been authorized since Jan. 1, 1918, except by General Order No. 27, shall be preserved.

(b) Employees temporarily or permanently assigned to higher rated positions shall receive the higher rates while occupying such positions; employees temporarily assigned to lower rated positions shall not have their rates reduced.

ARTICLE IV.

Exceptions.

(a) The provisions of this order will not apply in cases where amounts less than thirty (\$30) dollars per month are paid to individuals for special service which only takes a portion of their time from outside employment or business.

(b) For agents (except those provided for in Article I and in section a, Article IV) whose compensation as of Jan. 1, 1918, was upon a commission basis, or upon a combination of salary and commission (not including express or outside commissions), and for agents at the smaller stations where the salary as of Jan. 1, 1918, prior to the application of General Order No. 27, was \$50 per month or less, add \$25 per month to the rates in effect Jan. 1, 1918, prior to the application of General Order No. 27.

ARTICLE V.

Hours of Service.

Eight (8) consecutive hours, exclusive of the meal period, shall constitute a day's work.

ARTICLE VI.

Overtime and Calls.

(a) Where there is no existing agreement or practice more favorable to the employees, overtime shall be computed for the ninth and tenth hour of continuous service pro rata on the actual minute basis, and thereafter at the rate of time and one-half time. Even hours will be paid for at the end of each pay period. Fractions thereof will be carried forward.

(b) Employees who are notified or called to work outside the eight consecutive hours, exclusive of the meal period and continuous service, constituting their regular assignment, shall be paid a minimum allowance of three hours for two hours' work or less; if held over two hours,

time and one-half time will be paid, computed on the minute basis.

(c) Exclusive of employees whose regular assignment includes Sundays and or holidays, employees notified or called to work on Sundays and or holidays, will be paid not less than the minimum allowance of three hours, and where no existing agreement or practice is more favorable, such employees will be paid at their regular rates.

(d) Employees will not be required to suspend work during regular hours to absorb overtime.

ARTICLE VII.

Discipline and Grievances.

(a) An employee disciplined, or who considers himself unjustly treated, shall have a fair and impartial hearing, provided written request is presented to his immediate superior within five (5) days of the date of the advice of discipline, and the hearing shall be granted within five (5) days thereafter.

(b) A decision will be rendered within seven (7) days after completion of hearing. If an appeal is taken, it must be filed with the next higher official and a copy furnished the official whose decision is appealed within five (5) days after date of decision. The hearing and decision on the appeal shall be governed by the time limits of the preceding section.

(c) At the hearing, or on the appeal, the employees may be assisted by a committee of employees or by one or more duly accredited representatives.

(d) The right of appeal by employees or representatives, in regular order of succession and in the manner prescribed, up to and inclusive of the highest official designated by the railroad to whom appeals may be made is hereby established.

(e) An employee on request will be given a letter stating the cause of discipline. A transcript of the evidence taken at the investigation or on the appeal will be furnished on request to the employee or representative.

(f) If the final decision decrees that charges against employee were not sustained, the record shall be cleared of the charge; if suspended or dismissed, the employee will be returned to former position and paid for all time lost.

(g) Committee of employees shall be granted leave of absence and free transportation for the adjustment of differences between the railroad and the employees.

ARTICLE VIII.

Rules for Application of This Order.

(a) It is not the intention of this order to change the number of days per month for monthly paid employees. The increases per month provided for herein shall apply to the same number of days per month which were worked as of Jan. 1, 1918.

(b) The pay of female employees, for the same class of work, shall be the same as that of men, and their working conditions must be healthful and fitted to their needs. The laws enacted for the government of their employment must be observed.

ARTICLE IX.

Interpretation of This Order.

The rates of pay and rules herein established shall be incorporated into existing agreements and into agreements which may be reached in the future, on the several railroads; and should differences arise between the management and the employees of any of the railroads as to such incorporation, intent, or application of this order, prior to the creation of additional railway boards of adjustment, such questions of differences shall be referred to the director of the Division of Labor for decision, when properly presented, subject always to review by the Director-General.

Agreements or practices, except as changed by this order, remain in effect.

CANADIANS BUY BONDS

Director-General McAdoo announced November 19 that a report from R. H. Alston, regional director of the Northwestern Region, shows that Canadians took a deep interest in the Fourth American Liberty Loan, as demonstrated by the fact that railroad employees on the lines of the Great Northern in Canada subscribed for \$76,800 worth of bonds of that loan.

DETENTION OF PRIVATE CAR

Following is the report of the special master in chancery in the District Court of the United States, for the eastern division of the eastern district of Missouri in the case of the Guaranty Trust Company of New York and Benjamin F. Edwards, as trustees, complainants, vs. the Missouri Pacific Railway Company, defendant, on the claim of the Empire Refineries, Incorporated, for detention of its private tank car by receiver:

"By this proceeding, the Empire Refineries, Incorporated, seeks to recover from B. F. Bush, as receiver herein, the sum of two hundred ninety-seven dollars and seventy cents (\$297.70) for the use of a tank car owned by claimant.

"The agreed statement of facts, signed by the parties hereto, is adopted by the special master as his finding of facts, and reads as follows:

It is hereby stipulated and agreed that this claim may be submitted to the special master on the following statements of facts:

There appear to have been two tank cars in possession of the receiver on the same date, which cars bore the same number and very similar symbols, to-wit, CURX 519 and CDRX 519.

Car CURX 519, for the detention of which this claim is filed, should have gone to the Pierce Oil Corporation at St. Louis. Car CDRX 519 was billed and properly forwarded to Avondale, N. J. Through error, Car CURX 519 was tendered The Wiggins Ferry, and by it transmitted to the Clover Leaf, with a copy of waybill for Car CDRX 519, which billing, of course, showed the destination as Avondale, N. J. The connecting carriers did not notice the discrepancy between the billing and the car symbols, and erroneously forwarded Car CURX 519 to Avondale, N. J., on the billing that was intended for Car CDRX 519.

This error took place March 8, 1917, and car was not returned to St. Louis until June 17, 1917, for which claim is made at the rate of \$90 per month, making a total of \$297.70.

The following tariff provisions were in effect at the time of the movements in question and for a long time prior thereto, to-wit:

"Section 1. Where the classification provides ratings on commodities in tank cars, such ratings do not obligate the carrier to furnish tank cars in case the carrier does not own or has not made arrangements for supplying such equipment.

"Section 2. When tank cars of private ownership are furnished by shippers or owners, mileage at the rate of three-quarters (%) of a cent per mile will be allowed on loaded and empty movement, provided they are properly equipped. No mileage will be allowed on such cars switched at terminals nor for movement under empty freight car tariffs.

"Private tank cars will be moved empty, without charge, at the time movement is made between stations or junction points on the lines of these companies (either individually or jointly), including delivery to connecting lines subject to the following conditions:

"Should the aggregate empty mileage of any owner's cars on June 30th of each year, or at the close of any such yearly period that may be mutually agreed upon, exceed the aggregate loaded mileage on the lines of these companies, individually (or jointly when mileage accounts are computed jointly), such excess must be paid for by the owner, either by an equivalent loaded mileage during the succeeding six months, or at rate of ten (10) cents per mile plus the mileage that has been paid by the carriers to the owners on such excess empty mileage. Any excess of loaded mileage over empty mileage of any owner's cars at the end of the accounting period will be continued as a credit against the empty movement of such cars for the ensuing twelve months.

"Private tank car owners must assume responsibility for any excess empty mileage resulting from improper delivery of their cars by connecting lines.

"New cars or newly acquired cars moved empty to home or loading point by order of the owners must be billed at regular tariff rates."

The foregoing are the only tariff provisions relating to the handling of and compensation for private tank cars, aside from certain provisions of the demurrage tariffs which are not relevant to the issues here presented.

The American Railway Association is an organization representing most of the railroads of this country, which association prescribes certain rules for the interchange of the cars of the various railroads, known as its Code of Car Service Rules, which are in the nature of an agreement between the various railroads. The private car owners are not members of this association, and had no voice in making the rules referred to.

During the past few years the Code of Car Service Rules has provided the following per diem allowance to be paid by each of said railroad companies for foreign line equipment upon its rails, to-wit: January 13, 1913, to December 14, 1916, 45 cents; December 15, 1916, to March 31, 1917, 60 cents; April 1, 1917, to August 31, 1917, 75 cents; and September 1, 1917, to date, 60 cents. This per diem relates to ordinary freight cars. No per diem allowance is authorized for refrigerator cars, tank cars and other private equipment, but the tariffs of the various railroads make, and have made for a number of years, an allowance of from three-fourth to one cent per mile to be paid the owner of said equipment by the line over which the equipment moves, regardless of whether it is empty or loaded, and this is supposed to take the place of per diem on railroad equipment.

A large per cent of the refrigerator cars are owned by equipment companies which do no shipping, but rely upon the tariff allowance aforesaid for their profit and compensation for the use of their cars. Most of the tank cars, however, are owned by private companies, who either ship their own commodities in

said cars, or lease the cars to other shippers by the month or by the year.

During the year 1915 the rental usually paid for such tank cars was from \$20 to \$25 per month. During 1916, the rental value advanced to about \$30 per car, and at the time the claims in question accrued, such cars, due to the abnormal conditions occasioned by the war, were renting for \$90 per month, or \$5 per day where the use was limited to several days. The owners of tank cars are not members of the American Railway Association, but all of them are familiar with the fact that the American Railway Association prints and issues certain car service rules, which are available to all private car owners, and many, if not all, of the private car owners have copies of said rules.

Since 1911 the Rule Book of the American Railway Association has contained the following resolution:

"Resolved, That no penalty payment for delay for diversions, or any other payment, can be made properly and legally to private car lines for their cars, excepting such as are authorized in tariffs filed with the Interstate Commerce Commission."

This resolution has been consistently observed by the Missouri Pacific Ry. Co. and its receiver, and no claims of the kind referred to have ever been paid by them.

It is further admitted that the average movement of tank cars over the line of the Missouri Pacific during 1915 was 84.54 miles per day and the average movement during 1917 over the line of the receiver, based upon figures compiled for February, 1917, was 65.87 miles per day, but it is claimed by intervenor that the present average mileage of such cars throughout the entire country is lower than the foregoing.

There is no contract or tariff provision providing that the owners of private tank cars shall have the exclusive use thereof. As a matter of fact, however, the railroads do, for the most part, consult the wishes of the owners or lessees of such equipment with respect to the disposition and movement of same, although when occasion requires a railroad company to use a tank car and it has none of its own available, the railroad companies have never hesitated to appropriate a private tank car for such use. Moreover, in many instances, and often against the wish and instructions of the owner, empty private tank cars are loaded with the commodities of other shippers, but usually in such cases for transportation in the same direction or to the same point that the empty car is being moved under instructions from the owner, except in cases of emergency, when a private tank car is used to transfer the contents of a damaged car, in which case it may move without regard to the home destination of the car.

Neither the Missouri Pacific Ry. Co. nor B. F. Bush, receiver, owned any tank cars.

"The instant case is one of first impression. No decisions have been found which relate to the question involved. An exhaustive discussion of the general subject of private cars has recently been issued by the Interstate Commerce Commission entitled, In the Matter of Private Cars (No. 4906), a copy of which is hereto attached (50 I. C. C. 652). This investigation resulted in the order of the Interstate Commerce Commission of July 31, 1918, increasing the amount paid private tank car owners from three-quarters (%) to one (1) cent per mile, and a further order to the effect that no demurrage shall be charged to owners of private cars while such cars are standing on the tracks of the owners.

"From a careful reading of the foregoing decision of the Interstate Commerce Commission and the various court decisions cited therein, the special master has reached the following conclusions:

"(1) That the only compensation which an owner of a private car—such as the one in question—is entitled to receive is that provided in the tariff.

"(2) That as the tariff in force at the time the receiver used the car in question did not provide for compensation on any other basis than that of mileage, claimant is not entitled to recover on the cause of action herein sued upon.

"(3) That if the compensation provided for on the mileage basis in the tariff is too low, then the only remedy claimant has is to appear before the Interstate Commerce Commission and submit such evidence as he may have for the purpose of having the tariff raised or such other changes made in its provisions as may be necessary. In other words, it is an administrative matter on which the Commission must first act before the courts have jurisdiction.

"The special master therefore respectfully recommends that said claim be not allowed as a claim against B. F. Bush, as receiver."

W. F. T. COM. DOCKET.

The following additional question has been docketed by the Western Freight Traffic Committee for hearing on December 3 in connection with the question of increased charges on ice and salt furnished in connection with the re-icing of perishable freight in carloads in Western territory—when ice is furnished in Nebraska, a proposed charge of \$4 per ton.

Legal Department

In this department a legal expert answers simple questions relating to the law of interstate transportation of freight. Readers desiring special service by immediate answer may obtain privately written answers to their inquiries by the payment of a small fee.

Address Legal Department, The Traffic Service Bureau, Colorado Building, Washington, D. C.

Consignor Liable for Freight Charges

Pennsylvania.—Question: We have noted with interest on page 897 of the November 9th issue of *The Traffic World*, decision rendered regarding liability of freight charges through bankruptcy of consignee, as enumerated by you through "Ohio." We have also read your series of September 7 and 21 regarding this matter and there is yet one point that is not clear.

When the transportation company enters into an agreement with the consignee to allow him acceptance of freight on credit basis, is not the transportation company supposed to call on the consignee for bond, whereby the charges are guaranteed, and in the event of consignee failing to pay freight charges does not liability automatically fall on the bondsmen? It does not seem right that where a firm goes into bankruptcy the shipper should be compelled to stand for the loss of freight charges as well as his own invoice loss, due to the fault of the railroad not calling for a guarantee of such charges.

Answer: Prior to the time when the government took over the operation of the transportation system during the war period, there was no legal obligation on the part of interstate rail carrier to require a consignee to give a bond for the payment of freight charges that were to be collected at destination, and that were not collected at the time of the delivery of the shipment to the consignee. Consequently, many carriers had credit arrangements with various consignees and the law allowed carriers to deal on credit with certain patrons and refuse to do so with others, without being charged with a discrimination that is unlawful under the act. However, effective July 1, 1918, by General Order No. 25, issued by the Railroad Administration, the collection of transportation charges was practically placed on a cash basis, except that where the enforcement of such a rule would retard prompt forwarding or delivery of the freight, in which event carriers might extend credit for a period of not exceeding forty-eight hours after delivery at destination. If it be a collect consignment, provided the consignee filed a surety bond in an amount satisfactory to the treasurer of the carrier.

It must be remembered that the law imposes upon the carrier the duty to collect freight charges. Section 6 of the act requires the carrier strictly to observe the rates filed and published with the Interstate Commerce Commission, and forbids it to collect a greater or less or different compensation for the transportation of property. In Rule 114, Conference Rulings Bulletin 6, the Commission said that the law requires the carrier to collect and the party legally responsible to pay the lawfully established rate without deviation therefrom. And that it was the carrier's duty to exhaust its legal remedies against the party legally responsible for the same. Since the law imposes upon the carrier the absolute duty to collect freight charges, it may proceed against either the consignor, as the party with whom the contract of shipment was made, or against the consignee as the presumptive owner of the goods. Even the insertion of a clause in the bill of lading to the effect that the consignee is to pay the freight does not relieve the consignor from that liability, since such a provision is for the benefit of the carrier, and it may hold the consignor liable upon the contract of shipment. So that in almost every instance the consignor is liable for the freight charges whenever the carrier cannot or does not collect the same from the consignee.

Ascertaining Weights at Shipping Point

Ohio.—Question: The A. B. Co. of Cleveland, Ohio, shipped us a carload of angle and bar iron, same moving from Cleveland Pa. R. R. to Cincinnati. The railroad company showing total weight over their track scale of 51,100 pounds and upon arrival of this car same was weighed over the city scales showing a weight of 48,260 pounds. This was a shortage in weight of 2,840 pounds. We also have

a certified copy of invoice from the shipper showing the total weight in the car to be 44,340 pounds.

We corrected the expense bill to the proper amount shown by city scale—48,260 pounds, at the rate of 21.5 per hundred. The cashier of the Pa. Lines of Cincinnati claims that all bills on cars weighed on track scales must be paid as shown by their weights, regardless of shipper's weights or the consignee's city scale weights. There being three different weights shown, it is evident that either the consignor, the railroad or the consignee is in the wrong. We understand, however, that this is intrastate and is, as a rule, governed by the state commission. We, however, would like to know if there is any ruling that would force us to pay for something we had not received. In view of the fact that the consignor has billed us with 44,340 pounds and as the invoice will be paid on these weights, we believe the freight bill should be governed by the consignor's weight.

We also had another case of an interstate movement of a carload of iron, same moving from Indianapolis, Ind., via Pa. R. R. to Cincinnati. The city scale weights at Cincinnati showed a shortage in weight of some 7,000 pounds. We filed claim with the Pa. R. R. in this case; they, however, refused to settle this claim on account of their track scale weights, which they stated were absolutely correct. However, the city scale weights at Cincinnati were short 7,000 pounds.

Answer: The first mentioned shipment being an intrastate one, is governed by the rules of the Public Utilities Commission of Ohio and the laws of that state, with which we are not familiar. However, we might state that if the shipper or owner can prove by convincing evidence that the carrier's scale weights at point of shipment are incorrect, that the carrier cannot charge the rate based on such weights. In interstate shipments the Interstate Commerce Commission has held that a rule of the carrier to the effect that charges on shipments will be assessed on weights ascertained at carrier's regular weighing stations, and that this rule will not be departed from is unreasonable. *Aetna Portland Cement Co. vs. D. G. H. & M. Ry.*, 46 I. C. C. 409. Carriers' rules must be published in substantial accordance with the National Code of Rules Governing Weighing and Reweighing of Carload Freight. Rule 4 thereof provides that carload freight should be weighed at point of origin or as near thereto as practicable. Rule 5, Section 6, provides that when request is made by consignor or consignee for the reweighing of any car, such reweighing shall be done, whenever practicable, the car to be weighed again if necessary, subject to Rule 9. Rule 8, Section C, provides deciding of weights obtained from track scales as to which is the more correct; all of the conditions under which the several weighings were done must be taken into consideration, including the class of scale, condition, how recently tested, the manner of weighing, whether car was at rest or in motion, coupled or uncoupled, actual or stencilled tare used, the time of weighing, weather conditions and the reliability of the weigher, giving precedence to that weight obtained under the best conditions.

Regarding the second shipment, covering a claim for damages for loss in transit, evidence of the owner that a certain weight was loaded at shipping point and that it weighed less at destination point, makes the carrier prima facie liable for the difference and places upon it the burden of proving that the destination weight was wrong, or that the difference in weight was caused by shrinkage or other causes over which the carrier has no control.

Carrier Must Deliver at Point Named in Bill of Lading

New York.—Question: A certain shipper forwarded from the far east, about the middle of April, about 2,000 bags dry beans or peas, consigned to a point in New York state; shipment was covered by a through bill of lading, and although same reached the coast some time in May, and notwithstanding the fact that we had up with the railroad continuously relative to tracing this shipment, we did not learn until some time in September that shipment arrived and instead of being forwarded to New York in the customary manner was placed in general order.

Answer: We understand from the foregoing question that the shipment was billed through from a foreign port to a stated point in New York, that all necessary regulations regarding import shipments were complied with by either the consignor or consignee, that the carrier failed to make delivery at the consigned destination point in

New York, and instead is asking the consignee to accept delivery at some other point.

The general rule of law is that a carrier must make delivery at the destination point named in the bill of lading and the consignee is under no obligation to receive the goods elsewhere. If the specific place at destination is not named in the contract of shipment, property is to be delivered at the usual place for making such delivery at the point of destination. If the carrier fails or refuses to do so within a reasonable time it is chargeable with a conversion of the goods and liable in the full actual value of the same.

Measure of Damages to Shipment Invoiced Through Middleman

Ohio.—Question: Suppose one of our various selling agencies, after being put to expense which will practically consume the profit, sells a car of merchandise. He purchases such material wherever he can obtain the best price, having car consigned direct to his customer. He bills the customer for the value of the goods plus his profit (or rather including his profit). When the car arrives at destination the contents are damaged to the extent that it becomes necessary for him to file claim. He, of course, is required to support claim with original bill of lading, which shows John Smith as shipper. The carrier turns down his claim as presented account such claim being sup-

ported with claimant's invoice and requests him to correct claim supporting same with invoice of John Smith, claiming that carrier is only responsible to the extent of value of goods at point and place of shipment.

We know that in accordance with standard bill of lading ruling that carrier is technically correct, but I contend that the carrier is responsible to claimant for the value of the goods as per his invoice to customer, as certainly there is no reason why he should not be reimbursed for the goods in accordance with his invoice. Moreover, in case the entire car was ruined his entire time and money is gone.

Answer: The carrier is not liable for the value of the goods as per invoice price from the middleman to the ultimate consignee, because the carrier is delivering the shipment to such consignee under a bill of lading made by it and the shipper which contains a stipulation to the effect that the measure of damages shall be computed on the basis of the actual value of the property at the place and time of shipment. The place and time of shipment is, of course, at point of shipment and not at place where the middleman may reside.

We have very fully answered similar questions in past issues of The Traffic World, and respectfully refer you to our answer to "Michigan," published on page 755 of the October 19, 1918, issue, and to "New York," published on page 1146 of the May 25, 1918, issue.

Shipping Decisions

Cases Recently Decided by State and Federal Courts

(Digests taken from Reporters and Digests of National Reporter System, Published by West Publishing Co., St. Paul, Minn. Copyright, 1918, by West Publishing Co.)

Loss of Property:

(Supreme Ct. of Wash.) Where the possession by the bailee of bailed property is not exclusive, the burden of proof is not upon the bailee to show that the property was lost without negligence on his part.—Boe vs. Hodgson Graham Co., 175 Pac. Rep. 310.

Loss of Vessel:

(Supreme Ct. of Wash.) Where the owner of a gasoline launch charters it to another for the purchase and transportation of fish, he cannot recover from the charterer for the loss of the launch, where the loss was occasioned by the negligence of his own servant, who was in charge.—Boe vs. Hodgson Graham Co., 175 Pac. Rep. 310.

Bill of Lading:

(Cir. Ct. of App., Sec. Dist.) Where a bill of lading

recited that a shipment of olives was received in apparent good order and condition, and there was no qualification, except that the vessel should not be responsible for the contents of the parcels, the admission is sufficient prima facie, in a suit for injuries to olives due to the breaking of the barrels in which they were packed, that such barrels were in good condition when received.—Gulden et al. vs. Hijos De Jose Taya S. En. C., 252 Fed. Rep. 577.

Improper Stowage:

(Cir. Ct. of App., Sec. Dist.) A ship held liable for damage to olives packed in barrels, from the breaking and leaking of the barrels, on the ground that it was caused by improper stowage.—Gulden et al. vs. Hijos De Jose Taya S. En. C., 252 Fed. Rep. 577.

Miscellaneous Traffic Decisions

Cases Recently Decided by State and Federal Courts

(Digests taken from Reporters and Digests of National Reporter System, published by West Publishing Co., St. Paul, Minn. Copyright, 1918, by West Publishing Co.)

REGULATION OF COMMON CARRIERS.

Rules of Carrier:

(Supreme Ct. of Wash.) Under the common law, railroad companies have the right to make and enforce rules and regulations for the conduct of their business, subject only to control by the courts as to their reasonableness.—Davenport vs. Chicago, M. & St. P. Ry. Co., 175 Pac. Rep. 298.

Where there is no allegation or proof that the Public Service Commission has adopted any rule under Rem. Code 1915, 8626-85, covering the time when a certain station should be kept open, it will be presumed that the carrier's rules and customary practice with reference thereto were reasonable, casting the burden upon a pas-

senger to allege and prove that the closing of the station at the time in question was unreasonable.—Ibid.

Where complaint charged that railroad was negligent in closing a station at a certain time, the railroad should have been permitted to prove that the closing of the waiting room at the time in question was in accordance with its regularly established rule, that the rule was reasonable, and that the Public Service Commission had adopted no rule governing the subject under Rem. Code 1915, 8626-85.—Ibid.

Interstate Shipment:

(Supreme Ct., Appellate Term, First Dept.) In an action against a carrier for damage to an interstate shipment, where an act of God is a defense, the rule of the

federal courts applies, and the shipper must prove contributory negligence on the part of the carrier.—*Heinen Bros., Inc., vs. Erie R. Co.*, 172 N. Y. Sup. 111.

Where goods are shipped from one point in the state to another point in the same state, but through another state, the transportation is "interstate commerce."—*Ibid.*

Rights Under Interstate Shipment:

(Supreme Ct. of Okla.) The rights and liabilities of the parties to an interstate railway shipment depend upon federal legislation, the contract or bill of lading under which the shipment is made, and common-law rules as accepted and applied in federal tribunals.—*Atchison, T. & S. F. Ry. Co. vs. Cooper*, 175 Pac. Rep. 539.

In cases arising in the state courts involving the rights and liabilities of the parties to an interstate railway shipment, the decisions of the Supreme Court of the United States, construing and applying the federal act, are controlling upon the state courts.—*Ibid.*

Bill of Lading:

(Supreme Ct. of Kan.) A recital in a bill of lading that a shipment covered thereby is made under a particular order for a car is evidence of the facts stated in the recital, but it is not conclusive evidence thereof, and may be rebutted.—*Farmers' Grain & Mercantile Co. vs. Union Pac. R. Co.*, 175 Pac. Rep. 599.

Delay in Furnishing Car:

(Supreme Court of Kan.) The "exemplary damages" named in section 8423 of the General Statutes of 1915, are not such damages as have been termed exemplary in actions in which it has been held that such damages cannot be recovered unless actual damages are proved.—*Farmers' Grain & Mercantile Co. vs. Union Pac. R. Co.*, 175 Pac. Rep. 599.

Order for Car:

(Supreme Ct. of Kan.) Where a person makes a written application to a carrier for a car, under section 8421 of the General Statutes of 1915, and the carrier does not require any deposit to be made as prescribed by section 8424, and the applicant does not tender any deposit, it is for the jury to determine whether the applicant elected to order the car without making such deposit.—*Farmers' Grain & Mercantile Co. vs. Union Pac. R. Co.*, 175 Pac. Rep. 599.

Milling in Transit:

(Supreme Ct. of Kan.)¹ A milling-in-transit privilege on a car of grain shipped from one point to another point within this state, where all connection of the shipper with the grain ceases at such point, does not render the shipment "interstate commerce," although the consignee at the point of destination may, under the milling-in-transit privilege, ship the grain, or its product, to a point outside the state.—*Farmers' Grain & Mercantile Co. vs. Union Pac. R. Co.*, 175 Pac. Rep. 599.

I. C. C. Authority:

(Kansas City Ct. of App.) Interstate Commerce Commission has no power to change the terms of a lawful contract between shipper and carrier or to say that one thing may be substituted for another as sufficient performance of the conditions of the contract.—*Cudahy Packing Co. vs. Bixby et al.*, 205 S. W. Rep. 865.

In conference rulings Nos. 456 and 510, relating to compliance with provision in bill of lading requiring claims for loss to be made within four months, the Interstate Commerce Commission did not attempt to change the terms of the contract between the shipper and carrier, but merely authorized the carrier to substitute such order in lieu of the contractual requirement.—*Ibid.*

Loss and Damage Decisions

Cases Recently Decided by State and Federal Courts

(Digests taken from Reporters and Digests of National Reporter System, published by West Publishing Co., St. Paul, Minn. Copyright, 1918, by West Publishing Co.)

CARRIAGE OF LIVE STOCK.

Notice of Injury:

(Sup. Ct. of Okla.) Failure to comply with the stipulation in a live stock contract under which an interstate shipment is made, providing in effect that, as a condition precedent to the shipper's right to recover damages for any loss or injury to his stock during the transportation thereof, such shipper, or his agent in charge of the stock, would give notice in writing of his claim therefor to some officer of the company or to the nearest station agent "before such stock shall have been removed from the place of destination or from the place of delivery of the same to the consignee, and before such stock shall have been slaughtered or intermingled with other stock, and will not remove such stock from said station or stock yards until after the expiration of three hours after the giving of such, and a failure to comply in every respect with the terms of this clause shall be a complete bar to any recovery of any and all such damages," is, in the absence of special circumstances rendering such stipulation invalid or excusing non-compliance, binding upon the parties thereto, and will be enforced in a court of law, when relied upon as a defense in an action arising under such contract.—*Atchison, T. & S. F. Ry. Co. vs. Cooper*, 175 Pac. Rep. 539.

The giving of the written notice of claim being made a condition precedent to a recovery, the burden of proof rests upon the shipper to show that such notice was given within the time provided, when made an issue in the case.—*Ibid.*

Time to Sue:

(Sup. Ct. of Okla.) Under the Carmack amendment of June 29, 1906, which furnishes the exclusive rule on the subject of the liability of the carrier under contracts for interstate shipment, a stipulation in a contract for an interstate shipment of live stock, providing that no suit or action against the carrier shall be sustained in any court of law or equity "unless such suit or action

shall be commenced within six months next after the loss or damage shall have occurred," and that the failure to institute suit within said time shall be a complete bar to such suit, is a reasonable provision and binding upon the parties to such contract.—*Atchison, T. & S. F. Ry. Co. vs. Cooper*, 175 Pac. Rep. 439.

(Supreme Ct. of Oklahoma.) Where an action is brought to recover damages upon an interstate shipment of live stock made prior to the fourth day of June, 1915, under a written contract containing the provision that "no suit shall be maintainable unless instituted in 91 days after the happening of the injuries, delay or delays complained of," etc., such provision is valid and binding upon the parties thereto, and a failure to institute said suit within the time specified therein is a complete bar to such action.—*Overstreet et al. vs. Wichita Falls & N. W. R. Co.*, 175 Pac. Rep. 354.

In such a case the carrier cannot waive the terms of the contract, nor ignore the same, nor can the shipper hold the carrier to a different responsibility from that fixed thereby.—*Ibid.*

As a general rule, the disability which arrests the running of a statute must exist at the time the right of action accrues, and, the statute having once attached, the period will continue to run, and will not be suspended by any subsequent disability, unless the statute so provides.—*Ibid.*

Delay:

(Supreme Ct., Appellate Term, First Dept.) Where a pair of wheels on a car carrying poultry were worn through the chill or tread, due to continuous wear, and not unfair handling, the carrier was not negligent, nor was there unreasonable delay, where the car was taken from the train, new wheels put on, and the car forwarded on the next fast freight, total loss of time being 2 hours and 42 minutes.—*Fleck & Hillman, Inc., vs. Delaware, L. & W. R. Co.*, 172 N. Y. Sup. 129.

Degree of Care:

(Ct. of App. of Ky.) The chief difference between liability with respect to carriers of animate and inanimate freight is that the carrier does not insure or warrant live freight against the consequences of its own vitality, or the consequences of injuries due to its inherent vices.—*Louisville & N. R. Co. vs. Taylor*, 205 S. W. Rep. 934.

Disease:

(Ct. of App. of Ky.) The carrier of living freight is not liable, except in case of negligence proximately contributing thereto, for the death of any of the freight afflicted with sickness or disease, or for any injury because of sickness or disease.—*Louisville & N. R. Co. vs. Taylor*, 205 S. W. Rep. 934.

Burden of Proof:

(Ct. of App. of Ky.) Where live stock shipped is afflicted with disease, shipper has burden of proving negligence of carrier contributing to injury.—*Louisville & N. R. Co. vs. Taylor*, 205 S. W. Rep. 934.

Where shipment of live stock is accompanied by the owner or his agent, the loss or damage must be shown to have resulted from the carrier's negligence.—*Ibid.*

Where shipper or his agent did not accompany shipment of stock, and it was shown that the stock was in good condition when accepted by the carrier and in the condition complained of when reaching destination, the carrier had the burden of showing that the damage was the proximate result of an act of God (excessive heat) or the inherent nature of the animals shipped.—*Ibid.*

LOSS OF OR INJURY TO GOODS.**Non-Acceptance by Consignee:**

(Supreme Ct., Appellate Term, First Dept.) If, under interstate commerce act Feb. 4, 1887, 20, initial carrier may be liable for failure of final carrier to notify consignor of non-acceptance by consignee, it is only where it was final carrier's duty to notify.—*Markowitz vs. New York Cent. R. Co.*, 172 N. Y. Sup. 233.

In absence of notation or direction in bill of lading, carrier need not presume, on refusal of consignee to accept, that consignor is owner of goods, and need not notify him, unless in the particular circumstances reasonable care requires it.—*Ibid.*

Even if bankruptcy of consignee, coupled with his failure to accept, be a special circumstance requiring carrier to give notice to consignor, loss because of the goods being specially made for consignee, and having no market value, could not be due to failure to give the notice, having already occurred.—*Ibid.*

Notice of Loss:

(Kansas City Ct. of App.) Shippers who, on day following delivery of shipment of meat, sent carrier's agent, at place of delivery, letter specifying shipment and notifying agent that meat was in spoilt condition, that claim would be filed, and that investigation of cause of damage should be made, substantially complied with the provision in bill of lading requiring claims in writing to be made to carrier at point of delivery or at point of origin.—*Cudahy Packing Co. vs. Bixby et al.*, 205 S. W. Rep. 865.

Shipper, who sent letter to carrier's agent at point of delivery merely stating that shipment of meat was "soft and smeary" and requesting a report to enable company to complete its record, without placing blame on carrier or intimating that claim would be filed, did not substantially comply with provision in bill of lading requiring written notice of loss to carrier's agent.—*Ibid.*

A bill of lading for shipment of goods from Kansas City to New Haven, Conn., containing provision requiring notice in writing of loss or damage, is an "interstate shipping contract," made under and pursuant to Carmack amendment, and must be construed and enforced in the light of that act and in view of the broad governmental policies it was designed to set up and enforce, and must be construed similarly as to originating, intermediate, or terminal carrier.—*Ibid.*

Where bill of lading provided that notice of loss should be given carrier at place of delivery or at place of origin within four months after date of delivery, carrier, in shipper's action for damages, was not estopped to assert non-compliance with such provision, because it did not set up such defense until filing of second amended answer.—*Ibid.*

Where bill of lading of shipment from Kansas City to New Haven provided for claim in writing to carrier at

place of delivery or at place of origin, the sending of a formal written claim to carrier's freight claim agent in St. Louis was not a substantial compliance with such provision, notwithstanding conference rulings Nos. 456 and 510 by the Interstate Commerce Commission.—*Ibid.*

Bill of Lading:

(Kansas City Ct. of App., Mo.) A bill of lading in an interstate shipment must be regarded as containing the entire contract upon which the responsibilities of the parties rest.—*Cudahy Packing Co. vs. Bixby et al.*, 205 S. W. Rep. 865.

None of the provisions of bill of lading on interstate shipment can be waived by the parties, the bill of lading having been made pursuant to the Carmack amendment.—*Ibid.*

Insurer:

(Ct. of App. of Ky.) The universal rule is that the carrier is an insurer of the safe transportation of freight, unless the damage was the proximate result of and solely produced by an act of God, or a public enemy, or because of the inherent nature or quality of the thing transported, the fault of the shipper, etc.—*Louisville & N. R. Co. vs. Taylor*, 205 S. W. Rep. 934.

Cummins Amendment:

(Dist. Ct., D., Minn., Fourth Div.) Under the Cummins amendment of March 4, 1915, to the interstate commerce act, which declared that carriers should be liable for the full actual loss, a common carrier, where wheat was lost in transit, is liable for the value of the grain at the point of destination, notwithstanding the shipment was made under a contract known as a "uniform bill of lading," which was part of the public tariffs filed with the Interstate Commerce Commission, and which provided that the loss should be computed on the value of the property at the time and place of shipment.—*McCaul-Dinsmore Ct. vs. Chicago, M. & St. P. Ry. Co.*, 252 Fed. Rep. 664.

In case of non-delivery, the carrier's common-law liability is the value of the goods at the point of destination at the time they should have been delivered.—*Ibid.*

SERVICE BUREAU CIRCULAR

L. Weiler, manager of diversion bureau, St. Louis, has issued the following Circular No. 2 on the handling of diversions and reconsignments of fruits, vegetables and dairy products, directed to fruit, vegetable and dairy product shippers:

"In accordance with Circular No. 76, issued by B. F. Bush, Regional Director, Southwestern Region, service bureau has been established with general headquarters in St. Louis, Mo., offices 1185 Railway Exchange Building, and sub-agencies shown herein, for giving passing information and effecting diversions and reconsignments on shipments of fruits, vegetables and dairy products originating on all lines in the Southwestern Region.

"This office will keep record of the movement of this traffic in order to be in position to answer promptly all inquiries from any source as to location of cars, and inquiries should be directed to the undersigned or to any of the agencies named herein, as the occasion may require.

"Answers to inquiries and confirmations of diversions and reconsignments will be made promptly and sent by mail, unless request is made to furnish desired information by wire, in which case commercial wires will be used and answers will be sent collect.

"Requests for diversions or reconsignments may be placed with this office or any of the agencies named herein, or with the local freight agent of the initial line at point of shipment, and proper efforts will be made to accomplish same.

"The following sub-agencies have been established: T. H. Gorman, agent, Tyler, Texas; O. Purseley, agent, care Local Agent, Mo. Pac., Texarkana, Ark.; R. C. O'Bryan, agent, Union Station Building, Little Rock, Ark.; R. C. McKelly, agent, 616 Railway Exchange Building, Kansas City, Mo.; C. B. Needham, agent, care Yard Office, D. & R. G. Ry., Pueblo, Colo.; G. S. Kelch, agent, 252 Equitable Building, Denver, Colo.; C. A. Carver, agent, Royal Insurance Building, Chicago, Ill.; H. M. Nutting, agent, Room 6, Fruit and Produce Exchange, Boston, Mass.; B. Ocheltree, agent, Pier 13, North River, New York, N. Y.

"Other agencies will be established as conditions may warrant, and shippers will be promptly notified of any changes or additions."

Help for Traffic Man

This department is conducted by a traffic man of long experience and wide knowledge. In it he will answer questions relating to practical traffic problems. We do not desire to take the place of the traffic man, but to help him in his work. We reserve the right to refuse to answer any questions that we judge it unwise to answer or that involve situations that are too complex for the kind of investigation contemplated. Questions will be answered as promptly as possible. No answers will be given by mail except for a fee.

Address "Help for Traffic Man," The Traffic Service Bureau, Colorado Building, Washington, D. C.

Proper Basis for Calculating Twenty-five Per Cent Arvance

In the issue of *The Traffic World* of November 9, page 899, in this department it was stated: "Adding the 25 per cent increase to each factor of a total rate will produce exactly the same result as if added to the through rate with the exception of the calculation of fractions of cents and the disposition of fractions."

A correspondent calls attention to the fact that while the above is true, yet it is misleading because of the fact that nothing was said about maximum increases. The correspondent calls attention to a through rate on lumber of 28 cents where the increased rate would figure 29 cents, but as the maximum increase can only be 5 cents on lumber the rate would become 28 cents. Furthermore, that if that rate was a combination rate the factors being .15 cents and 8 cents, the 25 per cent increase added to the combination factors would produce a rate of 29 cents.

Of course, a discussion of this phase of the matter is purely academic since the 25 per cent increase can only be added to the total charge for transportation. It is true that where a maximum is prescribed the addition of the 25 per cent increase to the factors of a total charge would produce a higher legal rate than if the increase were calculated on the through charge. Without the maximum provision, however, the rate would be the same whether calculated on the through charge or on the factors of that true charge as limited in the original article referred to.

Responsibility for Demurrage Charges

Q.—We recently shipped a car of coal and while it was being loaded the loading machinery broke down, causing a delay of 24 hours over the free time. The carrier assessed a demurrage charge of \$3, and the query is whether such cases have been decided upon a circumstance of this kind. The shipper claims that it is not responsible for the delay, but acknowledges that the railroad is not to blame.

A.—The writer of this does not at the present recall any court decision based upon a circumstance of this kind—a case known among lawyers as a "be-gum" case—but in this case, where the carrier was not at fault and where the delay was the result of an ordinary accident to the shipper's loading facilities, there can be no question of the duty of the carrier to assess demurrage. The demurrage rules make no provision whatever for exempting the shipper from the payment of demurrage under a circumstance of this kind, and under these rules the carrier must assess demurrage charges where the carrier is not at fault.

Liability for Misdelivery

Q.—We forwarded a less than carload shipment to ———, charges prepaid. Shipment through some error on the part of the transportation company was included in a carload shipment of material delivered at the plant of another concern located at ———, a nearby point. The consignee which actually received the goods discovered that the shipment had been delivered to him in error, but instead of refusing or returning the shipment to the delivering agent with an explanation of the circumstances, he issued a new bill of lading consigning the shipment to the original consignee, charges collect, according to the marking designated on the articles. Can we recover from the transportation company the amount of the extra charges?

A.—It is undoubtedly true from the above statement that the carrier made a misdelivery of the shipment in question and the carrier having contracted to carry the shipment from point of origin to the marked destination, it was its duty to perform the contract of carriage. Any amount which was paid in excess of the prepaid rate by reason

of the fault or neglect of the carrier is an unlawful charge and can be recovered from the carrier. Of course, the carrier may have recourse upon the party to whom the shipment was erroneously delivered for not advising it of the misdelsivery, but that is a matter with which the original shipper has nothing to do.

What Scale Weights Govern

Q.—In case a vendor submitted a sworn weigher's affidavit showing the actual scale test of a carload, would the scale test of the railroad offer any protection to the vendee, provided the railroad scale test showed less weight than the vendor's sworn affidavit?

A.—The railway scale test of weight is supposed to be correct until the contrary is proven by a preponderance of testimony, and as between vendor and vendee such railway scale test is supposed to be entirely impartial and in case of a controversy both scales would have to be tested as to their accuracy, and if both scales were found to be accurate the railway scale test accompanied by the affidavit of the weigher would probably, by reason of its impartial character, carry more weight with a court. Carriers are supposed, as a matter of fact, to mark upon a shipment all the weight to which it is lawfully entitled for the purpose of basing freight charges, and unless it can be shown that a mistake is made in the weight test of the carrier that weight would undoubtedly be regarded as being the more nearly correct under the circumstances stated.

REPORT BY DIRECTOR HOLDEN

The Traffic World Washington Bureau.

In a summary of a report made by Hale Holden the Railroad Administration says:

"A substantial improvement in the railroad service given in the loading of live stock, grain and coal during the month of October, 1918, as compared with the same month in 1917, was noted by Hale Holden, regional director of railroads for the Central Western Region, in a report for the month of October to Director-General McAdoo. The number of cars of livestock loaded showed an increase of 7.2 per cent, coal cars loaded an increase of 15.5 per cent, grain cars loaded, increase of 15.9 per cent. Special arrangements were also made for handling the fruit traffic from California and Colorado, 116 fruit specials with 4,545 cars having been operated during the month from California to the Missouri River and Chicago and 24 through trains, with a total of 643 cars, having been operated from Colorado. A full car supply was maintained at all times for the movement of oil traffic in the region. Mr. Holden reported with regard to coal that the outlook is better for the winter than it has been since the fall of 1915."

With regard to routing, Mr. Holden reported a saving of 7,507 cars for the month of October of 1,310,588 miles, an average of 174 miles per car. A number of unifications of facilities were also arranged, with a resulting saving of approximately \$400,000 per annum. The report is as follows:

"A résumé of my reports indicate the following conditions in the Central Western Region for the month of October, 1918:

Movement of Business.

"While there have been no serious congestions, free movement on certain lines has been interfered with, to a certain extent, on account of the very large number of operating and mechanical department employees incapacitated as a result of the influenza epidemic which has been prevalent throughout the entire west, particularly in Colorado, Wyoming, New Mexico and Arizona. Conditions are gradually improving at all points and it is quite evident that the peak of the epidemic has been reached, as the number of cases reported shows a material decline. In spite of these conditions, live stock, perishable, government and other high-class freight was handled with reasonable promptness, such delays as occurred being confined to the movement of general freight.

"The car supply for coal and other rough freight was ample to meet requirements, but the shortage of box cars on certain lines, suitable for grain loading, has been quite pronounced, due, in a measure, to the heavy out-bound movement of grain and flour from primary markets, which rapidly depleted the supply for loading at country points. Arrangements are already effective for movement

of an additional supply of empty cars from other regions to meet this condition. Notwithstanding this temporary shortage, grain loading in the region increased 15.9 per cent over the same period last year.

"The harvesting of the sugar beet crop in the western territory commenced during the month and is progressing satisfactorily. To handle this traffic it was necessary to temporarily withdraw a considerable number of cars from the coal trade, but this has been accomplished without visible effect on coal production.

"There was experienced a shortage of double-deck cars in Colorado for sheep movement, but the condition was not serious nor long continued, and the range stock movement has been handled with reasonable satisfaction to the shippers.

"Car loading was as follows:

	1918.	1917.	In-crease.	Per ct. inc.
Total cars coal loaded.....	183,380	158,919	24,461	15.5
Total cars grain loaded.....	33,418	28,822	4,596	15.9
	1918.	1917.	De-crease.	Per ct. dec.
Total cars revenue freight loaded	614,074	639,222	25,148	3.9
Total cars revenue freight received from connections..	305,519	313,130	7,611	2.4

"Coal, grain and live stock loading increased quite substantially, but there was a falling off in the loading of forest products, ore and miscellaneous freight to the extent that the total revenue freight loaded shows a decrease of 3.9 per cent. The fact that this record is made as of carloads, however, is not conclusive, because the indications are there was heavier loading per car, indicating that the total tonnage of all freight loaded will probably show an increase for the month.

Fruit Traffic.

"There were operated 116 fruit specials, with 4,545 cars from California to the Missouri River and Chicago, with an average of 39 cars per train. Twenty-four fruit trains were operated from Colorado, with a total of 643 cars and an average of 26 cars per train. All fruit specials were operated on conservative schedules and filled to reasonable tonnage with dead freight.

Live Stock.

"There were loaded 68,749 cars of live stock, compared with 64,105 in October, 1917, an increase of 4,644 cars, or 7.2 per cent.

"Kansas City market handled a total of 19,628 cars inbound, an increase over same month last year of 3,661 cars, or 22.9 per cent; 8,895 cars handled outbound, an increase of 2,526 cars, or 39.6 per cent.

"South Omaha market had inbound 12,074 cars, decrease 608 cars, or 4.8 per cent; outbound 5,737 cars, a decrease of 284 cars, or 4.7 per cent.

"St. Joseph market handled a total of 6,236 cars inbound, an increase of 493 cars, or 8.6 per cent; outbound, 1,759 cars, a decrease of 216 cars, or 12 per cent.

Oil Traffic.

"A full car supply was maintained at all times. Operated out of the midcontinent fields a total of 586 trains, with 15,973 cars, an average of 27 cars per train, of which the Santa Fe road handled 94 trains, with 2,849 cars, an average of 30 cars per train.

Troop Movements.

"The Eighth Division, with 20,732 men, moved from Camp Fremont, California, to Camp Mills, Long Island, during period October 18 to 24, inclusive. This movement consisted of 42 trains, with a total of 580 cars, all of which departed from Camp Fremont on schedule time. No personal injuries of consequence were reported. Altogether, and including the Eighth Division, a total of 97 trains, with 39,194 men, moved within the Central Western Region.

Coal Traffic.

"Coal loading generally for the Central Western Region showed an increase of 15.5 per cent. In the western fields of Colorado, Utah and Wyoming, there is every evidence that the market was kept completely full of coal. The coal situation in Illinois and Indiana has been most satisfactory and the loading has exceeded all previous months

of the year except July, which was the record month. The reports of the fourteen roads that originate 90 per cent of the bituminous coal produced in Illinois and Indiana totaled the following:

Cars loaded, October, 1918.....	189,772
Cars loaded, October, 1917.....	157,189
Increase over previous year.....	32,683
Percentage of increase	20.7

"Adding 10 per cent for production on non-reporting roads gives total loading of 208,749 cars in October, 3 compared with 220,701 in July, 202,658 in August, and 189,843 in September.

"Notwithstanding the heavier loading, there was less complaint of car shortage than in any similar period during the past seven months. The only serious car shortage in October was on the C. C. & St. L. Railroad, but that has been corrected and mines on that road are now enjoying full car supply.

"Production of coal in these states has overtaken consumption. This was recognized by the Fuel Administration and all restrictions against furnishing bituminous coal for non-essential or non-preferential uses, even including country clubs, have been withdrawn. During the month some mines were closed for a time for lack of market, and unbilled coal in cars awaiting sale is appearing at the mines in certain fields at times in considerable quantity. As a result some of the mines have temporarily suspended operations because, under the rules for distribution of equipment, unbilled carloads of coal are counted as cars furnished, and with these on hand the rules do not permit of placing enough additional empty cars to justify resumption of operations until the unbilled coal is disposed of. Under rules of the Fuel Administration this coal could not be shipped on consignment, so it was necessary for the producer to hold the coal in cars on track or reduce the price, which has resulted in what the coal trade calls a soft market.

"The outlook for the winter is better than it has been since the fall of 1915. The country is stocked up to a greater extent than ever known before. The car supply in October was better than it has been during any sustained period since July, 1916, and the mines are producing more coal than ever before in their history.

"All things considered, the Railroad Administration can, in respect of fuel supply, view the future in this region with serenity, confident that there will be no lack of fuel through any failure of the transportation system.

Sailing Day Plan.

"During the month of October the sailing day plan was inaugurated at thirty-three additional stations in this region, which, combined, show a weekly saving of 527 cars, making a total car saving at points within the Central Western Region on account of sailing day, of 4,251 cars per week. The good effects of the sailing day plan are being felt at terminals generally and I feel that as soon as the plan can be universally adopted there will be a marked increase throughout the country in the car efficiency and improvement in the movement of L. C. L. freight.

Terminal Situation.

"All of the large terminals in the region have been operating effectively and there has been practically no congestion in carload or less-carload business. The terminal managers at Kansas City, Omaha, Ogden, Salt Lake, Peoria, Tri-Cities and Des Moines all report a free movement through their gateways and generally satisfactory conditions.

Power and Equipment Conditions.

"The labor situation in the mechanical department seems to have become stabilized, which is reflected in increased shop output at various points.

NUMBER OF MEN IN CAR AND LOCOMOTIVE DEPARTMENTS, OCTOBER 19, 1918.

	1918.	1917.	Increase.	Per ct.
Car department	23,976	22,052	1,925	8.7
Locomotive department ..	64,151	57,640	6,511	11.3
Total	88,127	79,692	8,435	10.5
Total cars on all lines.....				373,737
Number of cars, bad order.....				19,046
Per cent in bad order				5.1
Number of cars bad order same date last year.....				19,207
Total locomotives on line.....				12,389

Number of locomotives out of service for repairs requiring over 24 hours	1,991
Per cent	18
Number of locomotives out of service for repairs requiring over 24 hours same date last year	1,769
Increase	222
Percentage of increase	12.5

	1918.	1917.	In-crease.	Per cent in-crease.
Number of locomotives turned out of shop, week ending October 19	846	733	113	15.4

"We have repaired five eastern line locomotives in Central Western Region shops during the month and have been furnished with 35 additional bad order B. & O. locomotives for general overhauling at shops of the Chicago, Burlington & Quincy, Atchison, Topeka & Santa Fe, Chicago, Rock Island & Pacific and Illinois Central. Fifty-seven of our western line locomotives are still in service on eastern lines and we have received from builders during the month of October 80 new locomotives.

Maintenance of Way.

"Federal managers as a whole report the condition of their track and property to be as good as it was last year, with a very few exceptions.

"The number of men working on maintenance of way this year, compared with last year, are as follows:

October, 1918	69,401
October, 1917	63,868
Increase	5,533
Per cent increase	8.7

Routing.

"The reports of activities in the way of rerouting indicate a saving on 7,507 cars for the month of October of 1,110,588 miles, an average of 174 miles per car. Of this total 2,880 cars, with saving of 836,764 miles, or an average of 290 miles per car, were routed by agents at points of origin. We have been making special efforts to secure proper initial routing, and the above figures indicate that good results are being obtained. Large volume eastbound traffic from southern California, heretofore moving over Southern Pacific to Ogden, has been diverted over the Los Angeles & Salt Lake and reverse movement for southern California destinations, formerly moving over Southern Pacific and Western Pacific, has been rerouted over the Los Angeles & Salt Lake at Ogden, Salt Lake and Provo connections. Coal from Wyoming for northern Idaho is now moving through Silver Bow and over northern lines, which results in a saving of 270 miles per car compared with the distance via the Huntington gateway.

Consolidated Ticket Offices.

"On October 1 the Omaha consolidated ticket office was opened in the Union Pacific headquarters building. The Chicago consolidated ticket office opened November 4.

"Offices have now been opened at the following points: Chicago, Ill.; Des Moines, Ia.; Fresno, Cal.; Lincoln, Neb.; Oakland, Cal.; Peoria, Ill.; Sacramento Cal.; Salt Lake City, Utah; San Jose, Cal.; Colorado Springs, Colo.; El Paso, Tex.; Kansas City, Mo.; Long Beach, Cal.; Omaha, Neb.; Pueblo, Colo.; St. Joseph, Mo.; San Diego, Cal.; Sioux City, Ia.

The only remaining offices to be opened are those at Los Angeles and San Francisco.

Reports indicate that the service at these consolidated offices is excellent, and the plan is giving very general satisfaction.

Unification of Facilities.

"Pairing of tracks of Denver & Rio Grande and Santa Fe between Wenver and Pueblo was made effective October 14. Arrangements for pairing of Western Pacific and Southern Pacific tracks between Winnemucca and Wells were concluded during the month of October and joint operation began November 3. Agreement was entered into for consolidation in the vicinity of Salt Lake, Provo and Ogden which will effect a yearly saving of \$340,000.

There have been some consolidations effected at Peoria between the eastern and western lines, resulting in a saving of \$4,600 per month by proper use of car inspection and our repair forces. During the month of October the inspection of cars at Blue Island, Ill., on the Chicago, Terre Haute & Southeastern, was discontinued and this

work transferred to their Faithorn Terminal, resulting in approximate saving of \$14,400 per annum. The general good effect of unification of facilities is most noticeable at large terminals, where terminal managers make use of their authority to transfer bad-order cars from one line to another line able to make repairs promptly."

SAILING DAY PLAN RESULTS

(By R. H. Aishton, Regional Director, Northwestern Region, U. S. Railroad Administration.)

Car conservation means much to the railroad man during a period of car shortage, because it is one of the important duties of a carrier to furnish its patrons with equipment. To some shippers, however, who look only to their immediate needs, the saving of cars to add to the total available supply of rolling stock and thereby ultimately to benefit themselves, is a desideratum insufficiently tangible to appeal to them. If it can be demonstrated to them that a scheme making for economy in cars also produces greater regularity and promptness in transportation service, their interest and co-operation are assured. The sailing day plan, as introduced in the northwestern region, combines both of these advantages. A few specific examples, taken at random from the records, indicate the improvements in service obtaining under the new plan:

On June 6 previous to the inauguration of the scheme a shipment of two crates of drugs left Chicago at 11:30 p. m. and arrived at Ossian, Ia., at 9:05 on the third morning. Under the present schedule similar shipments leave Chicago at 11:30 p. m. and arrive at Ossian at 9:05 a. m. on the second morning, saving 24 hours. Formerly shipments were transferred at Dubuque (Ia.) Transfer; now they are loaded in a direct peddler car at Chicago, breaking bulk at Giard, Ia., and peddling beyond that point.

A shipment leaving Chicago on July 10, for Calhoun, Ia., arrived at destination on 6:20 a. m. of the second day. Under the present arrangement shipments leave Chicago at 7:45 a. m. and arrive at Calhoun at 6:20 a. m. the next morning, saving 24 hours. Formerly shipments were transferred at Milwaukee, Wis.; now they are carded Calhoun and way.

A shipment consisting of two cases of dry goods left Chicago at 10:20 p. m. under the old schedule and arrived at Plymouth, Wis., at 8:30 a. m. on the third day. Under the present plan a shipment leaving Chicago at 10:20 p. m. arrives at Plymouth at 8:30 a. m. on the second day, saving 24 hours. Formerly shipments were transferred at Milwaukee; now they are loaded in a peddler car, breaking bulk beyond Milwaukee.

The committee has rearranged the loading from Wisconsin points through Milwaukee in both directions, cutting out the transfer at that point by establishing sailing days at Waukegan, Ill.; Kenosha, Wis.; Racine, Sheboygan, Manitowoc, Fond du Lac, Winona, Minn.; Minnesota Transfer, Eau Claire, Wis., and one or two other points. Practically 80 per cent of the merchandise formerly transferred at Milwaukee is now being loaded through in peddler cars. There were formerly transferred an average of 75 cars per day at that point. The average is now about 15, and the committee is confident that a further reduction can be made. The new arrangement has improved the service to the extent of 24 to 48 hours.

Theoretically, it may seem possible to load freight into a big terminal for transfer without loss of time, but practically a large proportion of the merchandise in these cars is delayed on account of switching in and through a congested terminal, moving cars to freight houses, getting them transferred, etc. The service is also improved by reason of one less handling, causing less damage to goods. An additional advantage is the release of quite a number of box cars for other service.

One of the most important advantages of the sailing day plan from the shipper's standpoint is the regularity of movement. Sailing days are established only after a careful study of the volume of traffic, thereby insuring full tonnage on the days designated for the movement of cars. Furthermore, the plan makes the movement of shipments certain on these days, as no cars are set back for additional tonnage. The degree to which the holding of cars for filling out lading affected L. C. L. traffic formerly, is demonstrated by statistics covering loading at Green Bay

(Wis.) Transfer. During the month of September, 1917, 1,195 cars were loaded, of which 283 were set back for additional tonnage. In the same month of this year 1,090 cars were loaded and not one was set back.

The improvement in service rendered under the plan is beginning to make an impression on the shipping public; already a considerable number of letters have been received from shippers and consignees commending the new scheme. The following testimonial from one concern is typical of others:

"The sailing day plan of handling freight is very satisfactory to us and meets with our approval for the reason that orders come to us more regularly. This gives us a chance to put up our goods in better shape and get them to our customers in better condition."

The introduction of the sailing day plan and corollary innovations in the northwestern region dates back to the past summer, when the Railroad Administration established an L. C. L. and sailing day committee, with a view to increasing the efficiency of cars and decreasing the cost of operation. At the present time practically every principal station in the region is sailing cars to specific points on specific days. A car no longer moves with three, four or five thousand pounds, but with full tonnage, on a regular daily, semi-weekly or tri-weekly service. The saving in cars in the northwestern region at the present time amounts to over 20,000 per month, an economy which is reflected, of course, in a larger available supply of equipment for other purposes.

At one transfer, Green Bay, Wis., the average loading per car in September, 1917, was 11,820 pounds and in 1918, 15,930 pounds, an increase of 4,110 pounds. This saving in car space was reflected in a corresponding saving in equipment. In 1917, 1,195 cars were loaded and in 1918, 1,090 cars, making a reduction in loading of 105 cars.

The plan has also resulted in such a material reduction in the amount of freight handled at transfer points that it will soon be possible to eliminate some of the transfer stations entirely. At Green Bay, Wis., for instance, 1,061 cars were transferred during September, 1918, or 111 cars less than during the same month of 1917.

The sailing day scheme is resulting in a decrease in the loss and damage to merchandise, according to claim departments of railroads in the region. This development is attributed to the fact that at all the main points in the region freight has been consolidated to one, two or more lines, making the loading of through cars possible, whereas under the old system it was necessary to pass shipments through several transfer points before reaching their ultimate destinations. Obviously, the fewer the transfers, the less the damage resulting.

In working out the plan the committee has also arranged for the operation of pick-up cars on certain days, with the consequence that trains are now making mileage with loads instead of empties.

The concentration of freight at certain centers destined to points in the east, thereby making possible through cars to Buffalo, Cleveland, New York, etc., has reduced the congestion at Chicago and other gateways, has expedited the movement of freight, and has eliminated to a large extent the embargoes on merchandise that formerly existed in eastern territory.

It has been the aim of the Railroad Administration to operate the plan in such a manner as not to interfere with the interests of the shipping public. Some of the direct advantages to railroad patrons have been noted previously. The savings in dollars and cents accruing from reductions in mileage and extra time for train crews are considerable, as the most expensive method of handling merchandise, namely, with way freight crews, is being displaced wherever possible.

At Chicago, the largest terminal in the region, with a large number of receiving and transfer stations, the development of the sailing day plan is under the immediate supervision of the terminal manager. On September 30 he was able to announce to the public that cars to certain points would move on certain days over designated routes. Under the scheme different lines handle all the freight for specific destinations, thereby insuring each road tonnage and at the same time giving the shipper frequent service on established schedules.

WEEKLY TRAFFIC STATEMENT

The Traffic World Washington Bureau.

Director-General McAdoo, November 25, issued a comparative statement showing the traffic handled by the railways under federal control at twenty-five of the more important railroad termini of the country the week ending Oct. 21, 1918.

The purpose of this statement, which is being issued weekly, is to provide the public with information that will assist in measuring the relative business activity of the country, as indicated by the comparison between the tonnage handled this and last year at the points named.

The statement in the form submitted comprises only a few of the more important cities of the country. Others will be added to the list, it is stated, as rapidly as arrangements can be made for the compilation of the figures.

The subjoined statement shows an increase of 5.25 per cent in the tonnage as against an increase of .28 per cent in the number of cars used to carry the increased tonnage:

	Cars.		Tons.	
	1917.	1918.	1917.	1918.
Atlanta	2,581	2,149	66,227	58,354
Birmingham	5,401	5,092	224,384	222,313
Boston	8,644	8,216	120,837	151,062
Buffalo	8,923	7,111	309,042	294,602
Chicago	49,469	50,331	1,940,892	1,953,666
Charleston	1,083	1,431	22,592	35,257
Cleveland	10,510	9,794	371,531	400,963
Duluth-Superior	23,852	27,122	1,042,381	1,159,116
Galveston	1,217	1,152	26,061	20,130
Hampton Roads	12,970	13,589	529,794	535,217
Kansas City	7,928	9,674	184,143	229,684
Los Angeles	1,727	1,704	39,246	39,741
New York	26,990	26,427	666,533	689,244
New Orleans	4,358	4,589	119,506	141,338
Omaha	4,767	3,521	160,045	118,301
Portland, Ore.	2,175	2,200	55,671	57,041
Philadelphia	20,063	15,499	535,103	475,867
Pittsburgh	8,450	7,849	271,265	297,941
St. Louis	11,091	12,469	359,150	411,125
Seattle	2,579	3,104	72,332	79,642
San Francisco	3,658	2,737	109,836	83,725
Savannah	2,011	2,036	37,905	42,518
Tacoma	1,434	1,710	40,720	62,577
Twin Cities	13,121	13,631	346,585	402,323
Toledo	3,554	10,906	388,241	499,327
Total	244,556	245,243	8,040,072	8,462,294
Increase		687		422,222
Percentage of increase....		28		5.25
Average tons per car....			32	

LOADING OF COAL

The Traffic World Washington Bureau.

A report was received November 23 by the Director General from the Car Service Section on the quantity of coal of all kinds loaded by roads for week ended November 9, 1918, as compared with the same period of 1917, a summary of which follows:

	1918.	1917.
Total cars bituminous	177,839	197,885
Total cars anthracite	32,525	38,571
Total cars lignite	3,432	4,650
Grand total cars, all coal	213,796	241,106

A summary of reports for week ended November 16, 1918, as compared with the same period of 1917, based on actual reports from most roads, but with the estimated results of some roads, follows:

	1918.	1917.
Total cars bituminous	165,032	199,040
Total cars anthracite	26,931	40,866
Total cars lignite	3,583	4,860
Grand total cars, all coal	195,546	244,766

The decrease in coal loading has been due to influenza among the miners and railroad workers. Total increase of 1918 up to and including week ending November 16, over the same period in 1917, 645,831 cars.

ST. LOUIS TRAFFIC COMMITTEE

The territory in the state of Illinois on and south of the line of the C. C. C. & St. L. R. R. from the Indiana-Illinois state line, just west of Terre Haute to Alton, has been placed under the jurisdiction of the St. Louis Eastern Freight Traffic Committee, in so far as matters under the jurisdiction of the Western Freight Traffic Committee are concerned. In other words, it is now under the jurisdiction of both the Eastern and Western freight traffic committees.

Personal Notes



Willard Massey, president of the Association of Railroad and Steamboat Agents, of Boston, was born in Reading, Mass., May 15, 1868. He entered the employ of the Union Pacific Railroad Aug. 1, 1887, and was its New England freight and passenger agent at Boston, Mass., from Jan. 1, 1896, to May 15, 1918, when, on account of the government assuming control of the railroads, all off-line traffic offices were discontinued. Since that date he has been agent, Bureau of Imports, War Trade Board, Boston, Mass.

R. C. Foote is the new traffic manager for the Lakeside Petroleum Company, Chicago. His last connection was as general agent for the Gulf Coast Lines, Chicago.

The Southern Pacific Railroad (lines south of Ashland), Western Pacific Railroad, Tidewater Southern Railroad and Deep Creek Railroad announce that M. E. McKirahan is appointed freight claim agent, having general charge of loss and damage freight claims and the prevention of causes of such claims; Guy V. Shoup is appointed general solicitor, headquarters, San Francisco; R. G. Ragan and W. F. Whitman are appointed assistant freight claim agents.

The Georgia Southern & Florida Railroad and Hawkinsville & Florida Southern Railroad announce that T. D. Guthrie is appointed assistant general freight agent, vice G. H. Wilcox, resigned.

The jurisdiction of D. C. Douglass, federal manager, office at Portland, Me., is extended over the Portland Terminal Company, effective this date.

The jurisdiction of Elisha Lee, federal manager of the Pennsylvania Railroad lines east of Erie and Pittsburgh, West Jersey & Seashore Railroad, New York, Philadelphia & Norfolk Railroad, Huntingdon & Broad Top Mountain Railroad, that portion of the Philadelphia Belt Line south of Port Richmond Yard, and the Connecting Terminal Railroad (Buffalo, N. Y.), is extended over the Philadelphia & Camden Ferry Line.

H. F. Smith is appointed acting federal treasurer of the San Antonio, Uvalde & Gulf Railroad, with headquarters at San Antonio, Tex., vice H. P. McMillan, resigned.

M. Eckert is appointed auditor of the Gulf Coast Lines, with headquarters at Houston, Tex., vice J. W. McCallough, resigned to accept service with the corporation.

R. H. Ashton, regional director Northwestern Region, announces that the jurisdiction of W. P. Kenney, federal manager, Great Northern Railroad, is extended to include the Minneapolis Western Railroad; headquarters, St. Paul, Minn.

David L. Ewing, assistant director of operations in the Shipping Board, has tendered his resignation, effective December 30. He resigns to become vice-president of the France and Canada Steamship Company. His work will be to develop trade between the United States, Canada and France. Mr. Ewing was assistant general freight agent for the St. Louis & San Francisco when he resigned to become traffic manager for the Shipping Board. One of the acts performed by Mr. Ewing while traffic manager for the Shipping Board was the doing out of the Bulletin No. 22 priority cards issued by the American Railway Association when it got the idea that the way to win the war would be for the railroads to allow army officers to say what traffic should be given the right of way. They caused the railroad terminals to become cluttered up with cars loaded with ordinary freight, each bearing a priority card as if it were loaded with shells and other ammunition needed in France. Mr. Ewing realized the

foolishness of giving anybody a blank order calling for priority and refused to issue any of the cards except under rigid supervision.

DOINGS OF THE TRAFFIC CLUBS

Following a preliminary meeting at which a temporary organization was effected and committees appointed to draft the constitution and by-laws and attend to other necessary matters, the Traffic Club of Wichita was formally organized at a dinner recently. The proposition grew in interest until the dinner, at which there were in attendance about forty representative traffic managers and men who handle the traffic affairs for practically all lines of interest in Wichita. It included the milling and grain interests, feed dealers, packing houses, oil refineries, wholesalers, manufacturers and jobbers of hardware, furniture, groceries, broomcorn, dry goods and others. The committee on interchange relationship, W. P. Houston of the Wichita Chamber of Commerce, chairman, wants to hear from other clubs on interchange matters and ideas. D. L. Mullen of the Kansas Milling Company was elected president; E. C. McClure of the Red Star Milling Company, vice-president; I. N. De La Mater of the Kansas-Oklahoma Fruit Jobbers' Association, secretary.

The Traffic Club of St. Louis will hold its twelfth annual dinner at the Bevo Mill, Tuesday, December 3.

At recent meeting of the New England Traffic League interest has been taken in many subjects of importance to New England. The subject of rates to New York and adjacent territory being higher than to points west of the Hudson River is one that members of the league were greatly concerned in. So far, no solution has been reached. Pending the adoption of mileage rates, the league has suggested a compromise and the matter is now being handled by the Eastern Freight Traffic Committee.

The question of cancellation of Rule 10 in proposed Consolidated Classification No. 1 is one that affects many New England industries, as this section makes heavy mixed carload shipments. A committee was appointed to attend the hearing in Washington and offer individual opposition, while W. H. Chandler of the Boston Chamber of Commerce was appointed to represent the league.

The matter of abolishing differentials to the West is still pending. In order to protect those interested, concerted action through the league at the proper time will be taken, it is stated, with a view to forestalling any adverse action contemplated.

Final adjustment of the rates on coal has been perplexing, especially on the rates on rail ocean and rail coal. The matter has been up several times with Director Prouty, and recently a committee consisting of J. B. Eastman of the Public Service Commission, J. W. McDowell of the American Woolen Company, and Mr. Tiffany of the New England Paper and Pulp Traffic Association, at a conference in Washington offered the proposal that the McAdoo advance be adhered to in so far as the rail haul was concerned. This was denied and a counter proposal has been made by the director, which matter is now under consideration.

There are to be docketed for discussion in the near future the subjects of track connections, paying concealed loss claims, payment by consignees of charges on telegrams, and other subjects of equal importance.

The Traffic Club of New England will hold its ninth annual meeting for the election of officers and directors, December 4.

TRANSIT RULES ON GRAIN

The application of the milling-in-transit rules on grain, published in the November 12 issue of The Daily Traffic World and the November 16 issue of the Weekly, were not understood by some readers.

They were the rules which were to apply under freight rate authority 2445, and that authority extended only to the states of California, Arizona and Nevada.

For some reason or other no abstract of that authority seems to have thus far been given out, but it is explained that the transit rules were made necessary because of the zoning restrictions of the Food Administration, which shut mills in those states out of markets where they had formerly obtained their supply of wheat.

THE CUMMINS BILL

The Traffic World Washington Bureau.

A question has been raised as to whether the Cummins bill (S. 5020), if enacted into law, would have the effect of repealing the Smith amendment to the fifteenth section of the act to regulate commerce. The inference drawn from what Senator Cummins said, before the language of the bill was available for scrutiny, was that it would. The bill itself says the Director-General shall stand in the place of the carriers, just as if the federal control act had not been passed. The bill also says that the "right to initiate or change rates shall be exercised by the President, or by the Director-General of Railroads," and the Interstate Commerce Commission shall have as full authority and jurisdiction "to set aside, change, modify, suspend or otherwise review all such rates, fares, charges," etc., "as though the government had not assumed the possession and control of said transportation systems."

The language is only strictly applicable when the amended fifteenth section is omitted from the act to regulate commerce, because, if the Commission authorizes the filing of a tariff under the amended fifteenth section, there is no need of suspension, setting aside or anything of that kind, as authorized by the Cummins bill, unless it happened that after a fifteenth section permit to file had been given the Commission should change its mind. A suspension would not then be necessary because, under the general power, it has the right to cancel the permission and suspension would be unnecessary.

Repeal by implication is frowned upon by the courts. On that ground the inference that the Smith amendment of the fifteenth section would go down and out if the Cummins bill became law might be held to be unwarranted.

The language "right to initiate or change rates" is not to be found in the act to regulate commerce. It is, however, to be found in the language of the courts construing the act to regulate commerce and the filing of a tariff is the initiation of a rate. The courts have not had reason to construe the Smith amendment to the fifteenth section. The application for permission to file a tariff might be called, by the courts, "the right to initiate rates," but that is only a guess. Inasmuch as the filing of a tariff has been regarded as the initiation of a rate, the chances are, if a decision on that point became a matter of vital concern, the courts would construe the language of the Cummins bill as meaning the right to initiate rates by filing tariffs as required by the sixth section of the act.

It is hard to see how the point could be material, especially in view of the practice that grew up under the Smith amendment. The practice was, in effect, the suspension of every tariff, pending investigation by the fifteenth section board, until a prima facie showing of reasonableness had been made.

What Senator Cummins is desiring to accomplish could be attained by merely repealing the tenth section. That would have the effect of making the act to regulate commerce apply to the Director-General, the President, or any other person acting as a common carrier. The first section of the act says "that the provisions of this act shall apply to any corporation or any person or persons engaged in the transportation of oil or other commodity" from one state to another, by rail or partly by rail and partly by water.

All doubts as to whether the President or the Director-General is a person so engaged could be resolved by making the tenth section read that during the period of federal control he or they shall be governed, in the matter of rates, fares, charges, classifications, etc., by the act to regulate commerce, as amended. Such a substitute for the tenth section would not require any guessing as to the meaning of the new language employed in expressing the ideas held by the senator from Iowa.

EMBARGO ON HOGS

Regional Director Hale Holden, in Circular No. 209, says: "The following embargo against the movement of hogs from all points to various market centers and stock yards was issued by the Car Service Section under date of November 15:

By direction Car Service Section embargo is placed, effective eleven five nine p. m., November sixteenth, against movement of

hogs to markets and stock yards at Buffalo, Nashville, Louisville, Pittsburgh, St. Louis and Cincinnati.

"Under date of November 19, St. Louis Market and Stock Yards were eliminated, and under same date embargo was extended, effective at once, to include Chicago, and a decision reached at that time to regulate the movement by permits, the Car Service Section issuing the following instructions under date of the 19th:

In connection with instructions of November fifteenth placing embargo against hogs to markets and stock yards. At request of Food Administration the movement of hogs from all points to markets and stock yards named therein will be handled only on permits issued as herein provided. Request for permits must be filed by shipper with agent at point of origin on prescribed form, originating agent will indorse request and submit to Hog Control Committee at destination; when approved, permits will be issued in triplicate and original returned to agent at point of origin as authority for acceptance of shipment and until December 2 applications and permits may be handled by telegraph. Permits must not be honored in excess of specified quantities nor after expiration of permit time limit. Permit symbol and serial number must be indorsed on revenue billing and on all copies of bill of lading, the original permit being filed by originating agent with shipping order. Permits under this system do not authorize acceptance of shipments contrary to other embargoes. These instructions transmitted to all zone chairmen and should not be repeated by railroads to other than their agents and representatives.

"Under this embargo the following instructions will be observed in the issuance and handling of permits for the movement of hogs to the market centers covered in this embargo:

1. Request for transportation to be made of the agent at point of origin by the shipper. This must be in writing and on form prescribed.
2. This request to be indorsed and submitted by agent at point of origin to Chairman, Hog Control Committee, at point to which prospective shipments are to be made.
3. Hog Control Committee to pass on these permits in order received and as in their judgment is warranted.
4. When permits are approved they will be issued in triplicate and numbered serially with prefix:

HOG CONTROL COMMITTEE.

Buffalo, N. Y. (symbol HTC-B)—S. M. Boren, food representative, N. Y. C. Stock Yards; O. T. O'Neill, railroad representative, chairman.

Nashville, Tenn. (symbol HTC-N)—S. L. Murray, president National Live Stock Exchange, food representative; E. M. Wrenne, railroad representative, chairman.

Louisville, Ky. (symbol HTC-L)—W. S. Bell, food representative, Bourbon Stock Yards; J. B. Arbegast, railroad representative, chairman.

Pittsburgh, Pa. (symbol HTC-PG)—John A. Burgess, food representative, Bessemer Bldg.; E. A. Peck, railroad representative, chairman.

Cincinnati, O. (symbol HTC-CN)—C. R. Hubbard, food representative, Union Stock Yards; J. C. Morris, railroad representative, chairman.

Chicago, Ill. (symbol HTC-C)—Everett Brown, president Live Stock Exchange, U. S. Yards, food representative; J. H. Brinkerhoff, railroad representative, chairman.

Indianapolis, Ind. (symbol HTC-IN)—J. W. Coney, railroad representative, chairman.

5. The permit shall in no particular be transferable. It must be used by consignor authorized and for number of cars specified.

6. The approved and numbered application will be returned to agent at point of origin who will date its receipt and at once notify shipper that permit to ship has been granted and that shipment must be made within three working days after notice has been given shipper.

7. A copy of permit will be mailed by the Hog Control Committee to transportation officer of road on which shipment originated to be used as information in connection with car supply.

8. The waybill will bear the number of permit to be used as authority for the shipment, which number will be recognized by all carriers as authority for forwarding of shipment against the hog embargo.

9. Shipments moving on permits may not be reconsigned from one market to another market where permit system is in control unless new permit is obtained in prescribed manner.

10. Agents at point of origin will advise Hog Control Committee on prescribed form as shipments are made on permits authorized.

"Copy of Form HTC No. 1 (application for permits) and Form HTC No. 2 and 2-A are attached. The Hog Control Committee should arrange for necessary supply of permit blanks HTC Form 2 and railroads must print and distribute supply of HTC Form 1 (application for permit) and HTC Form 2-A (Agent's advice of shipment)."

BAN ON GIFTS TO R. R. EMPLOYEES

In Circular 64 Director-General McAdoo says the practice of railroad employees receiving Christmas presents from shippers or railway supply men is objectionable and should be discontinued.

College Training in Handling Trucks



A considerable per cent of every field army of the United States must be engaged in assembling, repairing and driving trucks; one-tenth is the figure given. The job of training these men is no small task, because each man must be an expert in motor truck operation.

In various colleges and universities men are receiving special training for this work. At the Utah Agricultural College, for instance, there are several hundred men being

trained in motor truck operation. The Federal shown here is one of the fleet of trucks being used at this big college to train the automobile mechanics for the motor corps. The instructions given the men is of the most practical nature and they are instructed in disassembling, assembling and repairing of trucks. They are also taught driving and night driving, which is one of the most important parts of the training.

ALABAMA MAKES PROTEST

The following letter, signed by President S. P. Kennedy, of the Alabama Public Service Commission, under date of November 23, has been sent to the governor, governor-elect, and the two senators and congressmen from Alabama and it is stated that traffic organizations, farmers' unions and shippers and individuals of Alabama will forward to the state's representatives in Washington resolutions asking them to curb the federal bureau operating the railroads:

Under date of October 25, Director General of Railroads, Mr. W. G. McAdoo, forwarded to me, as president of the Alabama Public Service Commission, a communication enclosing a certain uniform tentative scale of rates and a uniform classification, both of which were to be used in the construction of inter and intrastate rates throughout the Southern Territory.

I have had further communication from Mr. McAdoo's Director of Traffic and Public Service, Mr. Charles A. Prouty, on this subject. Mr. Prouty has been very insistent that it was incumbent upon the Federal Bureau with which he is connected to establish a policy of rate making throughout the country, which, to him, seemed wise.

This proposed method of rate making was to eliminate such discriminations as, in the opinion of the Bureau, was deemed wise, and therefore had no sort of regard for intrastate rates established by various rate making bodies of the several states.

I have advised both Mr. McAdoo and Director Prouty that the Public Service Commission of Alabama has the sole right delegated to it by the legislature of this state, under the constitution of the state, to properly regulate

all intrastate traffic of this state, and that it will not undertake to discuss the propriety of any other bureau or body making intrastate rates for Alabama.

"Section 243 of the constitution of this state, which I am sure you are familiar with, but which you will permit me to quote for reference, is as follows:

Section 243. The power and authority of regulating railroad freight and passenger tariffs, the locating and building of passenger and freight depots, correcting abuses, preventing unjust discrimination and extortion and requiring reasonable and just rates of freight and passenger tariffs, are hereby conferred upon the legislature, whose duty it shall be to pass laws from time to time regulating freight and passenger tariffs, to prohibit unjust discrimination on the various railroads, canals and rivers of the state, and to prohibit the charging of other than just and reasonable rates and enforcing the same by adequate penalties.

"When the government saw fit, as a war measure, to take over certain railroads for the furtherance of the prosecution of the war, and called on the Public Service Commission of Alabama for its co-operation, this was given without a stint. This commission, without a moment's hesitation, fully agreed to the temporary advance of rates within this state of 25 per cent and approved such advance, and would have approved any other advance that was deemed proper and necessary for the handling of the railways for the prosecution of the war, however extravagantly such railways might have been operating, but with the armistice signed and with our army being demobilized, it is conceded by all that the war is over; this being true, this commission wants to protest most vehemently against the usurpation of power by governmental bureaus in establishing certain permanent policies relative to rate making within this state, and, as its president, I wish to ask that you use every endeavor, which I feel justified in believing

you will, to curb any such attempt upon the part of the federal government at this time.

"The commission is not undertaking at this time to call your attention to the enormous increases in rates that would be brought about in Alabama were the tentative scale of rates referred to adopted. We are only protesting as to the principle involved."

EFFICIENCY IN OIL MOVEMENT

Clifford Thorne, commerce counsel for the Western Petroleum Refiners' Association, has sent the following bulletin to members of that organization:

"You will remember last winter we arranged for a joint office at Kansas City, whereat the railroads and the shippers were to be represented, the object being to create trainload movement of oil. Mr. Swearingen was selected to have charge of the work on behalf of the railroads, and Mr. MacEwen, chairman of our transportation Committee, was to have charge on behalf of the refiners. This is probably the first instance in the history of transportation in this country when the shippers and railroads united in the establishment of a joint office for such a purpose. These two gentlemen built up a magnificent organization. The fine co-operation of the traffic managers of the various refining companies in assembling and concentrating their movement of oil and the splendid work of the managers for the various railroads in sacrificing their own individual selfish interests in order to build up greater car efficiency has produced some remarkable results. The effect was almost instantaneous.

"An analysis of tank car movement as reported in the offices at Kansas City is a concrete demonstration of what intelligent and efficient co-operation between the shippers and the railroads can accomplish under such able leadership as that of Mr. MacEwen and Mr. Swearingen. These gentlemen have demonstrated the possibilities in a splendid manner. The following figures are worthy of your careful consideration. They have been compiled at my request as a result of a recent conference in the offices of Mr. Aishton, Regional Director.

	Cars.
Total number cars loaded in mid-continent field first ten months 1917	200,603
Total number cars loaded in mid-continent field, first ten months 1918	256,082

Increase in number of cars loaded for the ten months as in 1917.	55,479
This increased loading with the same number of cars in use	

Trains handled under symbol from April 20, date office was opened, Kansas City, to and including October 31, trains	3,041
These trains contained cars	86,104
Average number of cars per train	28.3

From time office opened, up to and including October 31, practically 60 per cent of the loading moved under symbol. (Solid oil trains.)

Average cars loaded per day	971
Average number of empties on hand for each day's loading, cars	1,421
Average miles per hour made by symbolized trains	11
Average miles per 24 hours made by symbolized trains	264

"It will be noted that the car efficiency has been increased 27½ per cent during the first ten months of 1918, compared to the same period in 1917.

"I am reliably informed that there has not been a single day since the opening of the Kansas City office that there were not more than sufficient empties in the mid-continent field to take care of the day's loading, with the exception now and then of an isolated case of some particular refinery being short a few cars. These figures are the actual facts as shown by the records in the Kansas City office. There may be some phases of government operation that have been very unfortunate, but this splendid demonstration of efficient operation impresses on my mind the wisdom of preserving the fruits of their labor. We must not lose this new efficiency which has come into existence."

R. R. MONEY SAVED AND SPENT

The Traffic World Washington Bureau.

Director-General McAdoo, on November 22, made public an announcement of a saving of \$25,286,207 in the three regions, Southern, Southwestern and Northwestern, by reason of the consolidation of ticket offices and so forth.

The bulk of the saving was made by the elimination of passenger trains, that figure alone being \$20,155,000.

Another announcement is that outstanding contracts for cars and locomotives call for an expenditure of \$366,333,000, builders being under contract to deliver 1,415 locomotives and 100,000 freight cars.

As to immediate railroad additions and betterments (excluding equipment and new extensions), authority had been granted to November 10 for railroads and also for the 108 terminal and switching companies other than the class 1 roads, aggregating \$533,860,502. Of this amount only \$179,995,902 had been expended up to September 30 and it appears probable that about one-half of the aggregate work thus authorized to be done in 1918 will not be done during this year.

It is estimated that corresponding additions and betterments which must be authorized for 1919 will aggregate upward of \$250,000,000.

Excluding equipment, it is also estimated that maintenance of way and structures will necessitate very substantial expenditures in order to bring the property up to standard. That means \$909,000,000 must be spent this year and next.

The Director-General's notice with regard to economies is as follows:

"Marked economies in the operation of the railroads by the government are shown in reports submitted today to Director-General McAdoo.

"Figures made public by the Director-General show savings of \$25,286,207 per annum in three regions—the Southern, Southwestern and Northwestern—in the conduct of transportation facilities, both passenger and freight, by unification of terminals and the cutting down of train service without in the least interfering with the proper and quick dispatch of cars.

"Striking reductions along this line have taken place in the Northwestern region, where \$25,229,352.45 a year has been saved. According to the report of R. H. Aishton, regional director for this section, made to the Director-General, this curtailment in expenditures was made up as follows:

"Reduction in passenger train service, \$20,155,954; elimination of duplication in freight train service, \$1,338,726; unification of terminals at Chicago, \$940,765.90; unification of terminals at Minneapolis and St. Paul, \$465,653.60; unification of terminals at Omaha, \$212,970; unification of terminals in the Duluth-Superior district, \$126,376; unification of terminals in the St. Louis-East St. Louis district, \$437,466.45; consolidation of live stock agencies at Kansas City, \$12,948; economies in the handling of ore in the Lake Superior district, \$660,000; joint switching, \$489,618.30, and miscellaneous economies, \$388,874.20.

"B. L. Winchell, regional director for the Southern region, reports that, in addition to economies previously affected, a saving of \$17,000 a year has been brought about in the terminal arrangements and rearrangements at Louisville, Ky.

"In the Southwestern region B. F. Bush, the regional director, reports that through the consolidation of freight yards and depots there will be a total annual saving to the government of \$39,766 a year. Of this sum, the consolidation of the freight depot and freight yards of the Missouri, Kansas & Texas Railway with those of the Houston Belt & Terminal Company wipes out an annual expenditure of \$30,000."

EXPRESS CAR LOADING

Regional Director Smith, in a circular to federal managers, general managers and terminal managers, in the Eastern Region, says:

"A recent check of express loading on one of the lines showed that on some days if cars had been loaded solid an entire car could have been saved. This is a very important matter when a long haul is considered and relatively so for shorter hauls.

"In the nature of the business, much express matter at large terminals is loaded hurriedly and, with the class of labor now employed, undoubtedly some of it is improperly loaded and less put in cars than could be.

"It would therefore seem necessary for a check to be made of express loading and, to this end, will you please

assign inspectors, where necessary, especially upon trunk lines handling a large volume of business in carloads and in trainloads, to see that, as far as possible, the desired end is attained. If bad stowing or light loading of express cars is found at points where cars are being loaded, the matter should be called to the attention of the local express officials by the inspector for correction, and report should be sent to you so that you may take the matter up with the express executive official with whom you deal.

"Where bad loading is discovered along the line or when cars reach destination, these instances should be reported to you for similar handling.

"If the situation is at all general, please let me have as much definite information as possible, in order that the matter may be taken up with President Taylor of the express company. It might be desirable to make a temporary assignment only of inspectors for this work to determine whether condition is such as to require permanent inspectors, or only at intervals.

"A very careful check might show that in some instances mail and express could be loaded in the same car and save cars.

"Of course, on a line where loading is heavier in one direction than in the other, and cars have to return, in some instances, deadhead, this inspection would not be required in the light direction."

EXPRESS COMPANY REVENUES

The Traffic World Washington Bureau.

A summary of operating revenues and expenses of the express companies in June was made public by the Commission November 22. The operating income for the reporting companies combined showed a decline from \$117,181 to a deficit of \$2,934,827. Five of the eight reporting companies had deficits. The income of the others was so small as to be hardly worth considering.

The Adams went from a deficit of \$171,004 to a deficit of \$1,717,549. The American fell from \$128,076 to a deficit of \$116,189; Canadian from a positive of \$8,988 to a deficit of \$46,320. The income of the Great Northern fell from \$43,396 to \$38,745; Northern from \$53,204 to \$652. The Southern from a positive of \$27,409 to a deficit of \$197,904. The Wells Fargo & Co. fell from a positive of \$2,645 to a deficit of \$604,577, and Western fell from \$24,464 to \$8,316.

For the six months ending with June the income of the companies combined fell from a positive of \$1,561,378 to a deficit of \$8,514,428. The Adams fell from a deficit of \$612,812 to one of \$5,980,173; American from a positive of \$587,549 to a deficit of \$1,265,754; Canadian from \$63,329 to \$23,577; Great Northern from \$114,499 to \$99,427; Northern from a positive of \$124,531 to a deficit of \$35,222; Southern from a positive of \$784,139 to a deficit of \$656; Wells Fargo & Co. from a positive of \$457,047 to a deficit of \$1,388,225.

WAR ON CAR THIEVES

The Traffic World Washington Bureau.

"The activities of the Claims and Property Protection Section of the United States Railroad Administration in its war on car thieves are bearing fruit in various sections of the country," says a Railroad Administration press notice of November 23.

"Reports reaching the Director-General today show that as a result of operations directed from Washington three car thieves arrested in the act of tampering with a freight car in the New York Central yards at Buffalo, N. Y., were yesterday sentenced by Judge Hazel to long terms of imprisonment. Howard Brown and John Malloy received five years each, while Joseph Torms got one year and six months. Brown was also fined \$1,000. For receiving stolen goods, Samuel Goldberg was sentenced by the same court to serve one year and six months in the penitentiary.

"At Buffalo there are now pending 69 indictments for this class of offenses, and a good many more are expected from the grand jury which is now in session.

"At Pittsburgh on Wednesday last Charles A. Fairfax, an employee of a transfer company, who secured various notices of freight arrivals and thus obtained possession of certain shipments, was sentenced to a year and a day in the penitentiary.

"At New Jersey Jacob Behrman of Patterson was con-

victed last Tuesday of receiving 80 bundles of silk stolen from interstate shipments. Last week there were 12 arrests for this class of offenses at Sandusky, Ohio, and 7 of the parties have confessed. A large amount of goods were recovered as the result of searches made incidental thereto.

"Arrests made yesterday in Washington by Inspector O'Dea of the Railroad Administration force makes a total of 38 in the past six weeks for railroad thieving at the Washington Terminal and for receiving stolen goods.

"At Arcadia, Cal., yesterday Dale Jones, a bandit, who was wanted in connection with the hold up of an M. K. & T. train at Paola, Kan., on July 10 last, was killed by a deputy sheriff who attempted to arrest him. In the gun battle that ensued, the deputy was killed, as well as the wife of Jones, who accompanied him in his flight. Two other bandits, Roy Sherrill and Roy King, charged with participating in the hold-up of the "Katy," pleaded guilty and were sentenced to serve 25 years apiece in the Leavenworth penitentiary on November 15. Roy Lancaster, another member of the band sought by the federal authorities for this same "job," was killed at Kansas City, Mo., on September 24.

"The Paola hold-up was one of the boldest ever consummated in this country, and in the effort to run down the parties responsible there have been various gun battles in Kansas City, Colorado Springs and Denver. In these encounters more than a dozen people have been shot and three police officials killed."

BOARD OF ADJUSTMENT

The Traffic World Washington Bureau.

In Circular No. 65, directed to all railroads, the Director-General said:

"In conformity with General Order No. 53, Railway Board of Adjustment No. 3 met in the city of Washington at its office, Room 702-A, Southern Railway Building, Washington, D. C., and have organized and are ready for the transaction of such business as may come before it as provided in General Order No. 53.

"The officers and members of this board are as follows: H. A. Kennedy, chairman; T. H. Gerrey, vice-chairman; Richard P. Dee, E. A. Gould, S. N. Harrison, F. Hartenstein, G. E. Kipp, W. A. Titus.

"The board has designated the following dates as the beginning of each of its regular monthly meetings during the remaining portion of the year 1918 and for the year 1919: December 11, 1918, January 8, 1919, February 5, 1919, March 5, 1919, April 2, 1919, May 7, 1919, June 4, 1919, July 9, 1919, August 6, 1919, September 4, 1919, October 1, 1919, November 5, 1919.

"Attention is called to the provisions of the memorandum of understanding annexed to General Order No. 53, as follows:

"Article 10 provides the manner in which controversies will be submitted to the board through the Division of Labor of the United States Railroad Administration. Every case submitted should be accompanied by evidence that its submission is approved by the chief operating officer of the railroad upon which the controversy has arisen and by the chief executive officer of the organization concerned. Where two or more organizations are jointly concerned, the submission should be joint, if practicable.

"Article 11 expressly precluded a consideration by the Railway Board of Adjustment No. 3 of any matter unless officially referred to it in the manner prescribed in the memorandum of understanding.

"Article 14 requires that in each case an effort should be made to present a joint concrete statement of facts as to any controversy. Statements of fact, whether joint or separate, should be sufficiently comprehensive to give an understanding of the controversy that the board is called upon to decide. Where briefs or additional evidence are to follow, notice thereof should accompany the submission. Where additional matter is to follow the submission, the case will not be transmitted to the Board of Adjustment by the Division of Labor until the additional data shall have been received.

"It is requested that three copies of the joint concrete statement be filed with the Division of Labor for matter of record and for information of the board. Briefs and documentary evidence need not be furnished in duplicate,

but, whenever possible, should be attached to the three copies of the joint statement.

"It will be noted that Supplement No. 6 to General Order No. 27, bearing date of August 30, 1918, has modified Article 9 of General Order 53 to the extent that interpretations as to wage orders will be issued in accordance with the provisions of supplements 6 and 6-A."

THE LEWIS RESOLUTION

The Traffic World Washington Bureau.

The Lewis resolution, asking the Senate to declare itself in favor of government ownership, S. 348, is as follows:

"Resolved, That it is the expression of the United States Senate that the policy of the United States government for the future should be that of government ownership of interstate railroads, telegraphs, telephones, and also national lines of communication necessary to complete postal and telegraphic service to the citizens of the nation.

"Resolved further, That the government should possess and own all natural agencies for the production of fuel produced and created from the land and produced and created as the result of natural agencies. It shall construct and own ships and agencies of water transportation necessary for merchant marine, all to be maintained and continued in behalf of the United States and for the advancement of its commerce so as to facilitate the dealings of the citizens of the United States in matters of trade and shipping with all citizens of other countries.

"Resolved further, That the method of the operation of these agencies heretofore mentioned is a subject to be regulated and adjusted in each instance according to the demands and circumstances surrounding the operation of that particular agency at the particular time of the demand for the use of that agency, be it railroad, steamship, telephone, telegraph, coal or oil."

NEW EXPRESS CONTRACT

The Traffic World Washington Bureau.

Director-General McAdoo and the American Railway Express Company have signed a new contract on the same terms as the old one. The new one is made necessary by the fact that the express company has been taken over. The usual division is the express company's just compensation.

ORDER REDUCES HOURS

The Traffic World Washington Bureau.

Just before announcing his retirement, Director-General McAdoo sent a telegram to all regional directors, the effect of which will be to reduce the weekly or semi-monthly wage of locomotive and repair shop men by two steps, the first November 25 and the second December 5. On the first day the hours are reduced to nine and on the second to eight. That has the effect of cutting out all overtime at time and a half rates of pay. The press announcement is as follows:

"The emergency under which railroad employes in locomotive and car repair shops patriotically worked long hours during the war period having in some degree passed, Director-General McAdoo today issued directions under which the locomotive and car shop hours, as far as practicable, will be reduced to 9 hours per day effective November 25, and to 8 hours per day effective December 9."

The telegram to regional directors is as follows:

"Last spring when the railroads were still struggling with congested traffic and weather conditions were very severe, the different mechanical organizations responded in a most gratifying way to the request that the men work a greater number of hours in the shops throughout the country than they had been accustomed to, or than some of their agreements with the railroads provided, in order to repair locomotives and cars for the prompt transportation of munitions of war and for food and other supplies for our army and navy abroad and the Allies. It is now possible, in view of the signing of the armistice, to anticipate an early return to normal conditions, and directions have been issued that wherever practicable the locomotive and car shop hours shall be reduced on November 25 to 9

hours per day where greater number is now being worked and to the basis of 8 hours per day on December 9. The Director-General desires to express his deep appreciation of the patriotic response of the mechanical workmen on all railroads and his gratification that it is no longer necessary to call for number of hours of service heretofore required."

SENATE WANTS SHIP DATA

The Traffic World Washington Bureau.

The Senate has adopted a resolution calling on the Shipping Board and the Emergency Fleet Corporation to report to it full information regarding the existing contracts for ships, cost of construction in private and government yards, what provision, if any, has been made for cancellation of contracts made for war emergency work, together with a report on ship deliveries, disposition of ships and delivery of materials for fabricated ships.

The resolution was offered by Senator Harding of Ohio and is regarded as the first step for a thorough inquiry to determine whether Chairman Hurley was able to stop the enormous waste indicated by the inquiry into the Hog Island venture instituted at Harding's prompting.

Senator Calder of New York has written to Mr. Hurley urging him to stop any further work on the wooden ship program, which calls for the delivery of 140 wooden ships not yet begun. Calder believes the wooden ship program has been an utter failure, notwithstanding sharp criticisms made for its correction long ago.

ZONE RESTRICTIONS MODIFIED

The Traffic World Washington Bureau.

Because of the congested transportation conditions of the C. & O. Railroad, eastward, and its inability to handle the coal tonnage from certain districts, the United States Fuel Administration, November 23, announced necessary modifications in the restrictions heretofore governing parts of Zones L and M.

The producing districts affected are those known as the K. and M.; the Kanawha district on the C. & O. Railroad; the Guyan Valley and the Logan districts on the C. & O.; and the Kenova-Thacker districts on the Norfolk & Western Railroad, all in West Virginia; and the Sandy Valley and the Elkhorn districts, in Kentucky.

Producers in those districts are now permitted to ship coal into a portion of Indiana and into an increased portion of Ohio. The shipments into Indiana, however, must be confined to coal for industrial plants.

CONTRACT WITH SANTA FE

The Traffic World Washington Bureau.

Last Saturday night, before leaving for an inspection trip to Atlanta, Mobile, New Orleans, and possibly St. Louis, Director-General McAdoo signed a contract with the Santa Fe and its subsidiaries providing for compensation amounting to \$42,885,310. That is the standard return, without additions for abnormalities. It is the third big contract made, the others being with the Burlington and the Northwestern.

LOADING AND UNLOADING OF TANK CARS

Regional Director Bush, in his order No. 123, says: "The advisory committee on tank cars of the National Petroleum War Service Committee adopted a resolution at meeting held in Chicago, October 7-8, that loaders and receivers of petroleum and its products be requested to utilize Sundays, holidays and Saturday afternoons for the loading and unloading of tank cars, with a view to conserving tank car equipment.

"The Oil Division of the Fuel Administration asks that the Railroad Administration co-operate with the loaders and receivers of petroleum in so far as providing any switching service which may be necessary on Sundays, holidays and Saturday afternoon is concerned.

"Please have it understood by all concerned that everything possible must be done to reduce detention of tank car equipment to the minimum."

COMMON USE OF TERMINALS

A circular by Regional Director Smith says: "Suggestion has been offered that terminals of all lines under federal control at common points be thrown open for the unrestricted receipt and delivery of carload freight. Before this question is decided it is necessary that I be furnished with statements showing the approximate amount of switching charges collected which would represent a loss of revenue to the carriers if terminals were used in common by all lines. In submitting figures consideration should be given to the practice of one line absorbing the switching charges of another at common points, as where this is done there is no actual net loss. In some cases only a part of the switching charge is absorbed by the line-haul carrier, and the difference between the total charge and the absorption would represent loss of revenue under unrestricted use of terminal facilities. Please have the information called for in paragraph 2 furnished at the earliest date possible, for quarter ended Sept. 30, 1918. Also advise how and to what extent this would complicate operations and cause congestions."

PACIFIC CAR DEMURRAGE.

The report of the Pacific Car Demurrage Bureau for September, 1918, shows 8,203 cars held overtime, or a percentage of 04.46, as against 7,728, or a percentage of 03.79, for September, 1917.

POSITIONS WANTED OR OPEN

GOOD TRAFFIC MEN ARE MORE THAN EVER IN DEMAND and **THE TRAFFIC WORLD** is the logical medium for getting the men and the positions in touch with one another. The rates for classified advertisements are as follows: Five cents per word first insertion, three cents per word second insertion and two cents per word for each additional insertion, payable in advance. Answers to keyed advertisements forwarded free and all correspondence held in strict confidence. **THE TRAFFIC WORLD**, 413 South Market Street, Chicago, Ill.

FREIGHT TRAFFIC MANAGER of large industry, desiring experience of similar position, experienced in traffic work, capable of handling office detail. At present holding very responsible position. Can furnish best of references as to habits and ability. L. E. S., *The Traffic World*, Chicago, Ill.

WANTED—Classical position with industrial concern in traffic department. An able member of the A. C. A. Understands shipping and shorthanded. T. B. 123, *The Traffic World*, Chicago, Ill.

TRAFFIC MAN, eleven years' railroad and mercantile experience as tracing, rate and chief clerk, soliciting, car service and freight claim agent, tariff compiling. Now assistant traffic manager construction company doing government work; age 34, single, excellent references. "Dian," *The Traffic World*, Chicago, Ill.

WANTED—A man with twenty years' experience, position as Traffic Manager or some similar responsible traffic position. Best of references. T. W. M. 32, *The Traffic World*, Chicago, Ill.

EXPERT TRAFFIC MANAGER, thirty-five, railroad and industrial experience; successful before Interstate Commerce Commission, State Commissions and Federal Courts; extensive ability; good business sense; without connection with large mercantile concern January 1st; must be high class position; some salary to be named. Address T. D. 72, *The Traffic World*, Chicago, Ill.

WANTED—Situation by man experienced in freight traffic work and exporting. Address B. B. 31, *The Traffic World*, Chicago, Ill.

TRAFFIC MANAGER is seeking desirable opening; sixteen years experience, railroad and industrial. Thoroughly familiar with I. C. C. regulations and procedure, rates and efficient handling of claims. Capable of assuming charge or organizing traffic department. Married. Address "Manager," care of *The Traffic World*, Chicago, Ill.

WANTED, TRAFFIC MAN—Thorough experience in freight rates and I. C. C. rulings necessary. Must be a hustler, willing to do some routine work to start. Permanent position and splendid opportunity for right man, who should also have some salesman-like qualifications. Advise fully qualifications, experience, age, etc., in first letter. J. M. M., 381, *The Traffic World*, Chicago.

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TRAFFIC ORGANIZATIONS

THE NATIONAL INDUSTRIAL TRAFFIC LEAGUE.—Object: The object of this league is to interchange ideas concerning traffic matters, to co-operate with the Interstate Commerce Commission, state railroad commissions and transportation companies in promoting and securing better understanding by the public and the state and national governments of the needs of the traffic world; to secure proper legislation where deemed necessary; and the modification of present laws where considered harmful to the free interchange of commerce; with the view to advance fair dealing and to promote, conserve and protect the commercial and transportation interests.

Headquarters—Tacoma Bldg., 5 North La Salle St., Chicago.
G. M. Frost.....President
Manager Traffic Department, Cincinnati Chamber of Commerce and Merchants' Exchange.
R. D. Bangster.....Vice-President
Transportation Commissioner, Kansas City Chamber of Commerce.

Secretaries—Treasurer
T. M. Cruise Campaign, 335 South Michigan Avenue, Chicago, Ill.
E. F. Long.....Assistant Secretary
4 North La Salle Street, Chicago, Ill.

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F. W. Vice-President
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Traffic Manager

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Digest of New Complaints

No. 10278, Sub. No. 3. Beaumont (Tex.) Chamber of Commerce vs. C. R. I. G., McAdoo et al.

Against a rate of 44c on molding sand from Utica, Ill., to Beaumont as unjust and unreasonable. Asks for a rate of 33.75c and reparation.

No. 10281. National Steel Rail Co., St. Louis, vs. St. L.-S. F., McAdoo et al.

Against a rate of 47c on No. 1 railroad cast scrap from Stamps, Ark., to Springfield, Mo., as unjust and unreasonable. Asks for a rate of 18.5c and reparation.

No. 10283. The Associated Coopers Industries of America, St. Louis, vs. A. & V., McAdoo et al.

Unjust and unreasonable rates westbound on coopers stock to points in California from all points in the east, and unduly discriminatory in comparison with rates eastbound. Asks for just and reasonable rates.

No. 10284. Ft. Worth (Tex.) Freight Bureau and Texas Brick Manufacturers' Assn., Ft. Worth and Dallas, vs. A. & V., McAdoo et al.

Unjust and unreasonable rates on brick and other clay products from points in Little Rock-Ft. Smith Territory, Ark., to destinations in Oklahoma, Texas and Louisiana; from points in Oklahoma to destinations in Little Rock-Ft. Smith Territory in Texas; and from points in Kansas to Little Rock, Ft. Smith and Oklahoma destinations. Asks for just and reasonable rates and reparation.

No. 10290. Dow Chemical Co., Midland, Mich., vs. Arcade & Attica, McAdoo et al.

Unjust and unreasonable rates on chemicals from Midland, Mich., to destinations east of Midland because on a higher percentage than Saginaw and Bay City class rates from Midland except on the products of the complainant being on the 88 per cent basis, which is the basis for Saginaw and Bay City. Asks for the 88 per cent basis.

No. 10292. National Wholesale Lumber Dealers' Assn., New York, vs. McAdoo.

Against a rate of 26.8c on pine from Waverly, Va., to Thirty-seventh St., New York, as unjust and unreasonable. Asks for a published rate of 16.8c and reparation.

No. 10293. Three States Tie Co., Hastings, Mich., and St. Elmo, Ill., vs. C. & E. I. et al.

Unjust and unreasonable rates and charges on ties from Illinois points to Chicago via Terre Haute. Asks for reparation.

No. 10294. The American Agricultural Chemical Co., New York, vs. Central of New Jersey et al.

Against a rate of 11.5c on acid phosphate from Carteret, N. J., to Philadelphia, as unjust and unreasonable. Asks for the commodity rate of \$1.58 and reparation.

No. 10295. Walter A. Zelnicker Supply Co., St. Louis, vs. Oregon Short Line et al.

Unjust and unreasonable rates and charges on scrap car wheels, etc., from Gooding, Ida., to Kansas City. Asks for just and reasonable rates and reparation.

No. 10296. Walter A. Zelnicker Supply Co., St. Louis, vs. Illinois Central et al.

Against unjust and unreasonable rates on old rails from East St. Louis to Menominee, Mich. Asks for a rate of \$3.25 and reparation.

No. 10297. The Ft. Smith (Ark.) Spelter Co. vs. Arkansas Central et al.

Against a rate of \$2.85 on slack coal from Hume, Mo., to Ft. Smith as unjust and unreasonable. Asks for just and reasonable rates and reparation.

No. 10298. Joseph D. Bell Co., San Francisco and Rockford, Ill., vs. Illinois Central, McAdoo et al.

Against a rate of \$1.75 on iron angles from San Francisco to Rockford as unjust and unreasonable. Asks for a rate of \$1.125 and reparation.

No. 10299. Illinois Coal Traffic Bureau et al., Fulton-Peoria district, vs. A. T. & S. F. et al.

Against the \$15 per car minimum rate as applied to shipments of water between points in Illinois for use in coal mines as unjust and discriminatory. Asks for a cease and desist order, just and reasonable rates.

No. 10300. George F. Hinrichs, Inc., New York, vs. Wells Fargo & Co. et al.

Unjust and unreasonable charges on dressed poultry from Roswell, N. M., to New York, due to errors in weight. Asks for reparation.

No. 10301, Sub. No. 1. George F. Hinrichs, Inc., New York, vs. Wells Fargo & Co. et al.

Against a rate of \$5.55, less 25 per cent, on dressed poultry from Frederick, Okla., to New York, as excessive, unjust and unreasonable. Asks for a subsequently published rate of \$3 and reparation.

No. 10301. Chattanooga Bottle Glass Mfg. Co., Alton Park, Tenn., and Tallapoosa, Ga., vs. Alabama Southern et al.

Against a rate of \$2.05 per 100 lbs. on glass sand from Williams Spur, Ala., to Tallapoosa, Ga. Asks for the published rate of \$1.10 and reparation.

No. 10302. Harriss, Irby & Vose, Galveston, vs. M. K. & T., McAdoo et al.

Unjust and unreasonable rates on cotton in bales from Texas points to Seattle, Wash., via Galveston. Asks for a cease and desist order, just and reasonable rates and reparation.

No. 10303. Cairo, Truman & Southern R. R. Co., Arkansas, vs. C. & E. I., McAdoo et al.

Unjust and unreasonable charges on ten empty flat cars from Chicago to Truman. Asks for reparation.

No. 10304. George C. Holt and B. B. Odell, receivers of the Aetna Explosives Co., vs. B. R. R. Co. et al.

Unjust and unreasonable rates and charges on precipitated

lime from Williamsburg, Pa., to North Birmingham, Ala. Asks for reparation.

No. 10305. Walter A. Zelnicker Supply Co., St. Louis, vs. Southern et al.

Unjust and unreasonable rates on rails from East St. Louis to various destinations in Kentucky. Asks for reasonable rates and reparation.

No. 10306. Alexandria (La.) Chamber of Commerce vs. L. R. & N., McAdoo et al.

Unjust, unreasonable and unduly discriminatory class and commodity rates from New York and other pts in Atlantic seaboard territory to Alexandria in comparison with rates to Lake Charles, Opelousas and Eunice. Asks for just, reasonable and non-discriminatory rates.

No. 10307. George C. Holt and B. B. Odell, receivers of Aetna Explosives Co., vs. C. & N. W. and McAdoo.

Against storage charges of \$2 per day on privately owned tank cars on privately owned tracks at Ishpeming, Mich., as unjust and unreasonable. Asks for cease and desist order, the establishment of a provision that privately owned tank cars on private tracks are not subject to storage charges, and reparation.

No. 10308. Paducah (Ky.) Board of Trade and Paducah Coopers Co. vs. Illinois Central, McAdoo et al.

Unjust, unreasonable and discriminatory rates to Paducah from territory in the southeastern blanket on lumber and lumber commodities, in favor of Cairo, Ill. Asks for just, reasonable through routes and joint rates, not to exceed those to Cairo, and reparation.

No. 10309. The World Publishing Co., Tulsa, Okla., vs. A. T. & S. F., McAdoo et al.

Unjust and unreasonable rates and charges on news print paper, wrapping and toilet paper, from Merrill, Park Falls and Nekoosa, Wis., to Tulsa, and unjustly discriminatory in favor of Kansas City, Joplin and Muskogee. Asks for cease and desist order, just and reasonable rates, and reparation.

No. 10310. George C. Holt and Benjamin B. Odell, receivers Aetna Explosives Co., New York City, vs. Illinois Central, W. G. McAdoo et al.

Against the rate of 30.6c on cotton linters and cotton hull fiber in bails from Memphis, Tenn., to Aetna, Ind., as unjust and unreasonable. Asks for cease and desist order, just and reasonable rates, and reparation.

No. 10311. Downey Shipbuilding Corporation, Arlington, Staten Island, N. Y., vs. Staten Island Rapid Transit Co., McAdoo et al.

Against a failure to make allowance for spotting charges at petitioner's plant for spotting performed on its interstate traffic upon spur or industrial tracks. Asks for reparation.

SHIPPERS' ORDER SHIPMENT

Regional Director Bush has put out the following order, No. 125:

"Our attention has been called to the improper billing of shippers' order shipments. Some shippers are sending grain, lumber and other commodities to the principal markets to 'shipper's order,' without sufficient information as to the person at point of destination who may be notified. This is clearly at variance with rule 38 of the Western Classification, which reads as follows:

The issuing of bills of lading for shipments consigned "to order" will not be permitted unless with name of the person, firm or corporation to whose order the shipment is consigned is plainly shown after the words "to order," and issuing bills of lading for freight consigned to shippers' order at one point, notifying consignee at another point will not be permitted except where consignees are located at prepay stations or interior points, in which case freight must be consigned to an open station to be designated by shipper.

"This rule will apply on all shipments, whether or not the tariffs covering such shipments are subject to the Western Classification. Please be governed accordingly."

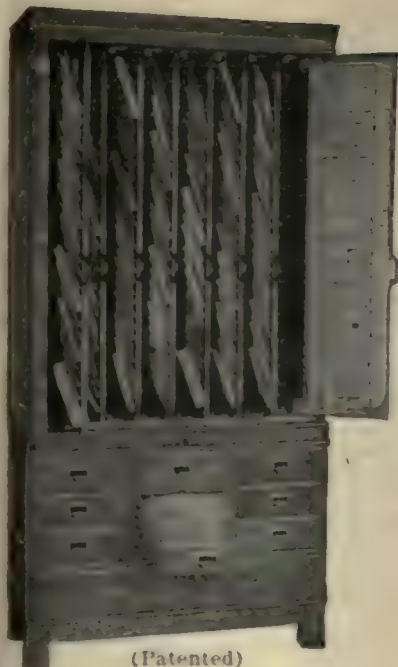
McADOO'S THANKSGIVING MESSAGE.

The following message was sent November 26 by Director-General McAdoo to all regional directors: "In view of the unusual significance of Thanksgiving Day this year, 1918, and of the extraordinary reasons why the American people should give thanks to Almighty God for the unusual blessing we have received, please direct that all work not absolutely necessary on government-controlled railroads be suspended on Thanksgiving Day."

SHOWING EX-CAR NUMBERS.

B. F. Bush, regional director, has issued the following order:

"There is considerable delay to equipment at various points, due to the slow accomplishment of bills of lading and settlement of freight charges on account of failure to show ex-car numbers when cars are transferred en route. To avoid such delays, please instruct all concerned that ex-car numbers must be shown on waybills when shipments are transferred, to permit of prompt matching up of bills of lading at destination."



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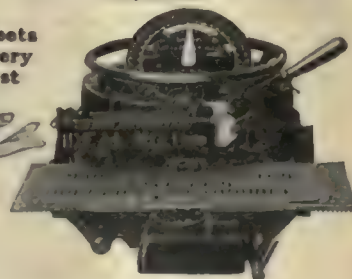
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DOCKET OF THE COMMISSION

Note.—Items in the Docket marked with an asterisk (*) are new, having been added since the last issue of The Traffic World. Cancellations and postponements announced too late to show the change in this Docket will be noted elsewhere.

- December 3—New York, N. Y.—Examiner Burnside:
10240—Geo. C. Holt and Benj. B. Odell, as receivers of the Aetna Explosive Co., Inc., vs. L. & N. R. R. et al.
- December 3—Chicago, Ill.—Examiner Burbank:
9296—Cornwell Wood Products Co. vs. A. T. & S. F. Ry. Co. et al.
10022—Cornell Wood Products Co. vs. A. A. R. R. Co. et al.
- December 3—New Orleans, La.—Examiner Spethman:
10034, Sub. No. 1—Gulf & Val. Cotton Oil Co., Ltd., vs. M. L. & T. R. R. & S. S. Co. et al.
10034, Sub. No. 2—Gulf & Val. Cotton Oil Co., Ltd., vs. T. & P. Ry. Co. et al.
10154—Pine Plume Lumber Co. vs. Alcolu R. R. Co. et al.
- December 4—Spokane, Wash.—Examiner Mackley:
9998—Ryan & Newton Co. et al. vs. F. E. C. Ry. Co. et al.
9700—The Holt Mfg. Co. vs. Nor. Pac. Co. et al.
10088—Tull & Gibbs, Inc., vs. N. & W. Ry. Co. et al.
10175—Northport Smelting & Refining Co. vs. Great Northern Ry. Co.
- December 4—New Orleans, La.—Examiner Pattison:
10214—New Orleans, Natabany & Natchez Ry. Co. vs. Ill. Cent. R. R. Co.
- December 4—New York, N. Y.—Examiner Burnside:
10092—Geo. C. Holt and Benj. B. Odell, receivers of Aetna Explosives Co., vs. P. C. C. & St. L. R. R. Co.
- December 4—Kansas City, Mo.—Examiner Money:
10077—Dewey Portland Cement Co. vs. A. T. & S. F. Ry. Co. et al.
- December 4—Chicago, Ill.—Examiner Burbank:
10243—Otto H. Hedrich & Co. vs. P. C. C. & St. L. R. R. Co.
10083—Whitewater Lumber Co. vs. Alabama Central Ry. et al.
10255—J. D. Hollingshead Co. vs. W. G. McAdoo, Director-General R. R. et al.
- December 4—Birmingham, Ala.—Examiner Trezise:
10123—Watters Tonge Lbr. Co. vs. L. & N. R. R. Co. et al.
10156—Henry G. Brabstone, doing business as Henry G. Brabstone & Co., vs. A. G. S. R. R. Co. et al.
10052—The Beaven-Jackson Lbr. and Veneer Co. vs. B. & M. R. R. et al.
- December 4—Argument at Washington, D. C.:
9798—Portsmouth Assn. of Commerce vs. S. A. L. Ry. Co. et al.
9933—Roland Lbr. Co. et al. vs. S. A. L. Ry. Co. et al.
- December 5—Argument at Washington, D. C.:
10019—Mont. Oil Co. et al. vs. A. T. & S. F. Ry. Co. et al.
- December 5—Dallas, Tex.—Examiner Graham:
10104—Clark & Boice Lbr. Co. vs. Jefferson & N. W. Ry. Co. et al.
10181—Dallas Cooperage and Woodenware Co. vs. Ark. & Gulf R. R. et al.
- December 5—Kansas City, Mo.—Examiner Gerry:
10135—Ash Grove Lime and Portland Cement Co. vs. A. T. & S. F. Ry. Co. et al.
I. & S. 1147—Potatoes from Kansas points.
- December 5—New York, N. Y.—Examiner Burnside:
5265—L. Werthrim Coal & Coke Co. vs. L. V. R. R. Co.
- December 6—Kansas City, Mo.—Examiner Money:
10112—Phoenix Marble Co. vs. K. C. C. & S. Ry. Co. et al.
10062—Badger Lumber Co. et al. vs. A. T. & S. F. Ry. Co. et al.
Fifteenth Section Application No. 2065.
- December 6—Memphis, Tenn.—Examiner Pattison:
10093—Memphis Merchants' Exchange et al. vs. A. T. & S. F. Ry. Co. et al.
10091—Memphis Merchants' Exchange et al. vs. Ark. & La. Mid. Ry. Co. et al.
- December 7—Seattle, Wash.—Examiner Mackley:
9295—The Atlas Lumber Co. vs. Pennsylvania Co.
- December 7—Ft. Worth, Tex.—Examiner Graham:
10125—Ft. Worth Freight Bureau vs. C. R. I. & P. Ry. Co. et al.
- December 7—Chattanooga, Tenn.—Examiner Trezise:
10165—Dixie Portland Cement Co. vs. N. C. & St. L. Ry. et al.
Portions of following 4th section applications by which carriers named as parties thereto seek authority to continue to charge for the transportation of Portland cement from Richard City, Tenn., to Lake Charles, La., rates which are lower than the rates contemporaneously maintained on like and to intermediate points: 458—N. C. & St. L. Ry.; 488—M. L. & T. R. R. & S. S. Co. and L. W. R. R. Co.; 542—A. G. S. R. R.; 601—N. O. & N. E. R. R. Co.
10199—The Broch Candy Co. vs. A. G. S. R. R. Co. et al.
- December 7—Milwaukee, Wis.—Examiner Burbank:
10222—H. W. Johns-Manville Co. vs. C. M. & St. P. Ry. Co. et al.
- December 9—Peoria, Ill.—Examiner Bell:
8347—Peoria Board of Trade vs. A. T. & S. F. Ry. Co. et al.
- December 9—Louisville, Ky.—Examiner Pattison:
* 10247—Southern Hardwood Assn. et al. vs. McAdoo et al.

MINOR COMMISSION ORDERS.

The Commission has reopened for further hearing Docket No. 7187, Buffalo Chamber of Commerce et al. vs. Buffalo Creek Railroad Co. et al., and No. 7197, Same vs. B. & O. et al. The reopened hearing will be with respect to and for consideration of the rates, transit services, rules, regulations and charges proposed by the railroads

in compliance with the orders of the Commission in these cases.

The Commission has further postponed the operative date of its order in No. 7865, Chamber of Commerce of Johnson City, Tenn., vs. Southern Ry. et al., from December 15 to February 15.

An order of discontinuance has been entered in I. and S. order No. 909, Transcontinental case, because the carriers have canceled the suspended tariffs.

The Commission has vacated the proceedings had on the reopened No. 9236, Oriental Textile Mills vs. A. & V. Ry. et al., and fifteenth section application No. 4560, Pressed Cloth From Texas Points, because the fifteenth section application, under the orders of the Director-General, has been withdrawn.

EFFICIENCY FROM CONSOLIDATION

The Railroad Administration puts out the following press "story," accompanied by a photograph:

"Since the merging of the express companies, solid trains of express are becoming very frequent. The accompanying photograph shows one of the largest straight express trains sent out of Kansas City in August. It is made up of 15 cars of refrigerated fruit destined to eastern points. This is one example of the saving of manpower and equipment brought about by the consolidation. One engine, one train crew, and one express employe are used for this train, whereas formerly, with this business divided up between three or four companies, this manpower and equipment would have been doubled, if not trebled."

STATISTICS OF RAILWAYS

The Commission announces that the printing of the twenty-ninth annual report on the statistics of railways in the United States for the year ended June 30, 1916, which circumstances have unavoidably delayed, has just been completed; but it is impracticable for the Commission to make a general free distribution of this report. Copies of the report may be purchased from the Superintendent of Documents, Government Printing Office, Washington, D. C. This 1916 report of 755 pages (9x11½ inches) is similar to the corresponding report for 1915, with the omission of details for individual roads of outstanding capitalization and of investment in securities, etc., and with fewer details for steam railway companies of Class III and for switching and terminal companies.

REFRIGERATION CASE.

A petition to reopen the refrigeration case (I. C. C. Docket 7969) is being prepared by counsel for the National Poultry, Butter and Egg Association. The association has requested all interveners not to agree to dismiss the complaint, and a number of those who were identified with the case have agreed to stick until the matter is finally disposed of.

It is the opinion of the attorneys who have followed the matter closely that the Commission erred in its recent decision, which reversed its previous finding and order. Analysis of the cost figures and exhibits put in by the carriers when the case was reopened by the Commission some time ago, it is stated, showed that errors were made which attorneys believe misled the Commission.

GRAIN EMBARGO PRIMARY MARKETS.

Hale Holden, regional director, in Supplement No. 5 to Circular No. 161, says: "With reference to Supplement No. 4, dated Nov. 18, 1918, naming kinds of grain to be included under the permit system, among which is corn: It has been deemed advisable to exclude corn on the cob. Please notify all concerned that the permit system does not apply to this commodity."

FACILITIES TO FREIGHT FORWARDERS.

Regional Director Smith, in one of his circulars, says: "There is a practice, more or less general, of so-called forwarding companies consolidating less-than-carload shipments and forwarding as carloads in name of one shipper, consigned to one consignee and one destination; also distributing from such cars in small lots. In the receipt and delivery of such traffic the carriers must not furnish labor nor permit the use of their facilities to a greater extent than for other traffic. Any tariffs now at variance with these instructions should be amended through regularly authorized procedure."

THE TRAFFIC WORLD

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ARE THE WIRES CROSSED?

President Wilson, in his address to Congress, said he took over control of the cables at the advice of the most experienced cable officials. The same day Postmaster-General Burleson fired Edward Reynolds, vice-president and general manager of the Postal Telegraph and Cable Company, and A. B. Richards, general superintendent of the company's Pacific coast division. We wonder if, by any mischance, Mr. Burleson has happened to dismiss the men who advised the President.

PASSES FOR STATE OFFICIALS

And now we are told that the Railroad Administration has decided that the New Jersey law requiring railroads in that state to give passes to certain office holders is of no effect while the roads are under federal control. We are certainly opposed to any such vicious law and heartily in favor of making the governor, the members of the legislature, the judges, and other officials walk or pay their fare, and we have expressed ourselves to that effect many times. But we fail to understand how the Railroad Administration, especially now that the war is over, may nullify a state statute. The foolishness or viciousness of the statute has nothing to do with the power of the Railroad Administration with respect to it.

WHY CONGRESS SITS IDLE

What a pity it is that under our system of government—or, rather, under the practice of our form of government—nothing of moment is likely to be done in Congress with regard to the railroad problem until after the fourth of next March—merely because, on that date, the majority becomes Repub-

lican instead of Democratic and the personnel of the committees will change. It would seem that even in spite of the practice that has prevailed, if members of the House and Senate could really understand the importance of action on this question, some means might be devised by which the time between now and March 4 might not be wasted, especially in view of the fact that the railroad problem is not a political question. It is simply a business matter that needs settling. Why would it not be possible, for instance, to reach an informal working agreement as to which of the present members of the House and Senate committees would remain on the new committees (this might include all the present Republican members, for instance) and let them go ahead with the necessary study and investigation, the new members picking up the work as soon as they are appointed? Or why not let the old Newlands joint committee resume work on some such basis? Doubtless any such plan would appear foolish to the gentlemen who represent us in Congress—because it is businesslike. We have here a pressing problem to be settled—none is more pressing. And yet, because of cumbersome political parliamentary methods, we must wait, so far as Congress is concerned, until next March before we begin to work at it! Of course, merely to state the fact is to show how silly it is—but what are we going to do about it?

NEED FOR A DEFINITE POLICY

Whatever else may be said of President Wilson's remarks concerning the railroads in his address to Congress December 2, or of his motives in the matter, he certainly states the problem clearly. As he puts it, we can simply release the roads and go back to the old conditions of private management; we can go to the opposite extreme and establish government ownership or complete government control; or we can "adopt an intermediate course of modified private control under a more unified and affirmative public regulation and under such alterations of the law as will permit wasteful competition to be avoided and a considerable degree of unification of administration to be effected." Perhaps the President makes his latter alternative include too much, but in the main he has well stated the question. It is about the way most persons who are familiar with the subject would state it. We would say also that most disinterested persons competent to express an opinion are in favor of some such form of settlement as is contemplated by this second alternative. The practical problem, then, is how to bring it about.

The first thing, of course, is to form a concrete plan on which all who favor the general principles

involved can and will unite. That is simply a matter of practical procedure. Nothing constructive is involved in a plan for permitting the roads to revert to their owners. They would simply revert and the owners would do the worrying. Neither is there much that is constructive involved in a plan for government ownership or control. Once the principle is admitted as desirable the details would follow in solution as a matter of course. But with the intermediate or compromise plan the thing is different. There are many ideas as to just what such a plan should contemplate and how it should be worked out. The danger is that in failure to unite on a definite program the supporters of either government ownership or simple return of the roads to their owners will have their way.

We do not believe that, unless it is brought about by a fluke, so to speak, the country will adopt a policy of simple return of the roads. Both those who favor government ownership or control and those who favor the intermediate course are too much opposed to that and few are advocating it, even among the railroads themselves. But as to government ownership, the case is different. It is a real danger. One may read every day in the daily press interviews with bankers and men of affairs more or less favorable to such a settlement of the problem and editorials in those same newspapers more or less sympathetic in tone. They emphasize the peril. It will not do for those who scoff at government ownership to rest secure in the belief that the country will never be guilty of such a foolish policy. Complacency has wrecked more than one cause and there are indications that the fear is far from baseless that the country may conclude permanently to adopt some form of the paternalism left on its doorstep by the war. The newspaper discussions we have been reading, while perhaps they are not from deep students of the question, are, nevertheless, from intelligent, thinking men, even better than typical of the average citizen.

This, then, is the danger—that the public will become committed to the government ownership idea before its opponents see the peril and offer a definite, concrete substitute for the policy they think vicious.

Aside from the motives of those persons to whose financial interest it might be to unload the railroads on the government at a good price, and those of the demagogues who may seek to lift themselves into prominence or office by the exploitation of such doctrines, there is a real sentiment in favor of public ownership by disinterested persons who have only the good of the country at heart. They are deceived by the sophistry of the argument that only through government ownership or government operation somewhat similar to what we have been ex-

periencing, can the admitted evils of the former system be cured and the demonstrated benefits of war operation be retained. We ignore, for the purposes of this discussion, the doctrinaires who believe in government ownership as a political principle—the state socialists. The arguments for it and against it are well known and old as the hills and those who believe in it would not be moved by a statement of what most practical persons who have studied the railroad problem believe—that adequate service can be obtained only by maintaining competition. They do not believe in competition.

Assuming, then, that competition is the principle that should be maintained, the problem is simply whether it can be maintained without sacrificing the advantages we all would like to see preserved, or must be sacrificed in order to obtain these advantages. They are: Proper compensation to the railroads for the service they perform in order that they may not fail to discharge their functions through sheer lack of ability; assurance against juggling of railroad finance; efficient use of facilities through pooling of cars, open terminals and the like; and a healthy, enthusiastic desire on the part of the carriers to carry the business of the country for the benefit of that business as well as for their own legitimate profit. What is there among these things that cannot be accomplished under private ownership, properly regulated? It is true, of course, that the government ownership doctrinaires argue—and with much show of reason—that anything approaching perfect efficiency and absolute lack of waste can be achieved only through government operation; but that is true only in theory, and, so far as it is true at all, it applies as well to churches and stores and factories as to railroads or other public utilities. There must be some waste under a system of competition, but that is the price we must pay for adequate service, which is possible only under a competitive system.

Government ownership, with its bureaucratic rules, its red tape, its lack of motive for giving a man his money's worth, never did and never will afford adequate service, and the waste resulting from political administration probably would tot up respectably beside figures showing waste under any system of competition short of insanity.

The business, then, of all who see in this problem something that must be settled soon and settled right, is to think deeply, and of those who see danger in the situation to set about it to frame a constructive program. The problems are not as serious as some would have us believe. In the first place, the railroads were not altogether ready for the scrap heap when the war came and they were

(Continued on page 1121)

Current Topics in Washington



Our State of Unreadiness.—That one is seldom ready even for the expected is illustrated by the state of mind of those who are intimately concerned in the problem for which the President told Congress he had no answer ready. No one was ready for the expected political overturn that took place November 5. No one is prepared for a termination of the era of federal control of railroads. No one is ready with a solution for the question as to whether the government or the railroad is to pay the higher cost of

things chargeable to capital account. In an easy way of speaking, nearly everybody is waiting for somebody to start something. If and when the Republican members of the House and Senate interstate commerce committees are able to agree on a program for legislation, either now or after March 4, then, it is believed, the organization of opposition may be expected. Agreement on anything will be the starting of something. But there is an inclination among the members of the present minority to bow to the majority and suggest that the duty of finding a way out rests on the party now in control. The party in control, however, by indirection at least, suggests that there will be no opportunity in which to do anything constructive in the weeks between now and March 4. In other words, while it has been known since September that the German military machine probably would collapse before Christmas, not one of the men on the public's pay roll was forehanded enough to get ready for the post-bellum problem of easing the railroads from the level of war prices to peace prices and conditions. This unreadiness is part of the cost the American people pay for their adherence to the irresponsible government or rigid cabinet system. That system invites deliberation between voting at the polls and voting in the halls of legislation. Under the English or French systems, the party voted into power November 5 would already be in the saddle and there would be no question as to whose shoulders bear the burden of going forward with a program for reconstructive legislation. The leader in a responsible government would not have dared say, as did the President, that he had no answer ready for the railroad question.

Shippers Are Not Ready Either.—The throwing of rocks at the public servants because they have not been forward-looking enough to be prepared for the change from war to peace might be called off for a minute or two, however, while the shippers, who pay the bills, explain why they have not combined in one committee or body to prepare definite plans for return to private operation under government regulation. A crying need now, nearly everybody admits, is a central body to represent those who are generally designated as shippers. The National Industrial Traffic League comes nearer than any other body to being what its name implies. That it does not include everybody is not the fault of its officers. They have tried to persuade every traffic man and every shipper to become a member and express ideas that would help the public servants in dealing with subjects like this. The lumber industry, which furnishes a huge tonnage, is represented in the Traffic League, but not actively. That is its own fault. The fact, however, is the essential thing. That industry's traffic men have taken no striking part in the discussions. Their employers probably have not felt any necessity for concerted action. Yet they have been complaining of either poor or indifferent business for five years, with a few blight spots caused by war demand. Present rates, if long continued, will tend to extinguish the lumber industry. It cannot pay them and get its products to market in competition with stone, brick and cement as substitutes for buildings, or with steel, as a substitute for freight cars, or, in fact, anything else. Only exceptional mills will be able to do business under the prevailing rates. While there is much talk about reconstruction in devastated Europe, the fact is that unless

American prices come down, Europe probably will be able to supply itself with materials without asking for anything from America. European soldiers, like Americans, are turning from destruction to production, and, in the final analysis, trade currents will flow in obedience to trade prices, and not in accordance with animosities created by the war. That is why it is so necessary for shippers to get together and say right away what legislation is needed to fix up the transportation machine.

Reason for Delay in Congress.—If the hands of the legislative clock could be turned back to March 14, 1910, the task of finding the answer that has eluded the President would be greatly simplified. Under the rules then in effect James R. Mann, as prospective speaker of the House of Representatives, would be making up the House committee on interstate and foreign commerce. He was chairman of that body when his party, by factionalism, in which Senator Norris of Nebraska was a leader, discarded the rules that had governed the House for more than a century. He knows who would be suitable members. Those rules centralized authority in the speaker. They made him the responsible head of one branch of the legislative branch of the government. He picked the committees. He decided what they should do and what they should not do. That was why the rules became offensive. The fact that no speaker could remain in office for a minute against the will of the majority of his own party, not to mention the minority, plus a small fraction of the major party, was overlooked. Only the autocratic powers which the leader of the majority of the major party could wield were kept in mind. Mann may be considering what men would be best on the important committees, but if he is he can consider their qualifications only with a view to recommending their selection by a committee for membership. He cannot appoint and then invite the majority to throw out his selections should any be unfit. The majority must select the committeemen. Length of service, regardless of fitness, and a pleasing personality, rather than industry, are the factors tending to make the selections. Russia seems to be operating on the theory that the way to run anything and everything is to appoint a committee, but by no means put on one man any responsibility for anything, no matter how comparatively small it may be. The House, when it revolted against the rules that made the speaker the responsible head of half the law-making power, deprived itself of the benefit of a responsible organization, composed of the speaker and chairmen of committees selected by him, and became a body of 435 men, each equally responsible, and therefore largely ineffectual, either in picking good men for committeeships or anything else. That is the situation now with regard to the places on the interstate commerce committee, to be filled by the votes of about 245 members, not more than two dozen of whom have any idea of the qualifications of those seeking membership, because they themselves have none. The men so selected are to find the President's missing answer.

Present Membership of Committees.—The elections and death played havoc with the personnel of the two interstate commerce committees. One of the inevitable results, when a change takes place in the political control of Congress, is to switch the preponderance of units on the committees from one party to the other. The Senate committee is now composed of ten Democrats and seven Republicans. After March 4, the proportions will probably be reversed, though it is possible that the division will be nine Republicans and eight Democrats, because the Republicans hold control of the Senate by only two votes. By death the Democrats lost one of their eleven members and by elections three more go out. Death took Oille M. James of Kentucky and the fortunes of election day bowed over Senators Saulsbury of Delaware, Thompson of Kansas, and Lewis of Illinois. The seven Republican members all retain their seats. It will be necessary, therefore, for the Republican conference to select either two or four additional members—two if the committee is divided nine and eight, and four if the division is eleven and seven. In the House committee the division is twelve Democrats and nine Republicans, in a House almost equally divided. In the next House the Republicans will have a margin of forty-odd. The committee composition, therefore, is likely to be thirteen Republicans and eight Democrats, if not

fourteen Republicans and seven Democrats. Four of the present Democratic members—Stephens of Nebraska, Decker of Missouri, Dale of New York, and Snook of Ohio—are out of office. Two Republicans—Richard Wayne Parker of New Jersey and Charles H. Dillon of South Dakota—are out. The Democratic membership, therefore, may be left as it is. The Republican conference, however, will have to choose at least six additional members and possibly seven. The choosing of them by a conference instead of by a speaker, so well qualified as James R. Mann, is what raises the question as to whether the committee personnel will be the equal, in industry and ability, of one chosen by a speaker of ability.

As to Railroad Administration Extravagance.—There is not now the sharpness of thought in favor of an investigation of the supposed extravagance of the Railroad Administration that manifested itself immediately after election. This abatement in the idea that some good might come from an exposure of alleged reckless spending of the nation's money during the period of federal control is believed to be the effect of a conviction that the problem to be handled is too serious to permit the use of much time to show that somebody might have been foolish. Time used for that purpose might be used in framing legislation that would be a real help at a period when help is most needed. It is submitted, by many of those who once thought a general investigation would be a good thing, that it would be of no help to have it developed, on hearing, for instance, that W. S. Carter, chief of the division of labor in the Railroad Administration, had been receiving a salary of \$25,000 a year, while cabinet officers and interstate commerce commissioners, not to mention justices of the Supreme Court of the United States, have been paid less than half that sum. Nor would it show how the railroads are to get along under wage scales giving crossing watchmen \$100 a month to have it appear, for instance, that Regional Director Smith had been receiving \$50,000 a year, if he is one of the regional directors who has been collecting the sum that for so many years was the salary of the President of the United States, while, for instance, Regional Director Bush was receiving only \$40,000 a year, if that happens to be the sum that has been taken out of the revolving fund for his benefit. Legislation, not investigation, is believed to be the thing needed.

A. E. H.

AMERICAN MERCHANT MARINE

Philadelphia, Pa.—A nation-wide campaign has been launched by the Philadelphia Bourse in an effort to bring about a privately owned or operated merchant marine through the enactment of measures which will enable it to compete with the ships of foreign nations when the latter are free to ply the seas at will.

Following closely the announcement by Secretary of the Navy Daniels that the government intended to operate the ships that will engage in foreign trade, the Bourse has appealed to every member of the House and Senate, directors of the Chamber of Commerce of the United States, practically every commercial organization in the country, as well as big business men, to give the future of this country's newly developed merchant marine their immediate consideration.

The Bourse has always opposed the principle of government ownership and in the resolutions which it is disseminating it reaffirms this opposition. Its action at this time, however, is not predicated solely on Secretary Daniels's announcement. The resolutions were adopted by the Bourse directors after considerable correspondence with Chairman Edward N. Hurley, of the United States Shipping Board, and Secretary of Commerce Redfield, relative to what steps, if any, were being taken by the government regarding the post-bellum operation of American ships.

"One of the most important subjects which to-day concerns every citizen of the United States is the upbuilding of an American merchant marine," declared the Bourse appeal to the commercial organizations and business interests of the country. "By this we mean not simply a large fleet of cargo and passenger carriers flying the Stars and Stripes, but the successful operation of that fleet in foreign trade in competition with the merchant fleets of other nations.

"Legislation to overcome our handicap is imperatively needed if the vessels now built and building are to remain under our flag and be operated successfully from a business standpoint."

The resolutions of the Bourse directors, which are thus being brought to the attention of the country, read as follows:

"Resolved, That the board of directors of the Philadelphia Bourse reaffirms its previous action with respect to the upbuilding of a merchant marine under the United States flag.

"We advocate a merchant marine privately owned or operated, believing that government operation would effectually put an end to all private ownership and operation of vessels under the American flag, would remove the healthy competition that would exist as between such private owners, and would not be as economical or as successful from a business standpoint.

"We believe that government owned ships should be chartered to provide operators at such rates as will place them on equal terms for operation as similar ships under foreign flags.

"We believe that private owners of vessels under the United States flag should be paid by the government such sums as shall be found by proper governmental agencies to be the excess cost of maintenance and operation of such vessels over the cost of maintaining and operating similar vessels under the flag of our closest competitor.

"We believe in the encouragement of American officers and seamen to man the vessels of the merchant marine fleet, and to this end suggest that the present laws be so modified as to provide that all officers must be citizens of the United States or have declared their intention to become citizens and that at least one-fourth of the crew on each vessel shall have the same qualification, the balance of the crew to be employed by the owner where he pleases and under such terms as he can arrange.

"We believe that all materials, supplies and parts used in the construction and maintenance of American ships should, if purchased abroad, be admitted to the United States at such rate of duty as will place American shipyards in this respect in fair competition with the shipyards of foreign nations.

"We believe that when any foreign nation provides a subsidy in any form to the owners of its merchant ships which places owners of American built ships at a disadvantage the government of the United States should provide similar subsidy to the American owners.

"We urge the repeal of all navigation and seamen's laws now on our statute books, and all regulations made in consequence of the same, which tend to place upon the construction, maintenance and operation of American built vessels in the overseas trade a handicap which prevents their competing on a basis of equality with vessels under any foreign flag; and we urge coincidentally with such repeal there should be enacted a general revised and comprehensive law, having for its object the encouragement of a privately owned and operated American merchant marine, such law to be at least as favorable to American ships and shipowners as the laws governing our strongest competitor in the ocean-carrying trade.

"We believe that, so far as possible, the navigation and seamen's laws of the various maritime nations should be harmonized and made uniform, and to this end suggest that an international conference be called by the President to meet at an early date in the United States, at which ship-owners, ship-operators and seamen of the several maritime nations shall be represented, to consider these laws, and to agree upon such changes or revisions or new laws as may be deemed necessary, the same to be submitted to the governments of the several nations for ratification."

RATES FOR SOLDIERS.

Instructions have been issued by Director-General McAdoo to furnish discharged soldiers and sailors, traveling to their points of enlistment, with so-called military meals at the special rate of 75 cents as granted to men in the service under an arrangement made with the several military departments some time ago. Special reduced fares accorded discharged soldiers and sailors are on the basis of two-thirds of the normal coach fare applying via route traveled, or two cents per mile, except that the rate per mile would, of course, be higher in those states where the basic fare is more than three cents a mile.



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Decisions of Interstate Commerce Commission

DELIVERY FACILITIES WITHDRAWN

The withdrawal of the facilities of the Keystone Elevator and Warehouse Company at North Philadelphia as a delivery point for hay and straw has been justified by the Pennsylvania Railroad Company, which made the proposal. The Commission has therefore vacated its suspension order in I and S. No. 1159, Philadelphia Hay and Straw Deliveries, and discontinued the proceeding, opinion No. 5441, 51 I. C. C., 324-5, as of Dec. 5, 1918.

CHARGE FOR INSULATED CAR

In a report on No. 10829, L. Starks Company vs. Chicago & Northwestern et al., opinion No. 5444, 51 I. C. C., 335-8, the Commission held that the charge of \$5 per car per trip for the use of refrigerator or other insulated equipment, loaded with potatoes at Wisconsin points, was legally applicable between April 15 and July 15, 1915, under Boyd's I. C. C. No. A-274, and between April 15 and Aug. 1, 1915, under Boyd's I. C. C. No. A-590, but not applicable between those periods, respectively, and Oct. 15, 1915. The complaint, therefore, has been dismissed. The case turned wholly on interpretations of the various tariffs filed by carriers in 1915 in an effort to impose the \$5 charge for furnishing a refrigerator or other insulated car, in addition to the line-haul rates.

McADOO NOT A PARTY

A failure on the part of the complainant, in No. 9773, A. A. Smith Cotton Product Co. vs. L. & N. et al., 51 I. C. C. 311-2, to make Director-General McAdoo a defendant made it impossible for the Commission in that complaint to issue an order requiring reparation, after finding a return of money to be due. The reparation due is on a movement of twenty-five bales of uncompressed cotton from New Orleans to Sweetwater, Tenn., on which the carriers collected a class rate of \$1.14. At the same time a commodity rate of 50 cents was in effect to more distant points and the sum of the intermediate rates was also less than the class rate imposed. Notwithstanding the two kinds of violation of the fourth section the Commission was powerless to order reparation because the complainant had failed to write a formal letter asking that Mr. McAdoo be made a party to the litigation.

DEFECT IN PLEADINGS

The Commission has dismissed, because of a defect in the pleadings, No. 9480, Jones & Dunn vs. St. L., I. M. & S. et al., opinion No. 5445, 51 I. C. C., 339-44, in which it was alleged that rates on hardwood lumber from Jennie, Ark., to Thebes, Ill., and points beyond in Central Freight Association territory were unreasonable, unjustly discriminatory and unduly prejudicial. The tentative report of the examiner recommended a finding that, while the rates assailed had not been shown to be unreasonable, they

were unduly prejudicial to Jennie to the extent that they exceed or may exceed the rates contemporaneously maintained from Dermott and Blissville to Thebes. It was further recommended that the present system of rates be condemned, because the rates on hardwood lumber from Jennie to points in C. F. A. are higher than the combination based on Arkansas milling points. He further recommended that the defendants should be required to maintain from Jennie rates on hardwood lumber not in excess of the sums of the contemporaneously maintained net rates on logs and rough lumber to other Arkansas points plus the rates on the products beyond, to destinations in Central Freight Association territory. In his report on the examiner's recommendation, Commissioner Hall pointed out that the complainants had neglected to make the Director-General a party to the case, wherefore the rates in effect could not be considered on the pleading.

FOURTH SECTION AUTHORITY

CASE 9229 (51 I. C. C., 356-363)
J. R. JOHNSTON VS. ATCHISON, TOPEKA & SANTA
FE RAILWAY COMPANY ET AL.

PORTIONS OF FOURTH SECTION APPLICATIONS
NOS. 461, 630, 796, 799 AND 2659.

Submitted May 31, 1917. Opinion No. 5448.

1. Rates on hides, wool and tallow, in less than carloads, from certain points in Oklahoma and Texas to Wichita, Kan., not shown unjustly discriminatory, unduly prejudicial or unreasonable, except in cases where the through rates exceeded the aggregates of the intermediate rates contemporaneously in effect over the routes of movement. In such cases reparation awarded.
2. Rates on hides, wool and tallow, in less than carloads, from certain points on St. Louis-San Francisco Railway in Oklahoma to Wichita found unreasonable to the extent that they exceeded the rates formerly in effect. Reparation awarded.
3. Authority granted the Chicago, Rock Island & Pacific Railway Company under the fourth section of the act to maintain rates on the commodities mentioned from Ardmore, Okla., to Wichita the same as those contemporaneously in effect over the direct line of the Atchison, Topeka & Santa Fe Railway, and to maintain higher rates from intermediate points east and south of Stuart, Okla., subject to certain conditions. Other fourth section relief denied.

BY THE COMMISSION:

The complainant herein, engaged in the hide, wool and tallow business at Wichita, Kan., alleges, by complaint seasonably filed, that the rates charged by the defendants on various less-than-carload shipments of hides, wool and tallow from certain points in Oklahoma and Texas to Wichita were and are unreasonable, unjustly discriminatory, unduly prejudicial and in violation of the fourth section of the act. Reparation and the establishment of reasonable and non-prejudicial rates are asked. The Wichita Traffic Bureau, a voluntary association of receivers and shippers of freight at Wichita, intervened Nov. 21, 1916, on behalf of James C. Smith, W. H. Richards and H. L. Page, co-partners, engaged in the hide

business at Wichita under the firm name of J. C. Smith Hide Company, and asks reparation on similar shipments within the statutory period. Rates are stated in amounts per 100 pounds.

The complainant and interveners, hereinafter termed complainants, shipped in less than carloads from points in Oklahoma and northern Texas to Wichita and thence in carloads, except that dry hides move principally or entirely in less than carloads. Apparently upward of 90 per cent of their total inbound tonnage is green salted hides. The Western Classification, which governs, rates dry hides, wool, green salted hides and tallow, in less than carloads, first, second, third and fourth class, respectively. For many years two scales of class rates have been published between points in Oklahoma and Kansas, respectively, one known as the standard distance scale and the other as the jobbers' distance scale. The latter is applicable on the first five classes and class A, from specified jobbing points in each state to all points in the other. On traffic to Kansas City, Mo., and Omaha, Neb., the rate applicable is either the class or commodity rate specifically named from origin to destination, or the combination of the rate under the one or the other of these distance scales from origin to Wichita and the rate beyond, whichever is the lowest. The record indicates that in some instances the defendants have refused to apply the jobbers' rates on shipments have refused to intermediate points not designated as jobbing points, contending that the rates apply only from intermediate points on the direct line. The intermediate provision of the tariff is not so limited, and where higher rates have been charged from points intermediate to a jobbing point on the same route the shipments have been overcharged. The defendants should promptly refund such overcharges, with interest.

The rates to Wichita are assailed on three grounds: (1) That the through rates from points in Texas and from some points in Oklahoma exceed the aggregate of the intermediate rates subject to the act; (2) that the rates from many points in Oklahoma are higher than the rates in the opposite direction; and (3) that the rates from certain Oklahoma points are the same as the rates to Kansas City and St. Joseph, Mo., farther distant points enjoying lower carload rates to St. Louis, Mo., Chicago, Ill., and other eastern markets.

The through rates from some of the non-jobbing points in Oklahoma and from certain points in Texas exceed the aggregates of the intermediate rates, composed of the standard rates to certain intermediate jobbing points in Oklahoma and the jobbers' rates beyond. These fourth section departures were covered by appropriate applications, which were heard with the complaint. The defendants admitted that in such cases the rates assailed were and are unreasonable and expressed willingness to make reparation on past shipments on basis of the aggregate of the intermediate rates contemporaneously in effect over the routes of movement. Those portions of the fourth section applications covering this adjustment will be denied.

Wichita is a jobbing point, and the jobbers' rates apply therefrom to all points in Oklahoma. Conversely, those rates apply from all jobbing and many intermediate points in Oklahoma to all Kansas points. The standard rates, which are materially higher for like distances, apply to or from points not designated as jobbing points that are not intermediate to points that are designated as jobbing points, and also to or from intermediate points when, owing to the decreased distances, such rates are lower than the rates to or from the more distant point than is designated as a jobbing point. The result is that in some cases the northbound, and in others the southbound, rates are the lower, while in still other cases the rates, jobbers' or standard, are the same in both directions.

The rates assailed are compared with lower-distance class rates prescribed by us in the Missouri River-Nbraska Cases, 40 I. C. C., 201; lower-distance class rates applying between points in Oklahoma and points in Texas, and lower intrastate rates between points in Oklahoma, but without evidence concerning the movement of other conditions under which they apply. The jobbers' rates were established to enable jobbers of merchandise at points in Kansas and Oklahoma, who receive commodities in carloads and distribute in less than carloads, to compete in those states with jobbers and manufacturers lo-

cated at the Missouri River cities and other points. The complainants' witness admits that there is no southbound movement of hides, wool and tallow from Wichita and that as to these commodities the southbound jobbers' rates are paper rates.

It is testified that the complainants compete with dealers at Kansas City and St. Joseph, through which points the inbound less-than-carload rates from various points in southern Oklahoma and the carload rates outbound to St. Louis and Chicago are lower than the corresponding rates in and out of Wichita; but this is principally to the carload rates being lower from Kansas City to Wichita. The defendants show that from numerous other points in Oklahoma the less-than-carload rates to Wichita plus the carload rates out to St. Louis, Mo., and Chicago, Ill., are materially lower than the less-than-carload rates to Kansas City or St. Joseph plus the carload rates to the same destination. This appears to be particularly true of green hides and tallow. The rates on wool from certain points to St. Louis and Chicago are lower in and out of Kansas City than in and out of Wichita, while from certain other points the rates in and out of Wichita are the lower. Wool constitutes a very small percentage of the traffic affected. The difference between the complainants' business and that of a jobber at Wichita is that the complainants receive hides, wool and tallow in less than carloads and ship out in carloads while a jobber receives merchandise in carloads and distributes in less than carloads.

The outbound carload rates are not here in issue. But if they were, and if Wichita's disadvantage in some instances were to be conceded, still undue prejudice or disadvantage against a distributing point cannot be predicated merely upon the fact that the combination of inbound and outbound rates through that point exceeds the combination available through a competitive distributing point. *Wichita Wholesale Furniture Co. vs. A. T. & S. Ry. Co.*, 44 I. C. C., 339. Advantages of location, competitive conditions, the volume and flow of traffic, and numerous other considerations must be given due weight in determining the adjustment of rates in and out of different jobbing points. What was said with respect to distributing points applies equally to assembling points.

The complaint is not directed against the jobbers' rates. Nothing said herein should be taken as indicating approval of the use of two scales of class rates in the same territory, one, as its name implies, designed for the use of jobbing centers, and the other for points not so designated in the tariffs.

We find that the rates assailed are not shown to have been unjustly discriminatory or unduly prejudicial, but that, except as next hereinafter stated, they were unreasonable to the extent that they exceeded the aggregate of the intermediate rates subject to the act that were contemporaneously in effect over the respective routes of movement.

On Nov. 27, 1915, the St. Louis & San Francisco Railroad Company, now the St. Louis-San Francisco Railway Company, hereinafter referred to as the Frisco, canceled the application of the jobbers' class rates from all points on its line in Oklahoma, except Ada, Blackwell, Durant, Enid, Muskogee, Oklahoma City, Sapulpa, Tulsa and Wagon Wheel, to Wichita and other points in Kansas, and the standard rates applied until July 27, 1916, when the jobbers' scale of rates was restored. The jobbers' rates were again canceled on Oct. 24, 1916, and the standard rates applied until Nov. 24, 1916, when the jobbers' rates were again restored. These tariff changes resulted in increased rates from many points, while the standard rates only were in effect, and complainant made shipments from Cordell, Cement and Kiefer, Okla., upon which the higher standard rates were applied. The Frisco made no attempt to justify the increased rates which resulted from the cancellations of the jobbers' rates, and we find that the charges collected at the standard rates were unreasonable to the extent that they exceeded the charges which would have accrued on basis of the lower jobbers' rates theretofore in effect.

We further find that the complainant and interveners made shipments, and paid and bore the charges thereon, that they have been damaged to the extent that the charges paid exceed those that would have accrued at the rates herein found reasonable; and that they are entitled to reparation, with interest. The exact amount of repara-

tion due cannot be determined upon the present record, and the complainant and interveners should prepare statements showing the details of the shipments in accordance with rule V of the Rules of Practice, also specifying the date on which the charges were paid, which statements should be submitted to the defendants for verification. Upon receipt of statements so prepared and verified we will consider the entry of an order awarding reparation.

The defendants, with the exception of the Chicago, Rock Island & Pacific Railway Company, hereinafter referred to as the Rock Island, do not ask relief from the long-and-short-haul rule of the fourth section. The Rock Island asks authority to continue rates on the commodities mentioned from stations Ardmore to Olney, Okla., both inclusive, to Wichita; lower than the rates from intermediate points. The short-line distance from Ardmore to Wichita is 273 miles over the Atchison, Topeka & Santa Fe Railway, hereinafter called the Santa Fe. The distance over the Rock Island is 434 miles, or 159 per cent of the short-line distance. Jobbers' rates of 79 cents on dry hides, 67 cents on wool, 55 cents on green salted hides, and 47 cents cents on tallow, in less than carloads, apply from Ardmore to Wichita over both the Santa Fe and the Rock Island, and under the intermediate provision of the tariff these rates apply from stations on the Rock Island to and including Olney. The highest rated intermediate points are North Coalgate, Cairo and Pittsburg, Okla., 347 miles, 341 miles, and 323 miles, respectively, from Wichita, with rates to Wichita of 88 cents on dry hides, 80 cents on wool, 70 cents on green salted hides and 60 cents on tallow. These are the jobbers' rates applicable from Coalgate, Okla., 348 miles from Wichita. All other points on the Rock Island intermediate to Ardmore are accorded the jobbers' rates applicable from the next more distant jobbing point. The last intermediate point from which the Ardmore rate is exceeded is Waterworks Spur, near Calvin, 251 miles from Wichita, with rates of 83 cents, 72 cents, 59 cents, and 51 cents, on dry hides, wool, green salted hides and tallow, respectively, which are the jobbers' rates applicable from McAlester, Okla., for 292 miles.

Question has been raised as to our power to consider at this time applications filed by carriers for relief from the provisions of the fourth section of the act to regulate commerce. It is suggested that those provisions are inconsistent with the purpose of the federal control act of March 21, 1918, and the full exercise of power conferred thereby. That act expressly provides that rates initiated by the President "shall be reasonable and just." Under section 4 of the act to regulate commerce certain widely prevalent forms of unjust, unreasonable and unduly prejudicial charges are condemned and the burden is placed upon the carriers of showing that the situations apparently within the scope of the prohibition are in reality "special cases," justifying the exercise by us of a sound, legal discretion in authorizing departures from the general rules laid down. It is difficult to see how the enforcement of this section can interfere with a unified, co-ordinated national control, or in any wise hinder the prosecution of the war. As the situations covered by the fourth section can be reached by orders under the first three sections of the act to regulate commerce, the suggestion is equivalent to saying that we cannot do in form what it is lawful to do in substance. These applications were filed by the carriers in accordance with the provisions of the act to regulate commerce. During their pendency they extended a protection to those carriers in maintaining rates that would otherwise have been unlawful. The applications were not withdrawn by the Director-General when he assumed control of the railroads and he has obtained the benefit of whatever protection those applications may have afforded. In this connection it may be remarked that the Director-General sought and obtained from us fourth section relief as an incident to the rates, fares and charges initiated by him in his General Order No. 28.

The act to regulate commerce remains in full force and effect except in so far as it may be inconsistent with the provisions of the federal control act or other acts applicable to federal control or with any order of the President. There has been no order of the President in the exercise of his war powers declaring that the enforcement of section 4 interferes with the efficient operation

of railroads and systems of transportation under federal control. Clearly no such declaration is contained in the act itself and any contention to that effect must be based upon a process of deduction. As to this it is sufficient to say that had the Congress intended to change the effect of section 4 it must be presumed that language appropriate to that end would have been used as was done with the power of suspension under section 15.

Authority will be granted the Rock Island to maintain rates on hides, wool and tallow, in less than carloads, from Ardmore to Wichita the same as the rates contemporaneously in effect over the Santa Fe, and to maintain higher rates from intermediate points east and south of Stuart, Okla., provided that rates from intermediate points do not exceed the corresponding rates in effect for like distances via the direct route of the Santa Fe, that they do not exceed the lowest available combination of rates subject to the act, and do not exceed the present maximum rates from intermediate points so long as the rates from Ardmore are not increased.

No reason appears for the continuance of rates from points on the Rock Island, other than Ardmore, which are lower than the rates from intermediate points, and authority to continue said lower rates will be denied.

An appropriate order will be entered.

DANIELS, Chairman, concurring in part:

With the outcome of this decision as embodied in the order accompanying it I have no quarrel. I concur in the finding that reparation is proper, and also in the disposition of the fourth section applications.

It may, I think, be questioned whether the disposition of pending fourth section applications serves any purpose of immediate utility, when the carrier corporations, against which alone the orders run, are impotent, so long as they remain subject to federal control, to change the rates or relationships in question. But assuming that our order will at some indeterminate future date lay upon the carriers a mandate that must be obeyed, or assuming that our finding will be accepted by the Director-General as indicating an arrangement which should be made effective during federal control, I can see no objection to the current disposition of these pending applications.

In the deliverance contained in the report construing the federal control act, however, I desire to register my non-concurrence. The necessity for this construction of the federal control act in the pending case is not apparent to me. It appears to be pure dictum. Even if it were necessarily involved in a determination of this case, to which the Director-General is not a party, the benefit of argument thereon by a representative of the Director-General might appropriately be obtained before deciding a matter which purports to construe his power, as representative of the President, to initiate rates.

The report recites that—

A question has been raised as to our power to consider at this time applications filed by carriers for relief from the provisions of the fourth section of the act to regulate commerce.

This properly states, as I understand it, the question which may properly be determined in the decision. But the report continues:

It is suggested that those provisions are inconsistent with the purpose of the federal control act of March 21, 1918, and the full exercise of power conferred thereby. Etc.

This raises another collateral question, perfectly distinguishable from the question first mooted. Whether the Commission has the continuing authority now to consider and determine pending applications made prior to federal control, for relief from provisions of the fourth section of the act, is one thing. Whether the Director-General in initiating rates under section 10 of the federal control act is bound to observe the rules of the fourth section is a wholly different thing. Upon this latter question, we should have the benefit of argument by counsel, in a case where this issue is involved. I am unable to concur in what I regard as a premature determination thereof.

(The fourth section order is No. 7349.)

RATES ON POTATOES

CASE 10081 (51 I. C. C., 364-369)
RICE POTATO COMPANY VS. BALTIMORE & OHIO
RAILROAD COMPANY ET AL.

PORTIONS OF FOURTH SECTION APPLICATIONS NOS. 1853 AND 1877.

Submitted September 24, 1918. Opinion No. 5449.

1. Through rates on potatoes, in carloads, from Rice, Minn., to certain destinations, which exceeded and exceed the aggregate of intermediate rates contemporaneously maintained, found unreasonable and illegal.
2. Carload potato rates from Rice to certain destinations found unduly prejudicial to complainant and reparation awarded.
3. Fourth section relief denied.

BY THE COMMISSION:

This case was heard under a rule of procedure providing for service upon counsel for the parties of a proposed report prepared by the examiner, to which exceptions might be taken within twenty days from the date of service. The substance of the report proposed by the examiner is given in the following paragraphs:

Rice, Minn., is an important potato shipping point on the Northern Pacific Railway, 14 miles northwest of St. Cloud, Minn. Complainant, a corporation, with principal office at Foley, Minn., ships numerous carloads of potatoes from Rice to various points in Illinois, Missouri and Iowa, located in Western Trunk Line territory, and, to a lesser extent, to points in Indiana and Ohio, located in Central Freight Association territory. It is alleged that the potato rates from Rice to the various destinations are unreasonable, unduly discriminatory and prejudicial, because improperly adjusted as compared to rates to the same destinations from St. Cloud and Clear Lake, Minn., and other stations in what is commonly known as the Princeton-Cambridge group, hereafter referred to as the Princeton group. Specific departures from the aggregate-of-intermediates and the long-and-short-haul rules of the fourth section of the act are also set out in the complaint. We are asked to prescribe rates for the future no greater than 2 cents above rates contemporaneously maintained from points in the Princeton group and to award reparation to that basis on past shipments. Rates are expressed in cents per 100 pounds.

There were also assigned for hearing portions of Fourth Section Applications No. 1853 and 1877, by which the carriers named as parties thereto seek authority to continue to charge for the transportation of potatoes, in carloads, from Rice to points in Illinois, Iowa, Missouri, Ohio and Indiana, as specified in the complaint, rates which are higher than the rates contemporaneously maintained on like traffic to more distant points.

The Princeton group is wholly within Minnesota and is described as a triangular area embracing all territory lying between Groningen on the north, St. Cloud on the west, and St. Paul and Minneapolis on the south. Joint commodity rates are published from Rice to the points in Western Trunk Line territory, but not to the destinations in Central Freight Association territory.

Rice is not situated in a defined group. It practically abuts the Princeton group, being but 14 miles from St. Cloud. The following table shows the rates from Rice and from points in the Princeton group to various selected destinations, also the excess of the former over the latter:

To—	From Rice	From Princeton Group	Differ- ence
Chicago, Ill.	19.5	17	2.5
Springfield, Ill.	25.5	19	6.5
Alton, Ill.	26.5	20	6.5
Cairo, Ill.	29.5	24	5.5
Hannibal, Mo.	25.5	19	6.5
St. Louis, Mo.	26.5	20	6.5
Cedar Rapids, Iowa.	22.5	17	5.5
Indianapolis, Ind.	31.1	23.1	8
Dayton, Ohio	31.1	23.1	8
Columbus, Ohio	34.3	26.3	8

Rates from St. Cloud to Indianapolis, Dayton and Columbus are 2 cents higher than the rates shown from the Princeton group.

Complainant's main source of potatoes is the territory between Rice and Foley, the latter point being located on the Great Northern Railway about 15 miles north of St. Cloud. The Northern Pacific Railway serves many potato shipping stations in the Princeton group. The market

price on potatoes from the Princeton group is uniform and farmers supplying complainant at Rice demand the same figure as is paid by shippers in that group. With few exceptions carloads of potatoes are placed in the course of transportation before being sold, and in quoting prices complainant is compelled to meet the identical delivery price made by competitors at the group points. Complainant urges that it is therefore prejudiced and damaged at Rice by rates which exceed the Princeton group by more than 2 cents, which difference, it insists, is quite compensatory to defendants for the additional service performed. All shipments upon which reparation is claimed were sold on a delivered basis and the excess of complainant's rates over those of its competitors was and is absorbed in the margin of profit.

Complainant contends that potatoes should carry rates no higher than those on flour and cites rates on flour from Duluth, Minn., to Chicago and Cairo, Ill., of 15 cents and 18 cents, respectively, as compared with rates on potatoes from Rice to those destinations of 19.5 cents and 29.5 cents. The flour rate from Rice to Chicago is 17 cents. Defendants submit that flour rates in this territory generally are made on the grain basis for commercial and competitive reasons; that grain traffic is considerably greater than potato traffic, which fact warrants lower rates on grain, and particularly, that rates from Duluth to Chicago have been subnormal because of lake-line competition.

Potato shipments, not accorded commodity rates, are given class C rating in Western Classification. Complainant compares potato rates from Rice with the class C rates from Duluth to the various destinations named in the complaint, contending that those rates should measure the maxima respecting rates from Rice. As previously stated, Duluth rates are affected by competition of the lake lines; moreover, Duluth is in Western Trunk Line territory and is served by several direct competing lines to Chicago making low rates, whereas Rice is outside of that territory and is local to the Northern Pacific, a line not essentially a Western Trunk Line carrier.

In Northern Potato Traffic Assn. vs. C. & A. R. R. Co. 41 I. C. C., 426, potato rates from the Princeton group to points in Western Trunk Line territory were found to be not unreasonable. Those rates yielded car-mile earnings ranging downward from 34.3 cents for 193 miles to 12.16 cents for 633 miles. The average distance from all points involved was 400 miles, the average car-mile revenue 18.5 cents, based on the minimum of 36,000 pounds, and the average rate of 19.1 cents, plus the refrigerator rental charge of \$5 per car. From the average rate and distance ton-mile earnings of 9.55 mills are produced. Car-mile earnings under rates attacked in the present case, based on a 36,000-pound minimum and refrigerator-car rental of \$5, range from 27.39 cents for 314 miles to 15.38 cents for 835 miles, the latter applying to a point in Central Freight Association territory having a combination rate basing on St. Paul. The average distance is 614 miles to the 27 destinations; the average ton-mile earnings 8.77 mills. Defendants contend that the earnings under the rates assailed demonstrate their reasonableness, especially as the commodity is of perishable character.

From Rice to points in Central Freight Association territory no joint rates are published on potatoes and defendants have, with some exceptions, assessed rates to St. Paul, plus the rates thence to destinations. Complainant insists that the through rates should be computed upon Minnesota distance rates, applicable on interstate traffic, from Rice to St. Cloud or Clear Lake, plus the rates from those points to destinations. No tariff provision requires that the through rates shall combine on St. Paul and any charge in excess of the lowest combination of rates subject to the act was and is illegal.

From Rice to the destinations named in Western Trunk Line territory joint rates are published. Combinations of intermediate rates based on St. Cloud, as above described, would produce lower through rates in the absence of the joint rates. The portions of the fourth section applications assigned for hearing did not embrace departures from the aggregate-of-intermediates rule. The joint rates were and are unreasonable to the extent that they exceeded and exceed those intermediate rates.

In Western Trunk Line Potatoes, 50 I. C. C., 407, we had under consideration proposed changes in potato rates from Minnesota and surrounding states to points in the south, the southeast and the east. Two of the five rea-

sons for the proposed adjustment were (1) to establish a more equitable rate relation than existed between points of origin and (2) to iron out inequalities. Potato rates from Rice were to be 2 cents above the Princeton group rates, some reductions being proposed in the rates from Rice and some increases in those from the Princeton group, to effect the relationship. We ordered the schedules canceled because the rates proposed were not consistent or harmonious, certain essential proof was lacking, and rate comparisons were not adequate. The rate relationship proposed between Rice and points in the Princeton group was not, however, condemned in particular. On the record in the present case witness for the Northern Pacific admitted that the rates from Rice were improperly aligned, but denied any damage to complainant.

In *Northern Potato Traffic Assn. vs. C. & A. R. R. Co.*, supra, we found the average distance from the Princeton group to St. Paul to be 65 miles. Rice is 90 miles from St. Paul. From the group points, as well as from Rice, traffic moves through St. Paul to the destinations here concerned. Rice is but 14 miles from the western group boundary and 25 miles farther than the average distance from that group. Two cents, therefore, is a reasonable and non-prejudicial differential which should be maintained in the potato rates from Rice over and above like rates contemporaneously applicable from the Princeton group.

No defense was offered concerning the fourth section departures embraced in the applications assigned for hearing.

The rates under attack in general are not shown to be unreasonable in that they are excessive. The joint rates, however, which exceeded and exceed the aggregate of the intermediate rates subject to the act contemporaneously maintained, were and are unreasonable to that extent. On shipments to points in Central Freight Association territory, the rates applied were illegal to the extent that they exceeded the lowest combination of intermediate rates subject to the act. The rates from Rice, Minn., to the destinations named were, are, and for the future will be, unduly prejudicial to complainant to the extent that they exceeded or may exceed the rates contemporaneously maintained from points in the so-called Princeton group to the same destinations by more than 2 cents per 100 pounds. Complainant paid and bore the freight charges, and has been damaged to the extent that the rates are found to be unduly prejudicial, and is entitled to reparation with interest. The amount of reparation so awarded will include any damages arising from the collection of the unreasonable and illegal charges hereinbefore referred to. The fourth section applications will be denied to the extent that they are involved.

No exceptions were taken to the findings of fact and conclusions proposed by the examiner, as set forth in the foregoing pages.

Since the hearing of this case, the Director-General, in the exercise of powers conferred upon the President by the federal control act approved March 21, 1918, has, by General Order No. 28, as amended, initiated rates effective June 25, 1918, exceeding those assailed.

By supplemental complaint, filed Aug. 21, 1918, the Director-General of Railroads was made a party defendant, and the rates so initiated by him are brought into issue.

Complainant in its supplemental complaint alleges that there have been no material changes in conditions since the hearing, save and except that there has been an increase in the rates of 25 per cent under General Order No. 28. The answer of the Director-General is a general denial that the complainant is entitled to relief. No further hearing was requested by the complainant or the Director-General and none has been had.

Our conclusions with respect to our power to consider at this time applications filed by carriers for relief from the provisions of the fourth section of the act to regulate commerce are set forth in our report in No. 9229, *Johnston vs. A. T. & S. F. Ry. Co.*, ante, page 356, decided Nov. 11, 1918, and need not be repeated here.

Upon consideration of the whole record, we approve and adopt the findings and conclusions proposed by the examiner as set forth above as part of this report.

Complainant should prepare a statement showing the details of the shipments on which reparation is found due, in accordance with rule V of the Rules of Practice, also specifying the date on which the charges were paid, and

this statement should be submitted to the defendants for verification. Upon receipt of a statement so prepared and verified we will consider the entry of an order awarding reparation.

Appropriate orders will be entered.
(The fourth section order is No. 7348.)

SANTA FE RATES CONDEMNED

CASE NO. 9718 (51 I. C. C., 350-355)
KAW RIVER SAND & MATERIAL COMPANY VS. ATCHISON, TOPEKA & SANTA FE RAILWAY COMPANY ET AL.

Submitted October 2, 1918. Opinion No. 5447.

Upon complaint that charges of defendants for transportation of sand in carloads from complainant's plant at Turner on the line of the Atchison, Topeka & Santa Fe, 1 1/4 miles west of the Kansas City, Mo.-Kan., switching limits, to points within 150 miles of Kansas City, on lines of defendants other than the Santa Fe, are unreasonable and unduly prejudicial. Held:

1. Defendants, by maintaining a basis of charges from producing points at which complainant's competitors are located, within or adjacent to the Kansas City switching district, to points on defendants' lines within 150 miles from Kansas City, lower than they contemporaneously maintain from Turner, unduly and unreasonably prejudice the complainant and unduly and unreasonably prefer its said competitors.
2. Defendants, by maintaining a basis of charges from complainant's plant on shipments to points on lines other than the Santa Fe, higher than they contemporaneously maintain on shipments from that plant to points on the Santa Fe, unduly and unreasonably prejudice complainant.
3. The undue prejudice ordered removed.

ANDERSON, Commissioner:

Complainant is engaged in pumping sand from the Kaw River and shipping it to various points. Its plant is located on the south side of the Kaw River, about three-quarters of a mile northwest of Turner, Kan., a station on the main line of the Atchison, Topeka & Santa Fe Railway, hereinafter called the Santa Fe, about three-quarters of a mile west of the Kansas City, Mo.-Kan., switching limits. Shipments are billed from Turner.

By complaint filed in May, 1917, against all steam railroads serving Kansas City, it alleged that the charges based on the rate of 1 cent per 100 pounds in addition to the rate from Kansas City on shipments of sand from complainant's plant to points on defendants' lines other than the Santa Fe, within 150 miles from Kansas City, were unreasonable and unduly prejudicial to the extent that they exceeded the charges contemporaneously exacted from complainant's competitors in the same producing locality. We are asked to prescribe just and reasonable joint rates and to award reparation.

Hearing was had in October, 1917. A proposed report, which contained a recommendation that the complaint be dismissed, was prepared by the examiner who heard the case and served upon the parties. Exceptions thereto were filed by complainant and the case was orally argued before a division of the Commission in March, 1918. Subsequent to the hearing and prior to the oral argument, the federal government assumed general control of the transportation systems of the country. The facts and certain of our conclusions with respect to federal control of transportation systems are stated in *Willamette Valley Lumbermen's Assn. vs. S. P. Co.*, 51 I. C. C., 250, and need not be repeated here.

On June 25, 1918, the rate from Turner to Kansas City was increased from 1 cent to 2 cents per 100 pounds, in alleged compliance with General Order No. 28, wherein the Director-General, in the exercise of powers conferred upon the President by the federal control act, initiated and directed the establishment of rates approximately 25 per cent higher than those theretofore in force, the rate on sand being specifically increased 1 cent per 100 pounds.

By supplemental complaint, which adopts the allegations in the original complaint, filed under leave granted by us on Sept. 19, 1918, the Director-General was made a party defendant. His answer is similar to that filed by him and set out in our report in the *Willamette Valley Case*, supra. No further hearing was asked, and the case stands submitted on the record made, which must be considered in the light of present conditions.

Complainant ships from 80 to 90 per cent of its product to points within the switching limits of Kansas City. During the six months' period from March 1, 1917, to Sept.

1, 1917, it shipped 1,750 cars, of which but 258 were destined to points outside the Kansas City switching district. A cubic yard of sand weighs about 2,600 pounds. It costs from 20 to 25 cents per cubic yard to produce, and is sometimes sold at a price as low as 25 cents per ton. Complainant is the only sand company whose product originates on the rails of the Santa Fe in Kansas City territory. Its plant is reached by a single spur track owned and maintained by it and has facilities for receiving and loading 18 cars. In usual course from 15 to 18 cars a day are moved by a switch engine from the storage yard of the Santa Fe about a mile east of Turner. The last car in the lot is placed for loading, and as soon as loaded is moved by means of a cable operated by complainant until all are loaded. The loaded cars are hauled from the plant by a switch engine.

The Santa Fe charges complainant 1 cent per 100 pounds for transporting sand from its plant to points within the switching limits of Kansas City and to connections with other carriers within the district, an average distance of about 7 miles. When shipments of complainant move beyond Kansas City over lines other than the Santa Fe, the rate from Kansas City to destinations on such lines is added to the rate of the Santa Fe to make the through charges. When shipments move beyond Kansas City to points on the Santa Fe, the Kansas City rate applies from Turner.

It was testified for complainant that by reason of the present rate adjustment its market for disposing of its sand is restricted to Kansas City and to points beyond on the Santa Fe and its output reduced below plant capacity; that it does not solicit business to points beyond Kansas City on the lines of the other defendants because of the lower charges which they accord to its competitors in and about Kansas City; that the few shipments which it makes to such points are made at a loss; but that it has to make them, because among its customers are contractors in Kansas City who purchase for use wherever they have work under contract, whether in Kansas City or at places outside of Kansas City, and unless the sand is furnished at such places its business in Kansas City would likewise go to its competitors. These include the Kansas City Sand Company, which operates a plant similar to that of the complainant on the north bank of the Kaw River, and about a mile distant. It is served by the Kansas City, Kaw Valley & Western Railroad Company, not a defendant here, which operates an electric line. This carrier has extended its Kansas City switching limits 2 miles west of the general switching limits for a width of about 100 feet, to and including the sand company's plant. This sand company also has a sand-producing plant within the switching limits, 2 or 3 miles nearer Kansas City than that of the complainant. The Stewart-Peck Sand Company operates two sand-producing plants within the switching district, 2 and 3 miles, respectively, east of Turner. The record indicates that from 40 to 60 per cent of the sand output of complainant's competitors finds a market at points outside the switching district. From all of these plants the defendants absorb switching charges on the outbound shipments.

It is not necessary to detail the absorption provisions in the schedules of the several defendants. They are not all exactly the same, but are similar. The Chicago, Burlington & Quincy, for example, publishes the following:

To and from Industries, etc., on connecting lines in Kansas City switching district, connecting lines' switching charges will be assumed in accordance with rule 1, page 101, subject also to the following exceptions:

No exception is made with respect to shipments of sand. Rule 1, referred to, contains the following:

Connecting-line switching charges as per current tariffs lawfully on file with the Interstate Commerce Commission will be assumed by the Chicago, Burlington & Quincy Railroad Company on carload shipments, where freight charges amount to fifteen dollars (\$15) or more per car; or where freight charges are less than fifteen dollars (\$15) per car, such portion of switching charges will be assumed as will leave same revenue as would accrue after absorption of switching charges above authorized out of a charge of fifteen dollars (\$15) per car. (In case of through rate being in effect on traffic handled, the fifteen dollar (\$15) rule will be understood to apply to the joint haul.)

Some of the defendants limit their absorptions to competitive traffic. All provide, however, for absorption of switching charges to some extent on traffic coming to them

from connecting carriers. For example, the Missouri, Kansas & Texas absorbs up to \$3 on traffic coming to it from connecting lines, while, as above noted, the Chicago, Burlington & Quincy absorbs the full amount where the earnings equal or exceed \$15 per car. Switching charges within the district which some of the defendants absorb range from \$3 to \$6 per car.

Complainant introduced exhibits of the charges paid by it for through movements from its plant to points on lines connecting with the Santa Fe, shown in each instance to be 1 cent higher than the rates from Kansas City. For example, on a car of sand shipped to Liberty, Mo., a distance of 22 miles, which point is not reached by the Santa Fe, complainant was charged 1 cent from its plant to the connecting carrier in Kansas City, plus the rate from Kansas City, which is 2 cents, or a total charge of 3 cents. On the other hand, complainant's competitors within the switching limits would be charged but 2 cents, because the switching charges are absorbed by the carrier receiving the line haul. Since June 25, 1918, this difference has been 2 cents because of the increase in the rate established on that day.

Under section 10 of the federal control act we are directed, upon complaint, to enter upon a hearing concerning the justness and reasonableness of so much of any order of the President as establishes or changes any rate, fare, charge, etc., of any carrier under federal control. That section further provides:

In determining any questions concerning any such rates, fares, charges, classifications, regulations or practices or changes therein, the Interstate Commerce Commission shall give due consideration to the fact that the transportation systems are being operated under a unified and co-ordinated national control and not in competition.

The Santa Fe applies the Kansas City basis of rates from complainant's plant only when shipments are destined to points on its own line. No possible justification can be found, under a unified and co-ordinated national control for a different treatment when shipments are destined to points on lines other than the Santa Fe. Indeed, it is substantially accurate to say that there are no "shipments destined to points on lines other than the Santa Fe," for federal control makes, for present purposes, all the lines serving Kansas City, except the connecting electric carrier, a single line.

Even prior to federal control it was well settled that a carrier was not justified in attempting to restrict its traffic to movement between points on its own line. In *Lumber Rates From Texas, Louisiana and Arkansas*, 28 I. C. C., 471, we said:

The broad fundamental question involved in this case is whether the Santa Fe should be permitted to retain for itself the lumber market at points on its line for the benefit of producing points on its line to the exclusion of all others, except under penalty of 3½ cents per 100 pounds. We think this is an exercise of a carrier's rate-making power far too arbitrary and selfish to be permitted under the act. As a matter of sound policy under the law, a carrier is not justified in attempting to restrict its traffic to movement between points on its own line. Through rates are published from lumber producing points on the Santa Fe to points of consumption on other lines allowing free movement at competitive rates; and, similarly, the Santa Fe should maintain competitive rates from connecting lines wherever it is possible to do so without loss.

Obviously under federal control that doctrine obtains new force. It must be extended to its logical and practical limits. See *Willamette Valley Case*, supra.

As stated above, the provisions for the absorption of switching charges in the tariffs of the various carriers are not uniform: Some of the carriers provide for the absorption of switching charges on competitive business only; others provide for the absorption of not to exceed \$3 per car; and still others will absorb switching charges only to the extent that their revenues will not be less than \$15 per car. Under present conditions and the elimination of carrier competition, when there is absorption of switching charges within a switching district, the provisions thereof should be uniform where similar circumstances and conditions prevail.

Much testimony was directed by both sides to the point whether the service from complainant's plant to interchange tracks of connecting lines with the Kansas City switching district was a line haul or a switching service. In view of our disposition of this case we do not think it necessary to decide that point and others which were urged upon the record.

We find that defendants, by maintaining a basis of charges from producing points at which complainant's competitors are located, within or adjacent to the Kansas City switching district, to points on defendants' lines within 150 miles from Kansas City, lower than they contemporaneously maintain from Turner, unduly and unreasonably prejudice complainant and unduly and unreasonably prefer its said competitors.

We further find that defendants, by maintaining a basis of charges from complainant's plant on shipments to points on lines other than the Santa Fe, higher than they contemporaneously maintain on shipments from that plant to points on the Santa Fe, unduly and unreasonably prejudice complainant.

The evidence of damage resulting to complainant from the undue prejudice found to exist will not warrant an award of reparation.

An appropriate order will be entered.

RATES ON COAL

CASE 9177 (51 I. C. C., 345-350)
EMPRESS COAL COMPANY VS. OREGON-WASHINGTON
RAILROAD & NAVIGATION COMPANY ET AL.

Submitted March 13, 1917. Opinion No. 5446.

Rates on coal in carloads from Empress mine, Wash., to Portland, Ore., and certain other points in Oregon, not found unduly prejudicial.

Tentative Report.

Complainant, a corporation, formerly operated a coal mine known as the Empress mine, in the state of Washington. By complaint filed Sept. 16, 1916, it alleged that defendants' rates on coal in carloads from the Empress mine to Portland and other points in Oregon specified in tariff I. C. C. No. 395 of the Oregon-Washington Railroad & Navigation Company, hereinafter called the Oregon-Washington, were and are unreasonable, unjustly discriminatory, and unduly prejudicial to the extent that they exceeded and exceed the rates contemporaneously applicable from Tono and Mendota, Wash., to the same destinations. Reparation is asked. The Centralia Coal Mining Company, a corporation, which on or about Oct. 1, 1916, succeeded complainant in the operation of the Empress mine, intervened in support of the complaint and asked reparation. Complainant and intervener will hereinafter be referred to as complainant.

The Oregon-Washington and the Great Northern and Northern Pacific railways operate over the same main-line tracks from Tacoma, Wash., to Portland, about 145 miles. Centralia, Wash., is located on the main line, 91 miles north of Portland, and Wabash, Wash., is about 2 miles north of Centralia. The Oregon-Washington maintains a branch line, 6 miles long, extending from Wabash in an easterly direction to Tono. The Centralia Eastern Railroad extends from Wabash east to Mendota, a distance of 8 miles, with trackage rights over the Northern Pacific, from Centralia to Wabash. The Northern Pacific through the North Western Improvement company as an intermediary, controls the Centralia Eastern by sole ownership of its stock. The Eastern Railway & Lumber Company, hereinafter called the Eastern, extends about 13 miles in an easterly direction from Centralia and has physical connection with the Oregon-Washington and Northern Pacific at that point. The Empress mine, about 6½ miles east of Centralia, is connected with the main line of the Eastern by a spur track, approximately 1,700 feet long.

Some of the shipments on which reparation is asked moved to Lewiston, Idaho, and others to points on the line of the Portland Railway, Light & Power Company, not a party defendant. The rates to these points are not properly in issue and will not be considered. Most of the shipments were consigned to Portland and moved by way of the Eastern in connection with the Oregon-Washington; the remainder moved over the same route to Portland and thence to destinations on the lines of the Oregon-Washington or Southern Pacific Company.

For some time prior to Nov. 20, 1915, the rate on coal in carloads from Centralia and Wabash to Portland, by way of either the Oregon-Washington or Northern Pacific, was \$1.40 per long ton. Prior to Aug. 1, 1912, a rate of \$1.60 per long ton applied on this traffic from Tono to Portland by way of the Oregon-Washington, and prior to

Aug. 5, 1912, also applied from and to these points as a joint-rate in connection with the Northern Pacific. Effective Aug. 1, 1912, the main-line rate of \$1.40 per long ton was established from Tono by way of the Oregon-Washington, and from Mendota over the Centralia Eastern and Northern Pacific. On Aug. 5, 1912, it was made effective by way of the Oregon-Washington from Tono in connection with the Northern Pacific and on Oct. 8, 1912, from Mendota by way of the Centralia Eastern in connection with the Oregon-Washington. On Nov. 20, 1915, this rate was reduced to \$1 per net ton from Tono and Mendota over all of the above routes, except that the rate of \$1.40 per long ton was continued in effect from Tono by way of Oregon-Washington in connection with the Northern Pacific. The \$1 rate was at the same time made effective from Centralia and Wabash. This was the rate situation at the time of the hearing. On Aug. 1, 1917, defendants' rates on coal in carloads from Centralia and points taking the same rates to the destinations in question were increased 15 cents per net ton following the Fifteen Per Cent Case, 45 I. C. C., 303, and on June 25, 1918, were further increased as the result of General Order No. 28 issued by the Director-General of Railroads. The Eastern does not publish rates of any kind, but in accordance with an arrangement with complainant charges were and are assessed at the rate of 20 cents per long ton, equivalent to approximately 17.9 cents per net ton, for the movement of coal in carloads from the Empress mine to Centralia.

Whether the Eastern is or is not a common carrier is a question that was discussed to some extent of record and upon the presentation of the case. It was organized in 1903 under the general incorporation laws of the state of Washington, primarily with a view to operating a saw-mill at Centralia and transporting logs to the mill. Its charter authorized it to construct railroads for conveying logs, lumber, coal and other products. Apparently under the state constitution and local laws all railroads and other transportation corporations are declared to be common carriers and subject to legislative control, with the right of eminent domain. During 1917 the Eastern carried passengers in a caboose and received a revenue therefor amounting to \$154. It has also carried coal from the Empress mine and another known as the Monarch mine in coal cars secured for the purpose from the truck lines; it issues no billing, but undertakes to bill traffic for the shipper at the junction point; it issues no tariffs and makes no report to this Commission; nor, so far as the record shows, has it adopted other measures required by the act to regulate commerce of common carriers subject to its provisions. Apparently the Eastern is not considered a common carrier by the state authorities. It does not hold itself out as a common carrier; on the contrary, it insists of record in this proceeding that it is not a common carrier and therefore is not subject to our jurisdiction. In that connection it appears that its equipment consists only of logging cars, a caboose, and two geared locomotives, and that with the suspension of logging operations it suspends any service for the public. Under the circumstances, and in view of the conclusions we have reached on the question of discrimination, we find it unnecessary now to determine whether the Eastern Railway & Lumber Company is or is not a common carrier.

Complainant now has, in substance, through routes, and does not question the reasonableness of the local charges of the Eastern. Coal is produced at Mendota and Tono which is of the same general quality as that produced at the Empress mine, and necessarily comes in competition with it. In fact, the Eastern owns the coal deposits mined at Mendota and leases them to the Mendota Coal Company, which operates the mine at that point. Complainant contends that the maintenance by the Oregon-Washington and its co-defendants of the main-line rate from Tono and Mendota, while refusing to maintain and apply such rate from Empress mine, was and is unduly preferential of complainant's competitors, and that the total rate which it was and is compelled to pay, namely, the combination of the mainline rate and the local charge or rate of the Eastern, was and is unreasonable in comparison with the main-line rate contemporaneously applicable from Tono and Mendota. Other comparisons are offered with a view to showing that a rate of \$1 per net ton from Tono and Mendota is not too low. These comparisons, standing alone, are not sufficient to establish that a rate from Empress mine in excess of \$1 would be intrinsically unrea-

sonable. It was testified that the movement from Tono and Mendota to Wabash involves a water grade haul, while the curvatures and heavy grades on the line of the Eastern Railway render operation difficult and necessitate the use of geared locomotives. The \$1 rate in effect to Portland at the time of the hearing did not apply from points on the main line of the Oregon-Washington north of Wabash; for example, from Tenino, Wash., 9 miles north of Wabash, a rate of \$1.10 per net ton applied. Complainant's principal witness testified that it is merely asking for the same rates as are enjoyed by its competitors at Tono and Mendota; and it is apparent from the whole record that complainant is primarily concerned with the relationship of the rates from Tono and Mendota on the one hand, and Empress mine on the other, rather than with the measure of the rates from Empress mine.

On behalf of the Oregon-Washington it was testified that the main-line rate was first made applicable, effective Aug. 1, 1912, from Tono on its own branch line in order to keep that point on a parity with Mendota, to which the Northern Pacific, in connection with the Centralia Eastern, had indicated its intention of extending, and did extend, the main-line rate effective on that date. Subsequently the Oregon-Washington joined with the Centralia Eastern in the establishment of the main-line rate from Mendota. The Northern Pacific is not a party defendant, so that the propriety of the maintenance by that carrier of the main-line rate from Mendota, while failing to maintain such rate from the Empress mine, is not in issue.

A suggestion was made at the hearing, and it is contended by complainant on brief, that defendant's rates from Empress mine as well as the main-line rates applicable from Tono and Mendota to the destinations in question beyond Portland are unreasonable in comparison with the rates from the same points of origin to Portland. It is doubtful whether this issue is properly presented by the pleadings, as the complaint assails the rates from Empress mine solely on the ground that they are higher than the rates from Tono and Mendota, and the evidence introduced is too meager to enable us properly to pass upon this contention.

The Northern Pacific and its subsidiary, the Centralia Eastern, made the rate from Mendota, which is located only on the latter. The Oregon-Washington had to meet that rate in connection with the Centralia Eastern if it was to share in the traffic from Mendota. The Northern Pacific, as has been stated, is not a party defendant. The rate from Tono, on the branch line of the Oregon-Washington, was made to keep it on a parity with that from Mendota. Coal from both reached the main line at Wabash, a point common to both line-haul carriers, and taking the same rate. Complainant is on a spur, 1,700 feet from the Eastern, which hauls complainant's coal to another common point, Centralia. The Eastern publishes no rates and has no tariffs or concurrences on file with us. In the absence of such tariffs or concurrences the Oregon-Washington could not lawfully have published joint rates with the Eastern or absorbed its charges for the haul to Centralia, and, if required to remove a discrimination in favor of Mendota, could have complied only by canceling the joint rate from that point, which would have left the same rate in effect over the Northern Pacific, without benefit to complainant.

We are of opinion and find that the maintenance by the Oregon-Washington of the main-line rate from Tono on its own branch line, while failing to join with the Eastern Railway in the maintenance of such rate from Empress mine, did not constitute undue prejudice to complainant.

We are further of opinion and find that any prejudice resulting to complainant from the maintenance of lower rates on coal in carloads from Mendota to the destinations indicated than were contemporaneously maintained from Empress mine to the same destinations was beyond the power of the Oregon-Washington to control or remove and was not undue prejudice on the part of that carrier. No finding is made as to rates now in effect which were initiated by the Director-General of Railroads.

The complaint should be dismissed.

Report of the Commission.

BY DIVISION 3:

The foregoing, with certain modifications, is the report submitted by the examiner. On Oct. 7, 1918, the Com-

mission granted a motion filed by complainant and intervener to amend the complaint by making the Director-General of Railroads a party defendant and to file a supplemental complaint. Further hearing and argument were waived by complainant and intervener. Under the peculiar circumstances of this case it has been concluded to issue the foregoing report, which represents the views of Division 3 upon the record submitted March 13, 1917, as a tentative report. The parties may, within 60 days from the date of service, show cause why it should not be adopted, failing which, that action will be taken and an order of dismissal will be entered.

DIVISION ON LUMBER RATES

CASE NO. 9146

(51 I. C. C., 317-323)

McGOWAN-FOSHEE LUMBER COMPANY VS. FLORIDA, ALABAMA & GULF RAILROAD COMPANY ET AL.

Submitted October 10, 1918. Opinion No. 5440

Reasonable division to the Florida, Alabama & Gulf Railroad Company out of joint rates prescribed on yellow pine lumber, in carloads, from Falco, Ala., to destinations on and north of the Ohio River and to points on the Louisville & Nashville Railroad in Tennessee and Kentucky, found to be 3 cents per 100 pounds.

Supplemental Report of the Commission.

There is a large yellow-pine blanket which comprises all points on the so-called trunk lines and points on some short lines in the states of Louisiana, Mississippi, Alabama and Florida, east of the Mississippi River, south of a line drawn from Vicksburg, Miss., through Jackson and Meridian, Miss., Selma, Montgomery and Opelika, Ala., to the Chattahoochee River and west of the Chattahoochee River to the Gulf of Mexico, a lumber-producing territory approximately 400 miles east and west and 150 miles north and south. The Florida, Alabama & Gulf Railroad, herein-after termed the Alabama & Gulf, extends from Falco, Ala., 26 miles southwardly to Galliver, Fla., to which point it connects with the Louisville & Nashville Railroad, its sole connection. Rates on yellow-pine lumber from Galliver are and long have been on the blanket basis. Prior to the Commission's report in the original proceedings, McGowan-Foshee Lumber Co. vs. F., A. & G. R. R. Co., 43 I. C. C., 581, joint through rates were published on yellow-pine lumber from Falco to Ohio River crossings and to points on the Louisville & Nashville in Kentucky and Tennessee on the basis of an arbitrary of 3.25 cents per 100 pounds, which was the local rate from Falco to Galliver, over the rates from Galliver, and to destinations north of the Ohio River, east of the Mississippi River; and west of and including the so-called Buffalo-Pittsburgh zone, on the basis of an arbitrary of 2 cents per 100 pounds over the rates from Galliver. No joint rates were published from Falco to points in Trunk Line territory and through rates from Falco to that territory were constructed on the Galliver combinations. The Commission's report, and the order entered thereon, required the carriers to establish rates on yellow-pine lumber, in carloads, from Falco to the Ohio River crossings, to destinations in Kentucky and Tennessee on the Louisville & Nashville Railroad, to destinations north of the Ohio River, east of the Mississippi River and west of and including Buffalo-Pittsburgh territory, and to Eastern Trunk Line territory not in excess of the rates contemporaneously maintained on like traffic from Galliver to the same destinations. In other words, the carriers were required to apply the blanket basis from Falco. Upon supplemental petition filed by the Alabama & Gulf and its receiver, alleging in substance that in compliance with the Commission's order joint rates had been published from Falco on basis of the rates from Galliver, but that the carriers had been unable to agree upon divisions, the proceeding was reopened for the purpose of receiving such evidence as would enable the Commission to prescribe just and reasonable divisions of the joint rates thus established. The prayer of the petition is that divisions be established which will give the Alabama & Gulf 3.25 cents per 100 pounds on shipments from Falco to all of the destinations involved. However, at the hearing the Alabama & Gulf asked that it be accorded a division of 4 cents. The Louisville & Nashville is willing to allow the Alabama & Gulf a division of 2 cents per 100 pounds on shipments to Nashville, Tenn., and points beyond, and 1 cent per 100 pounds

on shipments to points in Tennessee south of Nashville. Rates are stated in cents per 100 pounds.

In compliance with the Commission's order, the joint rates established from Falco to Louisville, Ky., Indianapolis, Ind., Buffalo and New York, N. Y., which are representative, were 19, 25.5, 32 and 31 cents, respectively. On the basis of an allowance of 2 cents to the Alabama & Gulf, on shipments to Louisville, the Louisville & Nashville would receive 17 cents for its haul from Galliver to Louisville, 692 miles. Shipments from Falco to Indianapolis move over the Louisville & Nashville from Galliver to Louisville and shipments to Buffalo and New York over that line from Galliver to Cincinnati, 802 miles. Allowing the Alabama & Gulf 2 cents and the lines beyond Cincinnati the divisions which they received at the time of the hearing on lumber from other points in the blanket territory, the Louisville & Nashville will receive a division of 15.1 cents on shipments to Indianapolis, 19.5 cents on shipments to Buffalo, and 13.9 cents on shipments to New York.

The Alabama & Gulf is a common carrier and has been operated as such since its construction in 1911. Its equipment consists of three locomotives and two passenger coaches, but apparently one of the locomotives is no longer serviceable. The rails with which its tracks are laid are leased from the Louisville & Nashville. It has been in the hands of a receiver since February, 1914. Its principal tonnage consists of yellow-pine lumber, the movement of which is fairly constant. Formerly it moved from 200 to 250 carloads of naval stores per annum, but, as a result of the territory contiguous to its line having been practically exhausted with respect to naval stores, the movement at the present time is less than 25 carloads per annum. An exhibit filed by the Alabama & Gulf shows that during the six months ended July 31, 1917, which is said to be a representative period, it handled 468 carloads of lumber, all of which originated at Falco and 385 carloads of which moved to the destinations here involved. The total operating revenue of the Alabama & Gulf for this period was \$12,954.85, provided its division on the 385 carloads of lumber just mentioned is 2 cents. Based on the 2-cent division its revenue from these shipments was \$4,211.46. Its operating expenses for the same period were \$15,107.18, so that its net operating deficit was \$2,152.33. It is contended by the Alabama & Gulf that it is necessary for it to receive a division of at least 4 cents on shipments to the destination territory under consideration or else it cannot continue to operate. On this theory the amount of the Alabama & Gulf's division would necessarily have to be increased in proportion as its traffic or net revenues decrease. The divisions accorded the Alabama & Gulf cannot be predicated solely on the amount necessary to insure its successful operation.

Much evidence was adduced with respect to the divisions which the Louisville & Nashville is willing to accord the Alabama & Gulf as compared with the divisions which it accords other originating lines in the same general territory out of joint rates on lumber to the destinations here involved. From points on the Appalachian Northern, Marianna & Blountstown, Atlanta & St. Andrews Bay, and the Birmingham, Columbus & St. Andrews Bay railroads, short lines which connect with the Pensacola & Atlantic division of the Louisville & Nashville extending from Pensacola through Galliver to River Junction, Fla., the Louisville & Nashville shrinks its junction-point rates 1 cent on lumber to points on its line south of Nashville and 2 cents to Nashville and points north thereof. However, the rates from points on these short lines are made certain arbitrators over the rates from the junction points, so that the short lines receive divisions which range from 3 to 6½ cents for hauls ranging from 22 to 102 miles. In no instance does the Louisville & Nashville shrink its rates from junction points with short lines in Alabama more than 1 cent on shipments to points south of Nashville and 2 cents on shipments to Nashville and points beyond. But this is not the situation in the western portion of the blanket. The Louisville & Nashville participates in the blanket basis of rates from points on the Gulf & Ship Island; the Mississippi Central; the New Orleans Great Northern; the Gulf, Mobile & Northern, and the line of the Pascagoula Street Railway & Power Company. From points on these connecting lines it shrinks its junction-point rates

7, 9, 7, 6 and 3 cents, respectively. The Louisville & Nashville insists that the circumstances and conditions which prompted it to allow the lines just named divisions in excess of those which it is willing to accord the Alabama & Gulf are entirely different from those obtaining in connection with the latter line. It is insisted that in considering the divisions of the rates from points in Mississippi Valley territory it should be borne in mind that the Louisville & Nashville is not the rate-making line from this territory; that its routes therefrom are circuitous; that each of the lines above named have two or more trunk line connections; and that in order to participate in the lumber traffic from points on connecting lines in this territory, it must allow the initial lines divisions equal to those accorded them by competing trunk lines with shorter routes to the destination territory involved. This is illustrated as follows: The Gulf & Ship Island extends from Gulfport, Miss., the junction with the Louisville & Nashville to Jackson, Miss., at which point it connects with the Illinois Central Railroad. The distance from Jackson to Evansville, Ind., for example, is 513 miles in connection with the Illinois Central, while the distance from Gulfport in connection with the Louisville & Nashville is 710 miles. The Illinois Central allows the Gulf & Ship Island a division of 6 cents and the Louisville & Nashville must make the same allowance on shipments via Gulfport or else relinquish the business. Again, the line of the Pascagoula Street Railway & Power Company extends from Pascagoula, Miss., at which point it connects with the Louisville & Nashville, northward 6 miles to Moss Point, Miss. The Mobile & Ohio Railroad in connection with the Alabama & Mississippi Railroad, which extends from Vinegar Bend, Ala., where it connects with the Mobile & Ohio, 76 miles to Pascagoula, established the blanket basis from points on the line of the Pascagoula Street Railway & Power Company and allowed the originating line a division of 3 cents. In order to meet this competition the same basis was established by the Louisville & Nashville. It is also shown that the Gulf & Ship Island, the Mississippi Central, and the New Orleans Great Northern each have approximately five freight cars per mile of road and contribute a fair share of the cars in which the lumber from points on these lines move. As above shown, the Alabama & Gulf does not own any freight cars. The Louisville & Nashville earnestly insists that the divisions which it allows the Gulf & Ship Island and other originating lines in Mississippi Valley territory result from strong competitive conditions, as above shown, which do not obtain as to the Alabama & Gulf, and therefore do not afford a proper standard whereby to measure the divisions which should be accorded the Alabama & Gulf.

Exhibits were submitted by the Louisville & Nashville showing the divisions received by various short lines, connecting with trunk lines other than the Louisville & Nashville, on lumber to the destinations involved. It was shown, for example, that the Flint River & Northeastern, the Georgia Coast & Piedmont, and the Ocilla, Pinebloom & Valdosta railroads, short lines operating in the southern portion of Georgia and connecting with the Atlantic Coast Line Railroad, receive divisions of 2, 2.5 and 2.5 cents, respectively, for hauls of 24, 27 and 89 miles.

With respect to the rates to Central Freight Association and Eastern Trunk Line territories, the Louisville & Nashville urges that the division which the Commission prescribes for the Alabama & Gulf should be prorated between the Louisville & Nashville and the lines north of the Ohio River on a revenue basis. It is urged that the more favorable traffic and transportation conditions north of the Ohio River preclude the lines north of the river from demanding higher proportions in the divisions of joint rates for a given haul than accrue to lines south of the river for a like haul; and that if the Louisville & Nashville is compelled to shrink its rates from Galliver 2 cents or more on lumber from Falco to points north of the Ohio River, it will receive considerably less, in proportion, than its northern connections. None of the lines operating north of the Ohio River was represented at the hearing. It appears that in all instances where the blanket basis applies from points on short lines like the Alabama & Gulf, their trunk line connections shrink their proportions to the Ohio River in an amount equal to the division accorded the short line. However, the record in this case affords

no basis for determining what would be fair divisions as between the Louisville & Nashville, on the one hand, and its northern connections, on the other. Therefore, only the division of the Alabama & Gulf, to which most of the testimony was directed, will be prescribed.

Upon all the facts of record the Commission should find that 3 cents per 100 pounds is a reasonable division to the Florida, Alabama & Gulf Railroad Company out of the joint rates heretofore prescribed by the Commission on yellow-pine lumber, in carloads, from Falco to the Ohio River crossings, to destinations in Kentucky and Tennessee on the Louisville & Nashville Railroad, to destinations north of the Ohio River, east of the Mississippi River and west of and including Buffalo-Pittsburgh territory, and to Eastern Trunk Line territory, this division to take effect as of June 30, 1917, the effective date of the Commission's order prescribing such joint through rates.

Effective June 25, 1918, the rates prescribed by the Commission were increased by the Director-General of Railroads and the increased rates are now in effect. The order of the Commission fixing the division of the Alabama & Gulf should therefore be made to cover only the period from June 30, 1917, to June 24, 1918, inclusive.

CLARK, Commissioner:

The foregoing report proposed by the examiner was served upon the parties. The Louisville & Nashville Railroad Company presented no objections thereto. The Florida, Alabama & Gulf Railroad Company on oral argument contended that the division prescribed should apply to shipments that moved prior to the effective date of our order prescribing the joint rates. Manifestly in fixing divisions of rates prescribed by us we cannot go back of the effective date of our order prescribing the rates the divisions of which are before us for determination.

The report and conclusions of the examiner are adopted by the Commission and an order will be entered accordingly.

DANIELS, Chairman, concurring:

The foregoing report deals only with the question of divisions. Assuming the findings of the Commission in the original report were sound, I agree that 3 cents is a reasonable division to the Alabama & Gulf out of the joint rates prescribed from Falco and that the period for which the division is made to apply is the proper period. However, after a re-examination of the record, I am convinced that we erred in the original proceeding in requiring the establishment of the blanket basis from Falco. The law does not impose upon a carrier the duty in all cases to give to points on a connecting independent railroad the same rates to markets that it gives to points on its own branch lines in the same region, and the mere fact that the Louisville & Nashville refused to extend to Falco its Galliver rate applying from points on its own branch lines did not give to points on the branch lines of the Louisville & Nashville an undue preference or subject shippers at Falco to undue prejudice. While the actual transportation service may be substantially the same from Falco as from points on the branch lines of the Louisville & Nashville, the necessary additional cost of separate organization and separate billing clearly warrants a slightly higher charge in the case of the two-line haul from Falco. The facts here are entirely different from those in Ladd & Co. vs. Gould Southwestern Ry. Co., 36 I. C. C., 179, and Joint Rates with the Washington Western Railway, 41 I. C. C., 649, cited in the original report. In those cases it was shown that the line-haul carriers serving the originating territory applied the blanket basis not only from points on their own branch lines, but also from points on independent short lines, while in the instant case it was shown that in no instance does the Louisville & Nashville apply the blanket basis from points on short lines similar to the Alabama & Gulf.

CHARGE FOR SWITCHING CARS

CASE NO. 9488 (51 I. C. C., 331-334)
AURORA, ELGIN & CHICAGO RAILROAD COMPANY
VS. INDIANA HARBOR BELT RAILROAD
COMPANY

Submitted Oct. 5, 1918. Opinion No. 5443.

Defendant's charges for switching cars to and from the point of connection between its line and complainant's, at Belle-

wood, Ill., not found to be unreasonable, unjustly discriminatory, or unduly prejudicial. Complainant dismissed.

DIVISION 1:

The complainant operates an electric railway line extending from Chicago, Ill., to Elgin, Aurora, and other points in northeastern Illinois. Its principal business is the transportation of passengers, but it also does some freight business. At Bellewood, Ill., its line crosses that of the defendant, a steam switching road which extends around the western, southern, and southeastern boundaries of Chicago, its eastern terminus being in Indiana. Defendant's general charges at the time of the complaint and hearing were 1 cent per 100 pounds, minimum 60,000 pounds per car, for switching between industries and connecting lines, and \$3.50 per loaded car and \$1.75 per empty car for switching between connecting lines. For the switching of loaded cars between the connection with complainant's line at Bellewood and other connecting lines or industries, its charge was 1½ cents per 100 pounds, minimum 60,000 pounds per car, which was the local rate between stations or industries. The complaint here considered alleges that this charge is unreasonable and unduly discriminatory and preferential, in violation of sections 1, 2, and 3 of the act. The Commission is asked to prescribe reasonable and nondiscriminatory rates and charges; and the general switching charges of the defendant, exacted from carriers other than the complainant, are alleged to be just and reasonable.

Complainant's road is about 138 miles in length, the principal lines being operated under the third-rail system. Its track is of standard gauge and accommodates railroad equipment in general, excepting certain hopper-bottom cars which do not clear the third rail. Complainant has about 30 freight cars, which, however, are not permitted to leave its road. For the year ended December 31, 1917, complainant's freight revenue amounted to about \$40,000, which was about 2 per cent of its total operating revenues. Several villages are served by complainant exclusively. The number of loaded freight cars delivered to complainant by defendant during 1916, according to complainant's records, was 442; according to defendant's 448. During 1917 the number was about twice as great. All of the freight thus transferred is delivered at points on complainant's line. Very few of the cars are returned under load.

Complainant lays stress upon the fact that it is listed in defendant's tariff as an industry and not as a connecting line, claiming that this classification injures its standing as a common carrier and is in some degree responsible for the application of the charges complained of. Complainant alleges further that defendant's action is due to its general policy of nonrecognition of electric lines, as evidenced by a statement said to have been made by one of defendant's officials to the complainant. As a rule the charges for intermediate switching at Chicago are absorbed by the carrier which delivers the traffic to the switching road. Lower charges by the defendant, it is claimed, would tend to induce the delivering lines to apply proportional rates instead of local rates on traffic destined to points on complainant's line.

In explanation and defense of the charges under attack, defendant alleges peculiarly expensive service in the transfer of cars between its line and that of complainant. Defendant's switching operations may be considered in two general classes—switching of through freight between connecting lines, and switching between connecting lines on the one hand and team tracks or industries on the other. The number of cars handled in industrial switching constitutes about one-fourth of the total. Cars intended for delivery to complainant, on account of their relatively small number, are handled by the engines that make deliveries at industries. On the other hand, interchanged cars, as a rule, are hauled by transfer engines in direct movement from one line to another without intermediate stops for switching. The haul of the interstate traffic from points in Indiana to Bellewood is from 25 to 40 miles. The connecting track at Bellewood is about 350 feet in length, and is of such degree of curvature that only certain of the smaller locomotives of defendant can be operated over it. One engine of this class makes daily trips over the line, not, however, for the sole purpose of switching complainant's traffic. Loaded cars cannot be permitted to stand on the transfer track; it is therefore necessary that the

complainant's motor meet defendant's locomotive at the transfer point for the purpose of affecting a transfer. In practice, the defendant notifies the complainant in advance of the time of arrival of the locomotive at Bellewood, and the latter endeavors to have its motor on hand at the designated time. According to defendant's testimony, this operating necessity usually, if not invariably, involves delays, due in some cases to the failure of complainant to keep the appointment promptly and in others to the interference of passing trains on one line or the other. Defendant sometimes finds it necessary to leave the car or cars on a siding until a subsequent day. Occasionally, although infrequently, it is found that a loaded car intended for delivery to complainant cannot be operated over complainant's tracks; it must therefore be diverted or its lading transferred to another car. Due to these circumstances defendant claims that the switching of complainant's cars is decidedly more expensive than that of switching for its steam connections. The expense of operating a switching engine is alleged to be between \$6 and \$6.50 per hour, and the extra time required in delivering cars to complainant, as compared with deliveries to other connecting lines, at least one hour per car.

Defendant classifies certain short lines of steam railway as "connecting lines," and applies to their traffic interchanged the general charges for switching; but it appears that in every such case the volume of the traffic is much greater than that of complainant. Complainant asserts that the alleged discriminatory practices contribute to reduce the volume of its business.

Under the circumstances shown of record the complaint should be dismissed. The difference in charges is justified by the difference in circumstances affecting the cost of the services rendered in connection with complainant's traffic and that of other connecting lines, respectively. No evidence was adduced in support of the charge of unreasonableness.

MEYER, Commissioner:

The foregoing is substantially the report proposed by the examiner. Exceptions were filed by the complainant and argument was held before the Commission.

In view of the defendant's practice of exacting the same charge for interchange switching from different connecting lines irrespective of differences in the cost of performing the service, a finding that any different treatment of complainant is unjustly discriminatory in violation of section 3 of the act would be justified were it not for the fact that the interchange service with complainant is materially different from that with other connections. The record is inconclusive as to differences in the cost of interchange switching by defendant with complainant and with other connecting lines. However, the fact is admitted by complainant's witnesses that defendant cannot switch cars to and from complainant's tracks in the manner it does to and from the tracks of its other connections, but must rely upon complainant to receive or deliver the cars with its own motor. The resulting delays and the greater difficulty of performing this service constitute an additional source of expense not present in interchange switching between defendant and its other connections. Without a definite showing, therefore, that the cost of this service is no greater than the cost of interchange switching with other of defendant's connections, we cannot find that complainant is unjustly discriminated against. We do not regard as determinative the fact that the volume of the traffic is greater between defendant and certain of its connections than between defendant and complainant; nor the fact that complainant is an electric line. Connecting electric lines should be accorded the same service upon like terms under like conditions as connecting steam roads.

Complainant contends that it is at a disadvantage not only because of the higher switching charge to which its traffic is subjected, but also due to the fact that it is classified in defendant's tariffs as an industry instead of a connecting carrier. Complainant alleges that industries are loath to locate on a line classified as an industry instead of a common carrier. This is a matter which is not covered by the terms of the complainant. Obviously, however, any disadvantage resulting from the inaccurate classification of complainant by defendant and other lines only as an industry and not also as a common carrier, in accordance with established practice, is

undue and unjustifiable. Defendant should amend its tariff so, as to correct this error.

An order dismissing the complaint will be entered.

REPARATION ON LUMBER, ETC.

CASE NO. 9597

(51 I. C. C., 376-385)

METROPOLIS COMMERCIAL CLUB ET AL. VS. ILLINOIS CENTRAL RAILROAD COMPANY ET AL.

Submitted Oct. 25, 1918. Opinion No. 5452.

Upon complaint attacking the rates on logs, lumber, and various lumber commodities specified in the complaint taking the same rates from producing points in the states of Louisiana, Arkansas, Texas, and Oklahoma to Metropolis, Ill.; Held:

1. That the rates in effect prior to June 25, 1918, were unreasonable and unduly prejudicial to the extent that they exceeded by more than 1 cent per 100 pounds the rates contemporaneously maintained on the same commodities to Cairo, Ill.
2. That the rates made effective June 25, 1918, and now maintained, are and for the future will be unduly prejudicial to the extent that they exceed or may exceed by more than 1 cent per 100 pounds the rates contemporaneously maintained to Cairo, Ill.
3. Reparation awarded to the Metropolis Bending Company on shipments made prior to June 25, 1918.

ANDERSON, Commissioner:

The following is, in substance, the report proposed by the examiner, which was served upon the parties. No exceptions thereto were filed. We have somewhat modified the finding suggested by the examiner for reasons which will hereinafter appear.

Metropolis, Ill., is situated on the north bank of the Ohio River, about 11 miles northwest of Paducah, Ky., and approximately 50 miles east of Cairo, Ill. It is served from the north by the Chicago, Burlington & Quincy and the Illinois Central railroads, hereinafter respectively termed the Burlington and the Illinois Central, and from the south by the Illinois Central and the Nashville, Chattanooga & St. Louis Railway. This complaint, filed April 2, 1917, brings in issue the carload rates to Metropolis on logs and lumber and various lumber commodities specified in the complaint from points in the states of Louisiana, Arkansas, Oklahoma, and Texas, west of the Mississippi River on and south of the line of the Chicago, Rock Island & Pacific Railway, hereinafter termed the Rock Island, from Memphis, Tenn., to El Reno, Okla.; also from points in Arkansas and Oklahoma north of the Memphis-El Reno line of the Rock Island, from which traffic must move by way of that line. These rates are alleged to be unreasonable and also unduly prejudicial to Metropolis to the advantage of Paducah and Cairo. We are asked to require defendants to establish joint rates and through routes on the commodities specified from the points of origin to Metropolis, such rates not to exceed by more than 1 cent per 100 pounds the rates contemporaneously maintained for the transportation of like commodities to either of the alleged favored points. Complainant Metropolis Bending Company, a corporation dealing in lumber and various wooden articles at Metropolis, asks for reparation on shipments made by it under the rates assailed within the statutory period or that may be made during the pendency of this proceeding.

The Rock Island, the Missouri Pacific Railroad, formerly the St. Louis, Iron Mountain & Southern Railway, and hereinafter termed the Iron Mountain, the St. Louis Southwestern Railway, hereinafter termed the Cotton Belt, and the Kansas City Southern Railway were the only carriers that submitted evidence at the hearing. These carriers will hereinafter be collectively termed defendants. Rates are stated in cents per 100 pounds.

Manufacturing and jobbing lumber and various wooden articles is an important business at Metropolis, Paducah, and Cairo. Each draws a portion of its supply of rough material from the producing territory west of the Mississippi River and their products compete in common selling markets. Rates on the commodities specified in the complaint from all points in the originating territory, except from a few points in southern Louisiana and southeastern Texas, to Metropolis are from 4.3 cents to 6.3 cents higher than the corresponding rates to Cairo and Paducah. Joint through rates are maintained to Metropolis from the excepted points in Louisiana and Texas, applicable only through lower Mississippi River crossings in connection with the east-side lines, which rates are 1 cent higher than the rates to Paducah and Cairo. The latter rates are on the basis sought and are not assailed.

With respect to the movement of forest products from and to the points indicated, the principal lines serving the producing territory are the Rock Island, the Iron Mountain, and the Cotton Belt. The Rock Island does not reach Cairo, Paducah, or Metropolis with its own rails, but reach Paducah and Metropolis only over connecting lines. The adjustment from points on these lines is illustrative of the entire adjustment under consideration. The Rock Island participates in joint rates on these commodities from all producing points on its line to Cairo and Metropolis, and in joint rates to Paducah from Little Rock and points east thereof. The joint rates to Metropolis are based on the Cairo combinations. No joint rates are maintained to Paducah from points on the Rock Island west of Little Rock; the lowest combinations make on Cairo. In all instances where joint rates are in effect to Paducah, they are the same as the rates to Cairo. Joint rates apply from all points on the Iron Mountain and Cotton Belt south of the Memphis-Little Rock line of the Rock Island to Paducah, which rates are the same as the rates to Cairo. From points on their lines west of a line drawn south from Little Rock, no joint rates are in effect to Paducah and the lowest combinations make on Cairo. These two carriers do not participate in joint rates to Metropolis from any points in the producing territory; the lowest combinations make on Cairo or Thebes, Ill., these points taking the same rates, or on Paducah. The joint rates from points on the Rock Island to Cairo, Paducah, and Metropolis apply only through Memphis in connection with the Illinois Central beyond. The joint rates from points on the Cotton Belt and the Iron Mountain to Paducah apply only through Cairo. It should be stated that the joint rates now maintained from points on the Rock Island, the Iron Mountain, and the Cotton Belt to Paducah were not voluntarily established by the carriers, but in compliance with our orders as hereinafter shown. It may be well to note that the Kansas City Southern does not join in the publication of joint rates on these commodities to either Paducah or Metropolis. It does participate in the publication of joint rates to Cairo, applicable only in connection with the Iron Mountain and the Cotton Belt.

The witnesses discussed three routes for hauling forest products from the producing territory to Metropolis—the Memphis route, the Cairo route, and the Goreville, Ill., route. In reaching Metropolis via the Memphis route the Mississippi River is crossed at Memphis and the Ohio River at Paducah. By the Cairo route the Mississippi is crossed at Thebes and the Ohio at both Cairo and Paducah. Traffic moving by the Goreville route crosses the Mississippi at Thebes and moves thence to Goreville over the Chicago & Eastern Illinois Railroad, where it is delivered to the Burlington for transportation to destination.

As above shown, the only available route of the Rock Island from the producing territory to Cairo, Paducah, and Metropolis is through Memphis. The short-line distance from Memphis to Cairo is 170 miles, to Paducah 166 miles, and to Metropolis 177 miles.

All traffic from points on the Cotton Belt to Cairo, Paducah, and Metropolis moves through Brinkley, Ark. The Cotton Belt does not reach Memphis with its own line. A contract which it entered into several years ago with the Iron Mountain provides that the Cotton Belt shall deliver to the Iron Mountain at Fair Oaks, Ark., all traffic originating on the Cotton Belt or its connections and consigned to or through Memphis. The contract also provides that the Iron Mountain shall receive 3 cents per 100 pounds for its haul from Fair Oaks to Memphis. The distance to Metropolis from Brinkley over this route in connection with the Illinois Central beyond Memphis is 262 miles; via the Cairo route the distance is 290 miles, and through Goreville 293 miles. An exhibit submitted by the Cotton Belt shows that the average distance from all lumber-producing points on its line to Metropolis via the Cairo route is 4.5 per cent greater than the average distance by way of Memphis. The distance by way of the Cotton Belt from Brinkley to Cairo is 236 miles, and to Paducah, through Fair Oaks and Memphis, 251 miles. The Cotton Belt routes its Metropolis traffic through Goreville, except from points where the lowest combinations make on Cairo, in which instances the traffic is delivered to the Illinois Central at Cairo.

From seven representative points on the Iron Mountain

the average short-line distance to Cairo via the Iron Mountain direct is 372 miles. From the same points the average short-line distances to Paducah and Metropolis through Cairo are 415 miles and 426 miles, respectively, and over the shortest workable routes through Memphis, 376 miles and 387 miles, respectively. The Iron Mountain handles its Metropolis traffic through Cairo or Memphis.

The general adjustment here involved was considered by us in Paducah Board of Trade vs. I. C. R. R. Co., 29 I. C. C., 583; Paducah Board of Trade vs. I. C. R. R. Co., 37 I. C. C., 719; Paducah Board of Trade vs. I. C. R. R. Co., 43 I. C. C., 537, hereinafter referred to, respectively, as the first, second, and third Paducah cases; and Metropolis Commercial Club vs. I. C. R. R. Co., 30 I. C. C., 40, hereinafter referred to as the former Metropolis case. Portions of the records in the second Paducah case and the former Metropolis case were filed as evidence in the instant case. It may be well briefly to discuss the cases cited. In the first Paducah case, we found that the rates on logs and lumber from points in Louisiana and Arkansas on and south of the Memphis-Little Rock line of the Rock Island to Paducah were unduly prejudicial as compared with the rates to Cairo, and that defendants therein which operated west of the Mississippi River should maintain rates on logs and lumber to Paducah from substantially equidistant points or groups in that producing territory no higher than those contemporaneously maintained to Cairo. There was no request for the establishment of joint rates and through routes and, therefore, no order was entered. The complaint in the second Paducah case was subsequently filed, and specifically prayed for the establishment of such through routes and joint rates. We there approved our findings in the first Paducah case and again found that the rates were unlawfully discriminatory, to the prejudice and disadvantage of Paducah and to the preference and advantage of Cairo; and also that the rates to Paducah were unreasonable to the extent that they exceeded the rates then maintained to Cairo. Defendants therein were required to establish and maintain through routes for the transportation of logs and lumber from the producing territory to Paducah, and joint rates applicable via such routes no higher than the rates then maintained to Cairo. Those routes and rates the carriers were given the alternative of establishing by way of Memphis or Cairo. An order was entered in that proceeding giving effect to the findings therein. Subsequently, a petition for rehearing, filed by defendants, was considered and denied. Certain of the initial lines thereupon published rates to Paducah the same as to Cairo, though the west-side lines generally did not concur in those rates, and the rates published were made to apply only by way of southern Mississippi River crossings in connection with the east-side lines. Certain of the west-side lines sought in the United States district court for the western district of Kentucky an injunction against our order, which was denied. *St. Louis Southwestern Ry. Co. vs. United States*, 234 Fed., 668. These carriers thereupon established the Cairo basis of rates on logs and lumber to Paducah. Subsequently an appeal was taken to the Supreme Court of the United States, and the decision of the district court was affirmed. *St. Louis Southwestern Ry. Co. vs. United States*, 245 U. S., 136. The rates established following the decisions in the first and second Paducah cases were not extended to articles generally carried in the lumber lists of the carriers and the complaint in the third Paducah case was thereupon filed, attacking the rates on various lumber commodities from the same producing territory to Paducah. We there prescribed the same adjustment with respect to these lumber commodities as we had prescribed in the first and second Paducah cases on logs and lumber. In the former Metropolis case, filed subsequently to the decision in the first Paducah case and prior to the decision in the second Paducah case, we found that the rates on logs and lumber from points in Louisiana and Arkansas on and south of the Memphis-Little Rock line of the Rock Island to Metropolis were unduly prejudicial to Metropolis to the extent that they exceeded by more than 1 cent the rates contemporaneously maintained to Cairo. There was no prayer for the establishment of joint rates and through routes. An appropriate order was entered, whereupon the Iron Mountain and the Cotton Belt petitioned the United States district court for the eastern district of Illinois for an injunction against the enforcement of our order. The injunction was granted on the

following grounds: (1) That the evidence before us was not sufficient to support the finding of discrimination; (2) that neither the Iron Mountain nor the Cotton Belt had direct lines to Metropolis, and inasmuch as they did not join with any other line or lines reaching that point in making joint through rates to Metropolis, the maintenance of lower rates by the lines named to Cairo than to Metropolis could not be deemed unjust discrimination or undue preference within the meaning of the act; (3) that we erred, as a matter of law, in failing to give effect to the fact that the Cairo rate, in and of itself, was abnormally low, due to competition of other trunk lines and to competition of other points of origin. *St. Louis, Iron Mountain & Southern Ry. Co. vs. United States*, 217 Fed., 80.

It will be observed that the instant case brings in issue rates from points west of a line drawn south from Little Rock, not considered in the cases cited. However, rates from this additional territory are subject to the same conditions which affect the construction and application of rates from the producing territory immediately east of the line drawn south from Little Rock. It should also be noted that the present proceeding differs from the former Metropolis case in that here the question of the intrinsic reasonableness of the rates is presented, and also complainants here pray for the establishment of joint rates and through routes. With these expectations, the issues here presented are substantially similar to those considered in the prior proceedings.

In addition to the various proceedings above cited, it may be observed that following our decision in the first Paducah case and the former Metropolis case, the Rock Island filed a tariff proposing increases in the rates on logs and lumber from points in this producing territory to Cairo, and named the same rates to Paducah. That tariff was suspended and the rates proposed, together with the rates proposed by other carriers which were in conflict with our findings in the first Paducah case, were considered in *Rates on Lumber from Southern Points*, 34 I. C. C., 652. The proposed rates were there disapproved, and we adhered to our findings in the first Paducah case.

Defendants insist that our findings in the three Paducah cases and the former Metropolis case were erroneous, and it may be said that they now proceed as if the present case "were one of first impression." The present record, however, adds little to the evidence adduced in the former cases.

Defendants here urge, as in the former cases, that we have no power to compel them to establish joint rates and through routes. This contention is without merit. *St. Louis Southwestern Ry. Co. vs. United States*, supra. They also urge that they cannot, in any event, be guilty of discriminating against Metropolis because their lines do not reach that point. In discussing a similar contention in the case just cited, the Supreme Court said:

"That the western lines have billed traffic via Cairo or Memphis through to Paducah in connection with the Illinois Central line reaching Paducah, although not on their own rates. And, thereby, that because effective instruments of discrimination, *Long Island Coasting*, produced as much from competition of a connecting carrier as from single carriers whose lines reach them. Clearly the power of Congress and of the Commission to prevent individual carriers from practicing discrimination against a particular locality, is not confined to those whose rails enter it."

While admittedly the Memphis route is the logical and proper route of the Rock Island to Metropolis from the producing territory, the Cotton Belt and the Iron Mountain insist that the proper route for traffic moving via their lines is through Goreville. They emphasize the fact that this route necessitates only one river crossing, as compared with two by way of the Memphis route and three by the Cairo route; also the further fact that they have their own lines from the producing territory to Thebes. In *Rates on Lumber from Southern Points*, supra, it was shown by the respondents therein that at some of the crossings it cost the carriers 2.1 cents per 100 pounds to haul lumber across the Ohio River. While the distances to Metropolis by way of Memphis are less than the distances through Goreville, when all the circumstances and conditions are considered it appears that the contention of the Iron Mountain and the Cotton Belt that the proper route for their traffic is through Goreville is well founded.

Rates from the southwest to points north and east of Cairo are generally made by combinations on Cairo or Thebes, and the carriers insist that this is the proper

basis for rates to Metropolis. It is further contended that if joint rates are established to Metropolis on the basis asked, other cities located north and east of Cairo and Thebes will ask that they be similarly favored. Complainants reply that this contention disregards the essential fact that Metropolis is an Ohio River crossing, and that rates to no Ohio River crossing, except Metropolis, are now made on the Thebes or Cairo combinations but are on a lower basis. The fact that other points would seek reductions in their present rates if the rates asked to Metropolis are prescribed affords no basis for denying relief to Metropolis if the present rates to that point are unlawful.

Defendants submitted numerous exhibits intended to show that the divisions which would probably accrue to them if the proposed rates are established would not be compensatory. In this connection it is only necessary to state that the question of divisions is not presented in this proceeding.

Most of the evidence deals with the adjustment to Metropolis as compared with the adjustments to Cairo and Paducah, but in their endeavor to show that the present rates to Metropolis are intrinsically reasonable, defendants submitted exhibits comparing these rates with rates on lumber for similar distances from points in the southwest to destinations in Illinois, Kansas, Oklahoma, and Missouri, and also with rates on like traffic between points in other territories. Considered wholly from the standpoint of distance, the rates cited compare favorably with the present rates to Metropolis, but are materially higher than the present rates to Cairo and Paducah. Exhibits similar to those here presented were submitted by the carriers in the Paducah cases cited and in *Rates on Lumber from Southern Points*, supra, in support of the contention there made that the rates to Cairo were unduly low. As above shown, we found, in effect, that this contention had not been sustained. As lumber from points in the producing territory moves to Metropolis via the Memphis route through Paducah and via the west-side routes the movement to both Metropolis and Cairo is over the same routes in all instances up to Thebes, it appears that the rates to Cairo and Paducah afford a proper standard whereby to measure the reasonableness of the rates to Metropolis.

By way of the Memphis or Cairo routes the distances from the points of origin to Metropolis are only 11 miles greater than the distances to Paducah. In *Paducah Board of Trade vs. I. C. R. R. Co.*, 29 I. C. C., 593, a difference of 1 cent per 100 pounds was fixed as reasonable compensation for the additional service northbound in crossing the Ohio River at Paducah. We thus reduced to 1 cent the spread in the outbound lumber rates from Paducah as compared with the rates from Metropolis. By way of the Goreville route the distances from the points of origin in question to Metropolis are only 54 miles greater than the distances to Cairo via Thebes. It is clear that the present rates to Metropolis are too high as compared with the rates to Cairo and Paducah. We found in the former Metropolis case that the rates to Metropolis should not exceed the rates to Cairo by more than 1 cent per 100 pounds, and there is nothing in the present record that warrants a different conclusion. Indeed, the evidence here abundantly confirms the finding made in that case.

Since the hearing the Director-General in the exercise of powers conferred upon the President by the federal control act has, effective June 25, 1918, initiated rates higher than those complained of. By supplemental complaint, filed with our permission on September 30, 1918, the Director-General was made a party defendant. In said supplemental complaint it is stated:

"That since the filing of the original complaint, the Director General, by General Order No. 28, has increased all the rates involved, but no substantial changes have been made in the relationship of rates, and said relationship continues to be unjust and unduly discriminatory against Metropolis."

Complainants make no attack upon the increases provided for in General Order No. 28, but assert the same cause of action against the Director General as was asserted in the original complaint against defendants named therein, and complainants now ask that the Director General be required to establish the relationship of rates which complainants sought in their original complaint.

The answer of the Director-General is, in substance, the same as that made by him and reported in *Willamette Valley Lumbermen's Asso. vs. S. P. Co.*, 51 I. C. C., 250, and need not be repeated here. The Director-General

waives further hearing and consents that the evidence heretofore submitted, in so far as the same is relevant and material to the questions now properly at issue, may be considered by us. The case therefore stands for decision upon the record previously made.

It will be observed that the complainant in the supplemental complaint does not attack the intrinsic reasonableness of the rates initiated by the Director-General, effective June 25, 1918, and no reparation will be awarded on shipments moving subsequent to that date.

Upon all the facts disclosed we find that the rates assailed were, prior to June 25, 1918, unreasonable and unduly prejudicial to Metropolis to the extent that they exceeded by more than 1 cent per 100 pounds the rates contemporaneously maintained for the transportation of like traffic from the same points of origin to Cairo; and that the present rates are and for the future will be unduly prejudicial to Metropolis to the extent that they exceed or may exceed by more than 1 cent per 100 pounds the rates contemporaneously maintained for the transportation of like traffic from the same point of origin to Cairo. We further find that the Metropolis Bending Company has made shipments as hereinbefore described and paid and bore the charges thereon at the rates herein found unreasonable and unduly prejudicial; that it has been damaged to the extent that the charges paid exceeded the charges that would have accrued at the rates herein found reasonable; and that it is entitled to reparation with interest on shipments made prior to June 25, 1918. As the amount of reparation due cannot be determined from this record, the Metropolis Bending Company should file a statement in accordance with rule V of the Rules of Practice, also specifying the date on which the freight charges were paid, which statement should be submitted to the defendants for verification. Upon receipt of a statement so prepared and verified, we will consider the entry of an order awarding reparation.

An appropriate order will be entered.

COMMISSION'S ANNUAL REPORT

The Traffic World Washington Bureau.

In its annual report to Congress, sent to the Capitol at noon, December 5, the Interstate Commerce Commission made the fact that the railroads are in possession of the government and that some way for dealing with the "railroad question" must be found by Congress, the leading part. The Commission begins its report by directing attention to the fact that on December 5, exactly a year ago, it advised Congress that something had to be done with the railroads. It gave that advice in a special report, which is reproduced in this one. All this leads up to a recital of the taking over by the President of the railroads at the end of that month and that since then they have been operated by the government. That is emphasized to show the necessity for a congressional solution of the problem.

The Commission takes no positive stand in favor of any plan. Five methods for dealing with the question are suggested. The fourth suggestion is for a resumption of private control and management under regulation. While that is number four in the list of possible solutions, it is made number one in the order in which the five are discussed. From the fact that it is placed in the position of honor in the order of the discussion, it may be inferred that the commissioners favor it above others. In discussing the subject of possible solutions the Commission says:

"In our previous annual reports we have, as provided in the act to regulate commerce, transmitted to the Congress such information and data collected by us as were considered of value in the determination of questions connected with the regulation of commerce, together with such recommendations as to additional legislation relating thereto, as we deemed necessary. These bore on the regulation of competing common carriers, privately owned and operated. We deem it both unnecessary and inappropriate to renew these recommendations under existing conditions, an important feature of which is temporary unified operation of the carriers by a governmental agency during national emergency and under war powers. That emergency is passing, and in the light of experience gained and to be gained therefrom it will be profitable to appraise the results of unified operation and to apply them,

in so far as pertinent, to the solution of the problems expressly reserved by the Congress for later consideration.

"The conditions, without precedent or parallel, which the war has produced now press upon the Congress matters of the gravest national and international concern.

"While we do not deem the present conditions and moment opportune in which to recommend concrete proposals for legislation, we may indicate certain lines of inquiry which must be pursued in order to reach sound conclusions.

Adequate Transportation the Aim

"Whatever line of policy is determined upon, the fundamental aim or purpose should be to secure transportation systems that will be adequate for the nation's needs even in time of national stress or peril and that will furnish to the public safe, adequate and efficient transportation at the lowest cost consistent with that service. To this end there should be provision for (1) the prompt merger without friction of all the carriers' lines, facilities and organizations into a continental and unified system in time of stress or emergency; (2) merger within proper limits of the carriers' lines and facilities in such part and to such extent as may be necessary in the general public interest to meet the reasonable demands of our domestic and foreign commerce; (3) limitation of railway construction to the necessities and convenience of the government and of the public, and assuring construction to the point of these limitations; and (4) development and encouragement of inland waterways and co-ordination of rail and water transportation systems.

"Among the plans which doubtless will be proposed are the following: (1) Continuance of the present plan of federal control; (2) public ownership of carrier property with private operation under regulation; (3) private operation under regulation with governmental guarantees; (4) resumption of private control and management under regulation; and (5) public ownership and operation. Additional plans and modifications or combinations of those enumerated might be listed.

"If the policy of private ownership and operation under regulation is continued, the following subjects will require legislative consideration: (1) Revision of limitations upon united or co-operative activities among common carriers by rail or by water; (2) emancipation of railway operation from financial dictation; (3) regulation of issues of securities; (4) establishment of a relationship between federal and state authority which will eliminate the twilight zone of jurisdiction and under which a harmonious rate structure and adequate service can be secured, state and interstate; (5) restrictions governing the treatment of competitive as compared with non-competitive traffic; (6) the most efficient utilization of equipment and provision of equipment and provision for distributing the burden of furnishing equipment on an equitable basis among the respective carriers; (7) a more liberal use of terminal facilities in the interest of free movement of commerce; and (8) limitations within which common carrier facilities and services may be furnished by shippers or receivers of freight.

"Should the policy of public ownership and operation be adopted, there must be considered: (1) The just and fair price at which, and the terms under which, carrier properties are to be acquired; (2) prohibiting the operation of railways as a fiscal contrivance, insuring their administration in the interests of the convenience and commerce of the people, requiring that they shall be self-supporting, and that their rates shall be properly related to the ascertained cost of service, and retaining and extending the economies and advantages of large scale production in transportation; (3) responsibility and relationship of the railway administration to Congress and other federal authorities and to the states; (4) guarding against the intrusion of party politics into railway management; (5) a status for railway officers and employees under which the railway service will attract and retain the best talent; and (6) maintenance of a tribunal for the determination of controversies which will inevitably arise even under public operation.

"The above outline is a mere enumeration of some important points to be considered. We will at an appropriate time report to Congress such information, suggestions or recommendations as we believe may be of assistance in solving the many and difficult transportation problems."

Immediately following the discussion of possible solu-

tions, the Commission said it was important to point out the relation of the Commission to the transition to the new regime of federal control. In connection with that transfer the Commission said:

"The duties of the Interstate Commerce Commission, as outlined in the act to regulate commerce, have involved the minimum participation in actual railway management or administration. Its work has related particularly to rates, rules, regulations, fares, charges and practices; and, while occasionally lending its good offices in matters of administration, the Commission has not assumed that under the act there is assigned to it the role of railway management or direction of operations. The only exceptions of moment until the passage of the Esch car service act in May, 1917, have been in the domain of the safety acts.

"It was not found necessary to resort to the summary power conferred by the Esch act. A new bureau of the Commission, that of 'car service,' was created and with a joint committee of the carriers, known as the commission on car service, exerted wide regulatory power over car service and over transportation generally. Directions to the carriers' commission on car service sufficed to effect compliance with directions of the bureau of car service.

"Similar functions involving direct participation in railway administration and management had in the meantime devolved upon other governmental agencies. Under an amendment to the act to regulate commerce approved Aug. 29, 1916, the President was given power to direct that priority in transportation be given troops and material of war; and in consequence the War and Navy departments, as well as the United States Shipping Board, required priority to be given to shipments of a large tonnage of materials and supplies. Control of priority orders later was entrusted to the Priority Director under an act approved Aug. 10, 1917. The Food Administrator, by licenses and regulations governing the purchase and sale of certain food supplies, virtually prescribed carload minima in excess of those named in the carriers' tariffs. The Fuel Administrator also issued instructions which affected the movement of fuel.

"In addition to this divided authority over railroad transportation, the conditions, despite the carriers' efforts at cooperation in moving the vast amount of freight then being offered became so grave that on Dec. 5, 1917, the Commission transmitted a special report," which is reproduced in full, so as to give it a permanent place in the records of the Commission.

Under the caption, "Federal Control," the Commission recites the facts which have heretofore been published respecting its activities in co-operation with the Director-General. Much of the time of the commissioners has been spent in working for the Director-General. Among the tasks recited as performed for him are the following:

"The assembling of financial information covering prospective capital requirements and security issues for the current calendar year; the maintenance of the integrity of tariff publications in substantial conformity with the Commission regulations; assistance in obtaining greater uniformity in freight classification; an inquiry into the advisability of federal control of express companies; an inquiry into the information or sources of information available to the United States Railroad Administration in the several departments or branches of the government; an inquiry into the intercorporate relations of railroads; an investigation into the matter of the wages of railway employees, for which purpose a special commission of four was appointed by the Director-General, including thereon a member of this Commission; an inventory of the property of carriers under federal control; studies of possible economies in transportation by shorter routing of traffic and the avoidance of unnecessary cross-hauling and by physical connection of railroads which had previously been operated under competition; the undertaking to serve as intermediary in matters before state commissions affecting carriers under federal control; an inquiry into the proposed discontinuance of operation of certain short lines of railroad; an inquiry into methods of fuel economy; and examination of statistical and accounting problems.

"In addition to the above list of matters, which is merely illustrative, various concrete situations affording difficulty or perplexity were, at the Director-General's request, investigated by members of the Commission, and recommendations submitted thereon. Among these may be men-

tioned: Proposed federal control of the St. Louis municipal bridge; the projected removal of the freight terminal at Sedalia, Mo.; information as to existing schedules of coal rates; the development of certain inland waterways; grade crossing elimination in Indianapolis; rentals of carrier-owned elevators at Kansas City, Mo.; store-door delivery in New York City.

"In addition to the matters listed above, the services of various bureaus of the Commission have been freely utilized at the instance of the Director-General, in particular the bureaus of tariffs, of carriers' accounts, of statistics, car service, and valuation.

"At the Director-General's request, four of the commissioners have served on a general conference committee on the drafting of the standard compensation contract provided for in the federal control act approved March 21, 1918.

"The federal control act laid the legislative foundation for the operation of carriers by the federal Railroad Administration. During the period of the emergency which led to its enactment to meet conditions growing out of the war it has changed in certain instances the functions of this Commission, superseding in some cases the powers formerly exercised by us, altering in some degree our jurisdiction, and in other instances imposing upon us new duties. Certain salient changes resulting from this act are worthy of notice."

Changes Under Federal Control Act

The report discusses the changes effected under the federal control act in the initiation of tariffs and the effect of the federal control act on the decision of controversies by the Commission. Under the latter caption the report sets forth in considerable detail the Commission's decisions in the Willamette Valley and the Kaw River Sand & Material Company cases, both of which were published in advance of the annual report. It also tells of the work done by the Commission in making certificates to be used by the President in executing contracts for just compensation. The report mentions the fact, not hitherto published, that September 3, the Commission transmitted to the President the first lot of certificates required by the federal control act. They were not made up as easily as might be imagined, because the end of the three-year period designated in the statute did not coincide with the fiscal year currently in effect. Congress in passing the federal control act ignored the fact that the Commission had ordered the fiscal year of the railroads, for accounting purposes, to run concurrently with the calendar year. It was therefore necessary for the Commission, before it could issue its certificates showing the net operating income, to readjust the accounts so as to make them cover the test period. The certificates sent to the President are subject to such changes and corrections as the Commission may hereafter determine and certify to be requisite in order that the accounts and reports of the company used as the basis for computing the average annual operating income may be brought into conformity with the Commission's accounting rules or regulations in force at the time of such accounting or in order to correct computations based on such accounts or reports.

Power Over State Rates

The Commission, under the caption, "The Advisory Function of the Commission," says:

"Section 8 of the federal control act provides:

That the President may execute any of the powers herein and heretofore granted him with relation to federal control through such agencies as he may determine, and may fix the reasonable compensation for the performance of services in connection therewith, and may avail himself of the advice, assistance, and co-operation of the Interstate Commerce Commission and of the members and employees thereof, and may also call upon any department, commission, or board of the Government for such services as he may deem expedient.

"If it be assumed that the power of the Director-General to initiate rates applicable wholly within a state is not inhibited by section 15 of the federal control act, the question arises whether the jurisdiction of the Commission has not been extended by section 10 of that act to embrace a review of state rates so initiated. The first proviso of section 1 of the act to regulate commerce is that 'the provisions of this act shall not apply to the transportation of passengers or property, or to the receiving, delivering, storage, or handling of property wholly within one state.' The government has taken over transportation systems

carrying both state and interstate traffic. The federal control act empowers the President to initiate rates, fares, charges, classifications, regulations and practices whenever in his opinion the public interest requires, by filing the same with the Interstate Commerce Commission. Our jurisdiction to determine the reasonableness and justness of any such order of the President relates to 'any rate, fare, charge, classification, regulation, or practice of any carrier under federal control.' The findings and orders which the Commission may enter after hearing are such as are authorized by the act to regulate commerce as amended.

"There have been raised at least two important questions relating to the fourth section of the act to regulate commerce as affected by the federal control act. The first is whether pending fourth section applications filed by the carriers protecting their deviations from the rules of the fourth section, until a determination of the applications by the Commission, may be continuously passed upon as heretofore; the second is whether the rules of the fourth section apply to rates initiated under the federal control act."

Work of the Commission

In that part of the report telling about the work of the Commission other than that hereinbefore mentioned, the report says that 342 formal complaints were filed, a decrease of 309 as compared with the previous year. During the same period 572 cases were decided and 77 were dismissed by stipulation or on complainants' request, making a total of 653 disposed of, as against 852 during the prior year. The Commission conducted 596 hearings and took approximately 104,983 pages of testimony. During the prior year 1,228 hearings were had and 210,533 pages of testimony were taken.

This diminution in the number of formal complaints, the report says, is attributable in large part to the patriotic feelings of shippers that they should do nothing during the war to embarrass the government, and to the enactment of the Smith amendment to the fifteenth section requiring permission to be obtained before an advanced rate tariff may be filed. That amendment, the report says, naturally had the effect of substantially reducing the number of suspensions and the consequent creation of I. and S. docket cases. During the period covered by the report only ten suspension cases were instituted, a decrease of 186, as compared with the prior year. During the year 103 suspension cases were disposed of, a decrease of 120. Eighteen refusals to suspend protested schedules were made, a decrease of 218, as compared with the prior year.

While the formal proceedings before the Commission decreased, the informal ones showed an increase. The informal docket received 5,458 complaints, an increase of 158 over the preceding year. During the same period the railroads filed 2,761 special docket applications for authority to refund amounts collected under published rates, which were admitted by the carriers themselves to be unreasonable. While that number of applications seems large, it was 2,122 fewer than during the preceding year.

Authorizations of refunds numbering 2,752 were issued. That was a decrease of 2,607. Reparation awarded in informal proceedings amounted to \$682,900.50. In addition 182 cases were dismissed or otherwise disposed of without orders. This decrease in special docket applications was due largely to the fact that the Railroad Administration has not generally resorted to the presentation of cases on this docket.

In the year, 141,254 tariff publications containing changes in freight, express and pipe line rates, passenger fares or classification ratings were filed. Those figures indicate a decrease in the number of rate changes as compared with recent years, notwithstanding the large number of schedules filed to establish the 15 per cent advance authorized by the Commission in Official Classification territory and the 25 per cent advance ordered by the Director-General. This reduction, the report says, may be ascribed in part to the operation of the Smith amendment of August 9, 1917. During the period covered by the report, 2,891 schedules tendered for filing were rejected for failure to give lawful notice, and 556 were refused because the carrier had not secured fifteenth section approval.

Uniform Classification

Under the amended fifteenth section, 1,582 applications for authority to file tariffs were submitted to the Commission. The total number of such applications filed since

the change in the law is 6,682; 1,242 were approved, 83 denied in full, 116 denied in part, 3,897 withdrawn by the carriers, 168 assigned to the docket for formal hearing, and 1,287 are pending. With regard to the proposed uniform classification, the Commission said:

"Following the policy outlined in our previous reports, we have endeavored to stimulate the work in the direction of uniformity in freight classification. At a conference of the classification committees, called on our suggestion, it appeared that the work that had been undertaken by the carriers' uniform classification committee, and which did not include fixing of ratings, might be brought to a conclusion at a not distant date. We addressed an inquiry to the carriers as to why they could not, by January 1, 1919, or earlier, effect an assimilation or consolidation of the three general freight classifications into one volume containing one set of uniform commodity descriptions with three rating columns, one for each territory, subtended, and with one set of general rules. Shortly after this communication was sent, the director of traffic of the United States Railroad Administration took up the question, and after conferences with us he appointed a small committee, of which our classification agent was a member, to take up the unfinished work of the uniform classification committee and bring forward a suggested consolidated classification carrying uniform rules and regulations and with three columns of ratings, one each for the Official, Western and Southern Classification territories. It was understood that the report of this committee in the form suggested would, upon request of the Director-General, be made the subject of an investigation by us. Under section 8 of the federal control act request for such an investigation and advice to the Director-General based thereon was made upon us. Copies of the proposed consolidated classification, together with copies of our order instituting the investigation and specifying the places and times at which hearings would be had, were sent to the shipping public generally. Hearings have been held in important commercial centers throughout the country, but have not been concluded.

"It was not intended that this committee's work or its report should contemplate making the consolidated classification a source of additional revenue. Without forecasting anything with regard to the report which we will make after the hearings and arguments are closed, it seems not inappropriate to say that the individual representatives of the several classification territories injected numerous proposed increased ratings in the proposed consolidated classification. These were especially numerous in the southeast. Objections have been voiced to various features of the proposed classification, mainly with respect to the increased ratings and the rule relating to mixed carload ratings.

"Uniformity in classification ratings will necessitate a great many changes. A change in rating automatically effects a change in rate, to say nothing of the effect on commercial competition between competitive articles or commodities. No two of the existing classifications have the same number of classes.

"The ideal situation would be complete uniformity in ratings and a definite relationship in percentages of the rates on the several classes to the rate on the first class. Some progress has been made in the direction of more uniformity in the relationship of the rates on the several classes to the first-class rate, but conditions have created numerous and widely varying relationships, which have long existed and now exist."

The rest of the report is devoted to an exposition of the activities of the Commission in regard to express rates and a summary of work done by the bureau of inquiry, the bureau of law, the bureau of carriers' accounts, the bureau of statistics, the bureau of safety, the bureau of locomotive inspection, bureau of valuation, and the standard time-zone investigation conducted by the Commission acting through Commissioner Aitchison.

During the year the Commission spent \$5,472,526.92, which is within \$194,448.20 of the appropriation made for it by Congress.

RULES FOR FIGURING OVERTIME.

The Railroad Administration, in interpretation No. 1 of supplement 7 to General Order 27, has laid down rules for calculating the overtime of monthly, weekly or daily paid railroad employees.

SUCCESSOR TO McADOO]

The Traffic World Washington Bureau.

Although, so far as known, President Wilson did not tell anyone that he would appoint a new Director-General at the time he appointed a new Secretary of the Treasury to succeed W. G. McAdoo, there was a feeling December 4 that a new Director-General would be named before the day was over. The possibilities were considered to be Lovett, Hines, McChord, Daniels and Prouty. Mr. McAdoo, according to gossip among the railroads, put in a stop order against John Barton Payne on the ground that his favoring divisions on short lines showed him to be unsafe. The President, however, has not yet named a new Director-General.

There is a more or less general feeling among those interested in the subject that the man chosen to be Director-General of Railroads to succeed Mr. McAdoo will be called on to perform desperate surgical operations and possibly arrange the corpse of governmental operation of railroads for burial. While the office is not exactly going begging, it is the general understanding that most of the men mentioned in connection with the place are willing to take it, not because they have any hope of making a great success of government operation, but because they believe it possible to help greatly in the readjustment which everybody admits will be made before the railroads can be returned to their owners.

Among certain shippers there is a feeling that Commissioners Daniels and McChord, whose names have been prominently mentioned as among those who might be chosen, would not be doing themselves a service in consenting to accept the office in the event it should be tendered. They argue that inasmuch as the railroad men who advised Director-General McAdoo consented to the things he has done, that help to make the transfer from the government to the owners such a hard task, some railroad men like Walter D. Hines or Robert S. Lovett should be entrusted with the duties of receivership or burial. Among shippers of another class there is a feeling that Chairman Daniels or Commissioner McChord might well accept the assignment in the interests of the country, and do his best to remedy a bad situation.

Railroad men do not look with favor on a proposal to transfer the director-generalship from the railroad side of the fence to the shippers' side. They argue that a man like McChord, for instance, could not deal with the railroad property in such a way as to conserve it, because he has been too much inclined to favor shippers.

While the representatives of organized labor, whose followers have been the beneficiaries of Mr. McAdoo's policy of generosity, do not express themselves openly, there is reason to believe that if they had the opportunity to choose between non-railroad men they would prefer Commissioner McChord. As a matter of fact, a number of railroad men's organizations adopted resolutions after the resignation of Mr. McAdoo, suggesting the appointment of Mr. McChord.

Some efforts were made by friends of Director-General McAdoo to have all the resolutions adopted by labor organizations worded so as to favor the retention of office by Mr. McAdoo. In one or two cases it looked as if Mr. McAdoo's friends were trying to organize a campaign for his retention of office on the theory that he would be the only man able to extricate the railroads from the position in which they have been placed as a result of the war and the measures taken to satisfy railroad employees and keep them on the job instead of going into the munitions and ammunition plants.

Answering a question December 5, Director-General McAdoo said he expected to remain as Director-General until the President returned unless, in the meantime, a new Director-General has been chosen. That statement, which is in harmony with his letter of resignation, was sufficient to cause speculation as to whether he would not continue as Director-General for an indefinite period, especially in view of the fact that no one seems to have been able to get the slightest inkling from the President as to his thoughts respecting a Director-General.

Robert S. Lovett, Director of the Division of Capital Expenditures, December 6, tendered his resignation, because he said he desired to return to his corporate duties with the Union Pacific. The day before he had been held forth by railroad men as a probable selection for the director-generalship. Were he on the eve of an appoint-

ment of that kind it is believed that he would not express a wish for returning to his corporate duties.

The Tulsa Traffic Association, November 29, sent the following telegram to President Wilson:

"Knowing the qualifications and past record of Carl R. Gray, we are taking the liberty, without his knowledge, to ask that his name be given consideration in the appointment of a successor to W. G. McAdoo, as Director-General of Railroads. We do not know of a man better qualified to fill the position and believe without a doubt he will have the unqualified endorsement of the entire southwest."

McAdoo Declines Charity

Director-General McAdoo continues to receive from members of organized labor employed on the railroads requests to reconsider his decision to resign his office. Employees of the railroads accept at its face value his declaration that he is retiring because he must earn more money for the support of his family. They appear to believe that if he could obtain greater compensation he would remain at the head of the Railroad Administration. Their further idea is that if they will make up by their contributions a compensation much greater than any Mr. McAdoo pays a regional director, he will retain office. Therefore they continue sending offers of contribution such as came from employees of the Wabash and the Missouri Pacific at St. Louis the day after he resigned.

The Director-General is duly grateful for these offers of financial help, but he has no idea of holding office on such terms. Acknowledging the telegram from Wabash and Missouri Pacific employees offering to contribute \$2,000 a month as part of a salary to be paid him by railway employees Mr. McAdoo said:

"I am genuinely touched by your telegram of the 24th of November in which you tell me that the employees of the various railroads operating out of St. Louis desire to pledge two thousand dollars per month as part of my salary if I will remain as Director-General of Railroads.

"It would be difficult for me to express adequately my appreciation of this evidence of the friendship and regard of the employees of the railroads centering at St. Louis, but I would not permit them to contribute any part of their hard-earned pay toward my salary as Director-General of Railroads. It would not be just to these generous employees for me to accept their kind offer, as I could never in any circumstances permit myself to become a burden upon them or upon any of my friends.

"For the reasons stated in my letter to the President it is necessary for me to resign as Director-General of Railroads as well as Secretary of the Treasury. It is with genuine regret that I part from my friends in the railroad service of the United States. I have enjoyed laboring with them in the service of the country, and I am proud of them for the loyalty and patriotism with which they have worked for their country in this great war.

"While after the first of January I shall no longer be their 'boss' I shall always be their friend."

Another sample of telegram is that received by the Director-General from J. M. Veorge, secretary of Cleburne Lodge No. 10, International Association of Railroad Supervisory Foremen, Cleburne, Tex., as follows:

"We wish to express to you our regrets that you found it necessary to resign the Director-Generalship and to thank you for your efforts in behalf of the railroad men and especially the railroad shop foremen, and our best wishes go out to you in your future undertakings."

To that Mr. McAdoo answered:

"I deeply appreciate your kind telegram of the 25th in which you express regret that I have found it necessary to resign the Director-Generalship of Railroads, and I especially appreciate your expression of thanks for what I have done 'in behalf of the railroad men, especially the railroad shop foremen.'

"It has been my earnest effort since I have been responsible for the direction of the railroads of the United States to give all the employees just wages and working conditions. While it is not possible to satisfy every man, nevertheless it is possible to reach a fundamental basis which is satisfactory to the vast majority.

"It is with very deep regret that I sever the pleasant relationships I have established with the railroad employees of the United States. I have been glad to work

with them for our country in this great period through which we have just passed and are passing, and, while I am obliged to return to private life and shall no longer be their 'boss,' I shall always be their friend."

There was made public at the office of Director-General McAdoo, November 30, the following extract from an address delivered by him at Chattanooga, Tenn., Nov. 28, 1918:

"I have felt, my friends, that it was necessary for me to retire from public life for the reasons I gave in my letter of resignation to the President, and, because you are my friends, I will say what I have not said anywhere before—it was not a pleasant thing for me to speak frankly to the American people about my personal affairs. I did not like to do this, and yet I felt that, as the American people had shown their confidence in me by entrusting me with high office, I owed it to them to be frank.

"The reasons I stated in my letter to the President, are the exact reasons for my resignation. There are no other reasons. I have been in office as Secretary of the Treasury for almost six years, and I can say truthfully that I have never yet lied to the American public, nor have I ever misrepresented anything to the American people. I would not, for all the fortune of the ages, misrepresent anything to the American people.

"If there is one thing that a man entrusted with great responsibility owes to his country, it is to be square with the people and to tell the truth all the time. When our politicians learn that it pays to always be on the level with the people, we shall elevate America by elevating politics in America."

RAILROAD LEGISLATION PLANS

The Traffic World Washington Bureau.

Republican members of Congress pretty generally regard that part of President Wilson's address of December 2 referring to railroads as notice to them that he expects them to assume full responsibility for legislation immediately after March 4, by holding over them, all the time they may take for deliberation, the possibility of his turning adrift the common carriers loaded down with rate scales that are obnoxious to shippers and wage scales calling for huge disbursements. He told Congress that, unless it legislated shortly, he would "presently" return the railroads to their owners. He did not say to the lawmakers that because they did not give him unlimited time in which to try government operation, instead of only twenty-one months after the ratification of a treaty of peace, he intended to put on them the task of passing readjustment legislation at once, but he came near doing so.

Leaders in Congress, for the most part, had nothing definite to meet the situation brought about by what many of them were almost ready to call an ultimatum from the President compelling them either to give him unlimited time in which to try the experiment of government operation, or to hurry forward with legislation which may be adequate to enable the private owners of the roads to operate, without first going through receiverships to get rid of burdens placed on them by the liberality of the Railroad Administration.

Mr. Esch, ranking minority member of the House committee on interstate and foreign commerce, has a definite plan to meet the recommendation for an immediate inquiry. His suggestion is that the Newlands joint committee, which began an investigation more than two years ago, make a progress report and ask for more time. Chairman Sims, head of the committee, while the Democrats remain in control of Congress, has no plan. His only conviction is that return of the railroads without legislation under which they can continue the economies inaugurated under government operation, will do more than anything else to create conditions making possible government ownership.

Mr. Esch said that legislation authorizing common use of terminals, the short routing of traffic—more commonly known as pooling—consolidation of offices, and things of that kind, must be enacted. Owing to the familiarity with the subject on the part of the members of the so-called Newlands joint committee, he thinks a report from that body is preferable, so far as railroad legislation is concerned, to anything that can be done under the Cummins or Overman reconstruction plans.

Interstate commerce commissioners had no thoughts, for publication, on the situation created by the President's address, because, at the time it was made, they had in print their annual report to Congress. It contains suggestions for legislation, along lines which anybody familiar with what the Commission has heretofore recommended, could probably easily have guessed.

There was unusual interest displayed at the capitol on the first day of the session, as to the reason for Director-General McAdoo's resignation. The general thought was that he was "standing from under." The lawmakers who manifested any interest in the subject were also willing to admit that he probably needed more money than provided by his salary.

As a rule, what senators and representatives say, for publication, about a message or an address of the President, is of no value whatever. Those in political agreement with him praise what he may have said, no matter how much they may have yawned during the delivery of the message. The utterances about the railroad part of the address, however, are notable for one thing. Nearly everyone takes pleasure in noting the fact that the President did not, even by implication, approve any form of government ownership or operation, except as an experiment during war time or under conditions following war. When the President said he had no answer for the railroad question three or four members on the Republican side of the House guffawed loudly. One member became so embarrassed over his indulgence in laughter that he tried to hide himself behind colleagues so as not to allow his own laugh to be fastened upon himself.

Interviews with Lawmakers

Herewith are the views of a number of senators and representatives on the railroad phase of the address:

Representative Sims (Dem.), Tennessee, chairman of the House committee on interstate and foreign commerce: "I have no plan for dealing with the railroads. You notice the President has no definite thought on the subject either, so that it cannot be said there will be an administration bill on the subject. Academic discussion of government or private ownership will not be helpful. Government ownership could only come because conditions had become intolerable. Of this, however, I am convinced: Return of the railroads to their owners, without legislation allowing them to operate so as to confer the benefits government operation has conferred, would be the strongest force possible operating for the creation of conditions that could be remedied only by the government taking over the railroads. I am satisfied Congress will not accede to the proposal to wipe out local regulation by means of federal incorporation. I understand the thought is to offer federal incorporation and then to forbid any carrier engaging in interstate commerce except upon condition that it take out a federal charter. Regulation from only one place, I believe, will not be tolerated. There are local questions which must be handled by local bodies."

Representative John J. Esch (Rep.), Wisconsin, ranking minority member of the House committee on interstate and foreign commerce, and prospective chairman of the committee in succession to Chairman Sims when the control of the House passes from the Democrats to the Republicans: "The President suggests immediate inquiry into the subject of what should be done, in the way of legislation pertaining to the railroads. I agree with him that that should be done. My suggestion is that the joint committee, generally known as the Newlands committee, shall make that immediate inquiry. It has taken more than 7,000 pages of testimony. It is under obligation to make a report shortly. I think it should report progress and ask for further time in which to make a complete report. That, it seems to me, would be better than the adoption of the Overman suggestion for a reconstruction committee, or six of them, as Senators Weeks and Cummins suggested. Time is the essence of the whole matter, because the President suggested he will 'presently' have to return the railroads to their owners if there is no prospect of legislation. I think government operation has demonstrated the wisdom of open or common terminals in the large centers, the free interchange of cars and engines, the short routing of freight so as to save time, the consolidation of offices, the control of issues of stocks and bonds and the payment of generous, but not extravagant salaries to officials in charge of the management

of transportation. There should be a readjustment of rates to a more scientific basis. Horizontal advances are not tolerable, except in times of extraordinary stress."

Senator Underwood (Dem.), Alabama: "It is my clear impression that the President intends, if there is no legislation in the near future by Congress, to restore the railroads to their owners. It is a physical impossibility for there to be any legislation at the present session of Congress, not only because of the lack of time, but because the subject is one that will require several months of serious consideration before a bill could be seriously taken up. It therefore seems obvious to me that the President's attitude will result in throwing this problem into the lap of the next Congress, which the Republicans will control. It is further evident that if the President does not call an extra session before the regular convening in next December he will, under his language, return the railroads to their owners in lieu of congressional action."

Senator Smith (Dem.), Georgia: "I was especially pleased with the way in which the President handled the railroad problem. He pointed out three different courses any one of which might be pursued and one of which must be pursued. I was especially pleased with his indication of a purpose not to seek to hold on to the railroads but to encourage their speedy return to the owners unless Congress by legislation made provision to the contrary."

Senator Simmons (Dem.), North Carolina: "The message was fine. It was a great deliverance, easily one of the President's strongest utterances. His discussion of the business situation and the processes of readjustment, including his general observations with reference to the methods of dealing with the railroads, will have, I am sure, a very reassuring effect upon business on the public."

Senator Watson (Rep.) of Indiana said:

"I agree with the President that the railroads should not be returned to the owners without a modification of the old conditions. I do not believe they will ever be permitted to return to the old competitive system which we have compelled them to pursue for the last thirty years. I don't believe that they should be permitted to return to that system. I believe that they will be nationalized; that they will be operated as one transportation system; that they will not be compelled to compete; that they will be permitted to pool their traffic and their earnings; that useless lines will be abandoned; that all the property and all the equipment which every railroad has heretofore provided for its own operation and its own use, will, within certain fixed zones, be used in common by the other railroads in the same zone as a part of a nationalized system. I believe that the government will control and finance this unit, but that private ownership will be continued in the future as in the past. In other words, complete government control with private ownership of the property controlled."

"I feel quite sure that the tremendous success achieved by the Railway War Board in the nine months of their control is a most forceful illustration of what can be done under a unified railroad system properly managed. Influenced by this example, it may be safely predicted that the American people will never permit the American railroads to return to the old system of competition. I believe that that system is gone forever, that the Sherman anti-trust law, so far as it affects railroad combination, will be repealed, that anti-pooling laws, directed at railroad operations, will, in so far as they affect the transportation systems of the country, be abrogated; and a plan will be adopted which will give the government practical control of American railroads, without the weakness and the inefficiency and the danger incident to government ownership to which I am unalterably opposed."

Railroad Bills

The introduction of bills, the passage of which the authors believe would answer the question as to what shall be done with the railroads, was begun in earnest two days after the President said he had no answer for the question. The first of the measures put into what is called the legislative hopper is one prepared by W. W. Cook, a New York lawyer, whose idea is that there shall be an organization of the railroads much like that of the banks, which are confederated in what is known as the Federal Reserve System with a control organization in each district. His

bill was introduced by Senator Thomas of Colorado and is technically known as S. 5077. It creates a Federal Railroad Board composed of five members and a department of railroads, at the head of which shall be a cabinet officer to be known as the Secretary of Railroads, who is to receive \$12,000 per annum, the same as other cabinet officers. His term is to be uniform with that of other cabinet officers, namely, during the pleasure of the President.

The country is to be divided into five railroad districts, which in a general way correspond to the regions created by the Railroad Administration, with the exception that there is no Allegheny district and the Southern district takes in most of the railroads in the present Pocahontas region. Each district is to have a federal railroad company, which is to hold the stock of the railroads in the district.

The Federal Railroad Board shall supervise the organization of each of the five districts of a federal railroad company to be incorporated by nine individuals. Each of the railroad companies is to have a capital stock of \$9,000 and each incorporator is to hold 100 shares each at the par value of \$10.00. These federal railroad companies are authorized to acquire, hold and exercise the power of ownership of any or all of the shares of the capital stock, bonds and other obligations of any or all railroad companies within its district; also to instruct, acquire, maintain and operate railroads in its district; to issue shares of capital stock either for cash or in exchange for shares in stocks or bonds of any or all railroad corporations within its district. It is also to be authorized to finance railroad companies within its district. It is to have the power of eminent domain to condemn the capital stocks or bonds of any or all railroad corporations within its district, as well as condemn land for railroad purposes.

It is provided that at least six members of the board of directors of each of the proposed federal railroad companies shall have been for at least nine months of each of the preceding two years a resident of the district in which they may have been chosen as directors. No senator or representative shall be eligible as an officer or director of a federal railroad company. No director of a federal railroad company shall be an official director or employee of any other railroad company. In their self-denial of directorships or positions in other railroad companies they are to be as aloof as are directors of federal reserve banks. Any director of any federal railroad company may be removed at any time for cause by the Federal Railroad Board. The board of directors of each federal railroad company shall consist of nine members, all of which shall be appointed by the Federal Railroad Board. Each federal railroad company shall make a full report of its operations to the speaker of the House of Representatives every three months.

It is provided that dividends on the stock of a federal railroad company shall not exceed 6 per cent.

The real gist of the measure, it is believed, is to be found in the seventh section, in which the secretary of the treasury is authorized to place a guarantee upon every certificate of stock that the United States, if the company does not, will pay a dividend of at least three per cent, and that in the event of the government withdrawing from the guarantee the stock will be redeemed at its face.

The Railroad Board is to have the ratemaking power, both interstate and state, in so far as Congress can grant the latter. No state commission or state authority is to determine or regulate any rate or service to be charged or rendered by any of the federal railroad companies.

The bill (S. 5085), introduced by Senator Hoke Smith of Georgia, repeals the tenth or ratemaking section of the federal control act and substitutes therefor the following:

"That during the period of federal control, whenever in his opinion the public interest requires, the President may initiate rates, fares, charges, classifications, regulations and practices, by filing the same with the Interstate Commerce Commission. Said rates, fares, charges, classifications, regulations and practices shall be reasonable and just and shall take effect at such time and upon such notice as he may direct; but the Interstate Commerce Commission may of its own initiative, and shall upon complaint, enter upon a hearing concerning justness and reasonableness of so much of any order of the President heretofore or hereafter made, and establishes or changes any rate, charges, classifications, regulations or practices of any carrier under

federal control and may consider all the facts and circumstances in connection therewith, and said rates, fares, charges, classifications, regulations and practices may be suspended or modified by the Commission pending final determination. After full hearing the Commission may make such findings and orders as are authorized by the act to regulate commerce as amended, and such findings and orders shall be enforced as provided in said act."

Shippers Have No Plan.

It is the belief of men familiar with legislative methods that shippers should proceed at once to make up a concrete plan for handling the railroad problem. The government ownership people are represented in the cabinet by four avowed believers in that kind of luxury—Secretaries Baker, Daniels, Wilson and Burleson. The advisory committee of the railroad executives is still functioning with full vigor and the Warfield organization of railroad security owners has hired an imposing list of lawyers and is negotiating for the services of a propaganda agent. The railroad executives are expected to rehabilitate their propaganda organization without delay.

Only Congress and the shippers—the men who pay the bills—are not organized for an immediate assault on the task before them, though even Congress has an organization—the old Newlands joint committee. It is true the National Industrial Traffic League has a special committee and the National Association of Railway and Public Utilities Commissioners has a committee, but committees, it may be suggested, are not enough.

It is work, unceasing work, that is needed now. A clear reading of what President Wilson told Congress on December 2, it is believed, shows that he is threatening to return the railroads to their owners in their scrambled condition unless Congress shows an intention to legislate speedily.

The railroad workmen's organizations are working day and night. They are sending hundreds of petitions and memorials to Congress asking it to retain the railroads. There is nothing insidious about what they are asking. There is no difficulty in understanding what they are desiring to accomplish. They desire to assure themselves of the retention of the war-time wages granted them by the Railroad Administration, no matter how great a recession in prices may take place as a result of the return of peace.

There is a disposition on the part of some members of the party that was defeated at the polls a month ago to take pleasure in indicating that the victorious party is the one to take on itself the curse of compelling the railroads to be operated as an economic proposition and not a special privilege machine for the benefit of a particular class. Senator Underwood, in a statement on the subject, clearly indicated that, in his opinion, action during the session of Congress that was begun on December 2 is out of the question. Inasmuch as the next session, no matter when it is begun, will be under the control of the party of which Mr. Underwood is not a member, his suggestion is that the party of which Mr. Wilson is the titular head, has been absolved from responsibility in connection with the transfer of the railroads from a political to an economic basis.

In the thirty years of railroad regulation preceding the taking over of the railroads there was only one legislative act in connection with the common carriers that smacked of political maneuvering. That was in the summer of 1916, when Congress passed the Adamson wage law, the effect of which was to put the wages of the train operatives so high that the wages of flagmen at crossings, at many points, are higher than those of the station agents, who have the handling of hundreds of thousands of dollars.

To bring the wages of station agents into proper relation to those of the crossing flagmen and boys who call crews to take out trains, the wages of the station men are being readjusted. The brotherhoods of trainmen, more than two months ago, asked the wage board appointed by the Director-General, to allow time and a half for work in excess of eight hours. While the Adamson wage bill was pending there were protestations that no idea of an increase in wages was being entertained. All they wanted, they said, was a recognition of the eight-hour day and pro rata pay for all time worked in excess of that number

of hours. Now that the bill is law, they are asking for time and a half.

Organization by shippers will be needed to combat these forces, and the sooner the National Industrial Traffic League and other organizations of shippers agree on something, the sooner will the railroads be changed from the political to an economic basis. That, at least, is the feeling of such men as Chairman Sims of the House committee, and John J. Esch, the prospective chairman.

Wilson on Railroad Problem

Following is what President Wilson said to Congress on the transportation problem in his address December 2:

"The question which causes the greatest concern is the question of the policy to be adopted toward the railroads. I frankly turn to you for counsel upon it. I have no confident judgment of my own. I do not see how any thoughtful man can have who knows anything of the complexity of the problem. It is a problem which must be studied, studied immediately and studied without bias or prejudice. Nothing can be gained by becoming partisans of any particular plan of settlement.

"It was necessary that the administration of the railroads should be taken over by the government so long as the war lasted. It would have been impossible otherwise to establish and carry through under a single direction the necessary priorities of shipments. It would have been impossible otherwise to combine maximum production at the factories and mines and farms with the maximum possible car supply to take the products to the ports and markets; impossible to route troops, shipments and freight shipments without regard to the advantage or disadvantage of the roads employed; impossible to subordinate, when necessary, all questions of convenience to the public necessity; impossible to give the necessary financial support to the roads from the public treasury. But all these necessities have now been served and the question is, what is best for the railroads and for the public in the future.

"Exceptional circumstances and exceptional methods of administration were not needed to convince us that the railroads were not equal to the immense tasks of transportation imposed upon them by the rapid and continuous development of the industries of the country. We knew that already. And we knew that they were unequal to it, partly because their co-operation was rendered impossible by law and their competition made obligatory, so that it has been impossible to assign to them severally the traffic which best could be carried by their respective lines in the interest of expedition and national economy.

"We may hope, I believe, for the formal conclusion of the war by treaty by the time spring has come. The twenty-one months to which the present control of the railroads is limited after formal proclamation of peace shall have been made will run at the farthest, I take it for granted, only to the January of 1921. The full equipment of the railways which the federal administration had planned could not be completed within any such period. The present law does not permit the use of the revenues of the several roads for the execution of such plans except by formal contract with their directors, some of whom will consent, while some will not, and therefore does not afford sufficient authority to undertake improvements upon the scale upon which it would be necessary to undertake them. Every approach to this difficult subject matter of decision brings us face to face, therefore, with this unanswered question: What is right that we should do with the railroads, in the interest of the public and in fairness to their owners?

"Let me say at once that I have no answer ready. The only thing that is perfectly clear to me is that it is not fair either to the public or to the owners of the railroads to leave the question unanswered and that it will presently become my duty to relinquish control of the roads even before the expiration of the statutory period, unless there should appear some clear prospect in the meantime of a legislative solution. Their release would at least produce one element of a solution, namely, certainty and a quick stimulation of private initiative.

"I believe that it will be serviceable for me to set forth as explicitly as possible the alternative courses that lie open to our choice. We can simply release the roads and go back to the old conditions of private management, unrestricted competition, and multiform regulation by both

state and federal authorities; or we can go to the opposite extreme and establish complete government control, accompanied, if necessary, by actual government ownership; or we can adopt an intermediate course of modified private control under a more unified and affirmative public regulation and under such alterations of the law as will permit wasteful competition to be avoided and a considerable degree of unification of administration to be effected, as, for example, by regional corporations under which the railways of a definable area would be in effect combined in single systems.

"The one conclusion that I am ready to state with confidence is that it would be a disservice alike to the country and to the owners of the railroads to return to the old conditions unmodified. Those are conditions of restraint without development. There is nothing affirmative or helpful about them. What the country chiefly needs is that all its means of transportation should be developed, its railways, its waterways, its highways and its countryside roads. Some new element of policy, therefore, is absolutely necessary—necessary for the service of the public, necessary for the release of credit to those who are administering the railways, necessary for the protection of their security holders. The old policy may be changed much or little, but surely it cannot wisely be left as it was. I hope that the Congress will have a complete and impartial study of the whole problem instituted at once and prosecuted as rapidly as possible. I stand ready and anxious to release the roads from the present control and I must do so at a very early date; if by waiting until the statutory limit of time is reached I shall be merely prolonging the period of doubt and uncertainty which is hurtful to every interest concerned."

AN UNSCRAMBLING ORDER

The Traffic World Washington Bureau.

Much favorable comment has been made by those who take an interest in the question as to what shall be done with the railroads under government control by Circular No. 66, issued by Director-General McAdoo December 1 transferring to the Allegheny Region the Pennsylvania lines west of the Erie and Pittsburgh, the Cincinnati, Lebanon & Northern, and the Lorain, Ashland & Southern, and appointing E. L. Peck at Pittsburgh to be the federal manager of those lines, and similarly transferring the Baltimore & Ohio Railroad west of Parkersburg and Pittsburgh and the Dayton & Union, with C. W. Galloway as federal manager, with office at Cincinnati.

This circular brings about a reunion of the eastern and western lines of the Pennsylvania and B. & O. systems. They were torn apart at the time the regional systems were created. The freely expressed opinion at that time was that the Director-General was scrambling the railroads so that unscrambling would be difficult. In announcing the unscrambling Mr. McAdoo's office said:

"The Director-General of Railroads issued to-day an order extending the jurisdiction of the Allegheny Region, under Regional Director C. H. Markham, to include the lines of the Pennsylvania and Baltimore & Ohio, west of Erie, Pa., and Parkersburg, W. Va.

"District Director W. A. Worcester, with office at Cincinnati, O., will continue in this capacity for both the Allegheny and Eastern regions, reporting, respectively, to Regional Directors Smith and Markham, in respect to the lines beforelong in their region.

"The Allegheny Region was created because of the vital necessity for stimulating, in every way, the production of coal and coke for war purposes, and, to this end, the western lines were required to divert the greater volume of their through traffic from the Pittsburgh gateway to the northern trunk line, thereby releasing the Pennsylvania and Baltimore & Ohio eastern lines for the handling of their vastly important local traffic. This emergency having passed, it is now possible to restore the integrity of these trunk lines."

Circular No. 66 is as follows:

"Effective this date the following railroads are transferred from the Eastern to the Allegheny Region:

"1. Pennsylvania lines west of Erie and Pittsburgh; Cincinnati, Lebanon & Northern Railway and Lorain, Ashland & Southern Railroad, G. L. Peck, federal manager, Pittsburgh, Pa.

"2. Baltimore & Ohio Railroad west of Parkersburg and Pittsburgh, and Dayton & Union Railroad, C. W. Galloway, federal manager, Cincinnati, O.

"Until otherwise advised by Regional Director Markham, H. A. Worcester, district director, will, in respect of these properties, continue in his present capacity, reporting to Mr. Markham, and in respect of the lines under his jurisdiction in the Eastern Region reporting to Regional Director Smith."

FAVOR RETURN OF ROADS

New York, N. Y.—Executives of railroads covering more than 90 per cent of the rail mileage of the country, in conference in New York December 4, adopted a resolution favoring a return of the roads to private ownership and expressing the hope that the remaining period of federal control would be such as to leave the properties in the highest state of efficiency.

Government ownership and operation of railroads was characterized as "not conducive to the highest economic efficiency of the country," and it was suggested that "private initiative, enterprise and responsibility in creation, extension, improvement and operation should, as a matter of national policy, be fostered and preserved."

The meeting, which was called by T. DeWitt Cuyler, chairman of the railway executives' advisory committee, also voted that "assurance be given to the Director-General of Railroads and his associates of our earnest desire to co-operate with them in the performance of their important and difficult trust and in the adoption of plans for the return of these properties to private management and operation, which plans shall be just alike to the public, to the owners of the properties and to the employees engaged thereon."

It was announced that meetings would be held soon to work out plans and propose legislation for the return of the railroads to the individual companies.

McADOO ON WAGES

Director-General McAdoo, November 29, made public the following letter written by him under date of November 27, to G. H. Sines, chairman of the Board of Railroad Wages and Working Conditions:

"This will acknowledge receipt of your letter of November 7, with which you enclosed communications and petitions signed by railroad employees protesting against Supplements Nos. 7 and 8 to General Order No. 27, due to the fact that such supplements are not retroactive to Jan. 1, 1918.

"As I have previously stated, I am obliged to consider, not only the interests of the employees of the railroads, but also the interests of the people of the United States, in determining questions of wages and working conditions.

"The officers and employees of the railroads are no longer servants of private railroad corporations; they are now servants of the public. The Director-General is also a servant of the public, owing a duty to the public as well as to the employees. I cannot be indifferent to the interests of the public, any more than I can be indifferent to the interest of the employed, and my constant effort has been to find the line of justice as represented by fair wages and working conditions, and square it with the interest of the employees and the interest of the public.

"I have not hesitated to announce decisions which involved immense increases in the wages of railroad employees throughout the country, estimated at over \$500,000,000. These increased wages must be paid by the people of the United States and, in order to pay them, I some time ago announced large increases in freight and passenger rates. Numerous protests against these have been made by shippers and farmers and other organizations throughout the country, and warn us that we must keep our demands within reasonable limits, because there is a point beyond which the public will not sustain us in raising wages.

"At my direction, on May 25, 1918 (General Order No. 27), railroad employees in all crafts were granted increases in rates of pay, and, for reasons with which you are familiar, these rates of pay were made retroactive to Jan. 1, 1918.

"The employees named in Supplements 7 and 8 to General Order 27 received increases in their rates of pay at

that time; and, as stated in General Order 27, no problem so vast and intricate as that of doing practical justice to the two million railroad employes of the country could be regarded as completely settled and disposed of by any one decision or order.

"Therefore, your board was established to take up, as presented, any phase of the general problem relating to any class of employes or any part of a class of employes which still justly call for further consideration.

"At my direction, the claims of employes mentioned in Supplements 7 and 8 to General Order 27 were given further consideration by your board, and, after an exhaustive investigation, decisions embodied in Supplements 7 and 8 were rendered.

"It is true that wages in excess of those provided for in Supplements 7 and 8 are paid in some localities and by some industries, but these are a transient character, such as shipyards, munition plants, etc., and their work will cease or be greatly reduced upon the return of peace. It is, however, undeniably true that the wages established in Supplements 7 and 8 compare as a class favorably, and perhaps more favorably, with those paid elsewhere.

"When we consider these railroad wage questions, it must be remembered that the railroad business is not temporary, such as referred to above, but of a permanent character, and offering to employes steady work.

"It must also be remembered that the revenues of the railroads are not affected by the varying conditions which permit private enterprises to earn high profits, but, on the contrary, are limited by rates fixed by lawful authority and measured by the ability and willingness of the public to pay them.

"Railroad employment is also not affected to the same extent as are other industries, by fluctuations and uncertainties, due to dull periods.

"Railroad employes not only have steady work and, generally speaking, more favorable living conditions as against temporary and uncertain employment, and frequently less satisfactory living conditions in war industries, but they also have a reasonable amount of free transportation for themselves and their families, as well as other privileges and advantages which are everywhere recognized as of substantial benefit to them.

"Contrasting the permanency of railroad employment, the opportunities for promotion and other privileges enjoyed, the bases established in Supplements 7 and 8, in my judgment, are fair and reasonable.

"From reports, communications and resolutions I have received from railroad employes in various parts of the country since Supplements 7 and 8 were promulgated, the vast majority of railroad men appear to be satisfied with those orders, and I am sure that they are willing to give loyal, faithful and efficient service to their government at the rates of pay prescribed therein.

"We cannot justify to the American people the great increase in wages and the immense improvement in working conditions already granted unless every employe proves by his work that he is worthy of it. I want the men to prove themselves worthy of it, and I believe that they will.

"Your board has given all the time and thought to this particular matter which it is right and proper for them to do, and it is essential that they should now give consideration to the matters arising with respect to other employes.

"I cannot, therefore, see my way clear at this time to direct that the board should reopen this particular matter, as there has never been a time when the public interest demanded more urgently the devotion and unselfish services of all classes of railroad employes.

"It is necessary that the employes of the railroads should understand that the decisions made in Supplements 7 and 8 cannot now be reviewed, as it is not practicable at this time, with the reconstruction period before us, to consider the matter, and it was not my intention following the promulgation of General Order 27, in granting further increases in rates of pay, that they should be retroactive to Jan. 1, 1918."

TRADE COUNCIL RESOLUTIONS

The following resolutions have been adopted by the National Foreign Trade Council:

"Whereas, the cessation of hostilities has produced demands upon American foreign trade which it will be impossible to meet under the restrictions imposed in the

execution of the system of exports and imports control made necessary by our participation in the war; and freedom from war necessities renders feasible the early removal of such restrictions;

"Therefore, Be It Resolved, that pending the complete removal of all war restrictions the National Foreign Trade Council urges the closest co-ordination between the Army, the Navy, the War Trade Board, the United States Shipping Board and the Food Administration, for the purpose of minimizing the disadvantageous effects of such restrictive measures as it may be necessary, because of shortage of vessel tonnage or other sufficient reason, to continue temporarily.

"Whereas, the destruction and loss of vessels during the war leaves the world total of ocean shipping upward of ten million gross tons less than it was four years ago; and the rehabilitation of war ravaged territories, the reconstruction work of all the belligerent nations, and the restocking of the neutral markets of the world call for the services of more tonnage than is now in existence plus what can be produced for some time to come;

"Therefore, Be It Resolved, that the National Foreign Trade Council respectfully urges upon the President and the United States Shipping Board the wisdom of continuing the program of the Shipping Board for the construction of merchant ships, including cargo and passenger carriers of various types, without any abatement, until it has been completed."

SECURITY OWNERS ALSO GROPE

New York, N. Y.—Owners of railroad securities, by members of the advisory council, recently appointed by the National Association of Owners of Railroad Securities, and general counsel of the association, held a conference here December 3. Former Senator Elihu Root and John G. Milburn of New York; John S. Miller, Chicago, and Hugh L. Bond, Baltimore, were present. The members of general counsel in conference were Samuel Untermyer and B. H. Inness Brown of New York. S. Davies Warfield, president of the association, also was present.

After the conference President Warfield gave out a copy of a communication that has been sent to the chairman of the committee of interstate commerce of the Senate and to the corresponding committee of the House.

After asking for a hearing in respect to the return of the railroads to their owners, the letter states that the association represents \$5,000,000,000 of the outstanding \$17,000,000,000 of securities of the railroads, owned by 30,000,000 of the 50,000,000 persons who own or are interested in railroad securities.

"The position taken by the association in so far as the return of the railroads to their owners is concerned is almost identical with that largely taken by the President in his address before the Congress," the letter states.

"Only recently has the association stated through the public press that the railroads must be returned under plans which shall protect alike the shipper, the traveling public, labor and the security owner; provide adequate means for governmental regulation, including supervision of railroad security issues.

"We also stated that provision should be made for the retention of such methods of administration as may have been found to be effective during federal control; to increase rather than diminish the advantages to be secured from individual initiative, and to provide for taking care of the obligations to the government of each railroad incurred during the continuance of federal control.

"We have taken the position that the railroads cannot be returned with their credit impaired. If it is, it will be costly to the shipper and to the public. The higher their credit the cheaper can money be secured for them for purposes of hauling freight and passengers.

"We did not believe that the federal control act provided for expenditures that the contract offered by the Railroad Administration seeks to cover. The statement of the President indicates that the position then taken by us was correct. This situation has therefore to be taken into consideration, we feel, in connection with as early a settlement of the railroad problem as is practicable. Added importance is given to this because of the purpose of the President to provide for as early a return of the properties as can be satisfactorily accomplished.

"At this time we have no completed plans to offer."

POSTMASTER-GENERAL'S REPORT

The Traffic World Washington Bureau.

The Postmaster-General's annual recommendation for government ownership of telegraphs and telephones, together with his annual report showing a surplus from postal operations, was sent to Congress on December 6. In a broad way of speaking, the report differs in no respect from others sent to the Capitol by Mr. Burleson.

In regard to the so-called surplus Mr. Burleson said that not taking into account the increase of postage for the purposes of war revenue, which went to the account of the United States Treasury and is not a part of the post-office fund, there was an increase of \$14,749,845.88 in the income of the postal service in comparison with the operating revenue of the previous year. The increase in expenses amounted to \$4,995,010.17. The war revenue collected for the treasury by means of the increased postage rates amounted to \$44,500,000. Omitting this from the reckoning of the accounts of the postal service, the strictly postal revenues for the year were \$19,642,233.17 in excess of the expenditures. That \$19,642,233.17 is what Mr. Burleson calls his surplus. It is more than double the largest "surplus" ever before earned by the service. In connection with recommended legislation mentioned in the report, Mr. Burleson said:

"The experiences as a result of the present war have fully demonstrated that the principle of government ownership of the telegraphs and telephones is not only sound but practical. It has been necessary as a war emergency measure for the Congress to consider legislation authorizing the President to assume control of the telegraph and telephone systems of the country. While such control is temporary and will exist only until the ratification of the treaty of peace, yet the best results can be accomplished only when these systems are owned by the government, made a part of the postal establishment, and operated solely with a view to serving the public and not of making profit or guaranteeing returns on the investment. Government ownership of the telegraphs and telephones should no longer be delayed, and the action of Congress in this matter is urgently recommended."

The report discloses a program for the wide extension of the aeroplane mail service, which has been operated between Washington, Philadelphia and New York since May 15, 1918. Though the subject of air service had previously been given considerable study and a number of spasmodic flights with mail had been undertaken for purposes of exhibition, it was only with the establishment of this route that transportation of mail by aeroplane became a permanent and practical feature of the postal service.

Mr. Burleson, as might be expected, believing that all operations conducted by him, looking toward government ownership and operation of all the means of transportation and communication, approvingly wrote in his report about the government owned city motor vehicle service installed by him when he thought the prices demanded by the owners of vehicles who hitherto had had contracts with the government were too high. He said that that service had demonstrated its efficiency and proved its superiority over the contract method of procuring equipment.

"If there ever was any question of the value of the government-owned motor-vehicle service with its flexibility and elasticity, this value has been thoroughly established during the period of the war," said the Postmaster-General. Continuing he said:

"An efficient and economical mail transportation service is one which meets the reasonable demands of the public at the minimum of cost. To secure this combination it is essential that there shall be a coalition of the work of the various branches of the postal service coming in direct contact with the public and that the collection, distribution, transportation and delivery of the mails within a city shall be brought under one supervisory head and conducted by those familiar with the needs of the public and interested solely in solving the postal problems in the particular city. A coalition of this character is impracticable in the larger cities under the contract system, owing to the division of local authority as regards the means of transportation and the divergent responsibilities and interests of the two agencies. The chief object of the contractor is naturally one of profit, while the aim and purpose of the postal officials is one of service. The

contractor is directly responsible to those interested in the contract, but, since the entire public are patrons of the department, there necessarily exists a higher degree of responsibility on the part of those representing the government. Under government ownership efficiency requires more than an organization capable of attracting a patronage willing to pay a collective charge in excess of the cost of operation, and economy has a more idealistic meaning than profit. The value of government ownership is found in this difference in the primary object of the two systems, and where unsatisfactory service has been given under the contract method improvement has invariably resulted from the simple expedient of the government owning the transportation equipment and placing the vehicle service under the direct control of the local postmaster, who is responsible for its successful operation in the same manner as in the case of other branches of the postal service under his immediate supervision. The contract system in the larger cities has developed a constant friction between the contractor and the local postal officials, while under governmental ownership that complete harmony and co-operation among the various branches handling the mails, so essential to a successful operation of any service, is not only possible but is inevitable."

In discussing his relations with the railroads, and in the matter of compensation to be paid to them, Mr. Burleson said:

"The intensive war activities of the government, coupled with the very unfavorable weather conditions last winter, affected the mail transportation service seriously prior to the operation of the railroads by the government. Railway schedules everywhere, but particularly in eastern and central United States, failed utterly. The effect on the mail service of the practical collapse of the railroad service last fall is shown by the fact that during the month of November 86,712 railroad connections scheduled to be made were missed through late running of trains. Railroads placed embargoes on freight and thereby helped to congest the service of the express companies; the express companies themselves put a virtual embargo on commodities, and that service slowed down so seriously that shippers turned for relief to the parcel post, which was the only medium of transportation left in the country that accepted all mail matter and functioned without embargo or other limitations. At most of the railroad stations there was labor shortage as well as car shortage, yet the tremendous December holiday movement of mail resulted in no serious congestion of mail save at Washington, D. C., where the great volume of mail to and from the encampments along the Atlantic seaboard resulted in 36 to 48 hours' delay to the second, third and fourth class mail during Christmas week.

"Following the assumption of control by the federal government of the railways, the physical operations of the lines improved, but railroad officials proceeded on the theory that mail communication of the country could be subordinated to other traffic. Schedules were changed without consulting the Postoffice Department and orders were issued by railroad managers to start trains, regardless of whether the mail had been loaded, notwithstanding that the failure to load the mail was due sometimes to labor or car shortage, and sometimes to arbitrary action of local railroad officials in disregard of postal laws and regulations. A record kept for the seven days ending January 29 at 49 important railroad centers disclosed a delay to 28,000,000 letters and 12,000,000 pieces of parcel post and newspapers by reason of breaking of mail congestions and refusal to load the mail waiting to be dispatched. Attention was called to this situation in communications to the Director-General of Railroads and repeated requests were made of the Railroad Administration to instruct railroad officials throughout the country that they must comply with the postal laws and regulations.

"Railroad managers and their subordinates assumed this attitude of disregard to the United States mails on the theory that the owners of the transportation properties, being assured of returns on their investments, could not feel the effects of any penalties imposed for the failures to comply with the postal laws and regulations. If Congress does not take cognizance of this situation, the splendid system of expeditious mail transportation built up in years past will rapidly crumble and fall to the level of

express company service. This could be prevented by the enactment of legislation making it an offense for a railway employee or railway official to start or order the starting of a train before all the mail directed to be carried on that train has been loaded, or all of the mail has been unloaded. Railroad officials may contend that such legislation would result in delaying passenger trains, when, as a fact, no such consequence would ensue because the railroad officials would then provide sufficient porter force at the trains to clear the mails, just as they now clear the baggage or other business conducted on passenger trains.

"At the inception of the period of congestion on the railroads last fall, the Postoffice Department took steps to reduce delays to important passenger trains. Orders were issued not to delay important passenger trains beyond their leaving time by loading other than first-class letter and daily newspaper mail, the railroad company being given the option of holding the trains for all the mail or carrying the parcel post and ordinary circular and paper mail on a succeeding train. At the same time it was urged upon postal employees to require railroad officials to have sufficient porter force available to help reduce or eliminate the train delay at stations. During the spring and summer of 1918 railroad schedules have been satisfactorily maintained and there has been no delay to mail by the Railway Mail Service after it has been delivered to that service by local post offices.

Compensation to Railroads.

"The amount expended out of the appropriation 'Railroad transportation, 1918,' for the carrying of mails was \$56,418,780.62, as indicated by adjustments to October 26, 1918. This sum is based on the maximum rate permitted under the law and is far in excess of a reasonable compensation for the service. The matter of what is reasonable pay to the railroads for transporting the mails is being determined by the Interstate Commerce Commission in its hearings on the Railway Mail Pay case. The division of railway mail pay statistics for the past 18 months has been engaged in compiling data with respect to the several elements of railroad transportation in order to assist the Interstate Commerce Commission in determining the fair and reasonable rate to be paid for the transportation of the mails and the service connected therewith and the basis for such compensation. An analysis of this data clearly demonstrates that the rate of pay to the railroads should be very much less than what is now being paid under the maximum figures permitted by law, and in the trial of the Railway Mail Pay case the Postoffice Department is urgently pressing for a reduction of the rate to a basis reasonably commensurate with the services rendered. I have every reason to believe that the Interstate Commerce Commission will render a decision that is absolutely just to the Postoffice Department and to the railroads. More than that the Postoffice Department does not desire.

Success of Space Basis.

"An experience of nearly two years has demonstrated that the space system is sound in principle, practicable as to operation, and responsive to administration. In fact, the provisions of the act of July 28, 1916, simply amplify former legislation with respect to the payment for railway mail cars on a linear foot basis, to embrace apartment R. P. O. cars, storage cars, and the smaller units of closed-pouch and storage space. Approximately 91 per cent of the service is maintained in full R. P. O., apartment, and full storage cars, which the government engages on practically the same basis formerly employed in authorizing service in full railway postoffice cars, only at different rates of compensation.

"Conspicuously among the advantages of the space system, and of extreme importance during the present war exigency, is the demonstrated saving in the use of railway car equipment. The report of authorizations of space in effect June 30, 1918, as against that compiled at the time of the installation of the space system on November 1, 1916, shows reduction of car space amounting to 72,906,495.01 car-miles per annum. It was inevitable that the space system would result in the conservation of car space. Under the weight basis it seemed to be immaterial to the service and to the department how much car space was utilized except in case of full railway postoffice cars.

Frequent and unnecessary dispatches of mail were made, and, on the other hand, shipments were thrown in a prodigal manner into convenient space in several cars on the same train because there was no effective restraint upon such practices. Field officers now accommodate regular authorizations of space to the actual needs of the service, and space is requested for excess mails only when the accumulation and importance thereof warrant.

"Reduced to a 60-foot car basis this return to the railroads of car equipment is equivalent to the operation of 15 trains of 10 cars each, every day in the year, from New York to Chicago. Some of this car space remitted to the railroads was in small units of 3-foot, 7-foot, and 15-foot length of car, which may or may not have been possible for the railroads at all times to utilize. However, in addition to these small units there have been released to the railroads 32,820,260.73 full 60-foot car miles, which is equivalent to 9 trains of 10 cars each, operated daily from New York to Chicago, a distance of 960 miles, every day in the year. In addition to this saving of car space there have been returned to the carriers half cars aggregating approximately 5 trains of 10 cars each from New York to Chicago, 365 times per annum. The bulk of this saving is due to a more rational and economical loading of cars, and although co-ordinated with the administration of the space system the demand was also intensified by the urgent need of co-operation with the government in easing the transportation difficulties incident to the prosecution of the war.

"Blue Tag" Operations.

"The freight shipments of periodicals during the fiscal year moving over all-mail routes consisted of 3,398 carloads, with a total weight of 115,540,350 pounds, or an average weight per car of 34,006 pounds. This is an increase of approximately 5,000 pounds per car over average carload weight for 1917, and was effected in response to a request from the United States Railroad Administration to load all freight cars as nearly as possible to their rated capacity. The transportation cost, consisting of freight, cartage, loading, unloading, and other incidental charges, amounted to \$716,372.61. The increased cost as compared with former years is accounted for by the increase in freight rates allowed by the Interstate Commerce Commission of 5 per cent and 15 per cent to all railroads east of the Mississippi and north of the Ohio Rivers, and the general increase of 25 per cent in freight rates ordered by the United States Railroad Administration under Order No. 28, effective June 25, 1918.

"In addition to the all-rail freight shipments, periodical matter originating in New York, Philadelphia, and points in New England for the State of Texas is transported via steamship routes between New York City and Galveston, Tex., at which point it re-enters the regular mails for dispatch to destination. During the fiscal year 1918 the matter so transported consisted of 4,490,489 pounds, at a total cost of \$20,654.47. There was also a slight increase in freight rates allowed the steamship lines.

"The total shipments of periodicals by freight during the fiscal year consisted of 3,506 carloads, weighing 120,030,839 pounds, at a cost of \$737,027.08. Had this matter been transported in the regular mails, the cost to the department would have been \$1,311,417.19. Therefore, a saving of \$574,390.11 was effected.

"The operation of the space system has tended to materially reduce the volume of second-class matter, as well as stamped envelopes, postal cards, and empty equipment formerly sent by freight. This has been effected by utilizing dead-head space return movements of regular authorizations. It is estimated that the pecuniary savings as a result of this during the year ending June 30, 1918, were: Postal cards, stamped envelopes, and mail equipment, \$564,295.02; second-class matter, \$176,750.12; a total of \$741,045.14."

The Postmaster-General also has words of approval for a parcel post motor truck service established by him. Concerning that he said:

"After the receipt of proposals that were considered exorbitant or unreasonable during the period, December 1, 1917, to June 30, 1918, eight motor-vehicle star routes were established between important market centers as government-owned vehicle routes and the cost of their operation was paid from the appropriation for the inland transportation of the mails by star routes.

"These routes are designed primarily to promote the

conservation of food products, and to facilitate the collection and forwarding of produce and merchandise, as well as any other matter admissible to the mails as parcel post, thereby affording a means of bringing the producer into immediate touch with the consumer, and eliminating intermediate cost of handling, thereby reducing cost to the ultimate consumer by making more accessible the productive zone in the vicinity of large cities.

"By the use of such conveyances one man can perform as much service in a day as four average producers could under former methods, thus meeting to an extent loss occasioned by many farmer-producers who were diverted to occupations incident to the prosecution of the war.

"During the six-month period, January 1, 1918, to June 30, 1918, the postal receipts from these eight routes were \$204,198.39, an average of \$25,524.71 per route; a total annual rate of earning of \$408,396.78, or an average annual rate of earning per route of \$51,049.59. The total expenses were \$41,110.08, an average cost per route for the period of \$5,137.76; and an average annual rate of cost per route of \$10,277.52. The average net profit per route for the period was \$20,386.04, an average annual rate of profit per route of \$40,772.08. The average earning per mile of travel was \$0.78, the average cost per mile of travel was \$0.1568, and the average profit per mile of travel was \$0.6232.

"The act making appropriation for the Postal Service for the fiscal year ending June 30, 1919, having provided a specific appropriation with which to conduct experiments in the operation of motor vehicle truck routes, the expenses of operating the eight existing routes previously operated under the appropriation for the inland transportation of the mails by star routes is now paid from the specific appropriation.

"While a portion of the revenues derived from mail matter carried on these routes, particularly transit mail, should properly be credited to other branches of the service, yet due to the fact that a quicker dispatch and more direct and expeditious delivery can be effected, patrons are expressing a preference for this service in forwarding mail matter of all classes, hence a considerable portion of the revenues should properly be credited to the motor vehicle mail service.

"Owing to the experimental nature of the motor vehicle truck service it was deemed best to await the stabilization of the service before discontinuing other existing mail routes or mediums of supplying mail, which it could supplant; hence, the economies effected in this direction are not as great as they otherwise would have been.

"However, during the period December 1, 1917, to June 30, 1918, an annual saving has been effected of \$4,478.12 by the discontinuance of star, railway mail service, mail messenger and electric car service, which it has superseded.

"A total number of 105 trucks is required to serve the patrons of routes already established.

"A standardized truck has been adopted for use on these routes, which is also adapted for use in all mail branches of the Postal Service, and four of these trucks have been constructed and are ready for delivery.

"As provided in section 8 of the current appropriation act, the War Department has turned over to this department the chassis of two Army trucks type AA and they are now in service. A further extension of this service will provide use for a large number of vehicles when no longer necessary for military purposes, and other chassis will be supplied by the War Department, no doubt, from time to time.

"An essential feature of this service is the commercial convenience of the patrons supplying them with data and information concerning points where they can secure the best products and commodities at the least cost. Postmasters at offices on the routes are reporting to the department each week the local retail prices received by farmers and producers for their commodities. These data are compiled and disseminated through the public press weekly.

"In the light of this experience, it is proposed to establish through or trunk-line routes of an approximate length of 50 miles each to connect one with the other—extending out from the larger consuming centers, through productive territory contiguous to such centers, and removed from direct established lines of transportation, and to then connect with the trunk-line routes lateral or feeder routes. There are, approximately, 150,000 miles of

improved highways now available for trunk-line routes, and several thousand localities in which lateral or feeder routes in productive territory can be operated throughout the year.

"There is an insistent demand for increased food production and a necessity for a more reliable means of intercommunication for the transportation of commodities, particularly food of local origin or production, and merchandise and implements incidental to food production.

"The commercial and economic advantages of this service are so evident that its extension would seem to be desirable."

CONTROL ACT SUSTAINED

The Railroad Administration has had the opinion of Jacob Trieber, federal judge for the eastern district of Arkansas, sitting in the eastern district of Missouri, sustaining the validity of the federal control act, published as a bulletin (No. 5) for circulation among those interested. The opinion was rendered in the case of Nellie Wainwright, administratrix, vs. Pennsylvania Railroad Company. She sued to obtain damages for the death of her husband, who was killed in Pittsburgh. She sued in St. Louis, presumably because, under the laws of Pennsylvania, the doctrine of master and servant prevails to such an extent that suits are brought there for damages only when suit is possible in no other jurisdiction. The opinion follows: .

The plaintiff on May 6, 1918, instituted this action to recover damages under the employers' liability act for the death of her husband, alleged to have resulted from injuries sustained on Dec. 26, 1917, while in the service of the defendant and while both were engaged in interstate commerce. The defendant filed a plea in abatement, alleging as causes:

1. The Pennsylvania Railroad Company, defendant herein, is a common carrier now under control of the United States Railroad Administration.

2. The plaintiff herein, and the deceased, John Wainwright, resided at the time of the accrual of the cause of action stated in the plaintiff's petition in the city of Pittsburgh, state of Pennsylvania.

3. That the place of trial, to wit: City of St. Louis, state of Missouri, is far removed from the place where the plaintiff was injured and resided at the time of the accrual of this action, to wit: City of Pittsburgh, Pa.; that the trial of this suit in the city of St. Louis, Mo., will necessitate the summoning of men, to wit: Engineer N. Carlson, Fireman W. J. Corbett, Conductor W. Baker and Brakeman J. Wainwright, now operating trains in points distant from the place of trial, and keep them for a considerable period of time from said work of operating trains, all of which will greatly prejudice the interests of the government in maintaining railroad traffic for war purposes.

And the defendant further states that the above specifications of facts, enumerated above, constitute to all intents and purposes a case of abatement under General Order No. 26, promulgated by the United States Railroad Administration on May 23, 1918, and General Order No. 18-A, promulgated by the United States Railroad Administration on May 18, 1918.

To this plea the plaintiff demurred.

The general orders pleaded by the defendant were promulgated by the Director-General of the United States Railroad Administration. General Order No. 18, made on April 5, 1918, reads:

Whereas, The act of Congress approved March 31, 1918, entitled "An act to provide for the operation of transportation systems while under federal control," provides (Sec. 10), "That carriers while under federal control shall be subject to all laws and liabilities as common carriers, whether arising under state or federal laws or at common law, except in so far as may be inconsistent with the provisions of this act or with any order of the President. . . . But no process, meane or final, shall be levied against any property under such federal control;" and

Whereas, It appears that suits against the carriers for personal injuries, freight and damage claims are being brought in states and jurisdictions far remote from the place where plaintiffs reside or where the cause of action arose, the effect thereof being that men operating the trains engaged in hauling war materials, troops, munitions, or supplies are required to leave their trains and attend court as witnesses, and travel sometimes for hundreds of miles from their work, necessitating absence from their trains for days and sometimes for a week

of more, which practice is highly prejudicial to the just interests of the Government and seriously interferes with the physical operation of the railroads; and the practice of suing in remote jurisdictions is not necessary for the protection of the rights of the just interests of plaintiffs:

It is therefore ordered, That all suits against carriers while under federal control must be brought in the county or district where the plaintiff resides or in the county or district where the cause of action arose.

On April 18, 1918, this general order was amended by General Order No. 18-A, as follows:

It is therefore ordered, That all suits against carriers while under federal control must be brought in the county or district where the plaintiff resided at the time of the accrual of the cause of action or in the county or district where the cause of action arose.

As this action was instituted after the promulgation of General Orders Nos. 18 and 18-A, and no question of limitation can possibly arise, it is unnecessary to refer to or pass upon the effect of General Order No. 26 in disposing of these pleas.

These general orders are claimed to have been made by authority vested in the President and the Director-General designated by the President by the appropriation act of Aug. 29, 1916, ch. 418, 39 St. 645, and the act of Congress entitled, "An act to provide for the operation of transportation systems while under federal control, for the just compensation of their owners, and for other purposes," approved March 21, 1918.

Browning, Mason & Altman, of St. Louis, Mo., for plaintiff.

Fordyce, Holliday & White, of St. Louis, Mo., for defendant.

E. H. Seneff and D. P. Williams of Pittsburgh, Pa., by leave of the court, filed a brief as amici curiæ.

Triebler, district judge, after stating the facts as above. The demurrer to the plea raises two questions of law:

1. Assuming that the act of Congress authorizes the President and the agencies appointed by him to make these regulations, is the act warranted by the constitution?

2. Does the act vest the power to make these regulations in the President or the Director-General?

At the outset of this opinion, it is proper to state that, as this action was originally instituted in a court of the United States, the question whether Congress may authorize the general orders in question to apply to the courts of the states is not involved, and therefore cannot be determined in this proceeding. What is stated in this opinion is necessarily intended to apply solely to actions instituted in the national courts. Whether, under the war power, Congress may enact laws affecting the maintenance of actions in the state courts, can only be determined when it properly comes before the court. To express an opinion on that question in the instant case would be clearly obiter, and the court, for this reason, limits this opinion to actions instituted in the national courts.

Has Congress the Power to Enact This Legislation, Assuming That It Vests the Power Claimed on Behalf of the Defendant?

That Congress possesses the power to enact legislation of this nature, under the constitution, cannot be questioned at this day. There are several grounds upon which it must be sustained.

1. In *McCulloch vs. Maryland*, 17 U. S. 316, 421, Chief Justice Marshall delivering the opinion of the court, it was held as a proper canon of the interpretation of the powers of Congress under the national constitution, among others: "Let the end be legitimate, let it be within the scope of the constitution, and all means which are appropriate, which are plainly adapted to the end, which are not prohibited, but consistent with the letter and spirit of the constitution, are constitutional."

This rule of construction has never been doubted or questioned by any subsequent decision, but has been uniformly followed, whenever it has been before the courts, and must, therefore, be accepted as elementary in the construction of the national constitution. That there is nothing in the constitution prohibiting Congress from determining the venue in civil actions is beyond question.

Article 1, section 8, clause 11, of the constitution grants Congress the power to declare war, and clause 12 of that section empowers it to raise and support armies. That by virtue of these provisions of the constitution, Congress

may use all means which are, in its opinion, appropriate to that end and not prohibited by some provision of the constitution has, under the rule established in *McCulloch vs. Maryland*, been settled in *Miller vs. United States*, 78 U. S. 268; *Stewart vs. Kahn*, 78 U. S. 493, 506, 507; reaffirmed in *Mayfield vs. Richards*, 115 U. S. 137. In *Stewart vs. Kahn*, it was held: "The measures to be taken in carrying on war and to suppress insurrection are not defined. The decision of all such questions rests wholly in the discretion of those to whom the substantial powers involved are confided by the constitution."

"In the latter case the power is not limited to victories in the field and the dispersion of the insurgent forces. It carries with it inherently the power to guard against the immediate renewal of the conflict and to remedy the evils which have arisen from its rise and progress."

The same principle was recognized in the *Legal Tender* cases, 79 U. S. 457, 539, where it was held: "Before we can hold the legal tender acts unconstitutional, we must be convinced they were not appropriate means, or means conducive to the execution of any or all of the powers of Congress, or of the government, not appropriate in any degree (for we are not judges of the degree of appropriateness), or we must hold that they were prohibited. This brings us to the inquiry whether they were, when enacted, appropriate instrumentalities for carrying into effect, or executing any of the known powers of Congress, or of any department of the government. Plainly to this inquiry, a consideration of the time when they were enacted, and of the circumstances in which the government then stood, is important. It is not to be denied that acts may be adapted to the exercise of lawful power, and appropriate to it, in seasons of exigency, which would be inappropriate at other times." See also the address of former Justice Hughes on the "War Powers Under the Constitution," volume 42, *American Bar Association*, 232.

Whether the exigencies existed when Congress enacted this statute was for that body to determine and cannot be questioned by the courts, if there is any substantial ground therefor. *McCulloch vs. Maryland*, supra. *Lottery cases*, 188 U. S. 321, 355; *McDermott vs. Wisconsin*, 228 U. S. 115, 128. That there was substantial ground for the enactment of the statute requires no argument. The conditions so graphically described in the *Legal Tender* cases (p. 540) prevail now, and it will conduce to brevity to refer to what was there said, without quoting it in this opinion.

That the act was enacted under the war power is not only apparent from its content, but it is expressly declared in section 16 of the act, "to be emergency legislation, enacted to meet conditions growing out of the war," and section 14 provides that the federal control of railroads shall continue not exceeding one year and nine months after the ratification of the treaty of peace.

2. Another ground upon which the act must be sustained is that the right to maintain an action in any particular court is always subject to the legislative will. It is only when one is deprived of all rights to maintain an action for the redress of his wrongs that the statute would be obnoxious to the fifth amendment to the constitution. Congress has uniformly exercised that power by providing in what courts suits may be maintained, and in no instance has such an act been held void. Among the many is the act of March 3, 1873, 17 St. 509, authorizing the Attorney-General to institute suits against the Union Pacific Railroad Company for certain acts in any circuit court of the United States. The constitutionality of this act was sustained in *United States vs. Union Pacific R. R.*, 98 U. S. 569. The Carmack amendment to the interstate commerce act, approved June 29, 1906, 34 St. 595, authorizes an action against the receiving carrier, regardless of the fact that the loss or damage sued for was caused by a connecting carrier. Its constitutionality was sustained in *Atlantic Coast Line vs. Riverside Mills*, 219 U. S. 186. The act of Feb. 24, 1905, chapter 778, 33 Statutes 811, vested the exclusive jurisdiction of actions on bonds of contractors for the construction of public works in the courts of the district in which said contract was to be performed and executed. The validity of the act was sustained in *United States vs. Congress Construction Co.*, 222 U. S. 199, 203; *Hopkins vs. Ellington & Guy*, 246 U. S. 655; *Ex parte Southwestern Surety Ins. Co.*, 247 U. S. 19. The Clayton act, approved Oct. 15, 1914, 38 Statutes 730, 737, section 12, expressly authorizes an action by the government, not

only in the district whereof the defendant corporation is an inhabitant, but in any district where it may be found or does business. Section 15 of that act authorizes service of process on other parties than the offending corporation, who are properly joined, in any district where found. The validity of these provisions was sustained in *Southern Photo Material Co. vs. Eastman Kodak Co.* (D. C.), 234 Fed. 955.

Every state of the Union has provided by statute the venue for civil actions in its courts. In some states actions may be brought only in the county where the defendant resides; in some where the defendant resides or may be found; some actions can only be maintained in the county in which the cause of action accrued; others where the subject matter of the action is situated; and in some states actions may be maintained in the county where either plaintiff or defendant resides. The various acts are referred to in 22 *Encyclopedia of Pleading and Practice*, 790, et sequa.

In *United States vs. Crawford* (C. C.), 47 Fed. 561, 565, Judge Parker said: "I have no doubt that Congress may provide for service of process out of the district, as this is a regulation of practice and subject to the legislative control." This was cited with approval by Judge Morrow in *United States vs. American Lumber Co.* (C. C.), 80 Fed. 309, and in *Sidney L. Bauman, etc., Co. vs. Hart*, 192 Fed. 498, 113 C. C. A. 104.

3. Another ground upon which this provision of the act must be upheld is that the courts of the United States, inferior to the Supreme Court, are not established by the constitution, but owe their existence and powers to Congress alone. That they possess no powers not granted by an act of Congress was determined as early as 1809 in *Bank of United States vs. Devaux*, 9 U. S. 61, and again in 1812 in *United States vs. Hudson*, 11 U. S. 32, and uniformly adhered to ever since. A late case in which this ruling is reaffirmed is *In re Wisner*, 203 U. S. 449, 455. That Congress may increase or diminish their powers, or abolish them, is beyond question. It has done so a number of times. The judiciary act of 1875, 18 Statutes 470, extended the jurisdiction of the circuit courts of the United States materially; the act of 1887, 24 Statutes 552, contracted it; the Judicial Code, 36 Statutes 1087, increased it in some respects and in others decreased it. By that act, Congress abolished the circuit courts, and no one ever questioned the exercise of these powers by Congress. If Congress, by the act under consideration, has seen proper to authorize the contraction of the jurisdiction of the district courts, by limiting the courts in which actions may be maintained, it has only exerted the power which has been exercised ever since the enactment of the first judiciary act, in 1789, by the First Congress under the constitution. Possessing this power, Congress may well determine in what courts actions may or may not be maintained.

The constitution confers on the Supreme Court appellate jurisdiction, but "with such exceptions and under such regulations as Congress shall make." In *ex parte McCordle*, 74 U. S. 506, 514, it was held that Congress could deprive that court of appellate jurisdiction, and the repeal of an act of Congress granting appellate jurisdiction in certain causes deprived the court of the power to review judgments in such actions. This case has been followed as a correct interpretation of the powers of Congress in all cases involving this question, decided since. *Murphy vs. Oster*, 186 U. S. 95, 109.

In *Dolley vs. Pennsylvania R. R. Co.* (D. C.), 250 Fed. 143, Judge Booth passed upon an act similar to this and sustained it.

The contention that the statute is void because vesting administrative officers with legislative discretion or power is without merit. *Selective Draft cases*, 245 U. S. 366, 389.

It is therefore clear that the act, if it authorizes these general orders, is within the power of Congress under the constitution.

Does the Act of Congress Grant This Power to the President?

Counsel for plaintiff contend that it does not, relying upon that part of section 10 of the act which reads: "Actions at law or suits in equity may be brought by or against such carriers and judgments rendered as now provided by law."

In the opinion of the court, all this quotation means is

that any person having a cause of action shall not by reason of this act, or any regulation made thereunder, be deprived of the right to maintain it in a proper court if, under the state, federal, or common law, he is entitled to a legal remedy. It does not mean, as claimed, that having a cause of action against the carrier he has the right to institute it in any forum in which he could have brought it before the passage of this act. To meet the exigencies existing during the war, Congress has granted to the President the power to say that one shall not maintain an action in a forum where the natural effect of selecting such forum will be, in the language of General Order No. 18, "That men operating trains engaged in hauling war materials, troops, munitions, or supplies, are required to leave their trains and attend court as witnesses, and travel sometimes for hundreds of miles from their work, necessitating absence from their trains for days and sometimes for a week or more; which practice is highly prejudicial to the just interests of the government and seriously interferes with the physical operation of the railroads; and the practice of suing in remote jurisdictions is not necessary for the protection of the rights or the just interests of plaintiffs." That the exercise of the right to maintain actions in a forum distant from the place where the witnesses reside, will seriously interfere with the successful prosecution of the war cannot be open to doubt. How are the soldiers drafted under the selective draft act to be transported from the interior to the seaports, if the operation of trains is to be interfered with in this manner?

How are munitions, clothing, food, coal, and other supplies necessary to carry on the war to be transported expeditiously if the employees, without whom trains cannot be operated, are to be compelled to leave their employment to attend as witnesses at places, hundreds of miles away from where their duties require them to be, whenever a person has, or imagines he has, a cause of action against the carrier, and for his convenience, or, in some instances, perhaps to prevent a proper defense, institutes the action in a court far distant from the district where the cause of action arose, and in a district other than that of the residence of the plaintiff at the time of the accrual of the cause of action? The fact that not only the plaintiff but his witnesses can more conveniently attend the court, if held at or near his home, or where the cause of action accrued, may well raise a doubt whether the selection of a foreign forum is always made in good faith. The amendment of General Order No. 18 by General Order No. 18-A was evidently intended to prevent a change of residence for the purpose of enabling a suit to be brought at a distance from where the plaintiff resided at the time of the accrual of the cause of action, as is so frequently done to enable one to maintain an action in a national court, instead of in the courts of the state of which the plaintiff and defendant were both citizens at the time of the accrual of the cause of action.

But aside from this, statutes may not be construed by selecting some part thereof and disregarding other parts. For a proper construction of a statute the whole of it must be read together, to ascertain the legislative intent. In the language of Mr. Chief Justice White in *Van Dyke vs. Cordova Copper Co.*, 234 U. S. 188, 191, "We may not in order to give effect to those words virtually destroy the meaning of the entire context; that is, give them a significance which would be clearly repugnant to the statute, looked at as a whole and destructive of its obvious intent." The various provisions of an act should be read so that all may, if possible, have their due and conjoint effect without repugnancy or inconsistency. *New Lapp Chimney Co. vs. Ansonia Brass Co.*, 91 U. S. 656, 662; *Aaron vs. United States*, 204 Fed. 943, 123 C. C. A. 265.

Applying this canon of construction to the act and giving effect to every part of it, as is our duty, it is apparent at once how untenable this contention is. That part of section 10 applicable to the matter in controversy reads: "Sec. 10. That carriers while under federal control shall be subject to all laws and liabilities as common carriers, whether arising under state or federal laws or at common law, except in so far as may be inconsistent with the provisions of this act or any other act applicable to such federal control or with any order of the President." Another provision of the act is section 9: "And the President, in addition to the powers conferred by this act, shall have and is hereby given such other and further

powers necessary or appropriate to give effect to the powers herein and heretofore conferred."

There is nothing in the general orders under consideration which deprives the plaintiff of her right to maintain an action against the defendant, but for reasons of public necessity. In time of war, these regulations were made, because, in the opinion of the President and Director-General, for good and sufficient reasons, they are necessary to prevent serious interference with the physical operation of railroads under the control of the government and employed in the prosecution of the war. The act and regulations may well be sustained upon the ground that "Salus populi suprema lex est." "The welfare of the people is the paramount law."

The demurrer to the plea is overruled.

RAILWAY STATISTICS FOR 1917

(Bulletin of Bureau of Railway News and Statistics)

"The Railways of the United States were taken over by the government at the apex of their efficiency and the nadir of their credit" is the opening sentence of the annual report of the Bureau of Railway News and Statistics, Chicago, for the year to December, 1917, just issued.

This claim is based on the statement that 394,040,446,000 tons of freight were carried one mile in 1917, being an increase of 8 per cent over the highest previous record, and 36.5 per cent over the year to June 30, 1914. The low level of credit is shown by the inadequate provision in facilities and equipment to cope with such increase in traffic. Between 1914 and 1917 there was no increase in the number of locomotives and only 11 per cent in tractive power. The same condition obtained in freight cars, whose capacity increased less than 4 per cent in three years and a half.

The bureau's statistics cover reports from 485 roads, operating 252,029 miles of line and 392,350 miles of all tracks.

The equipment for these roads on December 31, 1917, is given as locomotives 63,828, passenger cars 54,779, freight cars 2,384,705 and company cars 125,051. The investment in equipment alone at 1909 prices is computed to be \$4,844,056,000.

The average number of railway employees in 1917 was 1,780,235, whose compensation aggregated \$1,781,027,000, or over \$1,000 per man yearly. Between 1907 and 1917 the number of employees increased 10.3 per cent and their compensation 66.1 per cent. The Adamson law and incidental changes in conditions of employment added approximately \$201,000,000 to the yearly railway payroll. The advances under federal control will add something like \$750,000,000 to the 1917 figures.

The payroll in 1917 absorbed 43.71 per cent of the operating revenues.

The gross capitalization of these roads is computed to be \$20,072,730,672 and the net capital after deducting intercorporate investments \$16,823,695,000, or \$66,755 per mile operated, or \$69,983 per mile after deducting mileage operated under trackage contracts.

The investment in these roads to December 31, 1917, less accrued depreciation, was \$18,400,886,812.

Federal valuation to December 31, 1917, had cost the United States \$8,867,073, and the railways \$20,578,415, a total of \$29,435,120, or more than three times the cost of production, new, of the only roads whose valuation has been confirmed so far.

There were 550,652 stockholders in the 485 roads reporting to the bureau in 1917, an increase of 28,551 over the preceding year. Nearly \$1,700,000,000 railway bonds are held by national and state banks, savings and trust companies, to say nothing of those owned by life and fire insurance companies. Individual ownership of railway stocks and securities is in the neighborhood of a million.

In 1917 the railways reporting to the bureau carried 1,085,879,000 passengers a total of 39,739,682,000 miles for 2.103 cents per passenger mile, and 2,362,294,000 tons of freight a total of 394,040,446,000 miles for 7.28 mills per ton mile.

The number of passengers per train was 68.1 against 55.2 in 1916, and the journey was 36.5 miles against 34.0.

The average number of tons per train was 620 against 553 in 1916, and the average haul was 167 miles against 160. These great results were obtained with scarcely any increase in train mileage.

The receipts from mail decreased from \$61,944,597 in 1916 to \$59,128,692 in the face of an enormous increase in mail carried, and in contrast with an increase from \$90,928,474 to \$107,115,528 in railway receipts from express.

The percentage of low and high rate commodities remained about the same as in 1916.

The revenues from operation were \$4,074,672,000, the largest on record, and the expenses, including taxes, were \$3,101,057,880, with an operating ratio of 76.15 per cent. The charges on account of interest amounted to over \$431,000,000 and for rent of leased road \$133,000,000. After all deductions for betterments, etc., the balance available for dividends, surplus, etc., was \$359,527,974 against \$429,238,783 for the same item in 1916.

A preliminary income statement for the year to June 30, 1918, in the introduction computes the operating revenues as \$4,360,730,544; operating expenses, \$3,430,420,192; accrued taxes, \$228,764,574, and net operating income, \$701,445,581. The operating ratio for the year to June 30, 1918, including taxes, was 83.91 per cent.

SOUTHWESTERN TRAFFIC LEAGUE

The Southwestern Industrial Traffic League proposes to request the Railroad Administration and the Interstate Commerce Commission to consider the advisability of having one or more representatives of the Commission sit with the consolidated classification committee, in future sessions, to represent the shippers, having equal authority with the Railroad Administration or railroad representatives. The plan originated with L. F. Daspit, traffic manager for the Chamber of Commerce of Shreveport, La. He at first advocated the same kind of shippers' representation on the classification committee as is now provided for on the freight traffic committees, but it was finally concluded that this was not practicable, in view of the difficulties that are being experienced in keeping representatives of shippers on the traffic committees.

The League, at a recent meeting, went on record as opposing cancellation of exceptions to Western Classification.

The proposed southwestern scale, as tentatively put out, was discussed and the general opinion was expressed that the principle should be approved, but that there was not sufficient time to consider details. A committee consisting of W. V. Hardie, H. D. Driscoll, H. M. Gregory, and F. A. Lallier was appointed to confer with officials at Washington to clear up some points that were not clear. After that committee reports some definite action may be taken.

The League took action opposing increases in lumber rates in the southwest, proposed changes on sash, doors and blind, and the proposal to discontinue furnishing grain doors except for grain and flaxseed.

In view of the possibility of a great increase in shipping through Gulf ports, a marine committee was provided for, it being the duty of this committee to assist the U. S. Shipping Board in developing this business throughout the southwestern territory. The members of the committee are C. D. Mowen, E. H. Lange, L. F. Daspit, Paul B. Smith and H. D. Driscoll.

The League endorsed the "sailing day" plan.

In a joint meeting with the Texas Industrial Traffic League, the present railroad situation with respect to what ought to be done in the matter of the method of control of carriers, was discussed. The presidents of the two leagues were instructed to appoint committees to work on the subject and report later to their respective bodies. The Southwestern League committee is composed of W. V. Hardie, Paul B. Smith, C. D. Mowen, H. M. Gregory and L. F. Daspit. The Texas committee members are R. C. Fulbright, A. W. Reeves and E. P. Byars. Mr. Fulbright was selected as chairman of the joint committee. Presidents Pawkett and Driscoll, of the two leagues are ex officio members.

EMBARGO ON HOGS

Hale Holden, Regional Director, in a circular to Central Western railroads, says: "At request of the Food Administration, Car Service Section have canceled, through zone chairmen, direct with all railroads, their embargo against movement of hogs to various markets; therefore our Circular No. 209, issued November 22, 1918, is hereby canceled, effective at once."

The Open Forum

A Department for the Discussion by Patrons and Friends of THE TRAFFIC WORLD of Transportation Questions of Interest to Traffic Men Who Keep in Touch With the Times—Contributions are Welcomed

CLEARING HOUSE FOR BILLS OF LADING

Editor The Traffic World:

Much is printed regarding the showing made under the U. S. Railroad Administration of the carriers with respect to consolidation of the various phases of operation.

The information given out deals principally with the railroad side. Shippers generally have suffered great inconvenience occasionally for the sake of the times, "to win the war."

One of the most aggravating conditions is that which pertains to bills of lading.

Only a few bills of lading, especially the "order" form, show routing to destination, and when they do, cars are invariably hauled to destination by other than the terminal road shown on the bill of lading, due to allotments of tonnage at large terminals.

Bills of lading must be held by consignee, therefore, until such time as due notice is received of the arrival of the shipment, then employ messenger service to surrender same on the same day as notice is received, otherwise demurrage or storage accrues.

A unification of terminals means nothing to shipper or consignee under the circumstances, as they must surrender the bill of lading to a particular office of the road hauling shipment to final destination. What the shipper and consignee requires is a central or main office to which all bills of lading could be sent. (Same as union ticket offices throughout the country.)

If bills of lading could be so surrendered the saving would eliminate about nine-tenths of the delay to cars which are now being held in yards awaiting disposition, save extra useless switching in such yards, enable consignee to acquire possession of his goods in that much less time, release cars several days sooner than now obtains under present methods.

Bonds of indemnity won't relieve the situation. Railroads generally are against 'em and some consignees don't want them, as they may lead to legal complications and the cost of such a bond, particularly when secured through regular bonding company, is too much of a burden to bear for the apparent neglect of the roads in providing proper easy accessible ways for conducting ordinary transactions.

It is hoped some favorable arrangement will be instituted by the Railroad Administration to relieve the existing embarrassment of the shipping public.

L. F. BERRY,

Traffic Manager, Reid, Murdoch & Co.

Chicago, Ill., December 4, 1918.

AGAINST MILEAGE SCALES

Editor The Traffic World:

You may rest assured that this organization in behalf of the welfare of its membership as well as the welfare of every consumer located in this city of 30,000 inhabitants is taking every step necessary to oppose the adoption of the proposed mileage scale.

The proposed scale will increase the ten class rates from St. Louis to Pine Bluff from 32 to 72 per cent, the average percentage rate increase being 50.5 per cent. From Kansas City an average of 55.6 per cent; from New Orleans an average of 62.4 per cent. We include New Orleans, assuming that it will be the intention to extend the scale to "inter-territorial points" similarly located.

The present and past relationship in freight rates existing between Pine Bluff and small competitive jobbing points in Arkansas is of long standing. Suffice to say that should the mileage scale be extended as proposed and eventually reflect itself in the commodity rates it would

in all probability reduce the jobbing interests of Pine Bluff 50 per cent. While no doubt a great advantage to those small competitive points, their gain would be our loss, and a very material one, indeed.

Is it any wonder that we are objecting?

Aside from the utter disruption of all past relationships and competitive conditions the proposed scale is not in harmony with our views in the matter of construction. We do not agree with the percentage relationship. There is no justification for fourth class being 60 per cent of the first when in other parts of the country it is even less than 50 per cent. We do not agree with the rate of progression used in the scale. We know of nothing justifying the same scale of rates applying in North Dakota and Arkansas. The question of cost of operation has been utterly disregarded and the scale is proposed to apply in sparsely settled states of little traffic as well as in the more densely populated states of heavy traffic.

Now that the war is over the ultimate assumption must be that the carriers will again return to their old status, and we might ask, if there is no longer a war and no longer a unification of railroads, where lies the necessity for this mileage scale.

We might proceed with substantial objections ad infinitum but conclude with the statement, as one shipper testified at the consolidated classification hearing in Chicago: The proposed mileage scale is "inhuman."

W. M. TAYLOR,

Traffic Manager, Chamber of Commerce.

Pine Bluff, Ark., December 3, 1918.

WEEKLY TRAFFIC REPORT

According to a report on traffic conditions for the week ended December 2, made public by the Director-General, there has been a steady improvement in both freight and passenger movement in nearly every section of the country. The shipment of foodstuffs overseas, for use in the stricken European sections, continues unabated, being given preference over all other commodities. A summary follows:

Eastern Region: Movement of freight traffic has increased in some districts, but general results indicate decrease in total movement. Change in overseas program has confused movement of export freight somewhat, and efforts being made, with success, to secure storage facilities. Thirty-five steamers now loading at New York—foodstuffs being given preference. Rail service on frozen beef and provisions placed on three-day basis Chicago to New York, to hurry movement. Stock yard facilities consolidated at East Buffalo. Consolidation of station facilities at various points proceeding. Ticket sales indicate considerably heavier travel than for several weeks past, both as to short-haul passengers and through passengers on limited trains.

Allegheny Region: Passenger travel normal; war workers' travel falling off rapidly, and seven special workmen's trains have been withdrawn from service. It is expected that this character of service will be still further decreased in December. Passenger train service on the Dunlap Creek Branch of the P. & L. E. R. R. discontinued, as it was being operated at a loss, and travel will be handled by traction company. Sunday passenger train service on the River division of the P. & L. E. R. R. reduced. Further progress in arrangement of interchangeable tickets between the different railroads. Deliveries of perishable foodstuffs continues sluggish. Coal production shows increase over previous week, which has resulted in a reduction of stored empty cars. Heavy movement of grain on the way for Baltimore and Philadelphia. Movement of freight generally satisfactory, and no longer necessary to divert traffic from regular gateways. Resumption of

car-lot movement from eastern territory to the south by rail reported.

Pasadena Region: Regular travel continues good, passenger earnings showing substantial increase. Two trains, one each way, added to the schedule of the Norfolk & Western R. R. between Lynchburg and Petersburg. Large movement of discharged soldiers from camps reported. Unrest among shippers of coal, iron and other materials over uncertainty as to result of cancellation of government contracts. Grain movement via Newport News discontinued to relieve eastern end of the C. & O. R. R. General movement of traffic shows decrease from previous week.

Southern Region: Passenger travel fairly heavy. Movement of laborers from the powder plants has been quite heavy. Extension of sleeping car service reported to care for winter tourist travel. Cincinnati-Montgomery sleeping car, which was taken off due to decreased travel during the epidemic, has been restored November 23. Movement of demobilized troops from the various camps quite heavy. Florida East Coast Hotel Company will open all of its hotels, and the prospects soon bright for large winter tourist travel. Through sleeper and coach service arranged to the west coast of Florida. Cotton continues to move slowly, the farmers generally holding for higher prices. Lumber traffic not moving well, with indications of some slowing down of orders. Supply of box cars continues in excess of requirements; supply of flat cars normal; refrigerator car situation easy.

Northwestern Region: Movement of loaded freight cars shows considerable decrease, particularly in coal and ore. Grain and live stock movements show increases. Decreased activity of Spruce Production Division being felt on the coast. Heavy movement of fruit continues from the Wenatchee and Yakima valleys, with car supply and service entirely satisfactory. Export situation at Puget Sound ports shows decided improvement. Passenger travel has recovered from the effects of the epidemic and is about normal. Heavy soldier travel expected as a result of demobilization.

Central Western Region: Influenza epidemic abating, and only active in western portion of the region. Movement of loaded cars generally shows decrease, but grain and live stock show increases. Permit system for movement of hogs working satisfactorily. Passenger travel on some lines shows improvement, but is below normal for the region as a whole. C., B. & Q. R. R. discontinues sleeping car between Denver and Casper, Wyo. Wabash Railway eliminated local train service, with annual saving of 197,974 train-miles.

Southwestern Region: Grain movement to Gulf ports continues heavy. Congestion on T. & P. R. R. considerably improved; freight otherwise receiving prompt movement. Forest products increasing in volume. Passenger travel now about normal. Demobilization of troops proceeding actively. Good effect reported as a result of arrangement of passenger schedules for better connections. Work of calling upon representative business men proceeding, and helpful suggestions are being received and acted upon.

Coastwise Steamship Lines: During the week 12,888 bales of cotton handled by British Ministry of Shipping, making a total of 116,677 bales to date. Additional movement of 10,000 tons of raw sugar New Orleans to New York undertaken. Wooden vessels and lake steamers continue to be used for the movement of port-to-port traffic. Situation at ports generally satisfactory; and accumulation at Galveston is being decreased.

War Department: At New York the accumulation of overseas freight is somewhat above normal, but the unloading during the week exceeded the arrivals by 601 cars. Good progress being made in returning to interior storage points the tonnage which had arrived at the ports, and is not now to be shipped overseas. Transportation conditions generally throughout the country are satisfactory. There is still a little delay in unloading, due to labor conditions, but this is showing some improvement.

Navy Department: Transportation situation good. Temporary movement of navy traffic is heavy, owing to speeding up of contractors in filling their contracts. Congestion in Washington navy yard and Indian Head continues, but it is hoped will be absorbed. Division of Inland Traffic reported as aiding in ticketing men so as to avoid congestion at railroad ticket offices.

Fuel Administration: Full car supply, and transportation ample. Tidewater—Vessel supply short at Hampton

Roads, but in excess of coal supply at Curtis Bay. Coke—Movement good. Production still short of requirements. General—Influenza continues spreading in Pittsburgh and western Pennsylvania districts. Bituminous coal production adequate, except in P. R. R. territory. Anthracite still short.

Fuel Administration—Oil Division: Supply of equipment and transportation conditions remain satisfactory. Not possible yet to make any more definite estimate of the change in volume of traffic.

Food Administration: Frozen meat and packing house products—movement shows considerable improvement, and complaints materially decreased. Live stock—Only difficulty reported in regard to car supply of L. & N. R. R., which is having attention. Fruit and vegetables—Florida car situation is being taken care of, but some complaint as to car shortage in New York state and Virginia apple territory, which is being given attention. Heavy movement of export flour being arranged for January shipping. Hog export system will require some adjustment so that embargo against certain markets will not overtax the free markets.

Shipping Board: Good progress shown in clearing up the temporary accumulations at a number of yards. Transportation conditions generally satisfactory.

Traffic Executive of the Allies: Report car supply satisfactory, movement good, and no complaint of arrivals at port, except the necessity for very close attention to the heavy grain movement.

Exports Control Committee: Allied governments arranging storage of traffic not now wanted overseas. U. S. War Department has made good progress along the same lines. Export freight held at north Atlantic, south Atlantic and Gulf ports shows decrease. Savannah has about 90,000 bales of cotton at the terminals, with six ships in port taking on cargoes, including 70,000 bales of cotton. Mobile—Munson Line will resume its sailings, which will help the situation at that point. Pacific coast situation—Shows slight increase of cars on hand for Puget Sound ports, and also for the San Francisco district. There is some disturbance of the sailing schedules from those ports.

War Industries Board: United States Housing Corporation has resumed work on some of the projects which were canceled after the signing of the armistice. Buildings in the Plaza in front of the Union Station at Washington will be filled with workers in the war risk insurance; applications on file for three times the amount of space available. The amount of surplus material held by the government causing some concern to manufacturers, but it is expected it will be gradually absorbed.

Troop Movement: During the past week about 25,000 men have been discharged from camps, and, with the exception of one case at Camp Lee, the men have been handled without any inconvenience. Arrangements being made to satisfactorily deal with the troops arriving from overseas shortly.

Mail and Express Section: Express movement fairly good, except slight congestion at St. Paul, Minn., account heavy poultry shipment. Difficulty in Michigan account influenza. Progress being made in arranging better express loading. Efforts being made to provide increased number of cars for movement of express during the holiday season.

Agricultural Section: The reduction of the cattle tick in the south is progressing very well, and the number of square miles released from quarantine the last twelve months is the largest on record any year. This is helping the cattle business in the south. Raising castor beans in the southeast proved successful, with a possibility of continuance as a permanent crop. Acreage of Florida vegetables about 60 per cent of normal, fearing shortage of farm labor.

Passenger Department: The additional passage charge for the occupancy of parlor cars and sleeping cars has been abolished, effective Dec. 1, 1918.

General: Army and navy building program for last period in November naturally shows a large decrease, but the 10 to 17 projects required 1,900 freight cars to move material. American Iron and Steel Institute report slight improvement in production at by-product coke ovens, a slight falling off in blast furnace operations, and a material increase in production at open-hearth furnaces and Bessemer converters. General transportation and operating

conditions in connection with the steel business reported good.

WEEKLY TRAFFIC REPORT

The Director-General November 29 made public the report of traffic conditions for the week ended November 25, 1918. It is pointed out that while the character of the freight moved has somewhat changed, owing to the cessation of hostilities, there has been no letup in the quantity transported. The various agencies of the government are co-operating in the program for overseas movement of clothing and foodstuffs, deemed absolutely essential for relief work among the stricken European sections. The summary follows:

Eastern Region: Cessation of hostilities has made some change in the character of freight, but not lessened the quantity. Careful attention being given to the program for overseas movement of foodstuffs and clothing. Amount of iron and steel articles in storage at seaboard about 7,000 carloads, compared with 10,000 carloads last summer. Congestion which had existed at Bush Docks, Brooklyn, shows continued improvement. Use of Lake Michigan car ferries on eastbound traffic increased materially, avoiding the Chicago gateway. Arrangements completed for the Trans-Pacific Export Bill of Lading Agency at New York to handle bills of lading for the seven Pacific Coast roads. Aside from suspension of army movements, passenger traffic has gained quite heavily. Regular service of Fall River line steamers resumed, owing to discontinuance of harbor regulations at Newport.

Allegheny Region: Marketing of perishable foodstuffs continues sluggish, especially onions, potatoes and cabbage, of which there is a large production. Coal and coke production decreased further, partly due to lessened demand for coal, and partly to illness among the miners. Overseas government freight being held back at junction points to separate the traffic to be stored from that to continue its movement overseas. Loading of grain to vessels increased by reason of more space in vessels for that purpose. Regular passenger travel is normal, but increased commutation service was necessary on account of "Victory Day." Change of working hours at various war industries will make it possible, it is expected, to decrease number of special trains running for workmen. Interchangeability of tickets between Pennsylvania Railroad and Baltimore & Ohio Railroad continued along line between New York and Baltimore. Some complaint in regard to ticket office and baggage checking service at Pennsylvania Station at New York, and at Washington and Baltimore. This is being looked after with view to correction.

Pocahontas Region: DuPont Works at Hopewell, Va., and the government plants at Penniman, Va., Charlestown, W. Va., and Ancor, O., are releasing a number of laborers and curtailing output. Coal shipment shows slight decrease; coal fields continue to report shortage of men. Passenger traffic shows marked improvement owing to cessation of influenza. Movement of laborers on account of curtailment of war industries beginning to have effect in this direction. Service at Consolidated Union Ticket Office continues satisfactory.

Southern Region: Heavier shipments of lumber indicated, due to lifting of general embargo. Refrigerator car supply for handling Florida perishables improved by increased supply of FGE cars and the authorized use of railroad refrigerators. Shipments of cotton to the mills continue to be slow, and it is too soon yet to estimate the effect of the lifting of the government embargo against commercial shipments to the United Kingdom, France and Italy. Passenger traffic continues to increase, and now seems to be nearly what it was prior to the epidemic. Florida travel is increasing, an extra car having to be operated during the week. Washington-Pinehurst sleeping car line was established on the Seaboard Air Line, effective November 20. Florida winter train over the Atlantic Coast Line has been arranged for, starting southbound December 22. Freight service bureaus, although operated but a short time, seem to be much appreciated, and appear to be furnishing needed service to the public.

Northwestern Region: Number of loaded freight cars shows very large decrease in all commodities excepting grain, live stock and fruit. Shipments of fruit from the

Wenatchee and Yakima valleys heavy. Owing to heavy run of hog shipments it became necessary to control movement by permit system. The discontinuance of the Spruce Production Division work on the north coast will, for a time, seriously affect the lumber industry in that territory. Crop conditions good, with a marked increase in wheat acreage. This is the first season since 1901 when it has not been necessary to steam ore at the head of the lakes in order to unload it from cars. Operation of sailing day plan shows large saving in use of cars. Passenger traffic still off slightly, but improvement is rapid, and normal conditions expected in short time.

Central Western Region: Epidemic conditions have improved, but number of cars of traffic handled shows decrease. Re-routing reports show 4,169 cars re-routed, with a total saving of 533,995 car-miles. Passenger travel shows slight improvement over previous week. D. & R. G. R. R. discontinues operation of standard sleeper to and from St. Louis between Denver and Pueblo. Indications are that winter travel to California will be heavy.

Southwestern Region: Arrangements completed for movement of 350,000 bushels of wheat from Omaha to New Orleans. Congestion on T. & P. R. R. shows improvement. Slight congestion on F. W. & D. C. R. R. account heavy movement of empties west to take care of grain movement on the Union Pacific. Car supply ample. Lumber business continues to show increase. Freight movement good, particularly on oil. Lifting of influenza quarantine increased passenger travel, but it is not yet back to normal basis. Mustering out of men from camps expected to make a heavy movement. New passenger train schedules effective November 17.

War Department: Situation at New York still continues very heavy, but unloading exceeded arrivals during the week by 614 cars. Congestion at some of the bag and shell loading plants account shortage of labor. Conditions in Norfolk District affected by temporary labor disturbances occasioned by return to eight-hour day. C. & O. R. R. still having difficulty in handling government property. Otherwise general conditions throughout the country good. Changed condition in the war situation has complicated the port situation somewhat, as a great deal of traffic will not now be needed abroad, but all War Department property for overseas will now be sorted out at inland junction points, and only such traffic allowed to go to ports as is wanted for overseas shipment.

Navy Department: Arrangements being made to find storage room for munitions, ordnance, aeroplanes, etc., which it is not desired to send overseas. Congestion at Washington Navy Yard and Indian Head continues, but embargo has been placed. Special train service arranged for between Norfolk and Sewalls Point via the Virginian R. R. Transportation situation generally satisfactory.

Fuel Administration: All regions—Full car supply and transportation ample. Tidewater—Vessel supply very short latter part of week. Coke—Movement good. Production not up to requirements. General—Increase in influenza in Connellsville, Somerset and Westmoreland districts. Coal production further reduced. Bituminous supply ample; anthracite still short.

Fuel Administration—Oil Division: Manufacture of aviation gasoline has been discontinued. Temporary reduction in export movement of kerosene and fuel oil has resulted from discontinuance of war activities. Long haul on fuel oils show considerable reduction, but it is expected increased demand for gasoline and kerosene will more than offset this particular feature. Supply of empties sufficient and transportation conditions satisfactory.

Food Administration: General situation on fresh meats and packing house products slightly improved. Car supply for live stock also improved. Shortage of equipment in Illinois and Indiana for grain loading somewhat relieved, as well as on the Union Pacific. Freer movement of grain from Minneapolis and Duluth being handled until December 10 by blanket permit. Now in sight 220,000 tons of flour for Gibraltar and Bristol Channel ports in addition to regular movement for the Allies. Demand for food products at seaboard will require careful attention on the part of the railroads. Citrus fruit from Florida far ahead of the usual movement, possibly by 2,000 cars. While complaint from various points has been received as to car shortage, the situation has been promptly remedied

by the Car Service Section. Up to the present time, taken as a whole, the perishable production has been most satisfactorily handled.

Shipping Board: Reduction in working time at the ship-building plants has caused an accumulation at a number of points, but effort is being made to catch up with the unloading. Conditions generally satisfactory.

Traffic Executives of the Allies: Report conditions satisfactory, except they call attention to the heavy tonnage requirements for grain and cereals at North Atlantic ports. Report deliveries at New York harbor in critical state, due to the fact that so many lighters are tied up with U. S. army freight.

Exports Control Committee: Change in overseas program disturbing the situation somewhat at the ports, but every effort being made to adjust matters. Allocation of vessels at Philadelphia and Baltimore will put those ports in good shape. Discontinuance of handling frozen beef via Montreal will increase the volume to move via New York. Slight increase in export freight on hand at southern ports, particularly Cuban traffic at Mobile, caused by interruption of Munson's Line. Movement of grain has been more free from the Atlantic ports than from the Gulf ports, and efforts are now being made to divert more vessels to the latter. At Pacific Coast deliveries to ship show marked increase over the previous week, and excess in deliveries over arrivals 219 cars for the Puget Sound ports.

Coastwise Steamship Lines: Have moved to date about 104,000 bales of cotton for British Ministry of Shipping to New York for export. Four newly constructed lake steamers assigned to the coastwise lines last week, which will be put in service for transporting cotton and sugar. Arrangements made to utilize more fully the sailings from Philadelphia to Boston, so as not to run the vessels light.

Troop Movements: Beginning was made in demobilization movement of number of organizations from camps at point of embarkation. Small number of men discharged from widely separated points. Complete method of demobilization not yet determined upon, but it is expected very heavy movement will be involved in a short time.

Mail and Express Section: General express conditions throughout the country very good. Slight congestions at certain points, which are being looked after and expected to be remedied promptly. Arrangements to protect perishable traffic during the winter taken up with the carriers. Consideration being given to proposition to run combined express and mail trains to relieve regular passenger trains where traffic is sufficient to warrant.

Agriculture Section: Movement of cattle from Texas to the southeastern states now aggregates 23,107 head. Ten million pounds of pinto beans raised in Colorado following campaign of railroad agriculture departments; indications are that acreage will be maintained. Agricultural agents working in line with wishes of the Department of Interior in connection with land available for colonies of returning soldiers. Potato crop for 1918 estimated at 390,101,000 bushels, a decrease of 58,000,000 bushels compared with last year, but very good quality. Commercial apples in United States November 1, stated in barrels, 25,008,000; last year, 22,519,000.

Passenger Department: A reduction of 33½ per cent in coach fares has been authorized and is now in effect for discharged officers, enlisted men and nurses who have been serving in the United States Army, Navy and Marine Corps. A 75-cent meal on dining cars has been authorized for discharged officers, enlisted men and nurses of the United States Army, Navy and Marine Corps. Club car has been restored on the Congressional Limited between New York and Washington and plan to reduce the schedule to five hours is under consideration. Report of the Ticket Committee, which is the result of much thought and effort on the arduous and important task of standardization of ticket forms, has been completed and approved to be effective December 1. The report covers standard forms of passage tickets, conductors' cash fare receipts and exchange tickets, ticket orders, furlough fare certificates, clergy certificates, sleeping car tickets, parlor car tickets and baggage checks.

General: American Iron and Steel Institute report for week car supply and transportation both good, and no blast furnaces affected by transportation conditions. Building program for army and navy very much reduced, only

twenty new projects being reported. During the month of October perishable freight and live stock handled in the Eastern Region showed an increase of 3,329 cars, but a decrease of 390 trains, making an increase in average cars per train from 23 to 39.

SEPTEMBER FREIGHT MOVEMENT

The Traffic World Washington Bureau.

All comparative records in the movement of freight throughout the country since the government took over the operation of the railroads were broken in September, 1918, according to a report to Director-General McAdoo from the division of operation made public December 4.

According to the figures announced for the month of September, 1918, there were 38,592,137 tons of freight moved per mile by the transportation systems, while for the same month of 1917 there were but 35,469,005 tons of freight transported. With an increase for September, 1918, of 18.8 per cent in ton miles, it required the use of but one-tenth of one per cent more freight train miles to care for this additional tonnage. In September, 1917, there were 52,989 freight train miles used to handle the business on the roads, while for the same month of 1918 these figures were increased to but 53,026.

Another striking feature of the report affects the tons per loaded car. For September, 1918, each car carried an average of 29.7 tons, while for the corresponding period of 1917 there was an average of 26.8 tons loaded on each freight car. This shows an increase for the month of September, 1918, due to the policy of the railroad administration in requiring loading to full capacity, of 10.8 per cent.

The number of tons per train carried for the month of September, 1918, were 728, while for the corresponding period in 1917 there were but 669 tons transported. This shows an increase of 8.8 per cent for September, 1918, as compared with September, 1917.

The ton miles per car per day in September, 1918, amounted to 533, while for the same period in 1917 they averaged but 496. This shows an increase of 7.5 per cent in favor of September, 1918, as against September, 1917.

WAR SAVINGS STAMPS

Director-General McAdoo, November 29, sent from Ashland, N. C., the following message to all regional directors of railroads:

"It is of the utmost importance that our people shall continue to save in order that they may help the government complete the victories we have gained in Europe, meet the expenses of the war and provide the means of supporting our army in Europe until it is released from duty, and of bringing it back to American soil. We must therefore keep up the war savings campaigns and induce everyone to invest to the extent of his means in war savings stamps and thrift stamps, which are obligations of the United States government, and which are the best of investments for the savings of the people. Will you not ask the railroad employees throughout your region to save their money and invest it in war savings stamps and thrift stamps to help their government and our gallant soldiers and sailors who are still on duty in Europe, and also to help themselves by laying up a fund which will be a protection to them in case of misfortune or necessity. Railroad employees have responded so patriotically to every call that has been made upon them that I feel confident they will not fail to continue to save their money and lend to Uncle Sam until every need of our soldiers and sailors has been satisfied by the return of every one of them to his home in America."

DESCRIPTION AND PACKING OF PEANUTS.

The Western Freight Traffic Committee has asked the St. Louis District Freight Traffic Committee, the Dallas District Freight Traffic Committee and the New Orleans Western Freight Traffic Committee to docket for consideration in their respective territories the question of applying the proposed consolidated classification description and packing requirements in connection with commodity rates on peanuts moving to and from points in the territories referred to.

Traffic Lesson No. LI

Regulation by the Courts—Fifty-first in the Course of Fifty-two Lessons Written for the Traffic World by Grover G. Huebner, Ph.D., Assistant Professor of Transportation and Commerce, University of Pennsylvania and Published Bi-weekly—(Copyrighted)

A description of railroad regulation is not complete without mention of the regulatory functions of the courts. While the courts have no power to make railroad rates—that having been defined by the courts as a legislative function—they have power to unmake charges fixed by Congress, by the state legislatures, by the Interstate Commerce Commission, or by the state commissions. The so-called "judicial review" powers of the state courts is confined to charges on intrastate traffic, but those of the federal courts include both interstate and intrastate rates.

The attitude of the federal courts toward state-made rates, as announced in a series of interesting decisions, has been subject to frequent changes. When the states first began to regulate rates stringently in the Granger laws of the '70's, the United States Supreme Court in *Munn vs. Illinois*¹ decided that the power of the legislature to establish maximum charges is final, and that "for protection against abuse by the legislatures the people must resort to the polls, not to the courts." In the case of *Peck vs. Chicago & Northwestern Ry. Co.* it similarly upheld a Wisconsin rate statute by ruling that the legislature may establish rate limits and that "this limit binds the courts as well as the people. If it has been improperly fixed, the legislature, not the courts, must be appealed to for the change." The same doctrine of no court review was announced in *C. B. & Q. R. R. Co. vs. Cutts*.²

The first step in the direction of court review was taken in the Mississippi Railroad Commission decisions of 1885 in which the Supreme Court held that "it is not to be inferred that this power of limitation or regulation is itself without limit. This power to regulate is not the power to destroy, and limitation is not the equivalent of confiscation. Under pretense of regulating fares and freights, the state cannot require a railroad corporation to carry persons or property without reward; neither can it do that which in law amounts to a taking of private property for public use without just compensation, or without due process of law."³

In 1890 the review power was further defined and extended. The Supreme Court, in the Minnesota Railroad and Warehouse Commission case, declared unconstitutional a state law which authorized the Minnesota commission to fix rates finally and prohibited court interference. It ruled that "the question of reasonableness . . . is essentially a question for judicial investigation, requiring due process of law for its determination."⁴ It is made clear that the review power of the courts is not dependent upon legislative sanction; that it is derived from the federal constitution, not from Congress or the state legislatures. In 1894 the Supreme Court, in *Reagon vs. Farmers Loan and Trust Co.*, upheld the United States Circuit Court for the Western District of Texas when it set aside rates fixed by the Texas commission on the ground that they were so low as to violate the prohibition of the fourteenth amendment of the United States constitution that no "state shall deprive any person of life, liberty or property, without due process of law."⁵ From the latter two cases it became clear that the courts considered earnings to be property, and that the states cannot fix charges so low as to deprive the carriers of a fair return on their investment.

The development from this point on relates chiefly to the jurisdiction of federal courts over intrastate rates prescribed by state legislatures or commissions. When in 1893 the legislature of Nebraska enacted a rate law embodying provisions for reviewing rates in the state courts an effort was made to bar the federal courts. An injunc-

tion was, however, granted by the United States Circuit Court and in 1898 the Supreme Court, in *Smythe vs. Ames*, upheld the lower court. The ruling was that "one who is entitled to sue in the federal Circuit Court may invoke its jurisdiction in equity whenever the established principles and rules of equity permit such a suit in that court; and he cannot be deprived of that right by reason of his being allowed to sue at law in a state court on the same cause of action." The case was complicated somewhat in that it involved citizens of different states. In 1908, however, the Supreme Court made it clear that the federal courts may review state-made rates even though all parties are citizens of the same state.⁶ As the application of the federal constitution is in question, the rule has become that review cases concerning intrastate rates may be taken directly to the federal courts. As a result the work of judicial review has since been more largely confined to the federal courts.

General Principles of Court Review.

Though the courts have the power to test the reasonableness of charges, their practice in review cases has in recent years been to confine themselves less to the facts concerning reasonableness as such and more to questions of constitutionality and law. Thus, although the act to regulate commerce does not prescribe the grounds upon which the federal courts may review orders of the Interstate Commerce Commission, the United States Supreme Court, in the *Illinois Central R. R.* case, laid down the following rule: "In determining whether an order of the Commission shall be suspended or set aside, we must consider (a) all relevant questions of constitutional power or right; (b) all pertinent questions as to whether the administrative order is within the scope of the delegated authority under which it purports to have been made; and (c) a proposition which we state independently, although in essence it may be contained in the previous one, viz., whether, even though the order be in form within the delegated power, nevertheless it must be treated as not embraced therein, because the exertion of authority which is questioned has been manifested in such an unreasonable manner as to cause it, in truth, to be within the elementary rule that the substance, and not the shadow, determines the validity of the exercise of the power. . . . We may not, under the guise of exerting judicial power, usurp merely administrative functions by setting aside a lawful administrative order upon our conception as to whether the administrative power has been wisely exercised. Power to make the order and not the mere expedience or wisdom of having made it, is the question." The Supreme Court similarly held in its *Los Angeles Switching* case that the court will not "substitute its judgment for that of the Commission upon matters of fact within the Commission's power."⁷

It has also been ruled that negative orders of the Commission, which do not prescribe rates but hold that certain rates which are the subject of complaint are not unreasonable, are not subject to court review. In *Procter & Gamble Co. vs. U. S.*⁸ and in *Hooker vs. Knapp*⁹ it was decided that to do otherwise would mean the exercise by the courts of administrative powers belonging to Congress or the Interstate Commerce Commission.

No definite rule has been formulated as to what is the "fair return" on investment which is guaranteed to carriers by the federal constitution. There have been cases in which varying per cents of return were named by the courts; others in which it was held that revenues must be sufficient to pay operating expenses, interest on bonds

¹114 U. S. 113.²114 U. S. 113.³114 U. S. 113.⁴114 U. S. 297, 347.⁵114 U. S. 438.⁶154 U. S. 362.⁷169 U. S. 466.⁸209 U. S. 711.⁹215 U. S. 470.¹⁰234 U. S. 294.¹¹225 U. S. 282.¹²225 U. S. 202.

and other fixed charges, and a reasonable dividend; and that in computing dividends, capital stock is considered, but that in case a company is heavily overcapitalized it may not be entitled to any dividends whatever. It has also been held that if income is low, or has fallen, because of mismanagement the public need not pay increased rates. So, too, the industrial condition of communities has been considered, it being held that if several roads were built where one is sufficient the shipper is not to suffer the penalty of high charges. The "rights of the public" have been considered as well as the rights of the carriers, although this terminology has not been defined precisely. Intrastate rates, moreover, are to be reviewed with respect to intrastate traffic, not upon the profits derived from the carrier's business as a whole; and a distinction in review cases is drawn between the freight and passenger services and the respective earnings derived from each.

A definite understanding as to what is meant by fair return will probably be arrived at as a result of the valuation work now under way. Thus far it has not been determined what the terms "investment" or "value of property" are to mean in rate-making.

Federal Limitations on Court Review.

The term "limitations" is not strictly exact because Congress cannot deprive the federal courts of their review power, the courts themselves being the arbiters deciding the constitutionality of the statute if such an attempt were made. Various states have indeed enacted such laws, only to see them declared invalid. Congress has, however, enacted legislation to expedite review by the federal courts with a view to avoiding undue delay, and it can abolish and create courts other than the United States Supreme Court.

The Hepburn amendment of 1906 to the act to regulate commerce applied the provisions of the expediting act of 1903 to review cases, thus providing that the Commission should be notified of all applications for restraining orders, and that hearings before at least three judges should be held with the least possible delay. The review cases, moreover, were to be brought in the circuit courts, and, in case of appeal to the Supreme Court, the proceedings are to have precedence over all except criminal cases. At the same time it was provided that appeals from interlocutory orders granting or continuing injunctions are to be made within thirty days; that the Commission, except in cases involving damage awards, is authorized to state its conclusions and order in the premises without setting forth all the evidence, and that the Commission may call rehearings.

In the Mann-Elkins amendment of 1910 an attempt was made to expedite court review by creating a special Commerce Court to try such cases and certain other railroad cases specified in the act. Not only was it hoped that the plan would reduce delays in that all federal review cases would be concentrated there, except exceptional cases taken direct to the Supreme Court, and in that appeals were limited to the Supreme Court, but also that more expert opinion would result because the Commerce Court was not concerned with the large variety of cases that come up in other federal courts for decision. The Commerce Court, however, met with disfavor and in 1913 it was abolished. Since then federal review cases are handled in the first instance by the federal district courts, subject to the expediting clauses of the act to regulate commerce, and the rulings of the Supreme Court mentioned above as to the grounds to be considered in such proceedings.

Limitation of Court Review by State Statute.

While efforts to prohibit the review of state-made rates by federal courts have been of no avail because the federal judiciary has jurisdiction when federal laws or the federal constitution are involved, many state legislatures have enacted laws designed to limit or expedite review proceedings before the state courts. The provisions contained in some of the state commission laws concerning court review are similar to those contained in the act to regulate commerce, but others go further. There is, moreover, no general uniformity among the states.

In conformity with federal practice many state laws specify the number of days within which appeals from state commission orders may be made, and some of them in addition specify the number of days within which

appeals may be made from lower to higher courts in appeal cases. Many provide that the commission must be given notice of a fixed number of days, that it shall have the right to be heard, and that hearings shall be held before the court takes action. In various states the legislatures have designated a certain court or courts to which appeals may be made and have barred other courts. When lower courts are included among those that may review commission orders, it is a common practice to provide for appeals from the lower court direct to the state supreme court. In several instances the state supreme court is the only state court which is authorized to review orders. Thus, the Oklahoma constitution provides that "all appeals from the commission shall be to the Supreme Court only, and in all appeals to which the state is a party, it shall be represented by the attorney-general or his appointed representative. No court of this state (except the Supreme Court by way of appeals as herein authorized) shall have jurisdiction to review, reverse, correct, or annul any action of the Commission within the scope of its authority, or to suspend, restrain, or interfere with the commission in the performance of its official duties. . . ."

The practice of the states regarding the grounds on which orders may be reviewed vary from statutes which contain no provision governing this matter, to those which specify both reasonableness and lawfulness, and those which endeavor to limit review actions to the lawfulness of commission orders and the commission's jurisdiction. A statute was enacted in Mississippi providing that "whenever the commission shall make an order, the validity of which shall be disputed upon the ground that the commission was without power to make it, or whenever the commission shall refuse to make an order asked for upon the ground that it was without power to make it, any person feeling aggrieved by the action of commission may appeal therefrom directly to the Supreme Court. Upon such appeal the Supreme Court shall decide nothing except as to the power of the commission in the premises, and all other questions which may be involved remain unaffected thereby."

Numerous state laws provide that the burden of proof in review cases shall rest with the complaining carrier, and also that the evidence of the facts involved shall be accepted as stated in a certified copy of the pleadings and order appealed from. The Illinois legislature, for example, enacted a law providing that "no further pleadings than those already filed before the commission shall be necessary. Such order made by the commission shall be prima facie evidence of the matters therein stated, and the order shall be prima facie, reasonable, and the burden of proof upon all issues raised by the appeal shall be on the appellant." Various statutes provide that if new evidence is introduced the commission may retry the case and change its order, and some specifically state that in the event of new evidence the court, before proceeding to render judgment, unless the parties concerned stipulate to the contrary in writing, shall transmit a copy to the commission and stay further court proceedings for a stated number of days during which the commission considers such evidence and reports its action to the court.

The practice in the states also varies as to status of commission orders during the period of court review. Some provide that the pendency of a writ of review does not of itself stay or suspend the operation of a commission order, but that certain specified courts may in their discretion stay or suspend an order in whole or in part during the review proceedings. Others provide that the review proceedings in themselves involve the setting aside of an order, and still others supplement this practice with a proviso that the court may, at any time, state that they shall not so operate if in its opinion the appeal is brought for the purpose of delay or if justice, equity, public safety or expediency shall so require. Various states provide, as a condition precedent to the staying or affecting of an order pending appeal, the despositing of a bond with the commission and the filing of periodical reports of shippers' names and the charges paid by them during the review proceedings. Still others specify that commission orders shall remain in full force pending a final decision in the courts.

¹Oklahoma Constitution, Art. IX, Sec. 20.

²Miss. Laws, 1908, Chap. 86, Sec. 1.

³Ill. Revisal, 1909, Ch. 114, Sec. 201.

Legal Department

In this department a legal expert answers simple questions relating to the law of interstate transportation of freight. Readers desiring special service by immediate answer may obtain privately written answers to their inquiries by the payment of a small fee.

Address Legal Department, The Traffic Service Bureau, Colorado Building, Washington, D. C.

Rebiling to Defeat Higher Through Rate.

New York.—Question: We have occasion to ship from A to C, there being in existence through rate of 16 cents. We have been billing our cars to B, at intermediate point, which are billed from there to C, getting them through at the rate of 8 cents, the point of final destination "C" in Canada and point of origin in United States. We desire to know if the United States Circuit Court of Appeals, 6th Circuit, handed down in Case No. 3083, would also apply in this case.

We have moved cars along these lines for some time past, but have been informed by the agent at point "B" that he will hold up any shipments made in the future in this way.

Answer: The doctrine substantially stated by the court in the United States Circuit Court of Appeals, 6th Circuit, by Circuit Judge Knappen, in the case of N. H. Settle et al vs B & O R. R., is that the character of a shipment, that is, whether it is a through interstate one and subject to the through rate from point of origin to final destination point, is to be ultimately tested by the consideration whether or not there was an actual good faith delivery of the shipment to the consignee at the first point of destination, and actually a new and independent shipment from that point to the final destination, and that the character of said shipment is not, as a matter of law, changed by the fact that the original shipper at the time of making the first contract of carriage, and during the transportation, intended to reship in interstate commerce for the purpose of saving expense by avoiding the payment of a higher joint through rate applicable from point of origin to final destination.

Therefore, under this decision, if the shipment in question was billed from A to B at the through rate applicable between those points to a real consignee at B, who was not the agent of the carrier, and this consignee took actual possession of the shipment, even though he did not remove it from the car, and paid any demurrage or switching charges applicable by reason of delays or extra services in handling beyond, and made out a new and independent bill of lading from B to the consignee at C, then such a shipment may lawfully be billed in the manner described and the lawful rate to charge would be the through rate from A to B plus the local rate from B to C. However, it is well to point out that this decision has gone a step further than those heretofore taken by the Interstate Commerce Commission and the U. S. Supreme Court. In the Kanotex Case and others by the Interstate Commerce Commission, the point as to the real intention of the shipper had a great bearing on the question of determining the essential character of the shipment, and that its interstate character cannot be evaded by the mere device of billing to an intermediate point and then rebilling from that point. This has also been the attitude of the U. S. Supreme Court in several cases already before it, and especially so if the consignee at the rebilling point was a mere agent for rebilling the shipment, and did not take actual possession of the same and rebilled under a new and independent contract of carriage.

On the other hand, all decisions are in accord on the point that the consignee at rebilling point must take actual possession at that point. Again, it should be stated that if point B for the shipment above described is in Canada, then the Interstate Commerce Commission has no jurisdiction over the rebilling arrangement from B to C, and the authorities above cited will have no application to it.

Rates Dependent Upon Value.

Illinois.—Question: I understand there is a ruling by a court of commission to the effect that an express company is liable for loss of shipment to a valuation in accordance with rate paid regardless of valuation shown in the re-

ceipt. In other words, if a rate of 41 cents is based on a \$50 valuation and this valuation is shown on the express receipt, and the express company collects 51 cents which is a rate that includes a higher valuation, it is our understanding that it has been ruled that the liability is based on the rate paid. I will appreciate a prompt reply and would like to have you quote authorities if any.

Answer: We are not familiar with any ruling by the Interstate Commerce Commission or the courts to the effect that the carrier would be held liable in the full actual value of a loss or damage in the case where a rate not dependent upon the declared or released value has been charged contrary to the agreement that the carrier's liability is not to exceed a stipulated sum in consideration of a lower and released rate being assessed. It is our opinion that such a decision would be a correct interpretation of the law.

The First Cummins Amendment clearly places upon the carrier liability for the full actual loss, damage or injury to the property transported which is caused by it, and it makes unlawful any limitation of that liability, or of the amount of recovery thereunder, in any receipt, bill of lading, contract, rule, regulation or tariff filed with the Commission. By the second Cummins Amendment the Commission was empowered to authorize a carrier to establish and maintain rates dependent upon the value declared in writing by the shipper or agreed upon in writing as the released value of the property, in which case such declaration or agreement shall have no other effect than to limit liability and recovery to an amount not exceeding the value so declared or released. In Re Express Rates, etc., 43 I. C. C. 510, the Commission authorized express companies to limit their liability to \$50 for every shipment of 100 pounds or less, in consideration of the rate charged, which is dependent upon the value of the shipment.

Therefore, the carrier, by failing to give the shipper the benefit of the rate dependent upon the declared or released value, failed to comply with the strict requirements of the Cummins Amendment, and failed in the essential consideration which was the basis for the contract of limited liability, and is liable for the full actual loss or damage that the owner sustained.

Refunding Overcharges to Consignee.

New York.—Question: We sell a car of flour to A. B. C. Co., who in turn resell it to the X. Y. Z. Co. When the X. Y. Z. Co. receives freight bill for the car and pass same an overcharge is discovered. They notify the A. B. C. Co., who in turn look to us, and we reimburse A. B. C. Co. for the overcharge and make claim on the railroad. In the meantime the X. Y. Z. Co. is presented with a check by the railroad for the amount of the overcharge without having to surrender the original paid freight bill. Efforts on the part of the A. B. C. Co. to collect the double payment to the X. Y. Z. Co. are of no avail, and the railroad stands on Florida East Coast Ry. Co.'s case, I. C. C. Docket 7396, as precedent for refund of overcharge without surrender of the original paid freight bill. Have we any recourse for collection?

Answer: In the case of Ludowici-Celadon Co. vs. Florida East Coast Ry. Co., 35 I. C. C. 82, the Commission said that carriers must refund promptly all charges unlawfully collected, and that payment to consignee named in bill of lading was valid when carrier was uninformed of the contract relations between the consignor and the consignee. Again, in the case of Herrick Refrigerator & Cold Storage Co. vs. C. G. W. R. R., 46 I. C. C. 422, that an overcharge should be refunded to the consignee properly entitled thereto.

Usually freight charges are paid by the consignee, and in such instances the carrier has a reasonable right to assume that any over-payments in such charges are properly returnable to the party paying the charges in the first instance. If the consignee did not pay the freight charges, or if there are circumstances which entitle some other party to the payment of the overcharges, it would be necessary to bring notice of such facts to the attention of the carrier before it will be estopped from paying the overcharges to the consignee.

Loss by Fire Resulting From Riot.

Kentucky.—Question: Will you kindly give us, through the columns of The Traffic World, your opinion regarding the liability of carrier for loss of shipment while en route, caused by being destroyed by fire.

The circumstances are as follows: In June, 1917, a less than carload shipment was consigned to us from a local point in Mississippi on the Mobile & Ohio Railroad. No routing was shown in bill of lading, other than the delivering carrier. The M. & O., for apparently no reason other than their desire to receive their long haul, carried the shipment to East St. Louis, Ill., and delivered it to the delivering carrier, although such route is 180 miles longer than the direct route.

While the shipment was in the East St. Louis yards, on July 2, 1917, the car in which it was loaded was destroyed by fire. We filed claim for the loss of the entire shipment, but the following reasons have been given for the declination of the claim:

"Unfortunately this shipment was in car which was destroyed by fire at East St. Louis on July 2, 1917. This fire was the result of a riot, and as you will see from the bill of lading, that in such cases the carrier would not be responsible for the loss. There is nothing for me to do but decline the claim."

In returning the claim papers the carrier marked that portion of Section 1, paragraph 2, of the bill of lading conditions which refer to "riots or strikes." It has been our understanding that thieves, robbers, rioters, strikers or unruly soldiers are not deemed public enemies, and damage caused through the act of either does not release the carrier from liability.

Apparently we will have to bring suit in order to collect this claim, but before doing so, shall appreciate your opinion and any citations you can give us covering sim-

ilar cases of this kind. Would the fact that the initial carrier hauled the shipment via a circuitous route have any bearing in the premises?

Answer: While the carrier may, unless forbidden by statute of the state where the action is brought, exempt itself from liability for loss by fire, except when caused by its own fault or negligence, yet the uniform bill of lading does not contain such a stipulation. Section 1, paragraph 2, exempts a carrier from liability caused by the act of God, but the court holds that a loss occasioned by accidental fire is not within the exemption of a loss caused by the act of God, unless the fire was caused by lightning, or the spontaneous combustion of the goods carried. See our answer to "Nebraska" published on page 1015 of the November 23, 1918, issue of The Traffic World. Another exemption in the uniform bill of lading is that of losses resulting from riots or strikes. Such a provision is not inconsistent with public policy, in so far as it does not exempt the carrier from liability for its own negligence. But to make such defense available the riot must be the ordinary and approximate cause of the loss, and not depending upon such remote and extraordinary event as a fire which was occasioned by such riot. Further if the carrier's negligence or other wrongful act contributes to the loss, and it cannot show that the loss would have occurred independent of that default, and must have happened if the delinquency had never existed, then the carrier would be liable. Losses by fire during negligent delay or misdelivery come within this class. See Michie on Carriers, Vol. 1, Section 1013, and cases cited.

Loss and Damage Decisions

Cases Recently Decided by State and Federal Courts

(Digests taken from Reporters' and Digests of National Reporter System, published by West Publishing Co., St. Paul, Minn. Copyright, 1918, by West Publishing Co.)

Parol Agreement:

(Supreme Ct. of Ia.) In action against railroad for violation of shipping agreement, evidence of parol agreement made before execution of bill of lading was harmless, where bill of lading, having incorporated such agreement, was not varied by such testimony.—Sheldon vs. Chicago, B. & Q. R. Co., 169 N. W. Rep. 189.

Bill of Lading:

(Supreme Ct. of Ia.) Where bill of lading contained direction that shipment go to designated place, and another direction to stop in transit, one direction is no more potent than the other; the bill being construed as a whole.—Sheldon vs. Chicago, B. & Q. R. Co., 169 N. W. Rep. 189.

Miscellaneous Traffic Decisions

Cases Recently Decided by State and Federal Courts

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REGULATION OF COMMON CARRIERS.

Terminal Facilities:

(Supreme Ct. of Ill.) Although, under Public Utilities Act, 44, a railroad company is required to receive cars from another and haul them to their destination, it is not required to give the use of its terminal facilities to another railroad company, where it has received no part of the haul.—Public Utilities Commission ex rel. Alton Board of Trade vs. Cleveland, C., C. & St. L. Ry. Co., 120 N. E. Rep. 626.

Intra-City Traffic:

(Supreme Ct. of Ill.) A railroad company, when tendered its two-mile schedule rate, was bound to accept a car shipment from a terminal company for transportation for a lesser distance, but to another place on its own terminals in the same city.—Public Utilities Commission ex rel. Alton Board of Trade vs. Cleveland, C., C. & St. L. Ry. Co., 120 N. E. Rep. 626.

Interchange of Traffic:

(Supreme Ct. of Ill.) A public utilities commission order compelling a railroad company to accept a car from a terminal company for shipment to a point on its own terminals in the same city does not amount to an ap-

propriation of the terminals of one road for the use and benefit of another.—Public Utilities Commission ex rel. Alton Board of Trade vs. Cleveland, C., C. & St. L. Ry. Co., 120 N. E. Rep. 626.

Public Utilities Commission:

(Supreme Ct. of Ill.) That the findings of the Public Utilities Commission are more in the nature of conclusions of law than findings of fact does not require a reversal, under Public Utilities Act, 65, requiring findings of fact, where the case involved no controversy as to facts.—Public Utilities Commission ex rel. Alton Board of Trade vs. Cleveland, C., C. & St. L. Ry. Co., 120 N. E. Rep. 626.

Excessive Rates:

(Supreme Ct. of Ia.) Where tariffs have been filed with Interstate Commerce Commission, and notice of such tariffs duly given, the only remedy for excessive or unlawful rates is to obtain a change on direct appeal to the Interstate Commerce Commission.—Sheldon vs. Chicago, B. & Q. R. Co., 169 N. W. Rep. 189.

Undercharges:

(Supreme Ct. of Ia.) A carrier, who accepts a rate lower than that fixed by tariffs filed with Interstate Com-

merce Commission, may recover difference.—Sheldon vs. Chicago, B. & Q. R. Co., 169 N. W. Rep. 189.

Where, through mistake, a joint rate lower than that of the tariff rate is given, the carriers may recover the difference.—Ibid.

Tariff Regulation:

(Supreme Ct. of Ia.) Carrier of interstate shipment, having agreed with shipper to make two stops in transit, where agreement was void because rate, as fixed by tariffs, was same to first stop as to place of destination, could make stops and recover rate from first stop to second and from second stop to destination.—Sheldon vs. Chicago, B. & Q. R. Co., 169 N. W. Rep. 189.

Agreement by carrier of interstate shipment to make two stops in transit, where rate, as fixed by tariffs, was same to place of first stop as to place of destination, is void, being agreement to transport goods at less than tariff rates.—Ibid.

HIGHWAYS TRANSPORTATION

The following is put out by the Council of National Defense

"The Highways Transport Committee, Council of National Defense, has put into operation the machinery of its organization to the end that the urgent request of Chairman Edward N. Hurley of the U. S. Shipping Board for assistance in moving over the highways of all food supplies designed for the relief of the stricken peoples of Europe, be carried out. This task is one which extends to the personnel of the Highways Transport Committee throughout the entire country and also is a call upon the people of the United States to give to the pressing problems of peace the same patriotic attention and assistance furnished so enthusiastically by them during the period of the war.

"The meeting of this responsibility by the Highways Transport Committee through its eleven regional chairmen, its state committees, its district and county committees, and community organizations, means that the best efforts of this force down to the last man is to be put behind this program. The co-operation likewise of the general public will, as suggested, be necessary to make the work a success.

"This co-operation all along the line means that not only must the production of food be given careful and intelligent attention, but that the means for moving this food over our highways in every section of the country, in the most efficient manner possible, be intensively stimulated.

"Since Chairman Hurley called upon the Highways Transport Committee to render this service, Administrator Hoover has in statements emphasized the need for prompt action along these lines.

"Chairman Hurley's letter to the Highways Transport Committee is as follows:

Our merchant marine of today and tomorrow will carry a message of good will to the nations of the world.

Millions of cruelly starved folk face westward from every shore with mouths open to the promise of America. These must be fed, and their clothes and also supplied with the other necessities of life. Our grand privilege is now here to restore life, strength and hope to these martyred brothers of a troubled world.

Highways transport facilities at the farmer's gate and at every farmer's gate must immediately suggest the initial phases of efficient distribution; must make a picture in the farmer's mind of the movement of the products of his soil and labor from his own gate through to the distant points of the world to Europe, to Algiers, to Athens, and the Orient.

The Highways Transport Service is the first step in the great system of transportation to the sea and then on the merchant marine to the far points of the world.

Food must begin to move soon from every hill, through every valley of the great country behind our shores, down to the shipping points before we can start our ships from the ports and fulfill our duty; and, with the promise of the war's end before us, the Highways Transport Committee throughout this land must and should render a permanent service by stimulating highways transport of nourishment and supplies so badly needed. Routes and channels from shipping points must be opened up and efficiently maintained, and our merchant marine must be built up to meet the demands for distribution overseas.

Resistance in any form to the free movement of farm products must be reduced and eliminated, and the most efficient utilization of man-power must be introduced wherever possible.

The United States Shipping Board urges that this message be carried through you and your Regional Chairmen to the state organizations and on down through your great body of patriotic men whose vision can well embrace the crying need of their brothers in other lands for help.

Help for Traffic Man

This department is conducted by a traffic man of long experience and wide knowledge. In it he will answer questions relating to practical traffic problems. We do not desire to take the place of the traffic man, but to help him in his work. We reserve the right to refuse to answer any questions that we judge it unwise to answer or that involve situations that are too complex for the kind of investigation contemplated. Questions will be answered as promptly as possible. No answers will be given by mail except for a fee.

Address "Help for Traffic Man," The Traffic Service Bureau, Colorado Building, Washington, D. C.

Shipments of Vegetables.

Q.—A subscriber states that shipments of perishable vegetables are made from California and that at the time the shipments leave the California points the weather is such that they must be forwarded under refrigeration. Before the shipment is completed and the cars reach the point of destination in the north, freezing weather is encountered and the vegetables freeze and are thereby lost. The carriers decline to consider claims for these losses. The questions are: Have any cases in point been decided; are these valid claims against the carriers, and how may a shipper protect himself?

A.—So far as our investigation goes there are no decided cases upon this point. However, it appears to be plain that there can be no liability attaching to the carriers on account of the freezing of these goods under the circumstances stated. It is true that a refrigerator car under ice cannot be transformed into a heater car upon a sudden change in temperature caused by passing from one section of the country into another or by sudden changes in temperature which are unusual or unexpected. It is suggested that if the shippers desire to protect themselves against such circumstances they should bill their goods to a certain point where there is no danger of freezing and there reload their goods from refrigerator cars into heater cars whenever there is a possibility of loss from freezing.

Demurrage Accounts.

Q.—The question is asked in which monthly account demurrage should be charged under the following conditions: Cars arrived at 7 a. m. on August 29, released on September 1 and 2. September 1 was Sunday and September 2 a legal holiday. Should this demurrage be charged in the August or September account?

A.—Undoubtedly the demurrage should be charged on the September account, since the uniform tariff provision is that the demurrage is to be based upon the cars unloaded and released during each calendar month. Under this wording of the tariff it seems that the time of the placement of the cars is immaterial as affecting the charging of the demurrage, but that the determining fact is whether the cars were unloaded and released during one month or the other.

Measure of Damages on Goods Destroyed.

Q.—It is stated that in November, 1917, a buyer contracted with a manufacturer for merchandise to be delivered by the first of May, 1918. The goods were shipped in February and invoiced at \$200, the terms being "cash in ten days less 6 per cent per annum for anticipation." The shipment was destroyed en route and claim presented to the carrier by the buyer for \$250 as being the actual value of the goods at the time and place of shipment. The carrier made a deduction from this bill corresponding to the anticipation of the contract on the basis of 6 per cent per annum. Query is, is the carrier liable for the full amount of \$250?

A.—The interstate commerce act as amended by the second Cummins amendment, provides that the carrier shall be liable for the full actual value of the goods lost or damaged, and by contract contained in the bill of lading which contract has been approved by the Interstate Commerce Commission. The provision is that this actual value shall be ascertained as of the time and place of shipment, consequently the further provision that the invoice value shall determine is an unlawful provision in the bill of lading because it is a limitation upon the value of the goods. In many cases invoice does not represent the value of the goods at time and place of shipment, and

If the shipper can show by proof that these goods which were destroyed had an actual value at the time and place of shipment of \$250, then the shipper is entitled to recover just that amount. Moreover the carrier is not at liberty and has no right to deduct any amount whatever because of anticipation. This is a matter with which the carrier has nothing to do any more than it has to do with the invoice price. The plain wording of the law is that the carrier must settle for goods lost or damaged on the basis of the actual value of the shipment at the time and place of shipment.

DISTRICT COMMITTEE DOCKETS

Chairman Johnson, of the Western Freight Traffic Committee, has sent the following circular to district freight traffic committees and freight traffic officers:

"Given a case where a matter has been docketed and publication thereof made by the St. Louis committee, say, which is one of joint interest to the Kansas City committee, say, but which at the time it was docketed by the St. Louis committee had not been docketed for consideration by the Kansas City committee. In such a situation, the point has been raised with us that the interested shippers at Kansas City would, under the circumstances, assume that the St. Louis committee was solely handling, and that they might, therefore, conclude, in the protection of their interests, that it would be necessary for them to make a trip to St. Louis to present their views to the St. Louis committee. Please see Circular 16-A, dated Nov. 1, 1918, an extract from which reads as follows:

The work of the district committees shall not be confined to question arising within any district or territory, but shall also extend to the consideration of any and all matters presented to them by shippers, by freight traffic officers of carriers (whether or not under federal control), or which such committees may initiate.

Where a district committee is presented with, or inaugurates a subject of general interest, or a subject which manifestly affects more than one district, they shall promptly submit such questions together with their recommendation to the Western Freight Traffic Committee. The latter will docket same and will, in proper cases, send copy of such docket to all interested district committees.

"In the case in point and under the quoted rule, it is to be expected that upon receiving the recommendation of the St. Louis committee, the Western Freight Traffic Committee would docket the question for further consideration upon the part of the Kansas City or any other district committee. Such being the case, it is clearly unnecessary for the interested shipper at Kansas City to make a trip to St. Louis for the purpose of presenting his views before the St. Louis committee. As a matter of fact, in connection with this hypothetical instance, it would even be in order for the Kansas City shipper upon ascertaining that the St. Louis committee was considering the matter, to ask the Kansas City committee directly to also give it consideration, and for that committee, upon receipt of request, to docket the matter and formulate their own recommendation.

"Too much stress cannot be laid upon the fact that various district freight traffic committees have been organized and located at various points throughout the territory, which locations have solely been dictated out of a desire to conveniently serve the shipping public located within the boundaries of the territories served by those respective committees. And, it should be continuously borne in mind by all concerned, that these district committees are competent and are desirous of considering any and all subjects of interest to the shippers having headquarters in their respective territories, regardless of the origin or the destination of the traffic. In other words, the district committees will not only pass upon rate matters covering traffic which has origin and destination, or origin or destination, at points in their respective territories, but will also handle and express their views upon matters of interest to local shippers covering traffic where neither the origin or the destination is situated in their respective territories. A point illustrative of the latter would be, that the Denver committee is qualified in behalf of a shipper at Denver or Pueblo to consider the question of a rate between New York and Pittsburgh. Under the methods employed previous to the advent of the United States Railroad Administration, a shipper frequently was

required to take up rate questions direct or through some railroad with a tariff committee located at a distant point. Under the present plan, at the risk of repetition and for the purposes of emphasis, desire to say he is privileged to take up any and all matters either direct or through the traffic officers, with the home committee, and in no case is it necessary, or even desirable, that he take any question up with a committee located in some other section of the country.

"We thought, resulting from the issuance of our circular No. 16, followed by circular No. 16-A, that this matter was well understood, but it is evident that, based on information reaching us, it is not clear to all concerned, which influences this circular announcement. The freight traffic officers are requested to reproduce this circular to division freight agents and traveling freight agents, with a view to seeing that there is a full and clear understanding upon the part of all interested shippers. District committees are urged to reproduce the terms of this circular by publication. If the subject herein dealt with is not plain in all respects, any inquiry addressed to the undersigned will be cheerfully answered."

MILEAGE SCALE HEARINGS

The Traffic World Washington Bureau.

The failure of the Commission to set dates for hearings on the mileage class scales submitted to it by Director-General McAdoo is beginning to attract attention. It is almost a month since the scales were made public. They were given to the public before transmittal to the Commission. But no action has yet been taken by the Commission. It is exercising its discretion. It is not being hurried into a proceeding, which, it is believed, would be obnoxious to practically every state commission and to a majority of the shippers. It is not certain that the shippers at points like Chicago, St. Louis, New Orleans and possibly other large cities, would be opposed to the adoption of the scales. Chicago and New Orleans, it is suggested, have rates made originally by water carriers, and no amount of rail rate legislation, such as the prescribing of mileage scales is, could long deprive them of advantages.

It is certain, however, that the mileage class scales would add to the hostility, if possible, of the state commissions toward the Railroad Administration. It is also a fact that the state commissions are just a bit hostile toward the federal regulating body, because it made such haste to set hearings on the consolidated classification instead of first giving them and itself time to study the proposal and find out what it was intended to accomplish and what it would accomplish.

While the eighth section of the federal control law, in effect, orders the Commission to advise the Director-General, there is nothing in it saying how or within what time it shall collect data on which to base advice it may deem desirable for the Director-General to have.

Failure to set hearings on the scales is giving those interested plenty of opportunity to make tests as to what they would do if made operative. Conclusions as to the effect can be reached before it is necessary for those interested to take the stand and tell how they feel about the matter.

In the case of the consolidated classification, hearings were begun before those interested could know what would be the effect. It was not until the Atlanta hearing that the question was settled as to whether the adoption of the classification would cancel the state classifications, which, so far as the south is concerned, are carried as exceptions to the Southern Classification. In the north and west, the state classifications are carried, partly in individual line tariffs and partly as exceptions to the territorial classifications. In fact, it is one of the hardest things in the world to describe the publication status of what are collectively known as exceptions to the classifications. Every commodity is an exception to the class rate tariffs, or to the classification.

The Commission, it is known, unofficially, desires to avoid the controversies at the hearings, if any are held, as to the meaning of the scales. It desires, if possible, to confine the testimony to the effect of a scale on the business of the individual or community rather than have testimony as to the general meaning of a scale.

Personal Notes

The jurisdiction of E. M. Rine, federal manager, New York, is extended over the Lackawanna & Montrose Railroad.

The jurisdiction of P. R. Todd, general manager, Bangor, Me., is extended over the Van Buren Bridge Company.

D. W. McLeod is appointed auditor of the Houston Belt & Terminal Railroad, headquarters Galveston, Tex., vice J. W. McCullough, resigned. A. C. Torbert is appointed acting federal treasurer, vice T. C. Dunn, resigned.

J. W. Hunter has been appointed division freight agent of the Southern Railroad Lines, with office at Mobile, Ala., vice J. H. Andrews, transferred.

L. P. Green has been appointed superintendent of safety of the Minneapolis, St. Paul & Sault Ste. Marie; the Duluth, South Shore & Atlantic; the Mineral Range; the Lake Superior Terminal & Transfer, and the Copper Range Railroad, with headquarters at Minneapolis, Minn.

Luther Walter has definitely resigned as assistant to Director Prouty, his severance of connection with the Railroad Administration to be effective December 9. He returned to Chicago December 5 with the thought of taking up the loose ends of his practice and getting himself into position to devote much of his time to the work on which he expects to engage—that of helping railroad security owners procure the return of railroad property to the corporations.

DOINGS OF THE TRAFFIC CLUBS

The Transportation Club of Louisville announces a resumption of club functions, beginning with a noonday luncheon, Monday, December 9, at the Hotel Henry Waterson. The speaker for this occasion will be F. M. Getty, president, Union National Bank.

The bimonthly and business meeting of the Traffic Club of Pittsburgh will be held Thursday, December 12. There will be a "Get Together" after the war meeting, and a special program of entertainment.

Luther M. Walter, assistant to the Director, Division of Public Service and Accounting, U. S. Railroad Administration, recently resigned, spoke at the luncheon of the Traffic Club of Chicago, November 29.

The Transportation Association of Chicago, which disbanded some time ago, had a "stag" entertainment Friday night, December 6, at the expense of the funds remaining in the treasury.

The Traffic Club of Newark, N. J., has elected the following officers: C. H. Henshaw, president; John Enstice, first vice-president; E. E. Burkhart, second vice-president; George C. Rehels, secretary; A. R. Miller, assistant secretary; board of governors, C. H. Black, A. A. Hoffman, C. H. Gulick.

The Transportation Club of Tulsa, Okla., organized a year ago, now has a membership of 125, mostly traffic and transportation men in and about Tulsa. At the last regular meeting the club passed a resolution regarding the activity of the Interstate Commerce Commission, resolving that its former power be restored. The club also adopted a resolution that the railroads be returned to private ownership at the earliest possible date. The officers of the club are: T. H. Steffens, president; C. E. Rees, secretary; J. M. C. Usher, treasurer; L. M. Klein, first vice-president; Edward W. Wilson, second vice-president; J. A. Bernier, third vice-president; directors, J. M. C. Usher, H. W. Roe, C. O. Green.

LICENSE FOR EXPORT OF DUNNAGE

The War Trade Board announces, in a new ruling (W. T. B. R. 344), that paragraph VI to the General Rules No. 1, governing granting licenses for bunker fuel, port, sea, and ship's stores and supplies, has been amended to read as follows:

No dunnage shall be allowed to proceed out of the country on any vessel except under license of the War Trade Board,

either as ship's stores or as cargo. No applications for "bunkers" of any vessels shall be granted unless such dunnage as they may have abroad is so licensed. Vessels will not be permitted to clear with dunnage unless properly covered either by export or bunker license. If declared as ship's stores, dunnage cannot be discharged at any foreign port or transferred to any other vessel without special permission from the Bureau of Transportation.

Dunnage (lumber and wood), as per following list only:

Poplar.

Gum.

White pine.

Yellow pine, under 12 inches x 12 inches, 35 feet long.

Cottonwood.

Hemlock.

Staves, shooks, heads, made of red or white oak.

Staves, shooks, heads, made of ash.

which is intended solely for use as dunnage aboard vessels on which shipped, and not for commercial use abroad, will be licensed in usual and reasonable quantities under bunker licenses.

Burlap and jute bagging or bags when used either for topping purposes on board grain vessels or for dunnage purposes on board any vessel will be considered as ship's stores and licensed accordingly.

This ruling cancels all previous rules and regulations respecting the licensing of dunnage. It is suggested that those interested should confer with agents of the Bureau of Transportation, or collectors of customs at ports where there are no agents, for further information on the subject.

SHIPPING BOARD TRANSPORTATION

(By the U. S. Shipping Board Information Bureau)

Did you ever ship anything?

If you have done so, you may faintly realize that to look after the shipping of thousands of things measured by carloads and trainloads, articles of every description and every size, from a vest-pocket package to solid trains loaded to capacity with steel, is not a nerve-resting occupation. Especially is this true when the success of one of our great undertakings—the building of ships—depends upon their prompt delivery.

The things referred to are ship supplies.

They are handled by the Supply Division of the United States Shipping Board Emergency Fleet Corporation, directly under the supervision of the transportation department of this division. This transportation department, of which F. C. Joubert is manager, must not only keep track of all shipments, but must be thoroughly posted as to every available channel or resource for shipping.

Its knowledge of the situation must be more than is implied by the word comprehensive, for it involves minute detail. This includes not only full knowledge of all railroads and their connections, but the number of cars arriving, departing or awaiting unloading at each of the 150, or more, shipyards on our two ocean fronts, the Gulf coast and the Great Lakes region. The department must be equally well informed as to the movement of all trains carrying the things consigned to its care—when each leaves a station or siding and when it arrives at destination. It must keep track of single cars and single items carried in cars.

As to the volume of its business, the transportation department receives daily from 300 to 500 shipping instructions. A single shipping instruction may cover many articles or one article, but as a rule it means several. The list includes lumber, steel, boilers, engines, turbines, anchors and ship's stores—in a word, machinery and equipment of all descriptions and consisting of thousands of items.

To systematize and expedite shipments the country has been divided into fifteen great districts or zones designated by letters, some of them covering four or five states and each in charge of a member of the field staff. The heads of the field organization are stationed in the large cities constituting the important gateways to the fifteen traffic zones, Chicago being the most important center or outlet.

The heads of the field staff and their subordinates, the latter numbering from 6 to 20 men to a district, work in closest co-operation under the supervision of the home office in Philadelphia. When demand for equipment is sufficiently urgent to require expediting, the field representative in whose district the shipment originates notifies the representative in the adjoining district that the car or train has passed into his territory, and the latter communicates with the man in the next district, and so on clear across the United States. By this means the location of the car or train carrying the equipment can be ascertained by the home office at any hour.

From Chicago west the transportation service of the United States Shipping Board Emergency Fleet Corporation has seldom been equaled. Solid trains move from Chicago to the Pacific coast. They carry everything that can be moved in carload lots. It is the purpose to establish the same thing in the Pittsburgh territory.

The solid train movement was inaugurated about August 15, and up to October 5 the transportation department had moved 132 solid trains of steel from Chicago to north Pacific coast terminals and 58 solid trains to California terminals.

The transportation system of the United States Shipping Board is not only a trunk line proposition covering the entire United States and a large part of Canada, but a veritable network of roads touching every important manufacturing center in the country. While solid trains of lumber and steel or things in carload lots cross the continent in uninterrupted procession, there are innumerable shipments in less-than-carload lots involving both long and short hauls.

The transportation department also maintains a freight checking organization, which sees to it that the carriers do not charge more than they are entitled to charge for the transportation of material on which the United States Shipping Board Emergency Fleet Corporation pays the freight. This has resulted in a saving to the Emergency Fleet Corporation of about three thousand dollars per month.

As the business of the transportation department is to pick up a thing here and place it there in a given time, the best way to accomplish it frequently compels the department to resort to measures that would have shocked the sensibilities of railroad men and the traveling public before this war began.

A shipbuilding concern in Maine needed certain machinery then stored in a Baltimore warehouse. The need was urgent. The first fast northbound train due at Baltimore was that de luxe affair known as the Federal Express, due at 8 in the evening.

It was 3 o'clock in the afternoon when the transportation department was notified. A car was secured, loaded and put in strategic position. When the big train of Pullmans rolled in it was held up until the ordinary express car could be coupled on.

Among the more interesting and strenuous duties that fall to the lot of the field staff is the picking out and diverting of cars part way on their journey. Their location must first be determined and the car then cut out of a train or yard. It is necessary to do this frequently. The whole proposition in such cases is to save time by expediting transportation to the limit.

As an illustration, a turbine had been shipped from Trenton to Los Angeles. Before it reached its destination it was discovered that time could be saved in the equipment of a hull in Seattle by diverting the turbine to that point. The transportation department located the car between Des Moines and Omaha. They found it broken down, but within twelve hours it was repaired and sent on its way to Seattle.

There have been many occasions when the transportation department has sat up nights doing some hard thinking. One of them occurred last winter. It was during the prolonged cold spell. A lot of piling was needed for Hog Island. Shipments were on the way from Georgia by rail and water. There was such an accumulation of cars in the vicinity of Philadelphia that it was impossible to get through in normal fashion, and ice had stopped navigation on the Delaware River. Hog Island was calling for the piling, declaring that, if not received, work on the yard must stop.

Where the importance of a shipment warrants it, the transportation men accompany it from start to destination. A car of lumber was in transit from the west coast to Maine. A sudden need for pattern lumber occurred and a hurry call came for the contents of this particular car. An expeditor found the car and rode it through to destination, taking advantage of every opportunity to cut ahead of less important shipments.

The chief retarding factor in the work of the transportation department is the heavy demands made upon the railroads, which are such that it is impossible for them to meet all as promptly as the transportation department would like to have them met, but the spirit of railroad officials and men has been one of hearty co-operation.

COST OF TEAM TRACKS

The Traffic World Washington Bureau.

A question as to what the Railroad Administration will do to enforce General Order No. 15 appears to be on the point of being placed directly before the Director-General's legal staff. That order is intended to relieve the carrier of some part of the expense of maintaining sidetracks by placing it on shippers, by a method other than an increase in a whole-service rate or the imposition of a switching charge, such as was forbidden by the Commission in the Los Angeles switching case and the decisions based on the authority of that case, approved by the Supreme Court of the United States.

The order, in terms, deals only with "industry tracks." Regional Director Bush, however, has construed it to cover tracks in Oklahoma which on one side may be called "industry" and on the other "team tracks." Under his interpretation the Rock Island is rendering bills to industries for maintenance of the mixed team and industry tracks in Oklahoma. In one case the Rock Island is charged with one-half the cost and shippers with the other, the fifty per cent allocated to shippers being divided, apparently, pro rata according to the tonnage of each.

In the case in mind, the railroad company appears to have laid the track. Then shippers bought land adjacent to it, so they are now able to use it as if they had constructed it and it were an industry track, in the ordinary acceptance of that term.

Thus far the shippers have declined to pay the bills rendered. They have notified the Rock Island that they will not pay them until they are satisfied the charges are legal. They have not indicated what it will take to convince them the charges are legal.

John Barton Payne and Robert S. Lovett, the two directors who have charge of the subject, have not yet been asked to pass on the question raised by the conditional refusal to pay. At Mr. Lovett's office it was said the usual way for dealing with a shipper who refuses to pay a bill is to render no more service until it is settled. One official indicated that that is the way in which the prospective issue in this instance would be brought to a point where the shipper will either pay or go into court asking for relief.

In other words, the idea is that in due time the Rock Island will refuse to set any more cars for unloading by the industry that declines to contribute to the maintenance of a track that is an industry track only because the auditor for that company, acting on an interpretation of General Order No. 15 made by Regional Director Bush, in his circular No. 102, says it is.

The act to regulate commerce does not specifically deal with the question as to how sidetracks not laid by the railroad company, commonly called industry tracks, shall be maintained. The act, however, does authorize a carrier to make a reasonable allowance to a shipper who provides a facility or performs a service for the carrier. In the Los Angeles case, instead of making an allowance to the shippers who furnished sidetracks, the railroads undertook to force the shippers to pay something extra for the service of setting cars on tracks, provided, not by the railroad company, but by the shippers. In England, when a shipper uses his own terminals, thereby relieving the carrier's terminals, he obtains a benefit to his business other than that arising from the mere fact that he has an investment in a terminal facility which relieves the carrier. He is supposed to obtain a monetary allowance.

Early in the life of the Railroad Administration the staff discussed the advisability of imposing a charge for delivery of freight on sidetracks. The nation-wide protest caused that plan to be abandoned. The Railroad Administration officials denied that the matter had gone beyond the stage of a mere proposal, by subordinates, of a method for obtaining much needed revenue. The denial, in form, was in accord with the truth. Everybody in the Railroad Administration is subordinate to the Director-General. The implication was that the matter was discussed only by men so far subordinate to Mr. McAdoo that he would have a hard time recalling the names of any of them.

Some time after that scheme to reverse the Commission and the Supreme Court in the Los Angeles and other cases pertaining to terminals had to be abandoned, the general

order on which Regional Director Bush based his interpretation was promulgated.

The bills rendered by the Rock Island, so far as known, are the first in which shippers have been called on to pay for the maintenance of tracks, which never before would have been called industry tracks by those who had a regard for the thoughts they desired to convey.

This case has been called to the attention of the Oklahoma commission because General Order No. 15 has a reservation in it recognizing the fact that possibly a state commission might have made a ruling on the subject covered by it. The reservation says:

"The requirements of state statutes and of state commissions in respect of the construction, maintenance and operation of industry tracks shall be complied with, but in cases where such compliance involves what appears to be an unreasonable burden upon the United States Railroad Administration the circumstances should be brought to the attention of the regional director, who will report thereon to the Director-General, if the conditions seem to warrant."

The question propounded to the Oklahoma commission is as to whether the construction placed by the Rock Island on Mr. Bush's interpretation of General Order No. 15 is in conflict with the requirement of any statute of Oklahoma or an order of the commission of that state.

WOMEN IN RAILROAD SERVICE

(Address before Labor Reconstruction Conference, Academy of Educational Science, New York, December 6, By Pauline Goldmark, Manager, Women's Service Section, U. S. Railroad Administration.)

Women's employment in the railroad service on a large scale is new. It has really been a war-time innovation due to the shortage of man-power—especially in the shops and roundhouses. Last January the total number of women employed was 60,000. By July it had increased to 81,000 with the following geographical distribution: 45,000 in the Eastern District, 8,000 in the Southern, and 27,000 in the Western District. By October 1 these numbers were probably increased to a total of approximately 100,000.

Naturally the greatest number are in the clerical and semi-clerical occupations. Of the 81,000 employed July 1, 61,000 were working as clerks of all kinds, stenographers, accountants, comptometer operators, etc. In this class appear women ticket sellers and bureau of information clerks who served the public for the first time; they were found well-fitted for this type of work, and special instruction agencies were opened by the government in various states to train them in the intricacies of tariffs and routes.

The next largest group of 4,000, it is not surprising to learn, appears in woman's time-honored occupation of cleaning. Women have long been cleaning stations, offices, etc., but now they are employed in the yards to clean coaches and Pullmans, both inside and outside, and in the roundhouses doing the heavier work of wiping locomotives; 300 were so employed.

In personal service, including work in dining rooms and kitchens, as matrons and janitresses, 2,000 were found.

In the railroad shops women entered the greatest variety of new occupations; 3,000 were employed, ranging at one end of the scale from common laborers, at the other end of the scale to skilled mechanics earning the machinist's or carmen's rate of pay.

Owing to these increases and to the need of caring for the special interests of women, the Women's Service Section was created on August 27, under Mr. Carter, director of the Division of Labor. Women's interests had already received attention in the first orders of the Director-General. He specified (1) that where women are employed their "working conditions must be healthful and fitted to their needs"; (2) that "the laws enacted for the government of their employment must be observed"; and (3) "their pay when they do the same class of work as men shall be the same as that of men."

These general directions were taken over by the Women's Service Section as its first sailing chart. The scope of its work, it will be noted, is drawn on broad lines, and includes supervision of all the factors affecting the industrial welfare of the women employees. The field agents of the Women's Service Section have been making inspections on the railroads both in the East and West.

They are reporting on the exact character of the work required, its suitability for women, the observance of the state labor laws as to hours of work, and, most important, the application of wage rates insuring equal pay for equal work irrespective of sex.

It is perhaps not fully known to this conference that the rates of pay for all the diversified occupations of the great transportation service of this country have been standardized and new increases adjusted for every class of employee. This is now true for positions of the highest skill and responsibility down to the humblest scrubwoman. To give a concrete example: Under a special order the pay of coach-cleaners was raised 12 cents, the present minimum being 28 cents and maximum 40 cents.

In a Conference on Women in Industry such as this, no point, it seems to me, needs to be more emphasized than the equality of pay for both men and women in this service. The Railroad Administration put itself squarely on record in its first wage order on this fundamental principle, and is living up to it in regard to every occupation.

Women were undoubtedly first engaged about a year and a half ago, before the railroads were put under federal control, because they could be obtained for less pay than men. They were, for instance, engaged as common laborers at 20 cents to 22 cents an hour, at a time when men were receiving 28 cents to 30 cents for the same class of labor. With rare exceptions where adjustments are still necessary the wage orders have absolutely stopped this undercutting of men's wages by women. The Women's Service Section receives many complaints regarding wages, but in the large majority of cases the grievances are due to incorrect application of the wage orders or to a wrong calculation of the wage increases, rather than in discrimination between men and women.

Soon after women began to be largely employed it became apparent that some of their work was neither profitable nor appropriate. The use of women as section laborers, for instance, in a gang of men working along the tracks at a distance from any house or station was judged to be unsuitable. This was also found to be the case where women were employed as truckers in depots and warehouses on account of the extraordinary physical exertion required of them. In view of the wages now paid it was believed possible to secure men and to transfer the women to some class of work suitable to their strength and with proper regard to their health. The railroads were accordingly asked to discontinue their employment in both these positions.

Similarly, the work of calling train and engine crews was found to be undesirable. The service requires that the caller must find the train or engine man for whom he is looking, who is often asleep at his home, hotel or boarding house or caboose, where he must be awakened and his signature secured as acknowledging the call. For obvious reasons the railroads were requested to dismiss women from this occupation. Under these orders, on one railroad employing more than 2,000 women, 223 employed as laborers and 193 employed as truckers, were transferred to other jobs. To those of us who are accustomed to methods of factory inspection and the difficulty and delay of securing the enforcement of labor laws, it is a new and welcome experience to secure the kind of concerted action which now exists under the federal control of the railroads. The publicity which is needed to secure support for the labor laws is not required when the government itself is the employer and specifies the conditions of work which it wishes to have maintained.

It does not mean, however, that the Women's Service Section is not busily engaged in securing improvement of conditions of work. The sudden growth in the number of women employed has not been accompanied in many places by proper supervision for health and comfort. It has therefore proved necessary to secure proper equipment and better supervision of all the conditions of work where women are employed. If, for instance, they are working in isolated positions at night in the roundhouses or telephone offices, it has been necessary to secure the transfer, especially of young girls, to daytime shifts. Owing to seniority rights among railroad employees, the last comers are given the most undesirable hours. Last fall there was some indication that women might be employed on night shifts as watch-women. The Women's Service Section has, however, taken the position that older men, who may be incapacitated for more active work, should be employed

on these shifts and the employment of women restricted to the daytime hours.

There can be no question that women working as laborers have been doing work involving too great muscular exertion. They have handled lumber, loading and unloading it in the yards. They have also lifted great weights of iron scrap—all work of this kind is now being discontinued.

The variety of occupations is surprising. One of the railroads reports the employment of women in 99 different operations. It follows that the conditions of work show wide variation and the adjustment of local conditions in case after case must be taken up. It is obviously difficult to frame rules of general application at once for such diversity of conditions.

Comparisons with other industries can probably best be made in respect to the women employed in the shops. They are operating a number of machines, such as bolt threaders, nut tappers, drill presses, for which no great skill or experience is needed, and which is classed as "helpers' work," and rated at the specified pay of 45 cents an hour. They are also employed for highly skilled work. A number have succeeded as electric welders and oxy-acetylene burners. They have been found well adapted for work on the air brake equipment and are cleaning, testing and making minor repairs on triple valves. In some places they are now working in a separate group on the lighter weight valves, weighing not more than forty pounds. After a period of training they are giving satisfaction, without the help of any man operator. This is an exceptional achievement, which is the result of careful training and the selection of the proper type of worker, as well as a real desire to develop women as a new source of labor. They have responded to this treatment, take a pride in their work and are doing it well. In other places, however, the introduction of women into these trades has been reluctantly undertaken, and they have been given the least possible instruction. Given this spirit, the employment of women at new and unaccustomed tasks is not a success and results only in indifferent and uninterested workers.

Women are found now performing the duties of crane operators and hammer operators in the shops, of turntable operators in the roundhouses and of packers in the journal boxes in the yards; they are acting as attendants in tool rooms and storehouses; they are doing block signal work and acting as lever-women in the signal towers. This list covers, in general, the more highly skilled operations into which women have become proficient. The scarcity of male labor has not been sufficient to cause the employment of large numbers in any one of these jobs. On the railroads, as elsewhere in industry, the women of the United States have not felt the compelling pressure experienced in England to leave their wonted occupations and enter new lines of work, but the attraction for the most part lying in the opportunity to earn higher wages than women usually obtain. A remarkably fine type of women is now to be seen in many of the shops, who enjoys the greater freedom of her work as compared with factory routine, although in many cases the discomfort, the dirt and exposure is far greater. It remains to be seen whether the women will remain in these jobs to any great extent. The railroads will, of course, recognize the seniority rights of all their employees returning from military service, but, as far as the new employees are concerned, women will have the same privileges as other new employees in retaining their positions or being assigned to other jobs. There can be no doubt that in the clerical and semi-clerical positions they have proved their worth and will, to a great extent, be retained. It has, in fact, seemed questionable under any circumstances to have women working as laborers in yards and roundhouses in the immediate neighborhood of offices which depend to a great extent on men's labor for their inside force.

One further point must be mentioned in regard to the privileges which the women enjoy. They have been given fair treatment not only in regard to pay, but in regard to complaints. A woman is given a hearing according to specified procedure and can appeal her case respectively to the Director of Labor or to the Adjustments Boards at Washington. The representatives of the brotherhoods are members of the boards. Thus the women share the gains secured through years of collective bargaining on the part of the men.

In the post-war period, while there is federal control of

the railroads, the women will retain their own seniority rights, including the privileges of promotion. The present indications are that they will remain as a permanent part of the great army of clerical workers, rather than in the out-of-door occupations and in the shops and roundhouses, where the environment is often unavoidably unsuitable.

In the recognition given to the labor of women, the policies regulating their employment on the railroads forms a new chapter in the industrial history of our country. It may be considered one of our great gains of the war, hastening the day of uniform recognition in all industries of these principles.

EMBARGO SITUATION

The Traffic World Washington Bureau.

Director-General McAdoo December 3 authorized the following:

"The difficult experiences of railroads in recent years with serious traffic congestions which clogged transportation, resulted in the Railroad Administration early in the year making comprehensive plans to prevent the movement of freight in the areas where congestion was threatened. This policy was then extended with respect to numerous sorts of traffic destined to difficult areas to prevent the loading of shipments except upon the issuing of permits which would only be granted upon showing that the shipments could be unloaded at destination.

"The consistent carrying out of these policies has resulted in an exceptional degree of freedom from congestion during the period of heavy business this fall, and there are now outstanding no general embargoes against the free movement of traffic. In this respect transportation conditions are much better than for several years past at this season.

"In view of the greatly improved conditions it is the policy of the Railroad Administration to employ embargoes in the most sparing manner possible and with the greatest possible consideration of the public, and it is hoped that the necessity for such steps will be comparatively small. At the same time, if difficult conditions do unexpectedly arise the only way to deal effectively with them will be through the prompt use of measures which will prevent railroads being clogged through having thrown upon them shipments which cannot be promptly moved and which would only serve to impair the current transportation capacity.

"Due to improved transportation conditions, it is not expected that embargoes will be necessary during the coming winter to anything like the extent to which they were used a year ago. With the experience gained during the past year, and the system which has been worked out during that time, the Railroad Administration is in a position to direct the operation of the roads in such manner as to result in the handling of a maximum amount of tonnage with the least practical interference.

"There is now outstanding a list of standard exemptions to embargoes which was carefully worked out and issued in February, 1918, with accompanying instructions that commodities listed should be exempted in the order shown where the use of embargo in varying degrees might be necessary. The effect of this has been that much unnecessary work and delay in making shipments has been avoided by the elimination of applications for and issuance of permits in connection with such commodities the nature of which made it necessary that transportation should be arranged. This list, for instance, has recognized in the first instance the necessity of moving like stock and perishables; following in turn have been fuel in its varying forms, food and feed for human and animal consumption, government freight, etc. Experience has proven that this list should be maintained substantially as at present, as it is satisfactorily protecting the public interest."

INTRA-CITY EMBARGOES

Regional Director Smith has ordered cancellation of embargoes on intra-city switching placed to comply with his instructions in his letter of October 18. He says that under the changed conditions it is believed a general embargo of this description is not justified, and if embargoes are to be placed they should be specific and to meet individual conditions that are stated in the embargo notices.

STEAMSHIP LINES RELEASED

The Traffic World Washington Bureau.

Without prior intimation to the public or railroads, the Atlantic coastwise steamship lines were released December 6 from contract and operation by the Railroad Administration. The railroad-owned lines continue under federal control. Administration officials say the relinquishment was at the request of owners of the Clyde, Merchants and Miners, Mallory and Southern steamship companies because boats are no longer needed to relieve rail-and-water rates lower than all-rail, if they think such concessions are needed to attract business. The companies also are free to send their boats to other than coastwise routes. Under the act to regulate commerce these independent ships could force government-controlled rail lines to join with them in rates that would cut the joint rates of government-controlled rail-and-water routes, or they can make proportional rates that will have the same effect.

THROUGH EXPORT COTTON BILLS

The Traffic World Washington Bureau.

Director-General McAdoo, December 2, issued instructions providing for the resumption of through export bills for cotton under the following conditions:

1. Through export bills will not be issued until and unless definite contract for ocean carriage has been made with specified sailing date.
2. Representatives of ocean carriers shall secure from export committee having jurisdiction, necessary permit for forwarding of shipment from point of origin to point of export.
3. Upon receipt of this permit by forwarding agent, through export bill of lading will be issued, but shipment should not be accepted (and, of course, bill of lading not issued) until reasonable period to move shipment to port in time for specified sailing.
4. Tariffs should be supplemented to provide that payment of demurrage and storage charges at port shall apply to traffic moving under through bills, commencing day following sailing date as fixed in contract; permits should not be granted to ocean carriers or their representatives except upon their agreement to pay these charges to rail carriers.

LOCOMOTIVES ORDERED

The Traffic World Washington Bureau.

The Railroad Administration in a few days will sign contracts for five hundred locomotives of standard types to cost approximately forty million dollars. This contract will be in addition to one recently made for a hundred. The signing of contracts for the six hundred has been under debate for more than two months. Orders for them were issued, then suspended, then reinstalled, and now finally a contract is to be made. One hundred are to be built by the Lima Locomotive Company and five hundred by the American Company at its various plants. The tentative price gives about six per cent profit on the cost. Builders are to guarantee the government against any increase in wages or overhead. The government is to guarantee the material price through the price fixing committee of the War Industries Board.

COMPLAINS TO STATE BODY

Believing that the state commission has complete jurisdiction under the U. S. constitution, the Mansfield Sheet and Tin Plate Company, Mansfield, O., has filed with the Public Utilities Commission of Ohio a complaint against the Pennsylvania Railroad Company, alleging that the defendant is charging thirty cents per ton, minimum seven dollars and fifty cents per car; or ten cents per ton, minimum two dollars and fifty cents per car higher than twenty cents per ton, minimum five dollars per car, the charge named in item sixteen, defendant's tariff, Ohio F-768, which is the lawfully published rate on file with the Public Utilities Commission of Ohio, covering switching of carload freight between industries located within the switching limits of Mansfield; that the practices named are prohibited, unlawful and in violation of the General

Code of the State of Ohio; that by reason of the facts stated, complainant has been subjected to the payment of charges for transportation which were when exacted, and still are prohibited, unlawful and in violation of the general code of the state. Wherefore, complainant prays that an order be made commanding defendant to cease and desist from the alleged violations, and to pay, by way of reparation, \$175.68.

NEED FOR A DEFINITE POLICY

(Continued from page 1076)

taken over as a war measure. It has been necessary for war purposes that they be so operated by the government, though many, including some who have been charged with the duty of operating them, have forgotten, apparently, that this was the only reason for the present method of control. There is no reason why it should be permanent. It is only necessary that we profit by the lessons we have learned through it.

Why, under private control and ownership and the concomitant economic principle—competition—cannot a more liberal policy toward the railroads in the matter of the revenue they are permitted to earn—if it be shown that they should have more revenue—be adopted? Why cannot the issuance of railroad securities be regulated? Such regulation was proposed before the war was even thought of. Why cannot laws that interfere with the common use of facilities be repealed and such use not only be lawfully permitted, but legally compelled under a government policy that regulates private operation? How else than through the competition of private ownership will the business man—the shipper of goods—get the service he demands and must have if business is to thrive?

We are not laying down any dogmatic program, but only suggesting that we go at the problem from the point of view that the competitive principle is the thing that must be maintained and that our program ought to provide for its maintenance, rather than that government ownership or control, with its theoretical possibilities for good, offers the cure for all our ills. Let us treat the patient rather than cut off his legs.

The railroads ought not to be turned back to their owners or otherwise disposed of until the problem has been studied and settled. But Congress should immediately proceed to study it and settle it. In the meantime the Railroad Administration should cease its ruthless exercise of the arbitrary power bestowed on it because of the exigencies of war, and regard itself merely as the temporary guardian of the interests of carriers and shippers alike, doing only those things that are necessary and wise, without trying experiments or taking advantage of the situation to put into effect pet theories, until such time as the country decides on its permanent policy.

CAMPAIGN AGAINST CAR THIEVES

The Traffic World Washington Bureau.

Reports received December 3 by the Director-General from the secret service of the Railroad Administration indicate that the campaign for the apprehension of car thieves is progressing with satisfactory results. Due to the activities on the part of this branch of the Railroad Administration a considerable amount of stolen property taken from railroad cars has been recovered and the guilty persons punished.

On Monday, November 25, a considerable amount of miscellaneous merchandise, including cigars, cigarettes, tobacco and ladies' and men's wearing apparel, valued at \$4,006, was recovered at Bessemer and Blue Creek, Ala., from a "fence" there, and several arrests were made. At Halifax, N. C., an employe of the Atlantic Coast Line and five citizens of local prominence were arrested in connection with a series of car robberies extending over a long period. One of the defendants committed suicide. Several thousand dollars' worth of goods were recovered.

At Detroit, Mich., on November 29, four "receivers," having in their possession 4,930 half pints of whiskey, stolen from the Wabash Railroad, were arraigned.

On Saturday, November 30, an eighteen-year-old express messenger between Washington and Philadelphia was arrested by the railroad inspectors. He had been stealing property from trunks in express cars amounting into the thousands of dollars. His method was to unlock or break open trunks, rifle the contents and then throw the trunks into the river while the train was crossing the bridges between these points. Much of the property stolen in this manner was recovered in Washington and returned to its owners.

TRAFFIC CLUBS

(The following list of traffic clubs will be published from time to time. We ask that readers notify us of any errors or of any changes or additions of which they have knowledge.)

Akron Traffic Association. Alvin Hill, Pres.; E. L. Morgan, Secy.
 Baltimore Traffic Club. Paul Gessford, Pres.; C. C. Kaller, Secy.
 Boston, Mass.—The Association of Railway and Steamboat Agents of Boston. Willard Massey, Pres.; S. A. Colpitts, Secy.-Treas.
 Brooklyn Traffic Club. P. L. Gerhardt, Pres.; C. A. Schleicher, Secy.
 Buffalo Transportation Club. H. B. Loucks, Jr., Pres.; G. C. Wilson, Secy.
 Chicago Traffic Club. R. C. Ross, Pres.; C. B. Signer, Secy.
 Cincinnati.—Traffic Club of the Chamber of Commerce. H. M. Freer, Chairman; E. H. Smith, Secy.
 Cleveland Traffic Club. C. M. Andrus, Pres.; J. B. Sanford, Secy.
 Columbus, Ohio.—Traffic Club of the Columbus Chamber of Commerce. J. E. Harris, Pres.; J. G. Young, Secy.
 Dayton Traffic Club. J. W. Cobey, Pres.; W. E. Boyer, Secy.
 Dearborn (Mich.) Traffic Club. J. M. Richardson, Pres.; F. W. Ludwig, Secy.
 Denver Commercial Traffic Club. G. H. Work, Pres.; R. E. Patterson, Secy.
 Detroit Transportation Club. J. A. Sullivan, Pres.; G. A. Walker, Secy.
 Erie Traffic Club. H. R. Landers, Pres.; M. W. Elsmann, Secy.
 Flint (Mich.)—Traffic Club of the Flint Board of Commerce. A. V. Marti, Pres.; A. Nelson, Secy.
 Fort Worth Transportation Club. E. C. Price, Pres.; E. E. Wyatt, Secy.
 Freeport, Ill.—Greater Freeport Traffic Club. W. H. Jenner, Pres.; F. F. Pepperdine, Secy.
 Grand Rapids Traffic Club. Arnold Greenbaum, Pres.; L. M. MacPherson, Secy.
 Houston Traffic Club. Clint Hollady, Pres.; F. A. Lefingwell, Secy.
 Indianapolis Transportation Club. M. Wolf, Pres.; L. E. Stone, Secy.
 Jackson (Mich.) Traffic Club of the Jackson Chamber of Commerce. H. H. Chandler, Pres.; J. R. Gibbs, Secy.

Jacksonville Traffic Club. J. C. Burrows, Pres.; W. L. Waring, Jr., Secy.-Treas.
 Jamestown, N. Y.—Traffic Club of the Jamestown Board of Commerce. J. H. Dasher, Pres.; H. W. Chapman, Secy.
 Kansas City Traffic Club. G. I. Tompkins, Pres.; Alfred A. Wild, Secy.
 Los Angeles Transportation Association. C. G. Krueger, Pres.; C. V. Means, Secy.
 Louisville Transportation Club. R. H. Morris, Pres.; G. A. Perry, Secy.
 Memphis Traffic and Transportation Club. J. M. Beley, Pres.; L. E. McKnight, Secy.-Treas.
 Milwaukee Traffic Club. H. W. Ploss, Pres.; F. T. Fultz, Secy.
 Minneapolis Traffic Club. C. M. Boyce, Pres.; W. W. Gibson, Secy.
 Newark Traffic Club. C. H. Hershey, Pres.; G. C. Reheis, Secy.
 New England Traffic Club, Boston. Jacob Karcher, Jr., Pres.; C. A. Anderson, Secy.
 New York Traffic Club. W. L. Woodrow, Pres.; C. A. Swope, Secy.
 New York, N. Y.—Traffic Club of the Queensboro Chamber of Commerce. E. J. Tarof, Pres.; P. W. Moore, Secy.
 Norfolk Traffic Club. R. S. Gale, Pres.; Hege Terrell, Secy.-Treas.
 Omaha Traffic Club. B. J. Drummond, Pres.; John P. Byrne, Secy.
 Peoria Transportation Club. C. H. Gillig, Pres.; Arthur Maedel, Secy.
 Philadelphia Traffic Club. F. E. Snively, Pres.; W. H. Montgomery, Secy.
 Philadelphia.—Commercial Traffic Managers of Philadelphia. W. B. Grieves, Pres.; T. Noel Butler, Secy.
 Pittsburgh Traffic Club. J. J. Monks, Pres.; F. A. Layman, Secy.
 Pittsburgh Traffic and Transportation Association. R. M. Sisk, Pres.; F. G. Wood, Financial Secy.
 Portland Transportation Club. E. M. Burns, Pres.; W. O. Roberts, Secy.
 Providence, R. I.—Traffic Club of the Providence Chamber of Commerce. E. E. Salisbury, Chairman; E. C. Southwick, Secy.
 Rockford Traffic Club. J. H. Miller, Pres.; L. E. Golden, Secy.
 Salt Lake City Transportation Club. A. R. McNitt, Pres.; R. E. Rowland, Secy.
 San Francisco Transportation Club. W. E. Amann, Pres.; Frederick Birdsall, Secy.
 San Francisco Traffic Club. W. T. Bozeman, Pres.; L. N. Bradshaw, Secy.
 Seattle Transportation Club. F. W. Graham, Pres.; E. W. Mosher, Secy.-Treas.
 South Bend Traffic Club. F. S. Montgomery, Pres.; G. S. Hess, Secy.-Treas.
 Spokane Transportation Club. V. G. Shinkle, Pres.; R. W. Franklin, Secy.
 St. Joseph Traffic Club. R. A. Ferguson, Pres.; T. J. Slattery, Secy.
 St. Louis Traffic Club. F. C. Reilly, Pres.; J. R. Bell, Secy.
 Syracuse Traffic Efficiency Club. S. D. Rice, Pres.; W. J. O'Neil, Secy.
 Toledo Transportation Club. H. S. Bradley, Pres.; Harry S. Fox, Secy.
 Topeka Traffic Association. O. B. Gufler, Pres.; W. S. Barton, Secy.-Treas.
 Tulsa Transportation Club. T. H. Steffens, Pres.; C. E. Rees, Secy.
 Washington Traffic Club. J. C. Williamson, Pres.; W. B. Peckham, Secy.
 Wichita Traffic Club. D. L. Mullen, Pres.; I. N. De La Mater, Secy.
 Worcester (Mass.) Traffic Association. D. N. Bates, Pres.; E. E. Opitz, Secy.

W. F. T. COM. HEARING.

The hearing to be held by the Western Freight Traffic Committee at 10:30 a. m., Tuesday, December 10, on the question of rates on grain to various markets in Western territory, will take place in the Green Room of the Congress Hotel, Chicago.

Digest of New Complaints

No. 10312. New Bedford (Mass.) Board of Commerce for the Boston Cotton Mills, vs. Boston & Maine, McAdoo et al.

Against a rate of 28c on imported cotton, in bales, fumigated at Boston, to New Bedford, as unjust, unreasonable and prejudicial. Asks for just and reasonable rates and reparation.

No. 10313. U. S. Industrial Alcohol Co. et al., Harvey, La., vs. William G. McAdoo.

Unjust and unreasonable rates on alcohol in barrels, C. L., from New Orleans and Harvey, La., to Kansas City and Minneapolis. Asks for a cease and desist order and reparation of \$10,000.

No. 10314. Herman Cross, as the Puritan Glass Co., Shinglehouse, Pa., vs. McAdoo et al.

Against a rate of \$6.5c on empty glass bottles from Shinglehouse, Pa., to Montpelier, Vt., as unjust and unreasonable. Cease and desist order, a rate of 20.5c and reparation asked for.

No. 10315. Clark-Davis Coal Co. et al., Utica, N. Y., vs. D. L. & W. R. R., William G. McAdoo et al.

Against a rate of 260 per gross ton on anthracite coal, C. L., from Scranton, Pa., to South Utica, as unjust and unreasonable and unduly discriminatory as compared with a rate of 10 per ton to Utica. Cease and desist order, the establishment of maxima rates and reparation asked for.

No. 10316. Traffic Bureau of the Aberdeen (S. D.) Commercial Co., vs. A. T. & S. F., Co., William G. McAdoo et al.

Unjust, excessive, unreasonable and discriminatory class and commodity rates per se and relatively as compared with rates to Minneapolis, Duluth and Sioux City. Cease and desist order, the establishment of just and reasonable rates asked for.

No. 10317. George C. Holt and Benjamin B. Odell, receiver of the Empire Express Co., Inc., New York City, vs. P. C. C. & St. L. R. Co., William G. McAdoo et al.

Unjust and unreasonable charges on sulphuric acid in railroad tank cars, empty cars from Bay Point, Cal., to Oakland and Chicago, Pa. Cease and desist order and reparation asked for.

No. 10318. The Burton-Richards Co., New York City, vs. Southern R. Co., William G. McAdoo et al.

Same as above with reference to Nichols, Cal., to Walford, Pa. Cease and desist order and reparation asked for.

No. 10319. Geo. C. Holt and Benjamin B. Odell, receivers of the Empire Express Co., New York City, vs. Illinois Central R. R., William G. McAdoo et al.

Against the rate of 24.4c for 100 lbs. on C. L. shipments of baled compressed cotton linters, from New Orleans, La., to Chicago, Ill. Cease and desist order, the establishment of just and reasonable rates, and reparation asked for.

No. 10320. Swift & Co., Chicago, Ill., and Parma, O., vs. W. G. McAdoo.

Against a rate of 15 1/4c per 100 lbs. on carload shipments of meat from Camp Sherman, O., to Parma, O., as unjust and unreasonable. Asks for a subsequently published rate of 12 1/4c and reparation.

No. 10321. Portland (Ore.) Cattle Loan Co. vs. Oregon Short Line R. R. Co., William G. McAdoo et al.

Unjust and unreasonable charges on live stock, carloads, from Hereford, Tex., to Pocatello, Idaho, and Butte, Mont. Cease and desist order, the application of the Amarillo, Tex., rates asked for and reparation.

No. 10321, Sub. No. 1. Portland Feeder Co. vs. Oregon Short Line R. R., William G. McAdoo.

Unjust and unreasonable rates and charges on carload shipments of cattle from Abernathy, Tex., to Red Rock, Mont. Cease and desist order, the application of the Amarillo rates and reparation asked for.

No. 10322. Walter A. Zelnicker Supply Co., St. Louis, Mo., vs. B. & O. S. W. R. R. Co., William G. McAdoo et al.

Unjust and unreasonable rates on old rails and angle bars from St. Louis, Ill., to Cedar, W. Va. Cease and desist order, the establishment of maxima rates and reparation asked for.

No. 10323. U. S. Industrial Alcohol Co. et al., New Orleans, La., vs. W. G. McAdoo.

Unjust and unreasonable rates on alcohol in wood from New Orleans and Harvey, La., to St. Louis, Cincinnati, Chicago, Shreveport, Indianapolis, E. St. Louis and Milwaukee. The establishment of just and reasonable rates and reparation asked for.

No. 10324. Kalamazoo (Mich.) Tank and Silo Co. vs. Akron, Canton & Youngstown Ry. Co., William G. McAdoo et al.

Unjust and unreasonable rates on wooden silo material from Kalamazoo to points in Minnesota, Wisconsin, Iowa, etc., and Supplement 10 to Official Classification I. C. C. O. C. 42. Cease and desist order, just and reasonable rates not to exceed local rates on the same class of material and reparation asked for.

No. 10325. Swift & Co., Chicago, Ill., vs. William G. McAdoo.

Against a terminal charge of \$2.50 per car on live stock at St. Louis as unjust and unreasonable. Cease and desist order and the requirement of customary deliveries without the assessment of terminal charges in addition to the line-haul rates asked for.

No. 10326. Western Meat Co., South San Francisco, vs. South San Francisco Belt Ry. Co. et al., William G. McAdoo et al.

Unjust and unreasonable icing charges on shipments of packing house products at South San Francisco. Cease and desist order, just and reasonable rules, regulations and practices and reparation of \$12,000 asked for.

No. 10327. The Kansas City Refining Co. et al. vs. A. T. & S. F., M. & St. L. R. Co.

Against a rate of 24.5c on fuel oil from Kansas City, Mo., and Kansas City, Kan., to Chicago as unjust and unreasonable

because there is not an adequate spread between fuel oil and the highly refined product of crude petroleum, the rate on the latter being 26.5c. Asks for a rate not exceeding 21.5c and a proportional rate not exceeding 19.5c to points east of the Illinois-Indiana line.

No. 10328. Walter A. Zelnicker Supply Co., St. Louis, vs. Southern and McAdoo.

Against unjust and unreasonable charges on rails, angle and splice bars and bolts from St. Louis to Boonville, Ill. Asks for a rate of \$1.90 per gross ton and reparation.

FIFTEENTH SECTION APPLICATIONS.

The Western Freight Traffic Committee has issued the following circular to district committees and freight traffic officers of railroads:

"The director, Division of Traffic, advises as follows: 'In many instances fifteenth section applications filed with the Interstate Commerce Commission by tariff publishing carriers and agents for authority to revise joint rates in connection with non-federal controlled carriers, which for account of federal controlled carriers have been covered by freight rate authority from this division, do not convey a complete and explicit statement of the reasons and facts justifying the changes it is desired to make, the argument set forth simply being that the adjustment had been authorized by the Railroad Administration. This practice, for several reasons which are so manifest as not to require an explanation, is very unsatisfactory to the Interstate Commerce Commission, and action should be immediately taken to impress upon the minds of those concerned the importance and necessity for presenting the Interstate Commerce Commission with all facts in support of the changes sought to be made, so that they may intelligently give consideration to fifteenth section applications.' Please be governed accordingly."

EXPORT BILLS OF LADING

Regional directors Markham and Smith have issued the following:

"For the purpose of issuing export bills of lading via Pacific coast ports, the Trans-Pacific Export Bill of Lading Agency is hereby established as of December 15, 1918, located at 143 Liberty street, New York City, with C. H. Morehouse, agent, in charge.

"To minimize the work and facilitate the issuance of export bills of lading, the following rules are prescribed:

"The exporter or shipper will be required to make all necessary copies of bills of lading, showing thereon the export license number and date of expiration; the railroad permit number, weight, measurement, rate, inland, ocean and state toll charges.

"All bookings with steamship lines must be made by the shipper or exporter through their own agencies.

"Railroad permits are required in all cases and may be obtained by the exporter or shipper through their Pacific coast representative or by agent with whom the booking was made. Such permits are issued by the North Pacific Export Committee at Seattle, Wash., and the California Export Committee at San Francisco, Cal.

"Advices of clearances of ports of exit, when required, must be obtained by exporters or shippers through the agency with whom booking was made.

"The payment of all bills covering inland, ocean and state toll charges must be made within the provisions of Director-General's Orders Nos. 25 and 25-A."

COMMITTEES DISCONTINUED

In Circular No. 23, Director Gray, of the Division of Operations, says: "The emergencies under which the committees of freight traffic control at Washington, D. C., having charge of traffic passing through Potomac Yard, Va., Hagerstown, Md., and Hampton Roads, Va., and at Cincinnati, Ohio, having control of traffic passing various Ohio River gateways, as announced in Circulars No. 1, of April 23, and No. 6, of May 24, having passed, and there being no longer any necessity for continuance of such committees, they are hereby discontinued, effective December 1, 1918. In disbanding these committees I desire to express cordial appreciation of the efficiency and zeal with which they have handled the work assigned to them."

POSITIONS WANTED OR OPEN

GOOD TRAFFIC MEN ARE MORE THAN EVER IN DEMAND and **THE TRAFFIC WORLD** is the logical medium for getting the men and the positions in touch with one another. The rates for classified advertisements are as follows: Five cents per word first insertion, three cents per word second insertion and two cents per word for each additional insertion, payable in advance. Answers to keyed advertisements forwarded free and all correspondence held in strict confidence. **THE TRAFFIC WORLD**, 418 South Market Street, Chicago, Ill.

FREIGHT TRAFFIC MANAGER of large industry, desiring services of reliable assistant, experienced in traffic work, capable of handling office detail. At present holding very responsible position. Can furnish best of references as to habits and ability. L. B. S., The Traffic World, Chicago, Ill.

WANTED—Clerical position with industrial concern in traffic department. Am student member of the A. C. A. Understand typewriting and shorthand. T. B. 129, The Traffic World, Chicago, Ill.

TRAFFIC MAN, eleven years' railroad and mercantile experience as tracing, rate and chief clerk, soliciting, car service and freight claim agent, tariff compiling. Now assistant traffic manager construction company doing government work; age 28; single; excellent references. "Ohio," The Traffic World, Chicago, Ill.

WANTED—By a man with twenty years' experience, position as Traffic Manager or some similar responsible traffic position. Best of references. T. W. M. 32, The Traffic World, Chicago, Ill.

EXPERT TRAFFIC MANAGER, thirty-five, railroad and industrial experience; successful before Interstate Commerce Commission, State Commissions and Federal Courts; executive ability; good business man; wishes connection with large mercantile concern January 1st; must be high class position; some capital to invest. Address T. D. 72, The Traffic World, Chicago, Ill.

WANTED—Situation by man experienced in freight traffic work and exporting. Address B. B. 31, The Traffic World, Chicago, Ill.

TRAFFIC MANAGER is seeking desirable opening; sixteen years' experience, railroad and industrial. Thoroughly familiar with I. C. C. regulations and procedure; rates and efficient handling of claims. Capable of assuming charge or organizing traffic department. Married. Address "Manager," care of The Traffic World, Chicago, Ill.

WANTED, TRAFFIC MAN—Thorough experience in freight rates and I. C. C. rulings necessary. Must be a hustler, willing to do some routine work to start. Permanent position and splendid opportunity for right man, who should also have some salesmanship qualifications. Advise fully qualifications, experience, age, etc., in first letter. J. M. M., 381, The Traffic World, Chicago.

SALESMEN—Traffic men or railroad solicitors to handle our loose leaf freight rate guide on full or part time. Hundreds of testimonials from traffic managers and other executives stating ours is the only freight rate solution. Traffic men now employed, earning from \$25 to \$50 per week on their own time, through our liberal commission payments. All communications held strictly confidential. Give business reference when replying. Getzler's Transportation Rates, Inc. (Established 1894), Rochester, N. Y.

WE LEASE TANK CARS ALL STEEL MODERN EQUIPMENT

LIQUIDS DESPATCH LINE

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Your Prospective Customers

are listed in our Catalog of 99% guaranteed Mailing Lists. It also contains vital suggestions how to advertise and sell profitably by mail. Counts and prices given on 6000 different national lists, covering all classes; for instance, Farmers, Noodle Mfrs., Hardware Dirs., Zinc Mines, etc. *This valuable Reference Book free.* Write for it.

Strengthen Your Advertising Literature

Our Analytical Advertising Counsel and Sales Promotion Service will improve both your plan and copy, thus insuring maximum profits. Submit your literature for preliminary analysis and quotation—no obligation.

Ross-Gould

Mailing
Lists St. Louis

TRAFFIC ORGANIZATIONS

THE NATIONAL INDUSTRIAL TRAFFIC LEAGUE.—Object: The object of this league is to interchange ideas concerning traffic matters, to co-operate with the Interstate Commerce Commission, state railroad commissions and transportation companies in promoting and securing better understanding by the public and the state and national governments of the needs of the traffic world; to secure proper legislation where deemed necessary, and the modification of present laws where considered harmful to the free interchange of commerce; with the view to advance fair dealing and to promote, conserve and protect the commercial and transportation interests.

Headquarters—Tacoma Bldg., 5 North La Salle St., Chicago.

G. M. Freer President
Manager Traffic Department, Cincinnati Chamber of Commerce and Merchants' Exchange.

R. D. Sangster Vice-President
Transportation Commissioner, Kansas City Chamber of Commerce.

Oscar F. Bell Secretary-Treasurer
T. M. Crane Company, 836 South Michigan Avenue, Chicago, Ill.

E. F. Lacey Assistant Secretary
5 North La Salle Street, Chicago, Ill.

MANUFACTURERS' ASSOCIATION, In Charge of Traffic of Industries Located at Sterling and Rock Falls, Ill.

A. N. Bradford President

F. W. Dillon Vice-President

W. J. Burieligh Secretary-Treasurer

W. E. Long Traffic Manager

All correspondence relative to movement of traffic to or from Sterling and Rock Falls, Ill., should be addressed to the Traffic Manager, General Offices, Lawrence Building, Sterling, Ill.

CHESAPEAKE & CURTIS BAY RAILROAD

General Offices, BALTIMORE, MD.

New York Offices, 90 West St., New York

R. R. GOVIN, President, 90 West Street, New York.
R. D. UPHAM, First Vice-President, 90 West Street, New York.
O. E. THURBER, Second Vice-President, 90 West Street, New York.
GEO. K. LOWELL, Third Vice-President, in charge of Operation and Traffic, 90 West Street, New York.
N. B. WERSLOFF, Treasurer, 90 West Street, New York.
G. W. S. Whitney, Secretary, 90 West Street, New York.
S. J. NATHAN, Freight and Traffic Manager, 90 West Street, New York.

THOMAS KEARNY, General Solicitor, 90 West Street, New York.

EXTENDS FROM WAGNER'S POINT TO CURTIS BAY

The Chesapeake & Curtis Bay Railroad Co., having its terminal at deep water, Baltimore, Md., is in a position to receive all foreign freight destined to interior ports and to take care of outgoing freight for foreign countries.

This company maintains a high standard of service in the handling of shipments to and from the industries located on its line. The territory covered by this railroad offers superior sites for the location of industries of every description. Firms, individuals and corporations contemplating the location of business enterprises are invited to correspond with Samuel J. Nathan, 90 West Street, New York City. Maps and full information concerning available property will be promptly furnished.

Mileage at present operated, 7 miles; additional under construction.

Lighterage connection with all coastwise lines out of Baltimore for seaboard ports.

Exceptional location for plants, desiring tidewater delivery.

CONNECTIONS—At Clinton Street with the Pennsylvania Railroad via boat at Wagner's Point, C. & C. B. R. to Curtis Bay. At Port Covington with the Western Maryland via boat to Wagner's Point, C. & C. B. R. to Curtis Bay. With the Baltimore & Ohio Sewall Branch at Wagner's Point. Through connections via these routes to all points East, West, North and South. Industries located on our line have the advantage of fast Baltimore rate.

J. R. DRANEY, Assistant Freight and Traffic Manager, 90 West Street, New York.

J. COOKMAN BOYD, General Counsel, Builders' Exchange Bldg., Baltimore, Md.

T. W. MALEY, General Auditor, 90 West Street, New York.

C. W. KELLY, Assistant Auditor, 90 West Street, New York.

J. P. CONNOR, Superintendent, Wagner's Point, Baltimore, Md.

90 West Street, New York.

Docket of the Commission

Note.—Items in the Docket marked with an asterisk (*) are new, having been added since the last issue of The Traffic World. Cancellations and postponements announced too late to show the change in this Docket will be noted elsewhere.

December 9—Peoria, Ill.—Examiner Bell:
6347—Peoria Board of Trade vs. A. T. & S. F. Ry. Co. et al.

December 9—Louisville, Ky.—Examiner Pattison:
10247—Southern Hardwood Assn. et al. vs. McAdoo et al.

December 9—Portland, Ore.—Examiner Mackley:
8118—Johnson-Poulson Lumber Co. et al. vs. Southern Pacific Co. et al.
10148—Northern Grain & Warehouse Co. vs. Oregon Trunk Line Ry. Co. et al.

December 9—Houston, Tex.—Examiner Graham:
10185—Orange Rice Milling Co. vs. T. & N. O. R. R. Co. et al.
10257—Orange Rice Milling Co. vs. W. G. McAdoo, Director-General of R. R.

December 9—New Bedford, Mass.—Examiner Burnside:
10238—New Bedford Board of Commerce (for and on behalf of New Bedford Extractor Co.) vs. Wm. G. McAdoo, Director-General of R. R. et al.

December 9—Nashville, Tenn.—Examiner Trezise:
10160 and Sub. No. 1—Nashville Bridge Co. vs. N. C. & St. L. Ry. Co. et al.
10130—Nashville Bridge Co. vs. N. C. & St. L. Ry. Co. et al.
10044—Nashville Roller Mills vs. C. R. I. & P. Ry. Co. et al.

December 9—Washington, D. C.—Examiner Gibson:
10234—Va. L. C. & C. Co. et al. vs. Wm. G. McAdoo, Director-General of Railroads et al.

December 10—Louisville, Ky.—Examiner Pattison:
10232—Commercial Club of Carrollton vs. McAdoo et al.

December 10—Portland, Ore.—Examiner Mackley:
10241—Johnson-Poulson Lumber Co. vs. Southern Pacific Co. et al.

December 10—Nashville, Tenn.—Examiner Trezise:
10220—Marshall-Wells Hardware Co. vs. S. P. & S. Ry. Co. et al.

December 10—Houston, Tex.—Examiner Graham:
10184—National Ship Building Co. of Texas vs. K. C. S. Ry. Co. et al.

December 10—St. Louis, Mo.—Examiner Gerry:
10244—Northern Coal Co. vs. M. & O. R. R. Co. et al.

December 11—St. Louis, Mo.—Examiner Gerry:
10110—L. & N. R. R. Coal Operators' Assn. vs. L. & N. R. R. Co. et al.

December 11—Marquette, Wis.—Examiner Burbank:
10203—W. J. St. Onge et al. vs. C. & N. W. Ry. Co. et al.

December 11—Chicago, Ill.—Examiner Bell:
10226—Meekins Ry. Co. rates.

December 12—Buffalo, N. Y.—Examiner Burnside:
7187—Buffalo Chamber of Commerce et al. vs. B. C. R. R. Co. et al.

December 12—Buffalo, N. Y.—Examiner Burnside:
7197—Buffalo Chamber of Commerce et al. vs. B. & O. R. R. Co. et al.

December 12—Beaumont, Tex.—Examiner Graham:
10241—Beaumont Chamber of Commerce vs. U. S. R. R. Administration (W. G. McAdoo, Director-General of R. R.) et al.

December 12—Beaumont, Tex.—Examiner Graham:
10256—Beaumont Chamber of Commerce vs. U. S. R. R. Administration (W. G. McAdoo, Director-General of R. R.) et al.

December 12—Beaumont, Tex.—Examiner Graham:
10250—Beaumont Chamber of Commerce vs. Wm. G. McAdoo et al.

December 12—St. Louis, Mo.—Examiner Gerry:
8297—Acme Cement Plaster Co. vs. A. C. & Y. Ry. Co. et al.

December 12—St. Louis, Mo.—Examiner Gerry:
9033—Acme Cement Plaster Co. vs. Ill. Cent. R. R. Co. et al.

December 12—St. Louis, Mo.—Examiner Gerry:
10113—Chicago Coal & Coke Co. vs. L. & N. R. R. Co. et al.

December 12—St. Louis, Mo.—Examiner Gerry:
10177—Paradise Coal and Coke Co. vs. Ill. Cent. R. R. Co. et al.

December 14—Pittsburgh, Pa.—Examiner Burnside:
10197—Adams Coal Co. vs. P. & W. Va. Ry. Co.

December 14—Pittsburgh, Pa.—Examiner Burnside:
10197, Sub. No. 1—Meadowlands Coal Co. vs. P. & W. Va. Ry. Co.

December 14—Pittsburgh, Pa.—Examiner Burnside:
10197, Sub. No. 2—Waverly Coal and Coke Co. vs. P. & W. Va. Ry. Co.

December 14—Pittsburgh, Pa.—Examiner Burnside:
10197, Sub. No. 3—Pryor's Coal Co. vs. P. & W. Va. Ry. Co.

December 14—Pittsburgh, Pa.—Examiner Burnside:
10197, Sub. No. 4—Duquesne Coal and Coke Co. vs. P. & W. Va. Ry. Co.

December 14—Pittsburgh, Pa.—Examiner Burnside:
10197, Sub. No. 5—Pittsburgh Southwest Coal Co. and David L. Stewart, receiver thereof vs. P. & W. Va. Ry. Co.

December 14—Pittsburgh, Pa.—Examiner Burnside:
10197, Sub. No. 6—Ferguson Coal and Coke Co. vs. P. & W. Va. Ry. Co.

December 15—San Francisco—Examiner Mackley:
10235—H. R. Willmar vs. Sou. Pac. Co. et al.

December 17—Pittsburgh, Pa.—Examiner Burnside:
10216—Consolidated Ash Co. vs. Fairport, Harrisville & Eastern R. R. Co. et al.

December 18—Salt Lake City, Utah—Examiner Mackley:
10228—Utah Coal Co. vs. Utah Ry. Co. et al.
* 10228—Application 5938 filed by Utah Ry. Co. regarding switching charges on coal.

December 20—Philadelphia, Pa.—Examiner Burnside:
* 10043 and Sub. Nos. 1 to 34 inclusive—E. I. Du Pont de Nemours & Co. vs. Sou. Ry. et al.

December 20—Philadelphia, Pa.—Examiner Burnside:
* 10045 and Sub. Nos. 1 to 37 inclusive—E. I. Du Pont de Nemours & Co. vs. A. & V. Ry. Co. et al.

December 20—Philadelphia, Pa.—Examiner Burnside:
* 9752—E. I. Du Pont de Nemours Powder Co. vs. M. D. & S. Ry. Co. et al.

December 20—Philadelphia, Pa.—Examiner Burnside:
* 10045—Same vs. A. & V. Ry. Co. et al.

JOINT RATE BASED ON COMBINATION.

The Western Freight Traffic Committee, in supplement No. 1, thus amends rate advice No. 857 giving advice of freight rate authority No. 2186, relative to reduction of joint rates not to exceed combination:

"Where in establishing a reduced joint commodity rate on basis of combination, the factors making up the new rate so established shall be made subject to the highest carload minimum weight governing any one of the factors entering into the combination. The same plan shall be followed in publishing rates on one day's notice under the conditions stated in rule 56 of the Interstate Commerce Commission's Tariff Circular 18-A, it being understood that, except as to the carload minimum weight, all of the conditions of rule 56 shall be observed."

CHANGES IN DOCKET.

The Commission, December 3, canceled the hearing set for December 4, New York, Examiner Burnside, 10092, Holt and Odell, receivers, Aetna Explosive Company vs. C. C. C. & St. L.; hearing December 15, Dallas, Examiner Graham, 10181, Dallas Cooperage and Woodenware Company vs. Arkansas & Gulf; hearing, Kansas City, December 5, Examiner Money, I and S. 1147, potatoes from Kansas pointed, postponed; argument December 5, Washington, 10018, Montana Oil Company vs. A. T. & S. F. Ry., reassigned to December 6. To the docket December 4 was added argument at Washington in No. 10101, Hite and Raffette vs. C. R. R. of N. J.

FREIGHT SUBJECT TO DELAY

B. F. Bush, regional director, has issued the following circular:

"In the past, during times of congestion and for other reasons, the carriers in accepting freight have endorsed on bills of lading 'Subject to Delay.' In lieu of this, it has been suggested that where we know conditions exist that may retard transportation the following endorsement should be used on bills of lading and live stock contracts:

"Whereas conditions prevail on the lines of carriers which will hamper this shipment and it is subject to delay. This advice is given to the owner of the property covered by this contract, in order that he may have due notice of the fact."

Similar circulars have been issued by other regional directors.

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TRAFFIC BULLETIN

AND IN THE

DAILY TRAFFIC WORLD and BULLETIN

DOCKETS

of the Western District Traffic Committees are printed in the same publications. (We hope soon to print also the dockets of the Southern and Eastern District Committees.)

There is no other way to keep in touch
with these proposed changes in tariffs

Write for Particulars

THE TRAFFIC SERVICE BUREAU

418 South Market Street

Chicago, Illinois

THE TRAFFIC WORLD

A working tool for traffic men, both industrial and railroad; a national journal of important transportation news, independent as between carrier and shipper.

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THE TRAFFIC SERVICE BUREAU

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Vol. XXII, No. 24

Saturday, December 14, 1918

McADOO'S FIVE-YEAR PLAN

Stripped of all verbiage, the appeal of Director-General McAdoo for a continuation of the present period of government control of railroads until January 1, 1924, is simply that, because it may be a good thing, we ought to try it for five years more and see. He does not even contend that it would be a good thing. He says he has formed no opinion as to what would be the best disposition of the railroad problem. He thinks the five years' test he proposes would give the American people the right answer. What is there in this that could not with equal force be said of outright government ownership, or of some intermediate plan between government ownership and unregulated private ownership, or of any other plan that has not been fully tested?

There is only one convincing reason that, in our opinion, could be given for deciding now to continue the present plan of government control longer than twenty-one months after the end of the war, as provided in the present law, or even that long. That is that it would be impossible, without great harm, to turn them back to their owners sooner. It may be that it would be impossible, but Mr. McAdoo is not convincing us that point. For our part, we are unable to understand why, if it be the thought that the roads ought to be returned, plans cannot be devised for doing so in much less than two years, with proper legislation securing to the public those benefits that have been demonstrated as a result of the government's brief operation of the roads, and giving to the railroads also what, be it said, it has been proved or shall be proved they are entitled to. We are open to conviction, as everybody ought to be, but the mere statement of the

wishes of the Director-General or anybody else does not satisfy us, nor will it satisfy others.

We insist that the way to settle this railroad problem is first to decide now—without trying experiments with this, that, or the other method—what method ought to be adopted as the policy of the country. Then the thought of all concerned—Congress especially—ought to be directed to discovering the best means of putting such a method into effect with the least possible jar, giving ample time for proper adjustments and seeing to it that nobody's interest suffers in the transition. If that ample time be three months, then three months ought to be the period. If it be two years, well and good. If it be five years, still well and good, but the only excuse for any period beyond the present one specified in the law, or even for permitting that one to stand, would be that the transition could not be accomplished equably in less. Government operation under the present system or any other system ought not to be chosen merely as an experiment. It should be adopted only if it be decided that such a method, on its merits, is the one to adopt. The job before us is to select the right method and then put it into effect as soon as possible. That method may prove to be government operation, but we believe and hope not.

GOVERNMENT CONTROL OF WIRES

Postmaster-General Burleson's recommendation, in his annual report for government ownership of telegraphs and telephones, is as unconvincing as usual. He complacently remarks that the experiences resulting from the recent war have fully demonstrated that the principle of such government ownership is not only sound, but practical, and that the best results can be accomplished only when the telegraph and telephone systems are owned by the government, made a part of the postal establishment, and operated "solely with a view to serving the public and not of making profit or guaranteeing returns on the investment."

It is in this last phrase that Mr. Burleson illustrates the primary fallacy in the doctrine of those who believe as he does—that government ownership necessarily results in a desire to serve the public and that making a profit is vicious. The more practical-minded students of the problem realize that the tendency of government ownership, on the contrary, is to make the employees to whom the public must look for service careless in the performance of their duties and not zealous to please, and that the desire to make a profit is the very thing that compels good service. The ideal condition is reached when we have private ownership and operation, with the desire to make a profit, so regulated by the government that the desire to make a profit is not allowed to run riot and that the situation is not permitted to be juggled to the end that

good service becomes unnecessary and not imperative.

And has the result of the recent experiment with government operation of the wire companies been beneficent? We believe most persons who use the wires to any great extent will testify that never in their experience has the service been so poor. It is without doubt our own experience, and we use the telegraph lines every day. Messages are almost always late and there is hardly a day but that at least one message filed in what should be—and formerly was—plenty of time for publication in our daily paper, is received too late for use. In other days when a thing like that happened—as it sometimes did, of course—we refused to pay for the message and complained to the local manager. What would happen if we did that now? It would do no good to jump to "the other company." We must take what we get. We are taking it, but we are not agreeing with Mr. Burleson that it is good.

Just this week comes a story from Washington that the government, as the operator of the telegraph lines, is denying all financial liability—other than the return of tolls—for errors or omissions in the transmission of messages. Under such a system what recourse has a business man who is seriously injured through the incompetence or carelessness of some one employed by the telegraph company, and what possible substitute means is there of making such an error less likely to happen again? Is the government consciously shirking a legitimate liability, or is it merely assumed that there will be no such liability because government operation must result in efficient work from all telegraph employes, now filled with a desire to serve the public and no longer driven by employers anxious to retain the good will of their patrons and incidentally make a profit?

We have also been told—though we do not know it to be a fact—that the telegraph companies now, under instructions from Postmaster-General Burleson, have sloughed one of their common carrier duties and in some cases are delivering messages with no more record of their delivery than is obtained by a letter carrier who leaves a letter at the address on the envelope. We say we do not know that this is so—it has not come under our own observation—but we do not doubt it a bit. It is of a piece with the general inefficiency of the telegraph system as now operated.

But even if government ownership might be accepted in other respects, why should the telegraph and telephone systems be made a part of the postal establishment, especially under the present Postmaster-General, who is responsible, not only for the faults we have been talking about in the operation of the wires, but for the inefficiency of the postal service itself—not the inefficiency due to war stress, especially, but the inefficiency which prevails all the time?

The postal service is held up as a shining example of what may be accomplished under government ownership—and in some respects it is. But in many other respects it is inefficient and unsatisfactory. The ordinary person who gets a letter now and then thinks it works all right, but the business man who gets and sends much mail knows better. The publisher also knows better. It frequently takes our magazine, for instance, one week to go from Chicago to our Washington office. We are constantly explaining to our subscribers that the delays by which they are annoyed are not our fault. First class matter mailed in Chicago Saturday, for instance, will frequently not reach our Washington office until Tuesday, or even later. Special delivery mail arriving in Chicago the middle of the morning will be delivered to our downtown office the middle of the afternoon, or such mail arriving the middle of the afternoon will not be delivered until after six o'clock, so that we do not get it until the next morning. Special delivery matter has been as much as twenty-four hours late. Does it do any good to complain? It does not. The only thing accomplished as the result of a complaint is that thirty days or so after the event one gets a long report telling how the delay happened or that it is not understood how it could have happened. One soon gets tired of complaining and takes the service he gets.

At least the telegraph operators are still working under the rules prescribed by the companies while they were under the management of their owners. So far as known, they have not yet learned the government trick of post-dating messages. Apparently the operators are still noting on the messages the approximate hour of receipt. The post-office department recently has taken to post-dating envelopes so as to indicate that they were mailed later than they really were mailed. Under the rules which govern postal employes, those who pay the expenses of the organization of which Mr. Burleson is the head can never know what kind of trick will be played on them. The post-dating of mail matter is not confined to ordinary letters, but extends also to special delivery matter. By means of the marks indicating that the particular letter or parcel was mailed later than it really was, Mr. Burleson's employes undertake to tell the recipients of such letters or parcels that their correspondents have been less prompt than would appear or than, perhaps, they should have been.

FIFTEENTH SECTION PERMISSION.

The Commission, by supplement to its fifteenth section order No. 500, has eliminated the paragraph forbidding the carrier to whom permission had been granted to use that permission for naming a lower or different rate. That paragraph was eliminated because the Commission has not power to prescribe the minimum rate. The carrier, so long as it avoids unjust discrimination, can make as low a rate as it feels is warranted.

Current Topics in Washington



Railroad Credit.—One of the questions that is believed to be sure to come to the front as soon as the discussion about the disposition of railroads begins in earnest, is as to why the credit of railroads is bad. That it is bad is one of the standard, but possibly unsupported, assumptions. Assuming that the credit is bad, the general answer of the railroad financier has been that the investing public lost faith in railroad securities because the Commission had not allowed rates high enough to assure an

adequate return, whether the return be on capitalization or on the investment, whether that investment be the book value or something else. It is the fashion of the prosperous railroads to assert that their property is worth more than the sum for which it is capitalized. In that way they have been able to show, at rate hearings, that they needed higher rates. The return on capitalization of the less prosperous roads would be deemed at least not adequately inadequate. It is possible the Commission, or at least commissioners, may feel incumbent, in the course of the debates in Congress, to express opinions. Those familiar with the views of commissioners can easily conceive of them saying that the credit of the railroads, if bad, is so because railroad officials and financiers have been telling the public that the companies were not allowed to earn an adequate return; in other words, that the men who have asked the public to lend them money have told the public, not once, but time and again, notwithstanding the reports of the Commission to the contrary, that they have not been allowed to earn enough to make certain that they will be able to repay the requested loans. The Commission or commissioners might be expected to suggest that impairment of credit was also caused by the financial operations of some of the mismanaged carriers, the result of which was the temporary, but acute, embarrassment of the New Haven, the Alton and the Rock Island, and others. There is an impression that the commissioners will not "let their" during the debates, as too often their friends think they have done. They and the justices of the Supreme Court are the only parts of the government easily reached that have not employed publicity agents to get their praises by means of articles prepared for the newspapers. They have not even tried to explain their decisions to the public. They have taken the position that their utterances speak for themselves. The reports and decisions of the Commission, every well informed traffic man knows, show that the credit of the railroads never has been really bad and that constantly, from the beginning of regulation by the Commission, the return on both capital and investment has been swinging upward, so that for the three-year period ended with June 30, 1917, the average return was greater than for any prior three-year period. The return per mile of line was greater and the surplus on hand was greater. In other words, the credit of the railroads, instead of being bad, should be good, notwithstanding sins of omission or commission.

Explanation of Congressional Delay.—The fact that Senator Smith, chairman of the Newlands committee, so-called, could not get together a quorum of that body at a time when it has caused some unfavorable comment on senators and representatives. The attempt to get together a quorum was made at the week-end, December 6, just after the Senate had adjourned to December 10 and the House to December 9. Both senators and representatives from nearby states frequently go home over Sunday. Those from other parts of the country, knowing their colleagues from nearby states will go home, make arrangements to attend to matters other than legislation. The failure, therefore, is not to be taken as seriously as it might be under different conditions and in dissimilar circumstances, as indicating lukewarmness toward proceeding to solve the railroad problem.

Compensation Contracts.—Indications are that, though congressmen are slow in taking up railroad reconstruction problems, negotiations for release of the carriers will be going on coincidentally with discussions as to the just compensation to be paid for the use of the tangible property. The negotiations concerning compensation for a large number of big corporations are near completion and it is possible that announcement of the signature of contracts for a large number will be made at practically the same time. In three or four months, there is a feeling, it will not be so much of a question as to how much the owners are to receive as it will be as to when they will receive what has been agreed on. There is no sign yet of agreement between the warring political leaders in the Senate. Unless there is an agreement there will be no revenue legislation until after March 4, the day on which the present Congress comes to an end. Without legislation the treasury will be in an embarrassing situation, although the revenue law of the current fiscal year will continue in effect. It, however, will not yield as much as it has been estimated will be needed. As is well known, claims against carriers have been accumulating for practically a year. The passage of time is not diminishing the sum that some day the government will have to pay.

Ocean Transportation.—While the attention of those who take an interest in transportation has been fixed on the railroad phase of the subject, that fact ought not be allowed to hide the truth about transportation by ships. The law-makers who legislated only for the emergency produced by the war into which the United States had not entered, are now face to face with the fact that there is necessity for peace disposition of the ships owned and controlled by the Shipping Board and its subsidiary, the Emergency Fleet Corporation. The Fleet Corporation, by the terms of the law, continues for five years after the termination of the European war which called for its creation. There is a pressure to get the government out of the ship-owning and ship-operating business before the lapse of the five-year period. Conditions on the water have been so much above or below normal that no comparisons of cost between government and private operation have been attempted. The outstanding fact with respect to water transportation rates is that government intervention has had the effect of reducing them from the high point to which the competitive system drove them, thereby threatening the cause of the governments fighting against Germany. That is the reverse of conditions on land, where the competitive system has been under restraint by means of maximum rate laws, for so many years that not once in the discussion of railroad problems has anyone had the temerity even to guess to what heights rail rates would have reached had the law of supply and demand been allowed to operate for even six months after the war boom got under way in the early part of 1915. In fact, not one man in a thousand probably ever thought of the possibility of having that law apply to freight rates, so long have they been under regulation by public authority. Anyone, however, can imagine how much cold or hungry communities would have paid the railroad that could bring through shipments of coal and food during the period of severest congestion last winter.

Rail-and-River Rates.—The establishment of rail-and-river rates, by order of Director-General McAdoo, will be the first time arrangements for such an interchange of traffic have been made, voluntarily, by the representative of any rail line. Years ago, it is possible, there were arrangements of that kind, but, generally speaking, the river boat and the railroad train have never had even a bowing acquaintance. In Mark Twain's time the steamboat captain had a lordly contempt for the railroad freight train captain. In those days the railroad was in a half apologetic mood, because it was not sure that it was the equal of the boat line in the race for business. The majestic boat line may have graciously consented to interchange traffic with the humble land carrier, but if such joint enterprises were carried on the memory of men now active in rail transportation does not recall them. Therefore, it is accurate to give the Director-General the credit for being the pioneer in the establishment of river-and-rail rates, acting as the representative of land transportation companies, and not as a government official. Of course,

It is to be regarded as merely a government official, no particular credit is due him, because the Interstate Commerce Commission long ago ordered rail-and-river rates. They, however, were established in obedience to orders, disregard of which would have been a costly bit of rail-roading. Director-General McAdoo was not under any such compulsion. Knowing the repugnance, if not the active hostility, of the Director-General's railroad assistants to any relations with river lines, the wonder among shippers is how he persuaded them to perform gracefully even the routine work of finding a basis on which to figure the schedules that will be filed.

A. E. H.

EXPORTS CONTROL REPORT

The Traffic World Washington Bureau.

According to the report of the Exports Control Committee for the week ended December 7, made to Director-General McAdoo December 9, the changed conditions causing the diversion of munitions and the substitution of food and supplies has created an enlarged export program for the Food Administration and the allies.

The combined frozen beef and provisions program through the ports of New York, Boston, Philadelphia and Baltimore will total 113,786 tons for the month of December, divided as follows: British Ministry of Shipping, 36,786 tons; French, 30,000; Italian, 45,000.

The movement of provisions and frozen beef on a three-day schedule, Chicago to New York, has been discontinued and traffic is now running on a four-day schedule. The Food Administration's program for December for the Atlantic and Gulf ports approximates 1,500,000 tons. For the South Atlantic ports there are assigned 40,000 tons.

There are, in addition to this large amount, moving under War Department transportation orders, 38,000 tons of flour via New York, 19,000 tons via Philadelphia, 19,000 tons via Baltimore, and 27,000 tons already permitted to move to New York. There are 44,000 tons which will move via Pacific coast ports, making the total estimates under the original figure of 120,000 tons. This flour is to be used for relief purposes.

There is now moving in solid trains from the west a total of 1,073 cars of flour destined to New York, as well as a solid train of 30 cars for Boston.

In order to expedite the delivery of this large volume of flour after arrival at the seaboard, arrangements have been made for conferences between the New York Traffic Committee with representatives of the British Ministry of Shipping, Wheat Export Company, Food Administration, Grain Corporation and the Shipping Control Committee semi-weekly in New York.

At the north Atlantic ports the arrivals of carload export freight, exclusive of bulk grain and coal, during the month of November totals 50,143 cars, while deliveries were 46,449 cars, or 3,694 cars arriving in excess of deliveries.

There has been an increase of only 420 cars in accumulation at all south Atlantic and Gulf ports during the week. Permits were issued to cover 1,319 cars, largely grain, of export traffic for movement through the ports at Galveston, New Orleans, Mobile and Savannah.

For the week ended November 28 there were 276,808 tons of grain in elevators at the north Atlantic ports, while 220,398 had been cleared. At the Gulf ports there were 250,892 tons of grain in elevators, while 31,820 had been cleared.

According to the report for the week ended November 25, owing to the large amount of ocean space available for the clearance of frozen beef and provisions, the rail movement had been placed on a three-day schedule—Chicago to New York. "This arrangement," the press notice says, "will contribute materially to the relief work now being done by this government in the stricken European areas. Eighty cars of frozen beef were on hand at the terminals the morning of the 26th, as against 204 cars on Monday, the 25th. All the cars are in process of delivery.

"The storage of supplies of war materials intended for the use of the allied nations will release valuable pier space, much needed for other traffic. Considerable freight for the account of the British, French and Italian governments on hand at terminals and in transit, and not needed abroad, will be sent to the various storage houses. These commodities include automobile trucks, barbed wire, empty projectiles and shells and lumber.

"The Belgian Relief Commission have 286 cars of provisions on hand, which will be delivered to steamers promptly.

"The freight on hand for River Plata points is somewhat improved, there being a slight increase in tonnage allocated. To that degree the issuance of permits has been resumed on essential commodities.

"The total arrivals of freight cars at the north Atlantic ports during the week mentioned were 12,009, as against 12,285 delivered, making an excess of deliveries over receipts at these ports of 276 cars.

"There was also a decrease in the amount of freight on hand at south Atlantic and Gulf ports for the week ended November 21 of 153 cars. During the week the Southern Export Committee issued permits covering a total of 951 cars of grain, cotton, steel rails, wire, etc., from interior points to Galveston, New Orleans, Mobile and Savannah.

"At the port of New York 37 cars of Russian rails which have been on ground storage have been disposed of, while 200 cars of billets have been ordered to the Erie Railroad for unloading on the ground at their terminals. Most of the commodities held in cars and on piers other than recent arrivals are temporarily held up awaiting definite decision from the allied governments as to their final disposition.

"At the port of Savannah, Ga., there is an accumulation of approximately 90,000 bales of cotton on the terminals, with six ships in port taking on cargoes, including 70,000 bales of cotton. One additional steamer is due within the next two weeks, which will practically clean up all export cotton. There is very little activity in connection with the handling of export business at the port of Mobile. The tie-up of the Munson Line, reported last week, on account of labor troubles at Havana, has been removed and four steamers are scheduled to call at Mobile for Cuban cargoes during December. Only two ships, with European cargoes, other than grain, cleared at the port of New Orleans during the week. As a result, the accumulation of export freight has slightly increased. The Osaka Shosen Steamship Line recently arranged for a steamer to call at New Orleans during November, February and April to take on cotton cargoes for movement to Japan via Panama.

"For the week ended November 21, there were 391,470 tons of grain in elevators at the north Atlantic ports, while 98,340 tons had been cleared. For the same period there were stored in elevators at the Gulf ports 263,076 tons of grain, while 23,074 tons had been cleared.

"The situation in the Puget Sound district shows a net increase of 167 cars on hand over last week and an excess of arrivals over deliveries of 189 cars. The cars on wheels increased to the extent of 61 cars, while cars in storage increased 128 cars. There was a decrease of 22 cars held out on line.

"For the same period the San Francisco district shows a net increase of 13 cars on hand, the increase in cars on wheels being 19, in storage 1, while there was a decrease of 7 cars in ground storage. There is also an excess of 13 cars in arrivals over deliveries. This increase is due to the commandeering by the government of Pacific Mail boats and to the order of the Netherlands government to give priority to Java freight on Java Pacific boats."

TRANSFER OF CARLOAD SHIPMENT.

Regional Director Markham, in Circular No. 118, has directed that consignees be notified immediately by postal card when a carrier transfers a carload shipment from one car to another. Failure of carriers so to advise shippers, especially consignees, when such a transfer has been made, has led to confusion. Consignees have continued to look for cars which they had been notified had been loaded, for days after the shipment, contained in a car to which it had been transferred, had arrived at its destination. This circular is as follows:

"When carload shipments are transferred by carriers while en route, it is desired that consignees be notified immediately by the carrier making the transfer, by postal card notice, using the following form:

"Shipment of.....loaded in Car No.....
from.....date.....was transferred
to Car No.....at.....date.....
.....Agent.....Railroad."



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Decisions of Interstate Commerce Commission

TIME ZONE INVESTIGATION

In a supplemental report on No. 19122, Standard Time Zone Investigation, opinion No. 5495, 51 I. C. C. 499, written by Commissioner Atchison, the Commission acceded to the request of Apalachicola to have the city and the county in which it is situated placed in the eastern time zone. Harpootian both have been in the central zone. The original order did not suggest any change. The original order, however, made the Apalachicola River the zone boundary. The river divides the city. Technically, therefore, it might have been contended that part of it would be in the eastern and part in the central zone. The modification leaves the matter without any such possibility.

FORMS FOR CONCRETE

An order of reparation has been made in No. 9755, Concrete Engineering Company vs. Portland Cement Company et al., opinion No. 5466, 51 I. C. C. 4734, on account of an unreasonable rate on form of steel forms or molds for concrete construction from Canton and Martins Ferry, O., to San Francisco. The rate charged was \$185, the fifth class rate, which was locally applicable. On Jan. 1, 1917, a fourth class rate of \$1 was established. Later that was increased to \$1.25, and that higher rate was applied by the Commission. On shipments from Martins Ferry a rate of only 50 cents was assessed, so there were outstanding under charges of \$191681.

REPARATION ON CRUSHED STONE

Reparation has been ordered in No. 10065, National Supply Company vs. C. E. & Q., opinion No. 5466, 51 I. C. C. 4734, on account of unreasonable rates on crushed stone from Lawrence, Neb., to Northboro and Macedon, Ia. Restoration is to be made to the basis of a reasonably competitive rate. The Commission found that shipments of crushed stone from Cedar Creek, Neb., to Shenandoah were overcharged.

RATE ON COAL

The Commission has dismissed No. 9961, Darby Coal Sales Co. vs. C. & O., with which was heard Brinton's suit on application No. 3492, opinion No. 5459, 51 I. C. C. 4712. It was held that the complainant had not been damaged by the maintenance of a lower rate from Hickman and Beaver Valley branch of the Erie Sandy division of the Chesapeake & Ohio to Newport News on coal for grates, shipment of water at points outside the Virginia Copper zone was contemporaneously maintained from Harold and Hickman, Ky.

FREE EXPRESS SERVICE

In a report on No. 10095, Butterworth-Judson Corporation et al. vs. Adams Express Co. et al., opinion No. 5458,

51 I. C. C., 386-9, written by Commissioner Meyer, it was held that the failure of the defendants to accord complainants free collection and delivery service on interstate express shipments performed for other shippers in their vicinity at Newark, N. J., resulted in undue prejudice to the complainants and the locality in which their plants are situated. No order, however, could be issued by the Commission because, since the filing of the complaint, the express company has been merged in the American Railway Express Company, which corporation was not a party to this proceeding. The Commission said that in the event the new company neglects or refuses to remove the prejudice the matter will receive further attention.

STORAGE OF SALMON

An order of dismissal has been entered in No. 9964, Frank B. Peterson Company vs. A. T. & S. F. et al., opinion No. 5459, 51 I. C. C. 4912, the Commission holding that the storage charges on carloads of salmon held at New York and Newport News for shipment on through bills of lading from San Francisco to London had not been shown to be unreasonable or otherwise in contravention of the law. The complainant contended that there should be no storage charges on export freight moving under through bills of lading, although, as a condition precedent to the issuance of such bills, the railroad company required the acceptance of liability for storage charges at the ports. The shipments moved in November, 1916, when the sailing day arrangements for ships were badly disrupted.

CASE DISMISSED

The Commission has dismissed No. 9929 and sub No. 1 of the same, Charles Lay et al. vs. American Express Co. et al., opinion No. 5451, 51 I. C. C. 3735, holding that there was nothing to proceed upon, because the express company has not violated any law or in any way discriminated against the complainants by withdrawing, as it had given notice it would do, the cars, owned by the New York Central in which the complainants ship live fish. The railroad company, more than a year ago, notified the express company that it would have to terminate the contract under which the express company was using railroad cars for that purpose. The fishermen procured injunctions in New York and Ohio, and at the time of the hearing the cars were still in service.

STEEL GREASE CUPS

An award of reparation has been made in No. 9699, Holt Manufacturing Company et al. vs. Southern Pacific et al., opinion No. 5457, 51 I. C. C. 3978, the Commission holding that rates on steel lubricating or grease cups, L. C. L., from Battle Creek and other points of origin to Stockton, Cal., were unreasonable. The unreasonableness consisted of higher charges on such cups made of brass or bronze.

CAR DETENTION CHARGES

The Commission has awarded reparation in No. 5458, New York & New Jersey Produce Company vs. New York, New Haven & Hartford, opinion No. 5458, 51 I. C. C., 399-400, on account of unduly prejudicial car detention charges at Harlem River on carloads of potatoes from points in Maine. The charges were held to be unduly prejudicial because no such charges were assessed when the potatoes moved from points on the Boston & Maine and Maine Central. The reparation is also to cover shipments covered by two sub-numbers of the same case.

RATES ON PETROLEUM

In a tentative report on No. 9950, Codington County Oil Company et al. vs. A. T. & S. F. et al., written by Attorney-Examiner Henry Thurtell, it is recommended that rates on petroleum be held to be unduly discriminatory in so far as those to destinations in South Dakota, from points of origin in Oklahoma and Kansas, including Sugar Creek, Kan., exceed rates made by taking the rates to Pipestone, Minn., Sioux City, Ia., or Sioux Falls, S. D., and adding thereto 75 per cent of the fifth class local rates from such basing points to destinations, on refined oils and 60 per cent on road and fuel oils.

A further recommendation is that rates on petroleum and its products, in carloads, from the midcontinent oil field and Oklahoma to Watertown, S. D., which prior to Nov. 18, 1917, exceeded the aggregate of intermediate rates over Pipestone, shall be held to have been unreasonable and that reparation be awarded.

LOUISVILLE FARE CASE

Attorney-Examiner Myron A. Pattison, in his tentative report on No. 10129, a case created by fifteenth section applications, No. 4775, filed by the Louisville & Southern Indiana Traction Company, and No. 4776, filed by the Louisville & Northern Railway & Lighting Company, asking permission to double the five-cent fare between Louisville on the one hand and New Albany and Jeffersonville, Ind., on the other, recommends a disposition of the question whether an applicant company is entitled to ask for itself a fair return on the value of the property it leases, which, if followed, it is thought, may provoke litigation. His recommendation is that "the contention that a proportion of the value of the properties owned and used by other carriers, but over which the petitioners operate by virtue of certain trackage agreements, should be included in the valuation of petitioners' lines considered and rejected."

This question was present in the applications of both companies, which, for the purpose of ordinary, as distinguished from possible technical consideration, constitute parts of a system. The report says that the Louisville & Southern Indiana has not been "highly successful" and that only through large donations from the parent company has it been able to report a surplus. An increase of one cent in the fare between Louisville and Jeffersonville the report says, would increase the revenue from \$20,000 to \$24,000. That, with increases allowed on state business by the Indiana commission, the report says, would increase the revenue about \$50,000 a year.

The Louisville & Northern operates to New Albany. The recommendation is that the application respecting the intercity fare on that road, for a ten-cent fare, be denied, without prejudice, however, to file tariffs increasing the rate to six cents. Both companies asked for a commutation fare of 7.5 cents. Inasmuch as the straight fare recommended is only six cents, a commutation fare of 7.5 cents would be impossible.

RATES ON CRUDE OIL

A recommendation of dismissal is made to the Commission in a tentative report, written by Examiner Frederick H. Barclay, in respect of No. 10042, Consolidated Oil Refining Co. vs. Kansas City Southern et al. The allegation in the complaint is that the rates on crude oil in tank cars, in 1916, from Shreveport, Crichton and Lenzburg, La., to East St. Louis, and the existing higher rates were

unreasonable and otherwise in violation of the act to regulate commerce. The object of the complaint was to obtain reparation on shipment made prior to the establishment of a rate of 17 cents from Shreveport and a continuance of that rate. The oil moved under a rate of 22 cents from Lenzburg, Crichton and Shreveport until the Cotton Belt established the rate of 17 cents from Shreveport. The longer two-line-haul carriers followed suit, to retain some of the business, rather than allow it all to go to the single-line haul of the Cotton Belt. Under General Order No. 28, the 17-cent rate was increased to 21.5 cents and the 22-cent rate from Lenzburg and Crichton to 27.5 cents. The report says that, while the spread has been increased, as between Shreveport on the one hand and Crichton-Lenzburg on the other, the only clearly defined issue in the case was that of reasonableness, and on that issue Mr. Barclay thinks the showing insufficient to warrant condemnation, especially in view of the fact that the Director-General, in his answer, said the greater revenue demanded was needed to operate the railroads under federal control.

OVERCHARGES ON SULPHUR

The Traffic World Washington Bureau.

War profits probably amounting to \$20,000 or \$25,000 will have to be returned by the railroads to E. I. du Pont de Nemours & Co. on account of overcharges and an unjustified commodity rate between Bryan Mound, Tex., and Cincinnati on sulphur from the Texas deposit to Hopewell, Va., the big ammunition-making plant established there to meet the war demand, if the Commission approves a tentative report made to it by Attorney-Examiner George T. Bell on No. 9824, E. I. du Pont de Nemours & Co. vs. Houston & Brazos Valley et al., and complaints bracketed with that one. The bulk of the return of money, if made, will be on account of overcharges resulting from the uncertainty as to the rate adjustment.

Bell recommends the dismissal of Nos. 9824, 10155, 10189, 10193 and 10195, leaving No. 10102 the only one on which he holds with the complaining firm. As to that one his recommendation is that the Commission hold that the carriers had not justified a commodity rate of 30.5 cents from Bryan Mound to Cincinnati, used in making up the combination to Hopewell. An increase from 29 to 30.5 cents in that rate, the report says, was not justified, although it was referred to and opportunity for justification was afforded.

The complaints were that the combinations not only to Hopewell, but to powder-making plants in New Jersey and Pennsylvania nearer Wilmington and Philadelphia, the points near which the older mills are located, were in violation of the first three sections of the act. Bell was not able to reach any such conclusion. He found, however, overcharges on shipments covered by No. 9824. They resulted from the application of a sixth class rate of 6.3 cents per hundred pounds from Petersburg, Va., to Hopewell. Bell says the proper rate to have applied was only 35 cents a ton, the overcharge being, therefore, 4.55 cents per 100 pounds, or a total of about \$5,600 on the shipments. About 400 cars were routed through East St. Louis and Cincinnati. Bell came to the conclusion that they were overcharged in sums totaling about \$10,000, which he thinks the Commission should require to be refunded. His conclusion is that the legal rate was 50.4 cents. Rates of 53.8 and 51.9 cents. The overcharge of about \$5,600 on the movement through Cincinnati does not grow out of the unjustified rate of 30.5 cents, but is a distinct proposition, the overcharges-being amounts in excess of the lowest combination that could be made by using the rate of 30.5 cents, which Bell says should be condemned because no attempt to justify it was made.

These complaints were made possible by the discovery of sulphur deposits at Bryan Mound, after the war had closed the foreign sources of supply for the fertilizer factories and powder mills. The sulphur had to move before the rate adjustment could be made to meet the new condition, namely, sulphur, to be moved in large quantities, with nothing but uncertain combinations to be applied. The period of uncertainty covered by the complaints continued from April 30 to August 8, 1917.

AMERICAN FOREIGN TRADE

The Traffic World Washington Bureau.

American overseas trade under American control and carried in American bottoms, it is believed, will be larger in proportion to the whole American overseas trade than it was before the war in 1914 began the profound dislocation that has since that time characterized all business. This is not to say that anyone expects the volume of export trade under peace conditions even to approximate what it attained during hostilities. European armies are being demobilized and the units composing them are taking up work of production in place of works of destruction. In the course of a few weeks, after tentative terms of peace have been agreed on among the allies and the United States, the demobilization will be at an accelerated pace. Then the anti bellum competition will be restored, not in full, but to a large percentage.

American overseas trade will be large because the United States for the first time since the Civil War has a merchant marine of considerable size. That merchant marine is in strong hands—those of the government of the United States. Its first duty is to carry goods. If it were in the hands of private owners its first duty would be to make a profit for its owners.

Subsidy, which is a hateful word to many Americans, is to be paid for the promotion of foreign trade. Generation after generation has advocated an adequate merchant marine and implored Congress to grant subsidies in one form or another. Congress either declined to act or affirmatively defeated the measures designed to provide for such stimulation of overseas business.

The subsidy to be paid is of unknown size. No one knows how much it is going to cost the people of the United States to maintain and operate ships owned or controlled by the United States Shipping Board. At this time no one seems to care very much how much of an expense account is to be incurred in behalf of the operation of the ships built largely to meet an emergency created by the submarine campaign. An exception to that statement may be made in behalf of the owners of the ships, who would like to see them return to themselves for operation on their own account. Ship-owners, naturally, constitute only a small percentage of the people of the country.

American ships will be more expensive to operate than any of those with which they will come into competition. That is to say, a ship of 3,500 gross tons will incur an expense amount on its voyage greater than one of like tonnage flying the British or Italian flag. That, however, does not mean necessarily that the unit cost of putting a ton of American commodities into a highly competitive market will be greater than that incurred in transferring to that market a ton of British, French, or Italian merchandise. While American wages, both in the shops and on the ships, are higher than those paid in British or French shops or ships the American workman, as a rule, produces more than his foreign competitor. That is the only reason that has enabled Americans to remain in competition with Europeans. In a common way of speaking, an English employer hires four men where an American has three employees. In some instances the proportion is nearly two to one.

Chairman Hurley, of the Shipping Board, is one of those who believes it will be possible for the American merchant marine to operate in competition with the British, French, Italian, and Greek, notwithstanding the handicaps imposed by the La Follette seaman's law, which assures sailors and laborers on American ships higher wages, better quarters, and better food than is provided for sailors in other merchant navies. That law protects every shipping contract existing between the masters and the sailors on a ship flying a foreign flag that enters American territorial waters. The validity of the statute is now under consideration by the Supreme Court of the United States, arguments thereon having been made early in the present term of that tribunal. If the law is valid and foreign ships continue to put into American ports, it is figured by the government that a higher scale of wages and better living conditions will be forced on the owners of foreign ships. The theory is that there are not enough sailors and marine laborers to provide crews for the ships in existence. On that assumption it is figured that American ships operating under the La Follette law will have

full crews, while their competitors will have to operate short-handed or not at all. Opponents of the La Follette law denied the major premise. In nearly all ports there are more sailors desiring berths than there are ships with unoccupied sleeping quarters. There are exceptions to that rule, it is admitted, hence the possibility of "crimps" who make a living by "shanghaiing" sailors and in other ways practically putting him into slavery.

But no matter what the handicap and the operating expense, it is believed there will be forces at work to promote overseas trade that will not be denied. Under the Webb law American manufacturers and exporters are permitted to organize combinations for overseas business. The anti-trust law to the contrary, notwithstanding, German combinations operated in the United States before the war. That fact was brought to the attention of the House committee on the judiciary, while it was considering the Webb combination bill, by J. D. A. Morrow, then an employee of the Federal Trade Commission, now secretary of the National Coal Association. Members of the committee were objecting to this grant of authority to make combinations for foreign trade on the ground that if such mergers were permitted for such purpose the chances were that the combinations would operate in domestic business. Morrow protested against such a view on the ground that even if the combinations did as suggested, they would only be fighting fire with fire, because combinations of British and German manufacturers were operating at that very time in the United States. American copper was being bought by an organization of German manufacturers and the wool-weavers of Great Britain were banded together so that there would be only one buyer of American wool. That statement, it is believed, broke down the opposition to the Webb export combination bill and it became law.

During the war all anti-trust and combination statutes were disregarded. The allied and American governments themselves organized the most tyrannical combinations for dealing with every phase of the trade, on the theory that a free market would seriously hamper war operations if not make them utterly impossible. The government combinations were made with a view to keeping down prices. The anti-trust statutes were enacted on the theory that they were necessary to prevent American manufacturers from combining to increase prices. Under conditions now prevailing it is believed it will be necessary for the Shipping Board and the combinations of American exporters to co-operate so that there will be a union between government and business such as Germany had long before the war broke out. The Shipping Board, being under no compulsion to show a profit on its operations, will be able, it is figured, to make rates that will enable Americans to enter markets that would be closed if it were necessary to engage ships, the operations of which had to show profit if they were continued in trade.

At present the Shipping Board is making at least a pretence of publishing rates to various markets; many of them, however, are what is known in railroad rate parlance as "paper" rates. Exporters in New York are criticizing the Shipping Board for publishing rates under which it cannot offer any service because it has not the boats with which to perform the carriage. The chartering committee of the Shipping Board in New York publishes the rates which New York exporters are attacking, not because the rates are unreasonable, but because they convey a false impression to the merchants in the ports to which they are supposed to apply. While the Shipping Board is publishing rates but not furnishing boats, ships not controlled by the Shipping Board are carrying merchandise to those ports at rates much higher than those offered the public by the chartering committee. The Shipping Board publishes a rate of \$90 per ton to Greece and \$71.50 to Algiers. American exporters are sending goods to Algiers at rates more than double the figures quoted by the Shipping Board. One firm of exporters made c. i. f. quotations to Athens based on a shipping rate of \$250 per ton. For the benefit of land shippers it may be explained that a c. i. f. quotation is the same as an f. o. b. destination quotation. The quotation was refused on the ground that a rate of \$90 a ton applied. The firm which had expected to ship on a \$250 rate found that the rate really in effect on boats that were operating was \$350 per ton.

Another rate quoted by the Shipping Board's chartering committee was \$66 a ton. That is \$24 less than any rate

that could be obtained by the firm of exporters. The New York naturally are asking where they may find the boats that are supposed to carry American goods at the same rates. They would like to do business with them. The Shipping Board does not guarantee any regular sailing from the ports mentioned. The rates, however, are those which will be imposed when it has ships for the destinations mentioned in the publications.

That the Shipping Board intends continuance at the maximum during the coming year may be inferred from the fact that its estimates for the year beginning July 1 total \$579,452,500. More than a billion of that sum will be needed for the completion of steel ships already ordered, many of which are nearing completion. The board is not now worrying about the cost of operation represented by the high cost of the ships. That extreme cost had to be incurred because ships were a war necessity. The ships are in existence and nothing would be saved by allowing them to rust at the wharves.

American ships, and ships controlled by the U. S. Shipping Board, 1,448 in number, having a deadweight tonnage of 7,215,811, will not be operated by the Shipping Board or the Emergency Fleet Corporation unless the Shipping Board is unable, after a bona fide effort, to "contract with a citizen of the United States for the purchase, lease or charter of such vessel under the terms and conditions as may be prescribed by the board." The quoted words are from the eleventh section of the shipping board law. They may be taken as the present answer to the query as to how and by whom the ships that are expected to increase the overseas trade are to be operated. The Board, when the emergency produced by the European war has passed, must advertise for competitive offerings for the privilege of operating the ships. While the war lasts the board may operate the ships or do with them what it thinks best. As a matter of fact, in the final analysis, the words quoted leave the question as to whether there shall be public or private operation wholly within the discretion of the board.

At the expiration of five years from the conclusion of the war, the last paragraph of the eleventh section, before mentioned, the Emergency Fleet Corporation, or any other company in which the United States is a stockholder, must die by limitation. The property of the corporation shall revert to the board. That body may then sell, lease or charter the boats at the best terms possible and dispose of the other property of the corporation on the best available terms.

The Shipping Board, in obedience to the terms of the statute of its creation, has been carrying on investigations as to the relative cost of both construction and operation in American yards and with American crews, under the American flag. It is not ready to report. Its war work has been of such an engrossing nature that it has made not much more than a start in the collection of data that Congress obviously intended should afford light on the question as to what it should do toward the creation of an American merchant marine.

At this time and probably for a year there will be no sharp need to seek for an answer to the question as to what shall be done with the ships the board has already in its possession and those it will receive in the remainder of the current fiscal year, which ends on June 30 next. At present five-sixths of the tonnage owned and controlled by the United States is used in keeping the Atlantic ferry in working order. Supplying the army and Belgium is put down as the first duty of the ships. French and other allied interests are second and foreign and domestic commerce are third. Just how great the demand for military purposes is may be inferred from the fact that nitrates from Chile, needed in the manufacture of ammunition, and petroleum, needed for the operation of ships, have now fallen into the list of things that constitute ordinary commerce.

Put in another way, the military forces and the starving people of Belgium and France require so much shipping that, for the time being, at least, there is no need of keeping nitrates on the list of things that must be carried ahead of everything else. The need of provisioning Europe is so great that the military needs cannot be put forward for competition, although the condition is merely that of an armistice with the possibility of a revival of the fighting.

If ships necessarily meant increased commerce, there would be ground for great rejoicing. The American merchant marine is now second only to that of Great Britain.

According to the figures that have been compiled by the officials most interested, the British merchant marine has a total of 15,100,000 gross tons. The American 5,200,000.

During the period between August, 1917, and November 1, 1918, the record of ship construction in American yards was the greatest ever made anywhere, running something over 2,300,000 gross tons. The greatest prior record, made by British yards in 1913, was 1,932,000 tons.

In that period 548 ships were delivered to the Shipping Board, all but thirteen being from American yards. In the part of the current year ending December 1, the deliveries to the board were 485, of which 472 were from American yards, the other being from Japanese.

At the beginning of October the program of the Shipping Board called for the delivery, by the end of 1920, of 2,710 ships with a deadweight tonnage of 16,709,718. A gross weight ton is 1.67 deadweight tons, so that reduced to the British equivalent the American tonnage delivered to the end of 1920 would be about 10,000,000 gross tons in addition to that which has been delivered. The American tonnage then would be in excess of the present tonnage of the premier merchant navy.

SWIFT & CO. NOT GUILTY

In the following decision of the U. S. Circuit Court of Appeals for the Seventh Circuit in the case of Swift & Co., plaintiff in error, vs. U. S. of America, defendant in error to the District Court of the U. S. for the Northern District of Illinois, Eastern Division, the judgment of the latter court, by which Swift & Co. were sentenced to pay a fine of \$60,000 in the so-called Ann Arbor case for alleged violations of the Elkins law, etc., is reversed:

Writ of error to reverse judgment imposing fine for violation of the Elkins act, etc.

Before: Baker, Alschuler and Evans, Circuit Judges.

Plaintiff in error, indicted upon twenty-nine counts, was found guilty on all of them and sentenced to pay a fine of sixty thousand dollars (\$60,000) upon twenty-eight of them, one having been dismissed. The charges preferred against it may be divided into two classes. Counts one to twenty-five dealt with section (1) of the Elkins act. The last four counts charged plaintiff in error with a violation of section 10 of the act to regulate commerce. All the offenses arose out of four shipments.

One of the customers of the plaintiff in error was the Saginaw Beef Company. This company purchased some goods outright, while other products were shipped to it to be sold on a commission basis. The Saginaw Beef Company, through its employees, solicited various retail merchants between Alberta and Owosso, Michigan, on the Ann Arbor Railroad, for orders which were later filled by plaintiff in error and billed to the Saginaw Beef Company. Plaintiff in error did not appear in the transactions between the Saginaw Beef Company and the retailer.

When the territory had been covered and the orders secured, the Saginaw Beef Company sent its order to plaintiff in error. Shipments were made in carloads, routed—Chicago to Owosso, Mich., via the Chicago & Northwestern Railroad to Manitowoc, thence via the car ferry operated by the Ann Arbor Railroad to Frankfort, Mich., thence by the Ann Arbor road to Owosso. It appears that four cars were thus shipped at different dates. The seals remained intact until the cars reached a distributing point in Michigan, where representatives of the Saginaw Beef Company boarded the car and at each station where customers resided, the meat was taken by these representatives and delivered to the retailer or placed in the depot for the retailer. Plaintiff in error paid the freight charges upon the basis of carload shipments to Owosso.

EVANS, C. J.:

Although several assignments of error are presented, only one need be considered. For it is admitted by both sides that the judgment cannot stand if the shipper was entitled to carload rates for each of the four shipments mentioned. Plaintiff in error admits that its right to carload rates is dependent upon certain rules appearing in the published tariff sheets of the Ann Arbor road in force at the time of the shipments; that if these rules do not furnish support for the carload rate, then it obtained a reduced rate on each of its four shipments.

The case therefore turns upon the construction and the application of these rules to the facts as stated.

These rules appearing under the general head of "Charges for stopping cars in transit to complete loading or partly unload" read as follows:

(A) Cars containing freight which is waybilled at carload rates, will be stopped in transit to complete loading of car, or to partly unload contents of car (except as otherwise specifically provided).

(B) The charge for stopping off cars for the purpose of unloading a portion of the contents, or completing loads, will be three dollars (\$3) per car for each stop.

These rules obviously pertain to carload shipments. They deal with and recognize the rights of shippers who are shipping freight in carload lots. The first one may have been unusual, but it was conceded on the trial that it was on file with the I. C. C. and was in force on the Ann Arbor line at the time of the shipments in question.

Nor can there be much dispute as to the meaning of the words "stop in transit to complete loading of car or to partly unload contents of car" as used in rule (A), especially in view of the language "stop off cars in transit" adopted in rule (B). If a shipper under these rules asked to have his car "stop off in transit" (put on a side-track or left at a station to be taken by a later train) he was charged three dollars for each such stop. If the shipper wished to take on freight to fill the car or partly unload the car (there being no necessity for holding the car for a later train), rule (A) governed and no charge was made. Not only is this construction the only rational one, but it is in complete harmony with the understanding of the officials of the Ann Arbor road, as shown by their testimony, and it is in harmony with the practice of the road, as carried on when shipments by other parties of a similar character, were made.

Had experts given testimony tending to dispute this construction we think the shipper would still be bound only by a fair and reasonable construction of these rules. The correct rule of construction in a situation like this is announced in *Newton Gum Co. vs. C. B. & Q. R. R. Co.*, 16 I. C. C. 446 as follows:

The law compels carriers to publish and post their schedules of charges upon the theory that they will be informative. A shipper who consults them has a right to rely upon their obvious meaning. He cannot be charged with knowledge of the intention of the framers or the carrier's customs of construction or of some other tariff not even referred to in the one carrying the rate. The public posting of tariffs will be largely useless if the carrier's interpretation is to be dependent upon tradition and the arbitrary practices of a general freight office.

A classification sheet is put before the public for its information. It is supposed to be expressed in plain terms, so that the ordinary business man can understand it, and in connection with the rate sheets, can determine for himself what he can be lawfully charged for transportation.

But it is claimed that these rules must yield to rule 11 of the Official Classification No. 38, which reads as follows:

In no case will the charge for a consignment of freight (stopped at one time by one consignor to one consignee and destination, when loaded by shipper on or in one car be greater when computed at actual or estimated weight and I. C. L. rate than on basis of C. L. rate and minimum carload weight; nor will the charge for a full carload when loaded by shipper be greater at C. L. rate and minimum carload weight than on basis of I. C. L. rate and actual or estimated weight.

By adding three dollars for each stop to the carload rate, the government contends that a rate greater than the I. C. L. charge was obtained, and therefore, under this last quoted rule, the I. C. L. rate applied.

This position is well answered by referring to a rule governing Official Classification No. 38, and reading as follows:

A tariff is not governed by a classification or except where therein except when and to the extent stated on the tariff.

Inasmuch as this classification rule was not set forth in the tariff sheets of the Ann Arbor Railroad from which quotation has been made, it cannot govern over a contrary rule therein appearing.

But a further reason for not applying this rule 11 of

the Official Classification No. 38 lies in the fact that the shipper was not subject to a charge of three dollars for every stop and therefore the carload rates plus the charge for stopping did not in fact exceed the I. C. L. rate.

We are also convinced that still another reason exists for not applying this rule to this case. The character of this shipment, or any freight shipment, must be determined at the time the shipment begins, and cannot be changed, so far as the application of rates is concerned, by the subsequent conduct of either the consignor or the consignee. Consignor's exercise of his right to stop a shipment in transit cannot relieve him of his obligation to pay the freight charges based upon the character of the shipment as it was originally begun. Nor would consignee's determination, after a shipment has begun, to handle the freight differently from what it was originally billed, change the character of the shipment.

The government further contends that the I. C. L. rate should have been applied because each carload shipment was not a single shipment, but in reality was from the plaintiff in error as consignor to the various retailers to whom the Saginaw Beef Company made sales as consignees. This appears to be the theory of the indictment, as each such shipment is made the basis of a separate count.

This theory totally ignores, not only the bill of lading wherein but one consignee, the Saginaw Beef Company, is named, the undisputed testimony that plaintiff in error was a stranger to the transactions between the retailer and the beef company, but it also ignores the two rules above quoted.

The right of plaintiff in error to ship fresh meats in carload lots from Chicago to Owosso or to intermediate points was affirmatively established on the trial by the introduction of freight tariff sheets, circulars of the I. C. C. and the Official Classification in force at the time of the shipments. In fact, this right to make carload shipments between these points is fully conceded by the government.

This same documentary proof recognized, and, in fact, established, the shipper's right to the benefit of transit privileges on connecting lines. In other words, a shipper making a carload shipment from Chicago to Owosso was entitled to all the transit privileges which the tariff sheets of the Ann Arbor road permitted. Among these transit privileges was the shipper's right to stop in transit, as defined in these two rules (A) and (B).

The shipment having lost none of its carload character by its various stops, the shipper was free to bill the car to one consignee to be delivered, when unloaded, to various parties. A shipper making shipments in carload lots has the right to bill to a single consignee, though the contents of the car may be intended for different individuals. *I. C. C. vs. D. L. & W. R. R. Co.*, 220 U. S. 236.

It is finally claimed by the government that the character of the shipment should be determined by the fact that employees of the Ann Arbor road helped unload the freight and that, inasmuch as carload shipments are unloaded by the consignee, an inference arises that the parties (the shipper and the carrier) intended the shipment as an I. C. L. shipment.

Ignoring for the moment the government's failure to show plaintiff in error had knowledge of this fact, we find from an examination of the evidence that the government's claim in this respect is not supported by the proof. In three of the cars at least, the consignee unloaded the cars unloaded by the carrier's employees. In one car only is there an inference that the railroad employees helped the consignee to unload the freight. It appears clearly that the consignee provided men to unload the cars, that it paid the passenger fares of these employees whose duty it was to handle the freight. If any assistance was given by the train brakeman it was merely by way of accommodation, or perhaps to make possible an earlier departure from the station.

If any inference can be drawn from this record on this phase of the case, it must therefore be unfavorable to the proposition. For if local shipments were to be handled by the carrier, and only in case of carload shipments was the consignee required to handle the freight, what conclusion must we draw from the fact that the consignee provided two men to unload each car of freight?

But this contention is conclusively answered by further reference to the rules in question. Neither rule forbids

an employe of the railroad from helping the shipper to unload the freight.

It follows from what has been said, that plaintiff in error was entitled to a carload rate on each of its four shipments and the charges set forth in the indictment are supported by the evidence.

The judgment is reversed and a new trial ordered.

MEAT DISTRIBUTION BILL

The Traffic World Washington Bureau.

A proposal that the government shall exercise a degree of control over the distribution of meat and meat food products in peace-times akin to that which it has been exercising during the war is contained in a bill (H. R. 13324), introduced by Representative Sims of Tennessee, chairman of the interstate and foreign commerce committee of the House. The bill was referred to his committee for consideration.

The desire is to place the meat-packing industry under control so as to prevent, Mr. Sims said, the monopolistic tendencies of big units in the trade. The bill is limited in its application to the operations of units handling 500,000 head of cattle per annum. The title of the bill is "to provide transportation, storage and marketing facilities for and regulate commerce among the states in live stock, meats and other products derived from live stock or the slaughtering of live stock."

The bill is largely a transportation measure, because one of its main features is a declaration that the operation of all refrigerator and specially equipped cars for the transportation of live stock, meats and other animal products is to be exclusively a function of the United States, which means that others are not to engage in the business. The bill is as follows:

"That in further regulation of commerce among the states for the purpose of providing adequate transportation, storage and marketing facilities for live stock and for meats and other products derived from live stock, or the slaughtering of live stock, with respect to such commerce the President of the United States is authorized—

"(a) To acquire from time to time for the United States through such agency or agencies as he may designate such refrigerator cars and cars specially constructed or equipped for the transportation of live stock or meats or other products derived in whole or in part from live stock or the slaughtering of live stock, which cars are owned or operated by others than railroads engaged in interstate commerce, as he deems fit for service and necessary or appropriate for the purposes of this Act, together with such feeding stations, icing stations, car shops and other adjuncts, appurtenances and facilities as he may deem necessary or appropriate for their operation; all stockyards at which the receipts of live stock during the calendar year nineteen hundred and seventeen exceeded five hundred thousand head, together with such terminal and belt railroads, exchange buildings, rendering plants, serum plants, market news services and such other buildings, adjuncts and appurtenances as he may deem necessary or appropriate for the operation of such stockyards and facilities and for the operation of competitive live stock markets; such cold storage and freezing plants and warehouses, together with such adjuncts and appurtenances of the same, as he may deem necessary or appropriate to provide facilities for the operation thereof, or for the storage and competitive marketing of meats or other products derived in whole or in part from live stock or from the slaughtering of live stock.

"(b) To acquire, construct or establish from time to time for the United States, through such agency or agencies as he may designate, such additional refrigerator cars, specially equipped cars, stockyards, storage facilities and marketing facilities, together with such adjuncts and appurtenances for the operation of the same as he may deem necessary or appropriate for the purposes of this Act.

"(c) To acquire for the United States, through such agency or agencies as he may designate, such real estate as he may deem necessary or appropriate for the development and improvement of such stockyards, transportation facilities, storage facilities and marketing facilities.

"(d) To acquire for the United States, through such agency or agencies as he may designate, such real estate as he may deem necessary or appropriate for the location thereon of packing houses, rendering plants, serum plants

and other establishments or facilities for the preparation and manufacture of meats and other products derived in whole or in part from live stock or the slaughtering of live stock, and to lease or license the use of such real estate and facilities connected therewith upon such terms and conditions as he may deem necessary or appropriate, such leases and licenses to be revocable in the discretion of the President, and upon such terms as he may from time to time prescribe.

"(e) To operate for the United States, as common carriers, through such agency or agencies as he may designate, all stock cars, refrigerator cars and specially equipped cars acquired for the United States under the provisions of this Act.

"(f) To operate for the United States, through such agency or agencies as he may designate, all stockyards, storage facilities and marketing facilities acquired for the United States under the provisions of this Act as public utilities upon payment of such charges and upon compliance with such conditions and regulations as may from time to time be prescribed by him or such agency or agencies as he may designate for that purpose.

"(g) To acquire, by purchase, lease or condemnation, the cars, stockyards, real estate and other properties which he is, by the provisions of this Act, authorized to acquire.

"(h) To establish such agencies, appoint such officials and employes, make such rules and regulations, prescribe such fees, tariffs and charges, and lease, license or apportion the use of any property or facilities of property acquired under the provisions of this Act upon such terms and conditions as may, in his judgment, be necessary and appropriate to effect the purposes of this Act.

"Sec. 2. That for the more effectual carrying out of the purposes of this Act the operation in interstate commerce of all refrigerator cars and specially equipped cars for the transportation of live stock, meats and other products derived in whole or in part from live stock or the slaughtering of live stock is hereby declared to be exclusively a function of the United States, and shall be operated exclusively by such agency or agencies as the President may designate under the provisions of this Act, or by such licensee or licensees as he may designate and upon such terms as he may provide in and by license issued by him for such purpose and under such regulations as he may from time to time prescribe.

"Sec. 3. That for the more effectual carrying out of the purposes of this Act, all persons, partnerships, associations or corporations engaged in the operation, in interstate commerce, of stockyards or the adjuncts, appurtenances and facilities hereinbefore enumerated or engaged in the purchase, manufacture, storage or sale in interstate commerce of live stock or the products derived in whole or in part from live stock or the slaughtering of live stock, shall operate exclusively under license issued by the President through such agency or agencies as he may designate, and upon such terms as he may prescribe in such licenses and under such regulations as may from time to time be prescribed by him or with his approval by such agency or agencies as he may designate; Provided, That such license shall be revocable at the discretion of the President; Provided further, That the provisions of such license may include the relation, direct or indirect, of the licensee to the purchase, manufacture, storage or sale in interstate commerce, of commodities other than live stock and the products derived in whole or in part from live stock or the slaughtering of live stock.

"Sec. 4. That when, in his judgment, such action shall be necessary or useful for the purposes of this Act, the President may form one or more corporations under the laws of any state, territory or district of the United States, as an agency or agencies for the purchase, extension, lease, release, maintenance or operation of such property as may be lawfully acquired under this Act and for the doing of such things as may lawfully be done under this Act; the capital stock of such corporation or corporations thus formed shall be subscribed and retained by the United States, and shall be issued and paid for out of the funds provided under authorization herein, or otherwise provided by Congress, in such amounts and at such times as the President shall direct. The directors of any such corporation shall not be more than five, and shall be appointed by the President, by and with the consent of the Senate.

"Sec. 5. That for the purposes of this Act there is

authorized to be appropriated, out of any funds in the Treasury not otherwise appropriated, the sum of \$500,000, to be used as a revolving fund, and all moneys and other property derived from the operation, leasing or licensing under the provisions of this Act are hereby declared to be the property of the United States; and unless otherwise directed by the President shall not be covered into the Treasury, but such moneys and properties shall be an addition to and a part of the revolving fund hereby created. The President shall each year, as soon as practicable after January 1, cause a detailed report to be made and submitted to the Congress of all receipts and expenditures made under this Act, and of the acts of the agency or agencies employed hereunder. At such periods as the President shall direct the books shall be closed and the balance of revenues over disbursements, or such part as he may deem advisable, shall be covered into the Treasury of the United States. If such revenues are insufficient to meet such disbursements, the deficit shall be paid out of such revolving fund in such manner as the President may direct.

"Sec. 6. That if any section or provision of this Act shall be invalid for any reason whatsoever, the invalidity of such section or provision shall not be construed to affect the validity of any other section or provision thereof."

TRAFFIC REPORT

The Traffic World Washington Bureau.

Transportation conditions throughout the entire country showed a decided improvement for the week ended December 9 according to a report made public December 11 by Director General McAdoo. Passenger traffic increased, both in regular and limited Pullman trains, while in some of the regions additional train service has been established. The discontinuance on the part of the Director General of the surcharge on parlor and sleeping cars made a noticeable addition to travel, especially in the southwestern region. Following is the summary.

Eastern Region: While movement of freight traffic as a total shows some decrease it is believed that the readjustment of trade conditions will gradually remove this tendency.

Cars of freight at New York terminals show quite an increase as a result of stopping export of a great deal of overseas freight; domestic freight on hand at terminals shows no increase.

During the month of November 9,344 cars of eastbound traffic were handled by Lake Michigan car ferries, avoiding the Chicago gateways.

New schedules in effect December 2 for eastbound perishable freight.

Movement of food and supplies for export via New York shows large increase in the last half of November over the first half of that month.

Increase in passenger traffic, both in regular and limited Pullman trains, and heavy movement of troops to interior mobilization camps.

Allegheny Region: Regular passenger travel normal, but war workers' special train service being further withdrawn, although one new night train was arranged from South Bethlehem to Souderton, Pa., for workmen of the Bethlehem Steel Company.

Further progress made in the interchangeability of passenger tickets between roads in this region.

Coal production is still increasing.

Loading of express traffic being followed up, and resulting in some elimination of express cars by the better loading of others.

Further lifting of embargo against rail shipments.

Piedmont Region: General passenger travel very heavy, particularly due to the discharge of soldiers and sailors and laborers returning from munition plants.

Ticket offices greatly taxed but relief assumed.

Additional train service on the Norfolk & Western locally to accommodate the increased traffic.

Movement of freight shows material increase over previous week, particularly in coal and lumber.

Southern Region: Passenger travel generally normal, although in some spots the influenza continues to discourage travel.

The winter tourist travel to Florida is gradually increasing, and the ticketing of discharged soldiers has been

extremely heavy, active measures being taken to equip the ticket offices to handle the business.

Passenger equipment has been generally available to accommodate the traffic, except some temporary trouble on the Richmond-Washington Line.

Pullman and parlor car service established November 25 between Jacksonville and Tampa on the Seaboard Air Line trains Nos. 3 and 4.

Women students graduating November 16 from the schools of instruction have been placed in various offices, and reports in regard to their efficiency are very satisfactory.

The work of the Southern Freight Service Bureaus seems to be increasing, and it is believed their usefulness to the public is being enlarged.

Movement of cotton is still slow, and this has its effect on the purchasing power of the communities, and therefore on the general movement of traffic.

Refrigerator car supply for southern perishables is good. Northwestern Region: No report.

Central Western Region: Grain loading shows small increase, and live stock a large increase, but the freight movement shows very heavy decrease, owing to the slowing up of business.

Loading of L. C. L. freight at number of stations shows an average increase of 10 per cent in weight per car.

California orange crop is estimated at 14,322,000 boxes, or practically twice the crop last year, while the lemon crop promises 25 per cent increase over the heavy crop of two years ago.

Passenger travel is still below normal, but shows slight improvement.

Reports received from all lines on the new dining car service indicate general approval.

Southwestern Region: Oil fields contiguous to Ranger, Tex., developing rapidly, but sulphur loading at Freeport, Tex., and Sulphur, La., shows decrease, due to the armistice.

Coal movement shows reduction, due to the mild weather and the large supply stored by industries.

Oil from midcontinent field continues to show heavy movement.

Movement of forest products continues to increase.

Regular passenger travel increasing and unusually heavy to California and Texas.

Through sleeper via Missouri Pacific reinstated between St. Louis and Denver.

Discontinuance of surcharge in parlor and sleeping cars has resulted, it is reported, in marked increase in the travel in these cars.

War Department: Condition at New York shows considerable improvement over past three or four weeks by better unloading.

Some accumulations at various storage points, due to the heavy movement to these points of traffic primarily intended for overseas.

Newport News continues to be badly congested, but the discontinuance of this point for overseas traffic will help out the situation materially.

Situation on Pacific coast in good shape.

Transportation conditions through the entire country generally satisfactory, and the work of reconsigning and diverting to interior storage of large quantities of War Department property originally consigned to the ports for overseas, is reported to have been satisfactorily handled by the carriers.

Navy Department: Congested situation at the Navy Bush Terminal, New York, which will have to be relieved by embargo if the increased efforts to unload are not successful in furnishing relief.

Necessity developing for unusually large amount of storage room to take care of the winding up of contracts and the return of a good deal of material from overseas; a great deal of this material will have to be shipped back to interior points.

Establishment of freight agency at Hampton Roads naval base, Sewalls Point, by the Virginian Railway has been very helpful.

Fuel Administration—All Regions: Full car supply and transportation ample. Tidewater Vessel supply short at Hampton Roads. Coke—Movement good. Production still short of requirements.

General: Influenza continues spreading in coal region. Bituminous coal production adequate, though further re-

General: Traffic is still short, but distribution improved. East Administration: Oil Section: East of Mississippi River still reports no volume of tonnage.

Mississippi district, decrease in loading, due to reduced export movement.

Texas and Louisiana districts, increased loading, due to increased production from Ranger field.

Transportation and car supply generally satisfactory.

Food Administration: Fresh meats and packing-house products situation reported generally good.

Some complaint of movement from Birmingham, Ala., to New York, which is being looked after.

Live Stock: The permit system on hogs has been removed and all restrictions withdrawn for the present.

Fruits and Vegetables: Movement from Florida territory becoming quite heavy, but car supply sufficient.

Car situation in New York apple district in good shape.

Grain: Permit system continued on wheat alone.

December program of export grain and grain products extremely large, and it is expected that the ship tonnage will be available to carry it out. This will result in further relief to interior markets.

U. S. Shipping Board: Report labor difficulties and slow unloading at number of yards, but the accumulations are not serious and are being energetically handled.

Shipping Board suspended work on 314 hulls and stopped overtime at shipyards, except in special instances. It is expected that this will reduce the tonnage movement to the yards.

Express Section: No congestions or unusual conditions in the express department this week.

Arrangement with Post Office Department for through storage car movements expected to relieve stations.

Complaint as to delay in mails being actively investigated and correction applied.

Agricultural Section: All reports of winter wheat show increased acreage and good crop conditions.

Active interest in new plants for canning and dehydrating fruits and vegetables.

Agricultural departments of individual railroads actively aiding farmers.

Coastwise Steamship Line: 14,814 bales of cotton handled at Gulf and south Atlantic ports.

Movement of raw sugar New Orleans to New York and Boston proceeding satisfactorily.

Number of vessels containing returning troops arrived at Control Committee, and more will be released.

Of the four lake boats taken over by the coastwise lines three will be released and action on the fourth will be determined later.

Troop Section: Discharge of men has proceeded, but not very rapidly, the total of which we have record being 80,500.

Number of vessel containing returning troops arrived at New York.

General demobilization proceeding in an orderly manner.

Exports Control Committee: Arrangement for storage of accumulation of supplies which will not be needed overseas by United States and allies is progressing very favorably.

Plan of throwing overboard at sea high explosives accumulated at seaboard is expected soon to be carried out.

Some shortage in ocean tonnage needed for the Food Administration's program.

North Atlantic Ports: Deliveries of export freight slightly less than arrivals.

Southern Ports: Small increase in cars on hand.

Heavy volume of nitrate of soda stored at several ports.

At Mobile the Cuban traffic has been actively resumed.

Pacific coast port situation not showing very much improvement, owing to change in vessel schedules.

Traffic Executive of the Allies: Report car supply, movement and arrival at ports satisfactory, and some anxiety as to the grain situation at Baltimore.

General: Cattle receipts at Chicago show small increase, while hogs and sheep receipts show quite a heavy increase, particularly the latter.

Slight increase in blast furnaces idle on account of necessary repairs.

General transportation conditions reported excellent.

Storage of production in coke districts, but no lack of transportation for same.

HANDLING OF TRAFFIC

The Traffic World Washington Bureau.

Director-General McAdoo, December 7, issued a comparative statement showing the traffic handled by the railways under federal control at twenty-five of the more important railroad termini of the country during the week ending Nov. 7, 1918.

The subjoined statement shows an increase of 2.62 per cent in the tonnage, as against a decrease of 7.86 per cent in the number of cars used to carry the increased tonnage.

	Cars		Tons	
	1917	1918	1917	1918
Atlanta	2,515	2,128	80,767	80,122
Birmingham	4,131	4,462	176,659	240,532
Boston	8,716	7,311	128,037	157,931
Buffalo	8,153	7,114	284,337	251,773
Chicago	49,177	49,277	1,572,698	1,650,778
Charleston	1,150	2,001	20,791	42,688
Cleveland	8,726	9,508	307,088	360,759
Duluth & Superior	24,704	22,782	1,073,390	970,239
Galveston	1,366	1,211	29,670	26,224
Hampton Roads	11,737	14,787	497,961	623,860
Kansas City	6,940	8,796	173,922	229,406
Los Angeles	1,905	1,538	41,980	32,600
New York	27,155	24,298	653,528	625,952
New Orleans	3,867	4,486	116,610	154,316
Omaha	4,333	3,804	144,492	130,973
Portland	1,737	2,044	44,810	52,957
Philadelphia	48,969	13,749	516,396	446,832
Pittsburgh	7,298	6,674	248,366	256,543
St. Louis	11,947	12,109	418,476	418,984
Seattle	2,238	3,082	67,276	83,362
San Francisco	2,678	2,587	84,220	62,056
Savannah	1,865	1,519	33,080	33,075
Tacoma	1,231	1,208	14,294	38,420
Twin Cities	12,246	9,840	316,200	252,822
Toledo	8,270	8,560	346,479	381,960
Total	233,104	214,775	7,391,527	7,585,764
Increase				194,237
Decrease		18,329		
		=7.86%		=2.63%
Average tons per car...			32	35

LOADING OF COAL

The Traffic World Washington Bureau.

A report has been received by the Director-General from the Car Service Section of the Railroad Administration on the quantity of coal of all kinds loaded by roads for week ended Nov. 16, 1918, as compared with the same period of 1917, a summary of which follows:

	1918	1917
Total cars bituminous	164,990	199,673
Total cars anthracite	26,931	40,866
Total cars lignite	3,502	4,778
Grand total cars all coal.....	195,423	245,317

A summary of reports for week ended Nov. 23, 1918, as compared with the same period of 1917, based on actual reports from most roads, but with the estimated results of some roads, follows:

	1918	1917
Total cars bituminous	188,441	196,976
Total cars anthracite	35,542	40,930
Total cars lignite	4,027	4,722
Grand total cars all coal.....	228,010	242,628

Total increase of 1918, up to and including week ending November 23, over the same period in 1917, 630,539 cars.

A report was received December 9 for the week ended Nov. 23, 1918, as compared with the same period of 1917, a summary of which follows:

	1918	1917
Total cars bituminous	189,341	198,083
Total cars anthracite	35,542	40,930
Total cars lignite	4,248	4,535
Grand total cars, all coal.....	229,131	243,548

A summary of reports for week ended Nov. 30, 1918, as compared with the same period of 1917, based on actual reports from most roads, but with the estimated results of some roads, follows:

	1918	1917
Total cars bituminous	165,319	179,410
Total cars anthracite	30,041	37,027
Total cars lignite	4,133	4,733
Grand total cars, all coal.....	199,493	221,170

Total increase of 1918 up to and including week ending November 30, over the same period in 1917, 608,053 cars.

McADOO'S FIVE-YEAR PLAN

The Traffic World Washington Bureau.

In a letter to Senator Smith of South Carolina, chairman of the Senate committee on interstate commerce, and Representative Sims, chairman of the House committee on interstate and foreign commerce, Director-General McAdoo advocates extension of the period of government control of railroads until Jan. 1, 1924. He said the President had given him permission to say that this conclusion was in accord with his own views.

The Director-General asserted that to continue government operations under present conditions for twenty-one months after the formal declaration of peace—the limit set by the present law—is impossible. Unless the legislation provided the roads must be returned to private ownership "at the earliest possible moment."

The prompt return of the railroads to private control, without legislation to permit elimination of the old wasteful competition, he said, would be "hurtful alike to the public interest and to the railroads themselves."

Railroad officials are understood to be not in favor of such a plan. Men who keep in touch with the shippers' side of railroad problems were unprepared for Mr. McAdoo's letter. They have been interested chiefly in rates and, primarily, during the war, in their relationship. Incidentally they have considered government control as it might increase or diminish the cost and efficiency of carrier service. At this time their chief indictment against government control is that it makes rates too high and that, therefore, government control looks like a luxury in which Americans cannot afford to indulge if they hope to compete in world markets with products from lands where costs are lower.

While Mr. McAdoo says a five-year period would have the effect of taking the railroads out of politics for a period long enough to enable a trial of his plan, the effect would be, it is pointed out, to bring the question to the fore in the presidential campaign of 1924.

Oppose McAdoo Plan.

If Director-General McAdoo desired to start discussion in Congress as to what should be done with the railroads, he certainly succeeded when he dispatched his letter to Senator Smith and Representative Sims. It drew forth a speech from Senator Kellogg, of Minnesota, suggesting that it shows what he believed when the railroads were taken over—that the scheme was not one for war purposes, but to "put over" government ownership. His idea was that the request for five years in which to make experiments indicated a lack of frankness.

"The railroads were taken over presumably by the government—that was the statement made—for war purposes," observed Senator Kellogg, after he had said the McAdoo letter was a most remarkable document. It was denied at that time that they were taken over to make a test of government ownership. Now Mr. McAdoo says we want five years to make a test. A test for what purpose? Not for war purposes, but a test for government ownership. That is the real bottom of the whole thing."

Senator Kellogg advocated immediate consideration of the problem. At a meeting of the Senate interstate committee he reiterated his opinion on that point expressed the day Congress met. Chairman Smith agreed to a meeting for December 19. Had he not done so, Senator Kellogg intended offering a resolution directing the committee to meet. Senator Smith announced a call for the meeting in the course of Kellogg's speech.

Senator King of Utah suggested that, inasmuch as many Democrats are in sympathy with the views expressed by Senator Kellogg, the latter introduce a resolution calling on the Interstate Commerce Commission to prepare a plan for dealing with the situation. Kellogg said he would do so. That is taken to mean that anti-government ownership senators will look largely to the Commission for advice as to how to handle the situation.

Senator Smith, in talking about the McAdoo letter, indicated that he was not in sympathy with it. He referred to it as a personal letter, but Senator Kellogg reminded him that Mr. McAdoo said in it that the President authorized him to say that he concurred in the views therein expressed. Senator Kellogg wondered how the President could entertain such views when, ten days ago, he told Congress he had no plans.

"When did the President give that suggestion to Mr. McAdoo?" asked Kellogg.

Acceptance of the McAdoo plan, the prevailing sentiment among congressmen seemed to be, would result in government ownership being "put over."

Senator Martin, Democratic leader of the Senate expressed himself as being hotly opposed to the McAdoo plan. Senator Pomerene, Ohio, Democrat, said he would have to "be shown" before he could be persuaded to accept it.

Only Mr. Sims, of prominent members who expressed themselves, indorsed the plan. He is chairman of the House committee on interstate and foreign commerce. He, though admitting the seeming futility of trying to force through such legislation at the present session, announced he would prepare a resolution carrying out Mr. McAdoo's recommendation. He expects to confer soon with the Director-General to discuss the general provisions of the resolution.

A number of important amendments to adjust the railroad bill enacted last winter to peace time conditions will be necessary, Mr. Sims thought. He also estimated that a revolving fund of \$2,500,000,000 might be necessary, on the basis of the estimate of \$500,000,000 a year for five years.

Representative Each of Wisconsin, ranking Republican member of the House committee, declared that if the government retained control of the railroads for five years the task of "unscrambling" at the end of that time would be almost "superhuman" and government ownership would be a probable result.

"I do not understand that a recommendation on the part of Mr. McAdoo, or of any one else, now that the war is over, is anything more than merely his opinion," said Senator Smith of South Carolina. "Those of us who are charged with the responsibility of facing what, in my opinion, is the greatest problem that confronts the American people will face that problem as American citizens and will solve it in the light of the best judgment we can exercise, without taking anyone's preconceived notions about it."

"Congress through its committee on interstate commerce ought to take action at once upon a railroad bill," Senator Kellogg said. "We ought to authorize the railroads to co-ordinate all their facilities, equipment, terminals and route freight and passengers where they can be routed cheapest. But this should be done under a strong government control. We ought to regulate the nature of securities of railroads and give the commission power to compel them to grant unified service."

"I predict that at the end of five years it would be made absolutely impossible for private ownership again to resume control of the railroads."

Numerous senators, like Senator Martin, who did not take part in the debate expressed their opinions in interviews.

"It is an impossible proposition," said Senator Townsend of Michigan, a Republican member of the interstate commerce committee. "It bears no evidences of sincerity."

Senator Borah of Idaho said: "I am opposed to the proposition. The present situation is unbearable. It is neither public ownership nor private ownership."

"I am opposed to Mr. McAdoo's proposal," said Senator Penrose of Pennsylvania. "As he is retiring from the department, I do not see that his opinion should be entitled to any consideration. In my opinion he has brought about such a state of demoralization on the railroads and express companies that he has set the cause of government ownership back fifty years. We will all be dead by that time."

Text of Mr. McAdoo's Letter.

The full text of the McAdoo letter follows:

"The question of railroad legislation is of such vital importance to the country that I take the liberty of submitting to you my views as to the course that should now be pursued. The war is ended and we are now confronted with the necessity either of legislating intelligently about the railroad problem at this session of the Congress or of promptly returning the railroads to their owners."

"Less than three months of the present session of the Congress remain. It will be impossible, I presume, to secure legislation in this short period providing a permanent solution of the railroad problem. This being true, only three courses are open: (1) Government operation of the railroads for one year and nine months following

a proclamation of peace, which would mean, in my judgment, government operation for a period in no event longer than two years and three months; (2) the prompt return of the railroads to private control; or (3) extension of the period of federal control to five years.

"I am convinced that it is wholly impracticable, as well as opposed to the public interest, to attempt to operate the railroads under the provisions of the present law. In the first place, the time is too short, and, secondly, the present legislation is inadequate.

"As to the shortness of time, it is clear to me that the railroads cannot be successfully operated under federal control during the next two years in the face of an automatic transfer to private control at the end of that time or of an earlier relinquishment by proclamation of the President. Every month that passes will bring more clearly to the minds of the officers and employees the fundamental change in management that is impending, and the question as to what that change means to the individual. It is against human nature that there can be complete and single-minded attention to duty under such difficult circumstances. This will be especially true on account of the inevitable discussion as to what ought to be done. Already this discussion is in full swing and its reaction on officers and employees cannot be consistent with the complete concentration upon their daily duties. State railroad commissions, railroad security holders, railroad executives, shippers' organizations and other interests are naturally and properly discussing the subject and proposing various solutions. However desirable the discussion is for the crystallization of public sentiment, it cannot result otherwise than to produce a state of uncertainty and ferment among the vast army of railroad officers and employees who will inevitably feel that they face a rapidly approaching change in management.

"No business in the United States so imperatively requires disciplined organization and composed conditions of operation, for officials as well as for employees, as the railroad business. Not only does the safety of the lives of millions of passengers depend upon such disciplined and efficient organization, but the commerce of the country as well. To keep this vast army of officers and employees in a state of uncertainty and ferment for a period of two years would be harmful in the highest degree to the public interest. It would be impossible to prevent a serious impairment of the morale of the railroad organizations.

"From the standpoint of needed improvements, the period of two years is entirely too short a time within which to plan and carry out the comprehensive improvements which ought to be made to meet the country's requirements under peace conditions. Many of the improvements could hardly be completed and put into operation inside of the two-year period, and under such circumstances and facing a change to private management at the end of two years, it would be unwise in the highest degree to make the improvements and impossible to secure the hearty co-operation of the railroad corporations.

"Because of the inadequacy of the present legislation, the authority of the states and the federal government has been left in doubt by provisions which I opposed when the bill was under discussion. Conflict between state and federal jurisdictions will grow more acute under this law. The revolving fund appropriated by Congress will be insufficient to carry the federal operation for a two-year period. More than that, it is of the utmost importance to the commerce, industry and life of the American people that a comprehensive program of improvements to railroad properties shall be carried forward over a period of at least five years; such a program will involve expenditures of at least \$500,000,000 per annum, or \$2,500,000,000 for the five-year period. The needed funds are not provided by the present law. Moreover, it is difficult under the present law, without the consent of the corporations, to carry forward a comprehensive plan of joint improvements, which, to be of value to the public, must of itself disregard the selfish and irreconcilable competitive interests of the various carriers. Many terminal improvements, to be genuinely serviceable to the public, must be made without regard to the interest of any particular carrier. Therefore, agreements between the government and the railroads affected will, in many instances, be impossible, and if the government should proceed with such improvements, using the people's money for the purpose, without securing the carriers' consent,

litigation would undoubtedly arise upon the termination of federal control, with the danger that a large part of the government's investment in the properties might be lost.

"Upon the efficiency of the transportation machine in America depends in great measure the future prosperity of the nation. Involved in this prosperity is the extension of our foreign trade. We produce so much more than we consume that markets must be found for that surplus. Those markets are the competitive markets of the world. We must be able to enter them upon equal terms with any other nation. Our transportation system, both on land and water, must therefore function at the highest point of efficiency and at the lowest possible cost, if we are to get our reasonable and fair share of the world's trade and in turn be able to keep a prosperous, contented and happy population at home.

"To attempt to continue federal control under the inadequate provisions of the present federal control act and for the very brief period it authorizes, would be to multiply our difficulties and invite failure. On the other hand, I am convinced, from the experience of the past year, that the return of the railroads to the old competitive conditions will be hurtful alike to the public interest and to the railroads themselves. This course, however, will bring fewer evils in its train than the unsatisfactory, if not impotent, federal control provided for by the present act. The railroads were taken over as a war measure. They have been operated during the past year for the paramount purpose of winning the war. I think it will be generally admitted that the war service has been successfully rendered, and I am sure that experience of great value and benefit has been gained not only for the public but for the railroads themselves during this brief test.

"There is one, and, to my mind, only one, practicable and wise alternative, and that is to extend the period of federal control from the one year and nine months provided by the present law to five years, or until the first day of January, 1924. This extension would take the railroad question out of politics for a reasonable period. It would give composure to railroad officers and employees. It would admit of the preparation and carrying out of a comprehensive program of improvements of the railroads and their terminal facilities which would immensely increase the efficiency of the transportation machine. It would put back of the railroads the credit of the United States during the five-year period so that the financing of these improvements could be successfully carried out. It would offer the necessary opportunity, under proper conditions, to test the value of unified control, and the experience thus gained would of itself indicate the permanent solution of the railroad problem.

"The American people have a right to this test. They should not be denied it. It is to their interest that it should be done. In my opinion, it is the only practicable and reasonable method of determining the right solution of this grave economic problem.

"I am not now and have not been for the past year interested in proving or disproving the theory of government ownership or any other kind of theory. The railroads have been operated for the past year with the purpose of serving efficiently the paramount needs of the war and at the same time furnishing the best possible service to the public, whether such operation tended to prove or to disprove any theory of railroad control, no matter what it might be. I have formed no opinion myself as to what is the best disposition of the railroad problem, because the test has not been sufficient to prove conclusively the right solution of the problem. I believe that a five-year test will give the American people the right answer. An ounce of experience is worth a ton of theory and, with the start already made under war conditions, it would be a comparatively simple matter to complete the test so well begun and thereby gain the invaluable experience which will determine the solution of a problem which has vexed our state and national politics and our economic development for the past generation.

"There are those who may say that an extension of five years for such a test will mean government ownership. Personally I do not believe it. But whether such a test would indicate that the ultimate solution shall be government ownership or a modified form of private ownership under effective federal regulation, should not cause us to hesitate or refuse to act. It seems to me that in a democracy like ours, where public opinion and the

judgment of the majority must finally control, the plain duty is to take those steps which will fully inform public opinion, so that the judgment may be based upon knowledge rather than upon theory. Any test which will illumine the subject so completely that public opinion may operate upon it intelligently would seem to me to be desirable in any circumstances.

"In this connection, may I draw your attention to the statement I made before the committee of the Senate on Jan. 21, 1918, in reply to a senator who asked if I believed in the government ownership of railroads." I said:

"I do not, or I have not, at least, felt that it was necessary to take the actual ownership of the railroads. I believe that it will be impossible, after the return of peace, to restore the competitive conditions to the same extent as they existed prior to the outbreak of the war. I favor some form of government regulation and control of a far stronger, more intelligent and effective character than we have had heretofore, because I am satisfied that a stronger government control will be demanded and will have to be worked out, both in the interest of the public and in the interest of the security holders of these railroads."

"Those who may oppose an extension of five years should face the situation squarely and acknowledge that they prefer the immediate return of the railroads to private control under the old conditions without remedial legislation. It is idle to talk of a return to private control under legislation which will cure the defects of the existing laws. There is neither time nor opportunity for such legislation at present. It is impossible and hopeless for the government to attempt the operation of the railroads for twenty-one months after peace under the present law. Therefore, the country should squarely face the condition that the railroads must promptly go back into private control with all existing legal difficulties, unless the only practical alternative, viz., an extension of time, is promptly granted."

"I hope that the Congress in its wisdom will grant a five-year period for a test of unified railroad operation under proper provisions of law which will make that test effective and at the same time take the railroad question out of politics while the test is being made. Unless this is done, I do not hesitate to say the railroads should be returned to private ownership at the earliest possible moment. The President has given me permission to say that this conclusion accords with his own view of the matter."

Chances for Legislation

At this time there is no limitation on speculation as to what Congress will do with Director General McAdoo's request for a five-year extension of government operation of the railroads. That is so because the composition of the next Congress will differ considerably from that of the present. If the speculation were confined to the present, an ordinarily cautious man might be warranted in saying that the request would be denied.

Such a conclusion would be founded on the fact that the existing Congress is the one that granted the twenty-one months' period after the war for the continuance of government control, after strenuous efforts on the part of Mr. McAdoo's adherents to make it either an unlimited tenure or one for a long term, five years being one of the suggestions.

"I have not seen the whole letter," said Representative Eack of Wisconsin, who will be chairman in succession to Mr. Sum of Tennessee, one of the recipients of Mr. McAdoo's letter. "You will remember, however, that the House Committee voted down, without the formality of a roll call, a form of the bill that would have left the tenure without limit. It also defeated a five-year term. As finally passed by the House, the bill fixed a two-year term on the control. The Senate passed it with a term of eighteen months. The compromise was twenty-one months."

The ordinary idea is that the Congress that will come into power on March 3 will contain an overwhelming opposition to a continuance of government control longer than absolutely necessary for the government to pay the railroads what it owes them.

As to the chances of reconstructive legislation by the existing Congress, they are generally believed to be about one in three. The only legislation at this session considered possible is the passage of a bill depriving the

President of the rate-making power. There is no chance, it is believed, of the passage of an independent bill, carrying such deprivation. The same end, however, can be accomplished by means of a rider to some appropriation bill.

Generally speaking, men representing shippers have not been interested so much in reconstruction legislation as they have been in methods to get rid of some of the fruits of government operation. Most of their work for the past year has been to bring about a proper relationship of rates and prevent extreme action on the part of Mr. McAdoo's advisers in their pursuit of uniformity and standardization.

They have been opposed to government operation because its fruits have been bitter. They have not, as a rule, had anything to say on the general subject of the undesirableness of paternalism in this country because their fighting has been to prevent ruin for individual plants by reason of what have been called the quirks caused by General Order No. 28. They found the product of government operation to be an expense out of proportion to the good accomplished.

The shippers, it is believed, are ready to acknowledge the benefits that have flowed from the operation of the railroads by an authority that could disregard the fifth, or anti-pooling, section of the act to regulate commerce and could sanely route trains or cars, or both, without financial punishment for this sanity. They know the value of intensive car and train loading. As a rule, they would be pleased to load every car to the roof. The fact that buyers could not, or thought they could not, handle 60,000 pounds of sugar at one time, is the only reason why they have not advocated a 60,000 pound minimum such as the Food Administration ordered.

Not one of these benefits has been minimized. The only point that has been made has been the query, "Is it worth what it is costing?" The query now is whether the ultimate benefit to the country would be worth what it would cost to keep Mr. McAdoo or any other possible appointee of any president in control of the railroads for five years more.

The Director-General's letter to the two chairmen, generally speaking, is regarded as a reiteration of the president's threat to turn the railroads back to their owners "presently," if Congress does not legislate for a continuance of the term of government control. It is believed the Director-General knows better than anybody else that the railroad corporations are not prepared to resume control of their property. And why they are not, it is believed, will be a pertinent question. The answer, it is also believed, will be that they are not prepared for a return because the government has not maintained the property in as good condition as it was before it seized it.

Another fact is that the government has not paid the rent the federal control law, by inference, required the Director-General to pay. As to why the rent has not been paid, the fault, the railroad lawyers admit, lies not wholly on the side of the Railroad Administration. They have fought for monetary concessions the Railroad Administration has not been willing to make. The delay, therefore, is attributable, in part, to the acts of the agents of the corporations.

The day the letter was published twenty-four railroad presidents were in session at Philadelphia determining, if possible, to agree upon some plan for immediate action. Also on that day a conference of forty men representing various interests affected by the transportation problem met in the New Willard Hotel in Washington, at the request of the Chamber of Commerce of the United States, to consider plans for the return of the railroads.

At neither the capitol or the New Willard, apparently, was there an appreciation of the fact that there is an implied threat in both the President's message and the McAdoo letter of an immediate return of the railroads to their owners. Nor was there a general appreciation of what seemed to be the fact that the threat, in effect, was to return the railroads to dismiss them—without paying the wages that had been promised.

Conference on Railroads.

No definite recommendation as to the railroad problem from the conference of about forty men called by the National Chamber of Commerce is expected for several days, though it was expected to finish its talking December 13.

The men engaged in the conference are seated at a semi-circular table and talking in turn.

Chairman Daniels, of the Commission, being on President Wilson's right, was the first to talk. C. E. Elmquist, sitting on the left, was to be the last formal speaker. The conferees were disinclined to undertake to quote each other, but one definite statement as to the character of the talks is that they all ignore the fact that there are states and proceed on the assumption that Congress can do as it pleases in legislating on the subject, especially as to the making of laws for the regulation of rates.

Mr. Elmquist was expected to point out, not necessarily as a states' rights man, but as one dealing with facts, that the states are still in existence and, whether north or south, are jealous of what they believe to be their right to control rates and service within their limits.

Mr. Hines expressed personal views, not those of the Railroad Administration. Nearly all the participants limited their utterances to themselves. In other words, they did not presume to talk for any organization of which they are members.

The Newlands Committee.

Senator Smith, of South Carolina, was expected soon to offer a resolution extending the life of the so-called Newlands joint committee, so that it might serve as a committee to make a report on the question concerning the disposition of the railroads, presented to Congress by President Wilson in his address on December 2. Unless its life is extended, it dies by limitation at the end of the month. As pointed out by Representative Esch, of Wisconsin, it is the one body that is familiar with the great questions underlying the one proposed by President Wilson. It has thousands of pages of testimony on the subject. If Congress sees fit, as it was believed it would, to extend its life, it can go forward with the subject with a view to making a report on the exact phase put forward by the President in his message, with infinitely less work than any other body that might be selected.

Senator Smith, who is chairman of the joint congressional committee, did not get around to the work of offering a resolution on December 10, as expected. He was not satisfied with the draft he had prepared when the Senate resumed its work that day. He tried to get the committee together December 6, but he could not find a quorum.

Senator Smith later decided to ask for an extension of life of the Newlands committee and the necessary appropriation for the work of that body in the "proper appropriation bill" instead of by special resolution. The proper appropriation bill would be one to take care of deficiencies and the decision indicates, if anything, that so far as the chairman of the committee is concerned, there will not be any hurry to have it converted into an organization for making a recommendation on the railroad problem.

Senator Kellogg, who, by his speech, temporarily at least took the lead in railroad reconstruction work, thinks the interstate commerce committees know enough to deal with the problem without the taking of any more testimony by the Newlands committee. His thought is that they should go ahead without delay, giving opportunities to those interested to be heard on specific amendments to the act to regulate commerce, which would have the effect of giving the country the benefit of unified operation without the great cost entailed by the plans of the Railroad Administration.

The partisan feeling among senators and representatives is strong, but there is no evidence that party lines could be drawn on any question relating to the railroads. Republican and Democratic senators have introduced bills on the immediate question, what to do with the rate-making power, and on the broader question of the future disposition of the railroads. There is nothing in any of them to indicate party allegiance, so it is hard to ascribe the seeming lack of interest to partisan feeling. Rather the lack may be due to the fact that partisan politics may be encroaching the attention of the members so they have no energy left for what, to those interested in railroad questions, is the far greater problem.

Thus far the advocates of government ownership, either in full or in a limited way, have not disclosed any plan. There was practically no talk in Washington about government ownership or operation prior to the publication of Mr. McAdoo's letter advocating the five-year plan. The only question was as to how the government could let go

of the carriers without bringing disaster to them and to the business interests of the country.

There is, however, a move on the part of labor organizations in favor of government ownership. It is manifested in petitions signed by their unions and forwarded to members of the House and Senate committees and to members of the two houses that are not members of the committees. They began coming in immediately after Director-General McAdoo tendered his resignation, and have continued practically without interruption since then. Most members believe they are inspired by the feeling among the members of the labor unions that if they can persuade the country to agree to government ownership or operation, the high level of wages will be continued.

RAIL OFFICIALS OPPOSE PLAN.

Philadelphia, Pa.—Railroad executives, constituting the Railway Executives Advisory Committee, December 12, gave out a statement in which they declared that Director-General McAdoo's suggestion that the government retain control of the railroads until January, 1924, "would simply lead to delay and confusion, demoralization of the organization of the roads, both on their corporate and operating side, and defer indefinitely a satisfactory settlement" of the railroad problem.

READY TO LEAVE ADMINISTRATION

The Traffic World Washington Bureau.

R. S. Lovett's resignation from the Railroad Administration is regarded as a possible forerunner of other similar retirements. Mr. Chambers and Mr. Gray are said to be seriously considering resignation. No railroad man can see any future for him by sticking to an Administration job unless such retention of office might be at the request of some railroad corporation which thought its interests would be best served by his remaining.

The possibility of Commissioner McChord, or some other man who is classified by the railroad men as pro-shipper, being made Director-General accelerates the preparation of plans to get out. The general run of railroad men now on the Administration pay roll believe they could not work under Commissioner McChord and would have a hard time accommodating themselves to the views of Director Prouty or Secretary Lane. The latter, who was ignored during the war, is now suggested as a good man to help on a big task. Director-General McAdoo, it is generally thought, will choose his own successor. His political interest, if any, would probably cause him to select a man who would accomplish the task of helping his regime let go with the least possible showing of costliness of government control.

In a month or two, unless the Director-General can arrange with the War Finance Corporation subsidiary of the Treasury, the Railroad Administration will be in actual need of funds to operate. Operating expenses are eating up the additional revenues brought in by higher rates. At present Mr. McAdoo is figuring on having the Finance Corporation take over notes given to the Administration by railroads that borrowed money from the half billion revolving fund. That would relieve the situation. Congress will be asked for an appropriation only when all other resources have failed. Congress is regarded as hostile without cause, the irritation caused by the method used in making increases in freight rates not being regarded by the Administration men as justified.

When the railroad men came to Washington ten months ago some of them bought houses in which to live, even at the enhanced war prices. Others took long-term leases. They felt that the railroads would not go back to private control for a long time, if ever. Now the feeling is that they may be turned back to the owners soon, not because the latter are anxious to have them returned right away, but because the Railroad Administration, unless it makes radical cuts in its operating expenses, will not be able to continue operations. The Railroad Administration, according to the last report made by the Interstate Commerce Commission, was \$217,000,000 behind the self-supporting mark set by the Director-General when he made the advances ordered in General Order No. 28.

The resignations of Robert S. Lovett and Luther M. Walter created little surprise. Retirements from the wartime organizations are common nowadays. Some are tendered because the war agencies are believed to be

doomed to early extinction on account of the intolerable-ness of their rule and others because those retiring are not congenitally of the office-holding kind of human beings.

No one would have expected Lovett or Walter to remain in public service, unless there was something to be done more than ordinary administrative work. Lovett's place in the railroad world has been too big to expect him to continue in office, especially in a subordinate capacity. Walter resigned from the staff of the Interstate Commerce Commission years ago, when he was a very young man, because the attractions of private practice were much greater than any the ordinary public service could extend. The tender of a place in the councils of the owners of railroad securities to help prepare for the transfer from public to private control was such employment as a man of his standing could not be expected to turn aside, after the patriotic reason for his acceptance of the assistant directorship under Director Prouty had disappeared. In a letter to Walter accepting his resignation, Director Prouty acknowledged the great value of the services he rendered. After saying the resignation would be accepted, Mr. Prouty said:

"In that connection let me repeat what I have previously said to you, that, while I appreciate the personal reasons which have induced you to take this step, your departure is nevertheless a sincere regret to me. Whatever success or reputation this division has acquired up to the present time upon the Public Service side is largely due to your connection with it."

In announcing the retirement of Director Lovett, Director-General McAdoo said: "I have accepted with great reluctance Judge Robert S. Lovett's resignation as Director of the Division of Capital Expenditures of the Railroad Administration, effective Jan. 1, 1919. He has served with such sound ability and such single devotion to the interests of the country during the trying period of the past year that no commendation, however, strongly expressed, could do justice to him."

"Judge Lovett has not only had charge of one of the most important divisions of the Railroad Administration, but has also been an invaluable coadjutor and counsel in connection with the great problems of unified operation and federal control of the railroads during the past year."

Suggestions that Director-General McAdoo, Director Lovett and other men who are on the point of retiring from the Railroad Administration are like "rats deserting a sinking ship" are common. No one other than perhaps public ownership advocates expected the Railroad Administration to be other than a "sinking ship" the minute the war came to an end. It was created, only after a hard fight, as a wartime agency, not to be tolerated in time of peace. There are men who believe its life would have been longer than it will be had a different policy been pursued in dealing with the public and with the state commissions. That point, however, is not receiving much attention from those who realize the seriousness of the task ever before interested in public matters has on his shoulders. In greater or lesser degree. It is a matter for academic debate whether the life of the Railroad Administration would have been longer had the policy been different. Whatever decision might be reached by those engaged in such a debate would have no bearing, it is suggested, on the questions that must be answered by Congress and before Congress answers, by those like the Railway Executives Advisory Committee, the Association of Railroad Security Owners, the National Southern and Southwestern Industrial Traffic League, and organizations of that character, not to mention the state commissions and individual shippers and railroad men.

RESTORATION OF RATE POWER

The Traffic World Washington Bureau.

Although senators and representatives, chiefly because they are not informed, are inclined to push all phases of the railroad question over to the next Congress, southwestern shippers, at least, are going to make an effort at the present session to deprive the Railroad Administration of its rate-making power. The Southwestern Industrial Traffic League on November 11 went on record in favor of restoring the Interstate Commerce Commission to full power over rates and appointed a committee to devise methods for having that done at once. It does not want to

have hanging over it the possibility of having the Director-General order into effect, overnight, the mileage scales devised by Director Chambers' assistants. It also desires the federal control act amended, at this session, so as to enable shippers and the public generally to take the carriers into the courts for the adjudication of disputes in the local tribunals. It does not object to that part of the law forbidding the levying upon the property of companies in the hands of the government, believing, as it does, that when a judgment is obtained in a court the Railroad Administration will pay it without waiting for the issuance of a writ of execution.

R. C. Fulbright is chairman of a joint committee of the Southwestern league and the Texas Industrial Traffic League appointed to procure legislation restoring the Commission to full power over the rates. He has made some inquiry on the subject with a view to making a report. His greatest difficulty was in explaining to members of Congress that this restoration of the Commission to full power has no connection whatever with reconstruction or final disposition of the railroads. It is merely a proposal to undo something shippers think should never have been done, unless it was intended, in good faith, to carry out the promise made on the floor of both houses of Congress, in President Wilson's behalf, that the power to make rates would never be used by him except to meet great emergencies. Chairman Sims, of the House committee, after the power began being used with utmost abandon, felt constrained to protest to officials of the Railroad Administration against what they had done in the name of the President, and without any conception on his part of the disregard of the assurances Mr. Sims himself had given to members of the House who opposed the grant of power.

He also found some objection based on supposed political reasons. The fact, however, that both Senator Hoke Smith and Senator Cummins have introduced bills for this purpose, it is believed, removes any excuse there might have been for saying the proposed change in the law has any taint of partisanship.

RECONSTRUCTION RESOLUTIONS

The following were among the resolutions adopted by the Reconstruction Conference of business men at Atlantic City last week:

"Congress should speedily enact legislation providing for early return under Federal charters to owners of all railroads now being operated by the Government under Federal regulations, permitting elimination of wasteful competition, pooling of equipment combinations or consolidations through ownership or otherwise in operation of terminals, and such other practices as will tend to economies without destroying competition in service."

"We are opposed to government ownership and operation of telegraphs, telephones and cables. We recommend construction of a great merchant marine and its operation under American control, be kept safe by such legislation as may be necessary to insure its stability and its lasting value to American industries."

"Recommendations of Port and Harbor Facilities Commission of the United States Shipping Board for the development of ports are supported."

"We strongly urge upon the Government the vital necessity of encouraging and developing our foreign trade through all appropriate means possible. It has been the policy of this nation to cultivate relations of close sympathy with nations of the western hemisphere as expressed in the Monroe Doctrine. We believe these relations should be supplemented and strengthened by vigorous development of commercial and financial association with our neighbors of North and South America, by provisions in a constitution adopted while much of the country was engaged in civil strife, and through subsequent legislation Mexican authorities have threatened rights acquired by Americans in good faith, especially in minerals, including petroleum. Against this threatened confiscation the American Government made a formal protest. The attitude taken by the American Government is heartily commended as in accordance with obvious justice."

"We urge upon our industrialists that they take steps to provide opportunities to young men to obtain education in practices of overseas commerce and finance and in practical use of foreign languages. It is of great importance

to American industry that the Government should extend and adequately maintain the work of forest products laboratories."

DEMANDS RETURN OF ROADS

The railroad securities committee of the Investment Bankers' Association presented to the annual convention of the association at Atlantic City, December 9, a report demanding the return of the railroads to private ownership, under government regulation, which will assure adequate earnings and sustained credit to the carriers.

The report, presented by John E. Oldham of Boston, chairman of the committee, is based on the conclusion that the success or failure of private management under a system of reasonable and fair regulation has never been tested, but that the existing method of regulating private management is a demonstrated failure.

It is emphasized that the system which is popularly supposed to have failed has not failed for the reason that it has never been tried.

The report, which was adopted, says:

"Any plan of future government control should eliminate the conflict of control between state and federal bodies.

"The Sherman anti-trust law and state anti-trust laws in their application to transportation should be repealed in the interests of efficiency and economy, because such laws are unnecessary under proper governmental regulation.

"Any plan of government control which increases operating expense and regulates income should assume responsibility for adequate earnings and sustained conditions.

"We may further add that the alternative of government ownership which is being proposed by some as the best solution for the difficulties presented, in the opinion of the committee, does not offer the measure of relief demanded.

"According to reliable authorities the records of government ownership the world over show decreased efficiency, increased expense, lessened initiative, political interference and economic waste.

"Furthermore, we find nothing in the experience of our country in the field of public ownership which encourages the hope that we can profitably extend this sphere."

DISAPPROVES REGIONAL PLAN

(By Julius Kruttschnitt, president and chairman of the board of the Southern Pacific Company, discussing the address of President Wilson)

"My objection to the regional plan as I understand it is that it would start with a forced alienation of the properties at what would no doubt be a sacrifice of values, and would result in a practical destruction of all competition. For what purpose? Apparently, for the purpose of securing the benefits of unified control and the efficiency of federal operation.

"Is it not well to ask whether the price to be paid for these benefits is not too high and whether they cannot be secured at a lower price? There is no reason whatever, as has been proven by past experience, why, with a modification of the federal control which has existed in the past, the public cannot secure the unquestioned benefits of private initiative and of efficiency equally as great as, or greater than, that shown by the Federal Railroad Administration. The latter has made more intensive use of all of the methods the railroads originated in the way of securing greater carloading and greater trainloading, rendered possible by the exercise of powers which had always been denied to private control. As I have already said, these benefits, if the public desires them, can be provided under private control with such governmental regulation as will make the results possible.

"Much has been accomplished by the Federal Administration in suppressing competition and using facilities in common where it was for the public's good. Railroad officers generally believe that the absolute suppression of competition contemplated by the regional plan, as well as by government ownership, would result in stagnation, and that there would be no stimulus for the roads under such a plan to strive continually to better their service; whereas under competition regulated by government, all of the benefits arising from the desire of private owners to in-

crease the traffic and earnings of their roads would follow."

Mr. Kruttschnitt's attention was called to the President's statement that the railroads were not equal to the tasks of transportation imposed upon them by the rapid development of the industries of the country. "The President was unfair," he said. "In handling the traffic which the Federal Railroad Administration has handled during the present year, and which it is claimed is the largest ever handled in the history of the country, the railroad plants—including locomotives, cars, main lines and terminals—were substantially those provided for under private control.

"Up to September 1 less than 3 per cent of the locomotives ordered by the Federal Railroad Administration, and substantially none of the freight cars, contributed to the results shown by Federal Administration. For the eight months prior to September the increased ton mileage of freight was less than 1 per cent in excess of 1917, although in individual months the traffic ran as high as 5 per cent or 6 per cent greater than in the preceding year—a result for which the unparalleled increases in the production and movement of coal and in the movement of accumulated grain are to a large extent responsible.

"If the railroads, starved as they were under regulation as it existed prior to federal control, could meet the demands made by developing industry as well as they have done, what might they not have accomplished under intelligent and constructive control which it is hoped Congress will now provide?"

TODAY'S RAILROAD PROBLEM

(By Theodore P. Shonts, President, Interborough Rapid Transit Company, New York)

The purpose of the following observations is simply to express a point of view on today's railroad problem in the light of certain general principles.

President Wilson has stated frankly that he has no definite solution of the problem, and has left it to Congress. We may assume, I think, that he also hopes for full expression of views from the people.

I do not approach this problem as a banker or as a trustee for railroad investments. If I did, my chief concern would necessarily be to safeguard the trusts committed to my care.

As a citizen, however, with many years of experience in railroading and with a special experience in a plan of working with municipal government in transportation problems along lines which may offer a suggestion, I shall try to summarize the railroad situation as I see it.

I agree heartily with President Rea of the Pennsylvania that we must take government control as now in effect as a fact—and let that be our point of departure. And we must agree that the present system of operation has in it certain merits which must never be sacrificed. Most of them are merits that may exist under either private or government ownership and operation. Most of them, indeed, embody reforms for which railroad officers have clamored these many years.

First, and foremost, the Sherman law is out of business. He was tossed out of the window by Mr. Fairfax Harrison and the Railroad War Board as soon as war was declared; but President Wilson and Mr. McAdoo chloroformed and embalmed him on the 28th of last December.

Let us briefly suggest the other obvious blessings of the present regime:

1. The pooling of equipment and terminals;
2. The elimination of unnecessary trains and duplicated service;
3. The more economical loading and routing of freight;
4. The unification of passenger ticket offices;
5. The elimination of the frills of the business, such as observation cars for which no adequate fare was paid, etc.;
6. The frank recognition of the necessity on the part of government, which adds to the expenses of operation, to find the increased rates and fares with which to pay those expenses; and
7. The assertion of the right of the federal government to control the railroad situation as a whole in the national interest, in spite of conflicting state laws and obstructive state commissions.

These are great gains, and it is the duty of every rail-

road man to see to it that they are brought clearly to public attention. We must face the fact very frankly that the decision of this momentous issue is absolutely in the hands of the public. The public must take one of two broad policies.

It may prove profitable to sum up the factors constituting the two horns of the dilemma, one of which our nation must choose as its ultimate policy.

As one with practical railroad experience and as an observer of government operation throughout the world, I am convinced that the most economical operation can be attained under private ownership. And the gains we have obtained from government operation can all be retained under private ownership.

The great fact about government operation is the inevitable tendency toward extravagance and inefficiency. If the deficit from operations can always be made up out of taxation, if there is to be no reward for economy and forethought, it is impossible to expect careful watchfulness over expenditures.

The supreme test which we in this country must apply to our plan of dealing with this whole question must be that which plan will provide the necessary transportation at the lowest possible cost?

This means that we must not alone make the best and most economical use of existing facilities, but we must provide the new facilities needed for the future development of our country.

We cannot here view the question as one might in England or France, where the necessary railroads are already built.

How are we to develop our existing roads, and how are we to build our new railroads? The heart of the problem is this: Shall it be by the log-rolling and pork-barrel methods under which we have developed our post-offices, our rivers and our harbors, or shall it be by offering reasonable reward to those who by prudent forethought and initiative exert their imaginations and spend their money in developing the country?

As citizens, we cannot consider the railroads being returned to private owners merely for the reason that immediate return would redound to the benefit of large holders of the securities in some of the companies.

Any plan of returning these properties to private owners must contemplate three general propositions:

1. That a fair return may be paid upon existing investment;

2. That a sufficient return may be earned upon railroad properties to attract the necessary capital with which to develop existing lines and to build new lines; and

3. That railroads must compete for capital in the money markets of the world, and must, by the same token, pay for that capital with some regard to the risk.

It has been suggested that the nation might adopt some such course with reference to railroads as is employed by New York City in its contracts with the subway and elevated. The cardinal point in those relations is that the city provides a large portion of the capital, but agrees that a fair return upon the private capital employed shall be earned and paid before the city's investment gets its return. After both sides have earned a fair return, the remaining profits are to be divided equally.

Such a plan is advantageous where there is an assured traffic. But there is grave question whether that plan would have resulted in such daring statesmanship as was embodied in the building of the Great Northern by Mr. Hill, the cutting across Salt Lake by Mr. Harriman, the building of the N. Y. P. & N. by Mr. Cassatt, or the construction of the Florida East Coast by Mr. Flagler.

The cardinal thought is this: That if we are to escape not only the bureaucracy, extravagance, and dead-level of government ownership and operation, but also the political risk involved in the creation of a new and gigantic class of government employees, we must be willing that some men who exercise energy, daring, and prudence shall receive some fair measure of reward for their effort. In other words, we must recognize that it is no crime to make money in railroad building, if the money is made honestly and fairly.

If this principle is not to be recognized, the money for future railroad development simply cannot be obtained under private ownership. To return the properties to their present owners without recognition of that principle simply means that the tendencies of a year ago will be

revived—and inevitable bankruptcy or government ownership will again stare the railroads in the fact.

If this principle of permitting capital to earn sufficient reward to attract the means for normal future railroad development is recognized, my observation is that the principle will be made concrete in some such form as the following:

1. A plan of government regulation which will be scientific and not political; which will apply the same point of view to approving rates as to approving the chemical composition of a steel rail;

2. Concentration in the regulating authority which adds to the expenses of the roads of responsibility for the rates with which those expenses must be met;

3. Provision that initiation of rates shall be in the hands of the carriers; that rates may not be suspended, except upon complaint and after a hearing, and that final decision must be made within sixty days;

4. Establishment by Congress itself of the fundamental principles to govern the reasonableness of rates, such principles to include fair reward for excellence of service, efficiency of management, and prudent foresight in providing new facilities against future needs.

If these four principles could be embodied into law, it seems to me that the public would gain immense advantage by the promptest possible return of the properties to their owners. I do not urge for one moment that the old days of unrestricted operation shall be restored. Regulation, with full publicity, has, I believe, come to stay.

But there is no use in blinking our eyes to the stern facts. If the railroads are not permitted to earn sufficient money to attract new capital, and if the risks of the business are not to be met with adequate reward to those who take them, there is no use of again trying the experiment of private ownership. It will be doomed to failure.

The great danger to the public interest in the present immediate situation is that the owners of existing railroad securities (that is, those having most at stake), and the agitators and theorists (that is, those having least at stake), may come to such agreement in opinion that they would jointly become militant in favoring a continuance of the present plan of government control. That would mean that the great interests of the public at large would suffer through lack of appreciation and understanding.

We must frankly recognize that here is a case, not for courts, for commissions, or, indeed, for government. The people will and should decide this issue, and the greatest service railroad men can perform is to see to it that the American people understand clearly the momentous issues involved. If the case is put clearly before the people, I, for one, have perfect confidence that their decision will be the same as that of every railroad executive who is seeking to preserve and promote the welfare and prosperity of our common country.

WANTS FEDERAL CORPORATIONS

(By N. L. Anster, chairman of the executive committee of the C. R. I. & P.)

"The proper solution of the railroad problem is the organization of the entire transportation system of this country under one or more federal corporations which would operate the roads under a unified system, giving each carrier the benefit of joint terminal facilities and pooling of equipment for the common weal.

"To return the railroads at this time to their former status would be a distinct disadvantage to the security holders and the public and would create a condition that would demoralize the transportation system of this country. Of course, a great deal of the poor showing of net profits is due to the fact that the increased rates became effective in June whereas the increased wages were retroactive to the first of the year, but even if accounts were balanced and studying into the figures of one month's actual receipts and one month's actual expenditures, the railroads under the present wage scale cannot operate at a profit that would take care of their investment.

"Therefore the railroads should not be turned back on the hands of the former owners without a constructive policy for their future operation, based on permission to consolidate and pool their interests as they are doing now under federal control, having the common use of equipment and terminal facilities; there should be sort of

partnership between the government, the railroad security owners, the shippers and the employees. A federal corporation could assimilate the railroads and change their securities for the securities of the central company, these securities to be limited to a certain fixed income, the rate to be not less than 4 per cent per annum with a graduated scale for increased business and profits. If the earning power of this federal corporation should prove insufficient to pay operating expenses and the fixed income on securities under the present freight and passenger rates, then the trustee who would manage this federal railroad corporation, composed of representatives of the government, the shippers, the employees and the security holders, will find no difficulty in establishing charges such as would enable the railroads to operate and meet expenses and the fixed income on the securities."

BILL BY SENATOR HARDWICK

The Traffic World Washington Bureau.

It is the view of Senator Hardwick of Georgia, whose term of office will expire March 3 and who will therefore not be in the next Congress, that the period of federal control should expire six months from the date of the passage of a bill introduced by him (S. 5097), which is as follows:

"That section fourteen of an act entitled 'An act to provide for the operation of transportation systems while under federal control, for the just compensation of their owners, and for other purposes,' approved March 21, 1918, be and the same is hereby amended so as to provide that the federal control of railroads and transportation systems herein and hereinbefore provided for shall continue for a period not exceeding six months from the date of approval or of the passage of this act."

THE GRAY RAILROAD BILL

The Traffic World Washington Bureau.

A plan for uniting the railroads of the country under the supervision of a board of directors composed of representatives of the stockholders, the government, the bondholders and the employees, with rate regulation by the Interstate Commerce Commission and profit-sharing with the employees, is proposed in a bill introduced in the House December 9 by Representative Edward W. Gray, a Republican from the eighth district of New Jersey, now finishing his second term in the House. Mr. Gray was formerly a newspaper man, having worked in New York City. At the time of his election he was general manager of the Newark Daily Advertiser. He was assisted in the preparation of the bill by Glen B. Winship of New York and J. R. B. Smith, assistant secretary of the state of New Jersey.

His idea is to have the railroads acquired by a company, to be known as the National Railway Corporation, which, when fully organized, shall have a directorate of nineteen members, eight of whom shall be elected by the stockholders, two by the bondholders, seven by the government and two by the employees. No money is to be taken from the treasury nor is there to be government operation. This company shall undertake to buy the railroads of the country and merge them into one system. The first steps toward an organization are to be taken by a committee of three appointed by the President and confirmed by the Senate. That committee shall invite proposals of sale or willingness of sale and when enough stocks and bonds have been offered to enable the proposed company to form a transportation system that would connect the ports on the northern border with those on the south and those on the eastern with those on the western, then the President shall appoint four more committeemen, who shall make up a scheme for financing the proposal and organize the corporation.

It is proposed that the earnings of the corporation shall be disposed of, after the payment of certain operating expenses, as follows: Sinking fund of one per cent of outstanding notes and bonds; cumulative dividend, not exceeding by more than one per cent the average interest rate paid in the preceding fiscal year; balance to go to surplus, which in turn is to be divided as follows: Thirty per cent to a tax fund, which, after payment of state taxes, shall be paid to the federal government; twenty per cent for payments to employees, one-fourth in cash,

one-half in stock and the last quarter to be used in creating an insurance fund for the benefit of employees; twenty per cent of surplus to be used in additions and betterments; twenty per cent as additional dividend to stockholders, and ten per cent of the surplus to be set aside as an emergency fund. It is provided that if, in any fiscal year the amount due the corporation from the tax fund exceeds forty per cent of the surplus earnings, no distribution of surplus shall be made until the next fiscal year.

Gray meets the labor question squarely, he thinks, by making strikes or lockouts unlawful, pending decisions on disputes, by the Interstate Commerce Commission.

PACIFIC COAST EXPORTS

The Trans-Continental Freight Bureau is sending the following circular "to all concerned":

"Because shippers of export freight have failed to promptly take out through export bills of lading on freight shipped to points in Asia, Philippine Islands, Australia and other foreign territory via Pacific Coast ports, western railroads have been experiencing difficulty in making delivery of the freight to the ships, resulting in detention of freight, as well as to equipment, and congestion.

"To remedy these conditions it has been decided to establish a rule requiring shippers to take out through export bills of lading within fifteen (15) days after date of local shipping receipts.

"The new rule will become effective for account of carriers under federal control on December 26, 1918, and provides that—

"Through export bills of lading will be issued in exchange for shipping receipt within a period of not exceeding fifteen (15) days from date of the domestic bill of lading or shipping receipt issued for the consignment.

"Failure to take out through export bills of lading within the time limit specified will subject all shipments to the rates, rules and regulations governing domestic traffic, and charges will be assessed accordingly."

EXPORT SHIPMENTS

(Circular CS-34, of the Car Service Section, cancelling Circular No. CS-2A, dated April 25, 1918, and Supplement 1 thereto, dated June 1, 1918.)

Please cancel our Circular No. CS-2A, dated April 25, 1918, and Supplement No. 1 thereto, dated June 1, 1918, respecting export shipments, and substitute therefor the following:

I. In accordance with federal regulations, all articles of commerce require an export license from the War Trade Board when intended for export via any port, or border point, to whatsoever destination, except to points in the non-contiguous territorial possessions of the United States. These possessions are: Alaska, Hawaii, Samoa, Tutuila, Guam, Philippine Islands, Panama Canal Zone, Porto Rico and Virgin Islands.

II. The furnishing of equipment and transportation for shipments consigned, reconsigned, or to be reconsigned, for export shall be contingent upon—

(a) Presentation to railroad agent at point of shipment of War Trade Board's Export License, or number of such a license, for each carload or L. C. L. order.

(b) The marking of bill of lading by shipper—"For Export."

III. Each waybill covering such shipments must show conspicuously on the face thereof the license number either stamped or written in a different colored ink from that used in the body of the waybill.

IV. Shipper's Export Declaration, of which there shall be four copies, must be delivered to the collector of customs at port of exit from the United States on or before arrival of shipment at such port. For shipments to non-contiguous possessions, only Shipper's Export Declaration, in duplicate, is required.

V. All export shipments are subject to such regulations and permits as it may be necessary to issue from time to time by the railroad committees controlling traffic at the various centers. Following is a list of such committees and prefixes used in permits:

Freight Traffic Committee, North Atlantic Ports, New York; prefix "G. O. C."

Southern Export Committee, Atlanta, Ga.; prefix "S E C."

North Pacific Export Committee, Seattle, Wash.; prefix "J E A."

California Export Committee, San Francisco, Cal.; prefix "A T," "S P" or "W P."

VI. The Car Service Section is authorized to permit shipments of commodities intended for export prior to the issuance of an export license if satisfied that there is storage room available at port of exit.

VII. License, or number of such license, referred to in Paragraph II and Shipper's Export Declaration in Paragraph IV above will not be required in the case of shipments consigned to Russian Mission of Ways of Communications, care East Marginal Way, Storage Yard, Seattle, Wash., for storage and ultimate exportation under current tariff privileges.

Less-Carload Shipments

VIII. Less-carload shipments of freight ultimately intended for export to move through the port of New York will be treated as domestic shipments, but shippers must understand that they are subject to the provisions of section two of Paragraph II of the foregoing regulations. Agents must satisfy themselves that such shipments are intended for export, but will not show license number on waybill. (This is done to enable the Freight Traffic Committee, North Atlantic ports, to control the movement of such shipments into those ports.)

Canadian Shipments

IX. In the case of shipments intended for export via Canadian border points, requiring individual export license, shipper must indorse one of the following statements on bill of lading, which must be transcribed on waybill by railroad agent:

1. Export License number (or partial shipment authority) and Shipper's Export Declaration in quadruplicate mailed direct to collector of customs at (point of exit).

2. Export License number (or partial shipment authority) and Shipper's Export Declaration in quadruplicate attached hereto.

On all commodities not requiring license, but on which Shipper's Export Declaration in quadruplicate must be made, shipper must indorse one of the following statements on bill of lading, which must be transcribed on waybill by railroad agent:

1. This shipment does not require individual license; Shipper's Export Declaration in quadruplicate mailed direct to collector of customs at (point of exit).

2. This shipment does not require individual license; Shipper's Export Declaration in quadruplicate attached hereto.

Special Licenses

X. The foregoing will not apply to any commodities for the exportation of which a special license may be issued by the War Trade Board, dispensing with the requirements of an individual license. Such special licenses are at present in force covering the following classes of shipments:

(a) Any shipment made by, or consigned to, the Navy Department, or War Department, or by or to any of the bureaus, or other subdivisions thereof; the billing of such shipments to be marked "Export License RAC-18." Export declaration papers are not required.

(b) On and after December 2, 1918, no individual licenses will be required for the exportation of raw cotton to Great Britain, France, Italy, Belgium or Japan. A special export license (No. RAC-57) will be issued to the proper customs officials at points of exit, who will be authorized to pass shipments in accordance therewith.

(c) All shipments of coal or coke.

(d) Shipments to Canada and (or) Newfoundland of all commodities not on the conservation list, and such articles on the conservation list as the list specifically states do not require such license.

(e) Shipments to all countries, other than Canada and Newfoundland, of all commodities not on the conservation list provided that value of no one commodity in the shipment exceeds \$100. Export declaration papers are required for items (b), (c) and (d) above.

A printed list of commodities for which license is required is being prepared by the War Trade Board. This will be supplied to shippers or exporters by that board and distributed to railroads through the Car Service Section.

Further revisions will be made and lists forwarded from time to time as changes become effective.

Referring to Paragraph IX, which provides the alternative of having shipper mail to collector of customs at point of exit the export papers or agent attach them to waybill: It is believed that the best results will be obtained if shippers can in all cases be induced to mail the documents, as described, rather than have them attached to billing.

Licenses will be issued only when shipments from one consignor to one consignee are loaded to the full cubical or weight-carrying capacity of cars.

Any violation of the foregoing regulations which results in delay to export shipments or to cars should be promptly reported to the Car Service Section.

It is requested that you instruct all concerned in accordance with the above, and take steps to see that the rules are thoroughly and properly understood.

ORDER OF RELINQUISHMENT

The order relinquishing the non-railroad Atlantic coast-wise steamship lines, issued by Director-General McAdoo, is as follows:

"Whereas, in the exercise of the war power by proclamation dated April 11, 1918, the President of the United States, through Benedict Crowell, Acting Secretary of War, took possession and assumed control as of the thirteenth day of April, 1918, of the following systems of transportation and appurtenances thereof, to wit: Clyde Steamship Company, a corporation of the state of Maine; Mallory Steamship Company, a corporation of the state of Maine; Merchants and Miners Transportation Company, a corporation of the state of Maryland; and Southern Steamship Company, a corporation of the state of Delaware, consisting of steamships, tugs, lighters, barges, ships, boats and marine craft of any and every kind or description and all the tackle, appurtenances to and appliances thereof, together with all wharves, docks, warehouses and other property of every kind or nature, real or chattel, owned, leased, chartered, controlled, or used by said companies or either of them, in conducting or in connection with said transportation systems to the end that such systems be utilized for the transfer and transportation of troops, war material and equipment, to the exclusion, as far as may be necessary, of all other traffic thereon, etc., the said possession, control, operation and utilization to be exercised by and through the undersigned William G. McAdoo, Director-General of Railroads; and

"Whereas, the emergency which made such exercise of the war power necessary and desirable has, by reason of the signing of an armistice with the enemies of the United States, ceased, and the use of the transportation systems aforesaid is no longer necessary for the transfer and transportation of troops, war material, and equipment or otherwise for the war purposes of the government:

"Now, therefore, I, William G. McAdoo, Director-General of Railroads, by virtue of the power conferred upon me by the President of the United States, do hereby relinquish from federal control effective Dec. 6, 1918, at 12:01 a. m., the said Clyde Steamship Company, Mallory Steamship Company, Merchants and Miners Transportation Company and Southern Steamship Company, together with all of the steamships, tugs, lighters, barges, ships, boats, and marine craft of any and every kind of description and all the other tackle, appurtenances, wharves, docks, warehouses and other property as described and set forth in the proclamation of the President, dated April 11, 1918, as aforesaid, and restore the same to the possession of their respective owners.

"For accounting purposes, this order may be treated as effective December 1 at 12:01 a. m."

SOUTH BEND TO FILE COMPLAINT

"A number of the largest manufacturers in South Bend and Mishawaka have joined together in a formal complaint which will be lodged with the Interstate Commerce Commission at once," says L. R. Martin, traffic manager of the Oliver Chilled Plow Works of South Bend, and a member of the traffic committee of the South Bend Chamber of Commerce. "It proposes a reduction in all class rates between South Bend and Mishawaka and all points

of Buffalo and Pittsburgh in what is known as trunk line territory.

This city has for a long period of time been compelled to pay freight rates on inflated mileage, having been placed in what is known as the 96 per cent group of the Chicago-New York basic rate. The intention in the complaint is to have South Bend placed in a 92 per cent group. Manufacturers located in Elkhart and Goshen have also joined in this complaint, so that the four cities will participate in the proceedings.

"Western Freight Traffic Association of Chicago, about two years ago, carried a complaint of certain southern Michigan communities before the Commission on a similar proposition and the case was decided by the Interstate Commerce Commission in favor of the complainants, whereby they were given a rate basis of 92 per cent instead of their previous basis of 96 per cent. This same association is now under contract with our shippers. C. L. Millhouse, chairman of the Chamber of Commerce traffic committee, was instrumental in this. Conditions in northern Indiana are similar to those which are of record in the Michigan case, especially the matter of tonnage or density of traffic, which is a vital factor in establishing basis of freight rates.

"While this complaint is for the specific purpose of establishing South Bend's correct status as a rate point, it is also understood that in view of extensive rate readjustments, which will soon be taken under consideration by the Railroad Administration, shippers in the four cities mentioned are to take part in conferences and hearings which will necessarily be had in connection with the proposed scaling down of the present high rates throughout the entire country. The purpose of the railroads is to establish an entirely new class rate scale in all territories which it is understood will be used coincident with the application of the new uniform freight classification when that becomes effective. The readjustments in question will not only affect class rates, but also propose many changes in present commodity rates.

"It is the general consensus of opinion among leading traffic men in the United States that while some feature of federal control of railroads as at present in operation should remain in effect, Congress should speedily create necessary legislation returning the railroads to private ownership, inasmuch as the emergency on account of which they were taken over by the government has passed. All shippers in the communities outside of the larger cities, such as Chicago, Indianapolis, Cleveland, Detroit, etc., must be prepared to enter future litigation, particularly for the reason that our rate relationship must compare favorably with other cities where competitors are located. If manufacturers and jobbers here desire to keep their business in a healthy and prosperous condition."

AGRICULTURAL COMMITTEES

The Traffic World Washington Bureau.

In Circular Letter No. 17 J. L. Edwards, manager of the Agricultural Section of the Railroad Administration says:

"The standing committees of the Agricultural Section appointed in Circular Letter No. 5 have named chairmen of sub-committees as follows, which selections are approved: F. S. Welsh, care N. Y. C. Lines, New York City—New England, New York, Pennsylvania, Ohio, New Jersey, Delaware and Maryland; W. L. English, care Frisco-M. K. & T., St. Louis, Mo.—Indiana, Illinois and Missouri; F. S. McCabe, care C. St. P. M. & O. R. R., St. Paul, Minn.—Michigan, Wisconsin, Minnesota and South Dakota; J. B. Lamson, care C. B. & Q. R. R., Chicago, Ill.—Iowa, Nebraska and Wyoming; C. L. Seagraves, care A. T. & S. F. R. R., Chicago, Ill.—Kansas, Colorado, New Mexico and Arizona; L. J. Bricker, care Northern Pacific R. R., St. Paul, Minn.—North Dakota, Montana and Washington; Douglas White, care L. A. & S. L. R. R., Los Angeles, Cal.—Idaho, Oregon, Utah, Nevada and California; J. C. Williams, care Southern R. R., Washington, D. C.—Virginia, West Virginia and North Carolina; B. L. Hamner, care Seaboard Air Line, Norfolk, Va.—South Carolina and Florida; W. W. Croxton, care A. B. & A. R. R., Atlanta, Ga.—Georgia and Alabama; W. L. Park, care L. & N. R. R., Louisville, Ky.—Kentucky and Tennessee; H. J. Schwieter, care Illinois Central R. R., Chicago, Ill.—Mississippi and Louisiana; D. C. Welty, care Missouri Pacific R. R., St. Louis, Mo.—Arkansas and Okla-

homa; T. L. Peeler, care M. K. & T. R. R., Dallas, Tex.—Texas.

"The other members of the sub-committees will be named by the respective chairmen from agricultural representatives of railroads operating in the territory assigned.

"The chairmen will invite participation of Traffic Department representatives, who are charged with looking after agricultural development on lines not having agricultural departments, and also agricultural representatives (if any) of lines not under federal control. They will also invite the Directors of Extension of the States Relation Service of the U. S. Department of Agriculture to serve with the sub-committees in advisory capacity.

"The first object of these sub-committees will be to study methods for the co-operation of the agricultural departments of the railroads with each other and with the appropriate federal and state authorities to secure harmony and co-ordination of effort along definite lines and to eliminate possible duplication of work. They will confer with state authorities when deemed advisable, with the agricultural colleges, and with the active civic and business organizations, which will, no doubt, be found agreeable to working in close co-operation with us to obtain the desired results."

MILEAGE SCALE INFORMATION

The Traffic World Washington Bureau.

A futile attempt to gain precise and guiding information as to methods of applying the proposed mileage class scales was made December 4 by a committee from the Texas Industrial Traffic League, composed of H. D. Driscoll, Waco, president of the organization; F. A. Lallier, Galveston, and R. C. Fullbright of Houston. They applied to Directors Chambers and Prouty. The two directors were not able to satisfy the Texans on the question of application or on the question of whether an effort would be made in the event the class scales were made operative to revise the commodity rates so as to give them a defined relation to the new class scale. Director Chambers said that was not the plan, but Director Prouty said it would be only logical to have the commodity rates revised so as to bear some relation to the proposed class scales.

TRAFFIC ON GREAT LAKES

The Traffic World Washington Bureau.

The enormous business done on the great lakes during the short period during which navigation is possible is indicated by a report made to Director-General McAdoo by A. H. Smith, regional director in the East, saying that the season closed officially November 30. The tonnage carried during the seven-month season was about 100,000,000, of coal, iron ore and grain, or enough to fill about 3,340,000 freight cars loaded to the average of loading during the period when intensive loading was preached and practiced so as to enable the country to carry on its war operations. Of that tonnage 28,200,000 was lake cargo coal, the movement of coal being in substantial compliance with the schedule of the Fuel Administration. A few boats continued in service after November 30, but for all practical purposes the season came to an end on the day mentioned, because on that day marine insurance policies expired, unless special provision for a longer term was provided.

FREIGHT WITHOUT WAYBILLS

In P. S. & A. Circular No. 50, Director Prouty says:

"Complaints have been made of delay in delivering less than carload freight and of inconvenience to shippers by reason of freight reaching its destination in advance of the revenue waybill. In many cases it has been found that such waybills become separated from the freight and are held indefinitely by agents at junction points or transfer stations.

"Hereafter when waybills covering less than carload shipments become separated from the freight they shall be promptly mailed to billed destination by the agent at junction, transfer, or other station, except that when it is apparent the waybills cover an entire carload an effort must be made to locate the car containing the freight."

Legal Department

In this department a legal expert answers simple questions relating to the law of interstate transportation of freight. Readers desiring special service by immediate answer may obtain privately written answers to their inquiries by the payment of a small fee.

Address Legal Department, The Traffic Service Bureau, Colorado Building, Washington, D. C.

Value, Time and Place of Shipment.

Indiana.—Question: We have a bona fide contract, enforceable at law, made prior to government regulations, on a grade of coal \$1.75 f. o. b. mines. The open market value of this coal, as per coal journals and government regulations, is \$2.05 mines. The railroad companies admit that they lost ten tons in transit; we make claim for ten tons at market value, \$2.05 f. o. b. mines, admitting we paid only \$1.75 f. o. b. mines, but filing claim with the delivering carrier on market value at time and place of shipment. Claim is paid by carrier on basis of \$2.05 mines.

We also have, with the same shipper, a bona fide contract, enforceable at law, made prior to government regulations, on another grade of coal at \$3.05 f. o. b. mines. The market quotation and government price is \$2.55 f. o. b. mines. The carriers admit they lost ten tons of coal from one of these cars, so we allow the shipper to file the claim in the latter case they filing same for the value of this particular shipment of coal to them, according to their contract, \$3.05 f. o. b. mines.

May we not sue the delivering carrier in the first mentioned case and collect on the open market value of this grade of coal (\$2.05) at time and place of shipment?

May the shipper sue the bill of lading line in the latter case on the contract price to them and also collect on a basis of \$3.05 when spot coal at mines was worth only \$2.55?

Does a car of coal have any other value than that at which it is consigned, as far as bill of lading is involved?

Answer: It is neither the value of the coal at shipping point at the time when the contract of sale was entered into between the seller and buyer nor the value of the coal as given in the invoice price from seller to buyer, that determines the amount of the carrier's liability for loss or damage. The Cummins amendment places upon the carrier liability for the full actual loss or damage of the property transported which is caused by it, and makes unlawful any limitation of the amount of recovery. In re Cummins Amendment, 33 I. C. C. 696, the Interstate Commerce Commission substantially held that carriers may pay claims for loss or damage on the basis of the value of the property at the time and place of shipment, and further held in rule 287, Conference Railroad Bulletin 7, that the invoice price does not determine the carrier's liability in a shipment made at some substantiated period after the contract of sale.

So that, no matter who is the claimant, whether consignor or consignee, and no matter what the invoice price may be as between buyer and seller, the actual value of the property at the place of shipment and at the particular time of shipment determines the amount of the carrier's liability.

Express Company's Liability Free Shipments.

New York.—Question: As a matter of information, we would like to know what is the status of the express company's liability as relates to shipments consigned to railroad companies, covering company material, which is forwarded without charges, that is "deadhead." We would like to know what effect, forwarding the material without payment of charges, has on the express company's liability for the shipments.

The express company renders regular receipted bill of lading for the material, giving shipper complete receipt without any reservation or liability, which would indicate that they are fully responsible on these shipments in the same manner as other shipments on which the charges are collected.

Answer: A carrier is, in the absence of any agreement to the contrary, responsible as an insurer for the safety of goods entrusted to it for transportation and is liable for any loss or damage thereto. While a carrier of goods

gratuitously is only liable for loss due to gross negligence, yet it is bound to use a degree of diligence and attention adequate to the performance of the undertaking. Further, to carry free company material is not analogous to a case of a carrier without hire, especially so when the carrier's receipt or bill of lading is without any stipulation or limitation on this point. Again, in an action for loss or damage, the payment or tender of freight charges need not be proven. The fact that the consignor had not paid or tendered freight charges does not absolve the carrier from liability or damages thereto, since the usual custom is to collect the freight on delivery to the consignee, and where the goods are lost or wholly damaged, the carrier is not entitled to any freight charges.

In the shipment above described, the goods being carried free by reason of some agreement between the carriers themselves, and through operation of law, and not at the special instance of the shipper, the arrangement is wholly for the benefit of the carrier, and not the shipper, and therefore does not come within the limitations of a gratuitous bailment or a carrier without hire, and consequently, the express company would be liable for the loss or damage in precisely the same manner as it would be in any other shipment for hire.

Filing Claim With Delivering Carrier.

Ohio.—Question: Some time ago we made a shipment of one water heater destined to Oakland City, Ind., routed via the New York Central and E. & I. R. R. This heater was damaged and upon request of the freight claim agent with the E. & I. shipment was returned to us for repairs and claim filed for the cost of repairs only. The E. & I. Railroad was in the hands of a receiver at the time of shipment.

We are now advised by the receiver that, inasmuch as the government took possession of the E. & I. Railroad and has been collecting all the income since June 1, 1918, that he cannot settle this claim or in any way pay out of the railroad company's income unless the government shall decide to advance money therefor, and that it will be necessary for us to wait until the government begins to pay the rental for compensation of the use of the railroad company before claim can be settled.

Will you kindly advise if, in your opinion, there is any way by which final adjustment can be made without any further delay?

Answer: Under the Carmack and Cummins amendments a claim may be filed with the agent of the carrier, either at point of origin, or point of delivery of the shipment, or with the general claims department of the carrier. If the delivering carrier is not in a position to settle your claim, for the reasons above stated, and if you can yet file a written claim with the receiving carrier within the six months' period, it might be prudent for you to file your claim with the New York Central.

War Tax Not Applicable to Cartage Companies.

New York.—Question: I shall be glad if you will kindly inform me, through the columns of your journal, whether or not I am required under the war tax act to pay war tax on merchandise carted from premises in New York City for delivery to customers in Jersey City, the cartage being performed by a Jersey City transfer company. As I understand the enactment, war tax is assessable only when the trucking or local express service comes in competition with carriers by rail or water, but, so far as I understand the intent of the law, no such competition exists.

Answer: Section 500 of the war revenue act of 1917 provides that one 3 per cent tax shall be assessed on the amount paid for the transportation by rail or water or by any form of mechanical motor power when in competition with carriers by rail or water of property by freight consigned from one point in the United States to another. In regulation No. 42 of the Treasury Department, containing rules and regulations for collection of taxes on transportation of persons and property, the Commissioner of Internal Revenue ruled in article 1 that the word "carrier" means any person, corporation, partnership or association who or which for hire, furnishes any of the transportation services or facilities described or referred to in subdivisions A, B, C and D of section 500 of the act. "A" includes mechanical motor power when in competition with carriers by rail or water; "B" includes all who are engaged in the business of transporting parcels or

carriers by express over regular routes between fixed points. "C" includes all who transport by rail or water, or by any form of mechanical motor power on a regular established line when in competition with carriers by rail or water.

In article 2 of said regulations, in defining the word "transportation," the commissioner held that it does not include cartage. If the shipment in question is clearly what is known as cartage, and not in actual or potential competition with a rail or water carrier, it is not subject to a tax.

Measure of Damages to Shipment Invoiced Through Middleman.

Iowa.—Question: A car of coke bought through a jobber and shipped direct from the ovens to consignee. Claim for loss presented by consignee on the basis of the price paid the jobber, 15 cents per ton more than price at oven. Carrier insists that under the terms of the bill of lading that price at the oven should govern settlement. Is the carrier right?

Answer: Yes. See our answer to "Ohio," published on

page 1054 of the Nov. 30, 1918, issue of The Traffic World, which fully answers your inquiry.

Time to File Overcharge Claims.

Ohio.—Question: Is a straight overcharge in freight rate or weight effected by the two-year statute of limitation? It has always been our understanding that the refund of such an overcharge could be demanded and collected at any time, regardless of whether or not it dated prior to the two-year period.

Answer: No. In our answer to "New York," published on page 52 of the July 6, 1918, issue of The Traffic World, we in part said that an overcharge claim "might be brought in the state or federal court, even though more than two years old. Actions for overcharges can be brought in such courts without prior determination by the Interstate Commerce Commission. Such an action being for the repayment of a sum of money exacted and received by the carrier in violation of the contract of shipment, a shipper may sue in a state court, on the contract for said shipment, since the action does not involve an attempt by the state court to regulate interstate commerce, or to enforce any provision of the interstate commerce act."

Loss and Damage Decisions

Cases Recently Decided by State and Federal Courts

(Digests taken from Reporters and Digests of National Reporter System, published by West Publishing Co., St. Paul, Minn. Copyright, 1918, by West Publishing Co.)

LOSS OF OR INJURY TO GOODS.

Purchaser:

(Ct. of Civil App. of Tex.) Facts as found by the court held to show that plaintiff was an innocent holder for value of a bill of lading for a car of corn.—Missouri, K. & T. Ry. Co. of Texas vs. Clement Grain Co., 206 S. W. Rep. 126.

Where a carrier, in accordance with its custom, issued

a bill of lading, complying with Vernon's Sayles' Ann. Civ. St. 1914, arts 715, 716, in exchange for initial carrier's bill of lading routing over its lines to destination, and same was transferred to an innocent purchaser for value, it became incontestable under article 719, and the carrier was liable for loss of shipment by delayed transportation, although it did not receive shipment until long after issue of bill of lading, because routing was changed without its knowledge.—Ibid.

Miscellaneous Traffic Decisions

Cases Recently Decided by State and Federal Courts

(Digests taken from Reporters and Digests of National Reporter System, published by West Publishing Co., St. Paul, Minn. Copyright, 1918, by West Publishing Co.)

REGULATION OF COMMON CARRIERS.

Reparation:

(Supreme Ct. of Cal.) Public utilities act, 71, providing for due reparation by the railroad commission for the imposition of excess freight charges, applies only where an examination of evidence as to a disputed matter of fact is necessary to determine whether the public utility has imposed excessive charges, and does not give the commission jurisdiction to the exclusion of the courts of violations of the long-and-short-haul clause of the constitution.—California Adjustment Co. vs. Atchison, T. & S. F. Ry. Co., 175 Pac. Rep. 682.

Rate Regulation:

(Sup. Ct. of Cal.) Const. art. 12, 21, respecting freight charging for long and short hauls, is not unconstitutional, as being in conflict with the commerce clause of the federal constitution.—California Adjustment Co. vs. Atchison, T. & S. F. Ry. Co., 175 Pac. Rep. 682.

Under the constitutional provisions as to rate regulation as they existed prior to Oct. 10, 1911, the railroad commission was authorized to fix reasonable rates, so that rates relating to long and short hauls in violation of constitutional provisions were void, although fixed by the commission, and afford no defense in an action by a shipper for the exaction by a carrier of illegal rates.—Ibid.

Under const. art. 12, 21, as amended, relating to freight

rates, the railroad commission can relieve a carrier from the prohibition of the long-and-short-haul clause only on application by the carrier after investigation.—Ibid.

Overcharges:

(Supreme Ct. of Cal.) In view of St. 1909, p. 511, 34, St. 1911, pp. 24, 36, 22, 41, and public utilities act 1911, any person injured by discrimination through a violation of the long-and-short-haul clause of the constitution has a right of action whether such right existed at common law or not.—California Adjustment Co. vs. Atchison, T. & S. F. Ry. Co., 175 Pac. Rep. 682.

Excess Charges:

(Supreme Ct. of Cal.) Where a consignee is compelled to pay exorbitant freight charges to obtain a shipment, he may bring an action to recover the excess charges without having tendered payment, or having made payment under protest, payment so made not being voluntary.—California Adjustment Co. vs. Atchison, T. & S. F. Ry. Co., 175 Pac. Rep. 682.

Where a consignee seeks to recover from the carrier excess freight charges exacted in violation of the long-and-short-haul clause of the constitution, he need not show that, when shipments to intermediate points were made, there were contemporaneous shipments made to more distant points.—Ibid.

Help for Traffic Man

This department is conducted by a traffic man of long experience and wide knowledge. In it he will answer questions relating to practical traffic problems. We do not desire to take the place of the traffic man, but to help him in his work. We reserve the right to refuse to answer any questions that we judge it unwise to answer or that involve situations that are too complex for the kind of investigation contemplated. Questions will be answered as promptly as possible. No answers will be given by mail except for a fee.

Address "Help for Traffic Man," The Traffic Service Bureau, Colorado Building, Washington, D. C.

APPLICATION OF THE ADVANCED RATES IN GENERAL ORDER NO. 28

In various issues of the Traffic World, of August 17, October 12, November 2, November 9 and November 30, under the heading of "Help for Traffic Man" there have been discussions relating to various angles of the question as to the proper method to use in calculating the advances prescribed in General Order No. 28, some of these advances being specific advances, some of them being percentage advances with a maximum and the balance being percentage advances upon class rates. A number of queries have come to this department dealing with other matters, as well as with some features treated in the various previous articles, all of which go to show that probably the question was not so treated in detail, from all its aspects in each of the articles, so as to make a real presentation of the whole question. Some of these queries are as follows:

Q. "We are experiencing considerable difficulty with one of the roads of this city, in regard to this matter, in traffic moving from points in Iowa to our city. These rates are made up on Mississippi River crossing, this combination being the cheaper. The commodities which are moved from this section are governed by proportional class rates, and in view of this we certainly feel that the correct interpretation of this order should be to apply the 25 per cent increase to the total through rate and not to each factor. The point that we cannot understand is why some roads here should take a different view of the matter, for all are government controlled roads, but, nevertheless, we have noticed in the past that their rules and regulations differ a great deal.

"We note in part of your answer to this inquiry you state that the attention of the railroads should be called to the trouble, after which it will be remedied. We will consider this a great favor if you will advise us through your valued columns, in your earliest issue, the proper authorities with whom to take up this matter."

A. I note that advice has been given that the correct rate to apply is to first determine the through rate and then advance such through rate 25 per cent. I also note that this was authorized under Rate Authority No. 10, issued by the Railroad Administration. However, tariffs issued by the railroads do not contain this provision applicable on rates based on a combination of class rates; the supplements containing the provision that this rule could apply to certain commodity rates only.

I also note in your publication of November 9 you state that the result would be the same, but wish to cite you to a specific case which is of great importance. The case referred to is that of a rate which is made up of 73 cents for the Mississippi River and 75 cents beyond, making a total rate of \$1.48. If the percentage advance is added to the rate of \$1.28, the advanced rate would be \$1.60, however, if it was added to each factor of the rate, the advanced total charge or rate would be \$1.695.

I believe that there are cases where the rates are in violation of the shipping as well as the railroads, and if question would be presented by the railroads to the shipping on overcharges claims there would also be a collection of undercharges by the railroads."

A. It apparently is to be regretted that in replying to the query you did not go into more detailed explanation. As you no doubt are aware, grain and grain products were specifically excepted and instructions given by the administration to the effect that increased combination rates on grain and grain products would be made by adding 25 per cent increase, with the maximum proviso,

to each factor entering into the construction of combination rate. Aside from the grain and grain product feature, I will be glad if you will explain how legal tariffs can be set aside or disregarded in order to apply combination rates by adding the 25 per cent increase to the June 24th combination total instead of adding the 25 per cent increase to each factor."

The writer of this letter then refers to a claim filed with him on goods moving from St. Louis to Nashville and continues: "Prior to June 25 the rate applicable was combination, using 7 cents to Cairo and 23 cents beyond, total 30 cents. The 25 per cent increase of June 25 applied against this combination total would result in a rate of 37 1/2 cents, which, it is claimed, should govern. By supplement to each of the legal tariffs to and from Cairo the rates to and from that gateway were advanced 25 per cent, effective June 25, resulting in 9 cents to Cairo and 29 cents south, making a total rate of 38 cents.

Answer: Before considering each of the foregoing statements or queries, it may be well to refer to the fact that in the various opinions which have heretofore been given in this column it was the aim of the writer to answer the particular questions propounded, which in all cases dealt with the question of what was the proper way in which to apply the increases, irrespective of what the tariffs as published actually show. General Order No. 28 was issued by the Railroad Administration and became effective May 25, 1918. Shortly subsequent to that time a complaint was filed before the Interstate Commerce Commission alleging that certain two railroads transporting coal had made an increased rate based upon each of the factors of a combination of rates, one of the original rates coming within the 15-cent increase and the other of the rates coming within the 20-cent increase. This combination increase made an increase of 35 cents per ton, whereas the combination of rates only entitled it to an advance of 20 cents.

This complaint was later referred to the Railroad Administration and the administration ruled that the advance upon this coal should be computed upon the total through rate, making an advance of only 20 cents instead of 35 cents. This ruling was made and an order to like effect was issued by the Railroad Administration, as stated in that ruling, on July 1, 1918, and that ruling and the order issued in pursuance thereof were made the basis of the opinion set out in this column, that, as to commodity rates where specific advances were ordered, these advances should be added to the through rate and not to the factors of that rate. Following this ruling by the Railroad Administration, it was reasoned that the same principle should apply in adding the advances to all rates, and that this principle should be followed in all cases is unquestionably logical and equitable and to the mind of the writer exactly what was contemplated when General Order No. 28 was issued.

Furthermore, paragraph A of section 1 of General Order No. 28, referring to class rates, states that "All class rates, both interstate and intrastate, shall be increased 25 per cent." It was considered obvious that a rate from Little Rock to Cincinnati was not the rate from Little Rock to New York, and that a rate from Cincinnati to New York was not the rate from Little Rock to New York, consequently it was logical to conclude that the 25 per cent increase should be added to the full class rate applying from Little Rock to New York City, in determining a rate between the latter two points.

The Railroad Administration has not made any ruling upon the method of increase to be used as to the class rates which were to be increased 25 per cent. On the contrary, in Rate Authority No. 10, issued by Director Chambers under date of July 2, it is specifically stated: "Rates as increased by Section 2, Paragraph A, Order 28, should be applied to the through movements of commodities, except grain and its products. Where increase is on percentage basis the result will be the same whether applied to combinations or through rates, but where flat or maximum increase per ton or cwt. is made, some adjustment will be necessary to apply the increases to the through movement." So that Director Chambers, in his circular, while stating that the specific increases on commodities should be added to the through movement, except in the case of grain and its products, and that where maximum increases were prescribed an adjustment would be necessary to apply the increases to the through move-

ment, felt that where the increases were on the percentage basis it was immaterial which method was used.

Concerning the specific ruling quoted above as to the advances on coal, it will be noted that in Rate Authority No. 10 Director Chambers refers to his telegram to the three freight traffic committees under date of June 8th, in which telegram he only excepts grain and its products from the general application of the rule regarding computation of advances, while in his telegram of June 17 he includes coal and coke in his exceptions. But it will be remembered that the ruling of the Railroad Administration above referred to, holding that the advances on coal should be computed on the through rate, was dated July 1, so that it is probable that, as to coal, the later ruling of July 1 superseded the telegram of June 17, and it is possible also that the issuance of Rate Authority No. 10, under date of July 2 was delayed and that it was really compiled prior to the issuance of the order dated July 1.

As stated before, the Railroad Administration has made no ruling regarding the method of applying the 25 per cent advance to the previous class rates, but following the course pursued and the reasoning followed by the Railroad Administration in ordering the specific commodity advances made to the through rate; in ordering that the flat or maximum increases should be so made as to attach to the through rate, and expressing indifference as to how the percentage advances on commodities were computed, it was certainly logical to conclude that all advances ought to be made on the same principle. This was the position taken in the various articles heretofore appearing in this column, being the expression of opinion as to how these class rate advances should have been made, based upon the action of the Railroad Administration in prescribing how the specific and maximum commodity rate advances should be made; and that is still the opinion held by the writer of this column.

Of course, the above does not apply to rates covered by section 7 of General Order No. 28, which provides that "In establishing the freight rates herein ordered, while established rate groupings and fixed differentials are not required to be used, their use is desirable, if found practicable, even though certain rates may result which are lower or higher than would otherwise obtain." The question of the differential rates is a matter outside of the general discussion, and is an exception to which attention will be given in a later issue.

Referring to query (a): If the carriers persist in computing the advances upon each factor of the combination of class rates, the matter should be called to the attention of the Director General at Washington for a ruling. In calling the attention of the Director General to the difference in method of various railroads in computing these advances, attention should be called to the rulings and orders of the Railroad Administration heretofore issued regarding the application of these advances to specific and maximum commodity advances and to the fact that no ruling has been heretofore made by the Railroad Administration upon the question of how these class rate advances should be computed.

Especially referring to query (b), it will be noted that in our article of November 9 we specifically say that adding the 25 per cent increase to each factor of a total rate will produce exactly the same result as if added to the through rate, "with the exception of the calculation on fractions of cents and the disposition of fractions." It is true that in many cases the increases computed upon the combination of class rates will result in lower rates than if computed upon the through class rate, but this does not change the logical application of Tariff Authority No. 10 to class rates, nor does it change the justness of our position, which is that all rates should have their increases calculated, following the same principle, whatever the result may be as to this rate or that rate.

It should be remembered, of course, in these discussions, that when a carrier has issued its tariff containing the advanced rates, no difference how these advanced rates were computed, that tariff is the legal tariff and the rates prescribed therein are the legal rates until changed by the proper authority on complaint properly made; and if it should be finally determined by the Railroad Administration or by the Interstate Commerce Commission that the rates published by the carrier containing advances calculated on each factor of a through or combination class rate are unlawful, then reparation would naturally result

in some cases, and in other cases the carriers would be required to collect undercharges. It is the principle to be applied in constructing these rates which is being considered, it being, of course, universally recognized that when a tariff is issued by a carrier it contains the legal rates until such rates are successfully attacked before the Interstate Commerce Commission.

As to query (c): The administration at first, under date of June 8, only excepted grain and grain products from the provision requiring that the advances be computed on the through rate. Later coal and coke were added as shown in the telegram of June 17, and these two telegrams were included in Rate Authority No. 10, which was issued under date of July 2. But in this connection attention is again called to the fact that the Railroad Administration made a different ruling regarding coal on July 1. As to the application of the advanced rates to grain and its products, the Railroad Administration gave no reason why these specific increases should be calculated on other than the through rates, but simply said, "We do not wish to apply specific increases to the through haul of grain and its products." As to the coal and coke rates, Rate Authority No. 10 simply said that these rates were so accomplished as to make it impossible to use the general rule for them. It is difficult to follow the logic of this statement, in view of the fact that the Railroad Administration, subsequent to the date of that telegram of June 17, did actually order the increased rates on coal to be computed upon the original through rate.

It is asked how legal tariffs can be set aside in order to apply combination rates to the total through rate. This is a detail of the matter of tariff printing. It may not have been as convenient for the carriers to publish through class rates in place of combination rates, and yet it is doubtless true that in following out the general plan outlined by the Railroad Administration these rates could have been published as parts of a through rate, as they are in effect used now, and the provision made that the rates so published would be effective as through rates upon adding thereto an advance of 25 per cent, disposing of the fractions under the rule of the administration. Of course, it is true that when these supplements to and from Cairo were issued they increased each factor of the class rate and yet each of those class rates might have had added to it, from St. Louis to Cairo, and from Cairo to Nashville, the 25 per cent when used as a local rate, and then the provision made that when used as factors of a through or combination rate the increase would apply to both factors when added together.

It is a matter which will cut both ways with the shipper and yet there ought to be a uniform practice adopted, and we have contended that that uniform practice should be the one which was sanctioned by the Railroad Administration in its General Order No. 28 and by Rate Authority No. 10, prescribing the method of computing specific and maximum commodity rate advances.

As to Scrap Iron Rates

Q.—A shipment is made of scrap rails; that is, rails utterly worn out and unfit for further use as rails, but which can be and are used for reinforcing concrete. In Western Classification the rating on scrap iron is Class "D," with a note attached which provides that the rating will apply on scraps or pieces of iron or steel having value for remelting purposes only. The question is, does the fact that these rails are used for reinforcing concrete take them out of the tariff provisions relating to scrap iron?

A.—This tariff provision, strictly construed as the carriers have a right to construe it, would prevent the shipment of these worn-out steel rails under the rating scrap iron.

EMBARGO ON HOGS.

Hale Holden, regional director, in a circular to central western railroads, says that the "roads will continue to observe the live stock zone arrangement placed in effect Dec. 10, 1917, by order of the United States Food Administration for the stabilization of movement of live stock to the Chicago market. At points where designated stock shipping days are provided under zone arrangement and permits automatically expire before date of such service, agents will wire the Hog Control Committee for necessary time extension, specifying date of next regular service."

The Open Forum

A Department for the Discussion by Patrons and Friends of THE TRAFFIC WORLD of Transportation Questions of Interest to Traffic Men Who Keep in Touch With the Times—Contributions are Welcomed

CUSTOM HOUSE METHODS

Editor The Traffic World:

There is an old story which recites an incident in a court. The judge had imposed a fine of ten dollars for contempt. Thereupon a spectator approached the clerk and handed him a ten-dollar bill to show his contempt for the entire court.

Following this thought, it is suggested that every custom house in the United States have a "contempt department" or "contempt box" where shippers, consignees and the public generally could show their contempt for some of the archaic and asinine methods by which the commerce of the United States is bedeviled.

If the country is ever to do any foreign business, about the first thing to do is to throw overboard about ninety-nine per cent of the ancient regulations which are based on the principle that all importers are either knaves or fools.

Anyway, I'm strong for a contempt department. Some of us would use it frequently.

London, Dec. 10, 1918

J. D. HASHAGEN

CONTROL OF THE RAILWAYS

Editor The Traffic World:

As traffic manager of a short line of railroad, I have had, perhaps, more opportunity to study and analyze the operation of federal control than has the traffic official of a larger line, due mostly to the fact that, ours being a short line, I can review more readily the effects of general and other orders on various departments and their result on private and government control.

The American railways are the greatest in the world, particularly the United States railways. What unnumbered millions have been traversed by them in the great north and south and east and west. Agriculture and manufacture have been encouraged and encouraged along the lines of these newly made roads. Millions of acres of country, formerly wild, are now being opened up. Great farm lands were cleared and cultivated and there now are America's greatest wheatfields, cornfields and apple orchards. Had it not been for the railroads, under private ownership, this country of which I speak would undoubtedly have remained a wilderness for years to come. Private capital ran the risk of building a road through a country where the return on their investment would seem to those less daring very uncertain. They, however, developed the country, thereby developing traffic for their rails.

It has always been the writer's personal belief that government operation of railroads could not possibly be as successful as privately operated roads, and my experience of the past year has changed this opinion only to the extent of making it more firm.

Competition, when fully analyzed to its true sense, means nothing more or less than personal initiative and initiative is the only factor to work a little harder, than the other fellow, to bring about greater results than he. In the business of transportation, where practically the entire world is dependent on it, it is not infrequently the case that some of our best men, some who seem to have no other of their fellowmen in private or public service, are attracted to a salaried position with a railroad company—not because of the enticing salary, but because of that fascination which seems to hover about that little human instinct—to do more and to show better results to-day than you showed yesterday; more than you showed last year—to exceed your competitors in facilities and courtesy. Federal control removes entirely the element of competition. Com-

petition is conspicuously the principal element that built up the great railroads of this country, and, as a result, great cities and manufacturing centers. Competition is, in my mind, the very life blood of this nation—not only in railroads, but in every other known business. To stifle or kill competition is to stagnate and impede the very life of our country.

Notwithstanding the Director-General's circulars to employees of government-controlled roads to give to the traveling and shipping public the best that was in them; to extend courtesy and desire-to-serve to a greater extent, if possible, than when the roads were under private management; if we could change human nature by a circular, this could be accomplished. The removal of competition, however, takes with it the incentive to do one's best, removes personal initiative and leaves the man more or less of a machine. Ambitious men will refuse to be machines and will seek other fields where the incentive to put forth their best efforts and show results is more pronounced. There has, however, been more or less "competitive waste." The freight solicitor, in years gone by, has, in order to get business for his particular line, gone beyond the limits of reasonable service and extended to certain shippers along his line special service and privileges, such as the trap car, milling in transit, fast merchandise service, equal almost to express service, which condition was immediately met by the competing roads and adopted universally by the railroads throughout the country. A great many of these should be eliminated. There are other reforms that should be made that would not create any material hardship on the shipper, but would result in greatly lessening the burden of the carrier.

My personal belief is that the roads should be returned to private ownership, as promptly as this can be done, consistent with the best interest of the government, the public and the railroads themselves, after which time needed reforms can be worked out.

I emphatically agree with L. J. Spence, director of traffic of the Southern Pacific, that the same governmental agency or commission which is charged with the regulation of rates be also charged with the duty of readjusting unreasonably wages of the railroad employees.

Those with whom I have discussed the question in this locality are generally in favor of the prompt return of the roads to private ownership.

T. A. HYNES.

South Bend, Ind., Dec. 11, 1918.

CLASSIFICATION BRIEF

The Traffic World Washington Bureau.

In a brief for the American Cotton Manufacturers' Association case Edgar Watkins, its attorney, and G. W. Hecox, its traffic manager, contend that the committee went beyond its authority in making up the consolidated classification book and proposed changes in ratings which will result in greatly increased rates. "No justification is offered," says the brief, "for this radical and commercially destructive proposal, nor do we believe, when the control of railroads by their owners is restored, as is demanded in the best interest of the public, that such owners will insist on this proposal, which would injuriously affect both the public and the carriers."

"Much confusion existed and yet exists as to what is involved in this hearing. Because of these facts and because of the supreme importance and commercial dangers involved in the proposal, we respectfully insist that no ratings should be raised and that no rates should be increased."

In his statement of facts Mr. Watkins relied largely on the report in *The Traffic World*, saying that a complete record was too expensive to be generally used. The quotations from *The Traffic World* are those tending to show the uncertainty as to the character of the proceeding. In the first quotation taken from what Examiner Disque said at Boston, August 1, the brief says that Mr. Disque thought the main purpose of the hearing was to gather facts and information that would be helpful to the Commission in making recommendations to Director-General McAdoo. That statement, it is stated, appeared to be in conflict with the order of the Commission, which instituted "a proceeding of inquiry and investigation" concerning the reasonableness and propriety of the proposed classification. Such a proceeding is authorized only by the act to regulate commerce, so that in its order, it is argued, the Commission appeared to be proceeding on its own motion, without regard to the Director-General. In fact, Mr. Watkins said, "the language of this order justifies the assumption that a full hearing with the application of legal principles was contemplated." By implication he said that doubt was thrown on the assumption of a full hearing with the application of legal principles by the announcement of Examiner Disque.

The brief takes up the long-continued claim of justification for higher rates in the southeast than in other parts of the country. Mr. Watkins said it was a sufficient answer to this claim merely to call attention to the fact that the southeast is already paying rates much higher than in the territory just north and adjoining that section. He said he was not contending that the rates in the southeast should be as low as in the Central Freight Association territory. He did contend, however, that, because of the greatly higher rate basis, it would be a gross injustice to the southeast to apply the same rates there as in the sparsely settled southwest. He took cognizance of the fact that mileage scales have been tentatively suggested for the southeast. He said a comparison between the scale for the southeast and the scale in C. F. A. "shows graphically the recklessly destructive rates which are under consideration in the southeast." The comparisons are shown in the subjoined table, with comments thereon:

"Column 1 shows rates suggested for the southeast applying Western Classification. Column 2 shows such rates applying Southern Classification, and in column 3 is contrasted a scale for zone B prepared in C. F. A. Class Scale case, 45 I. C. C., 253, 296. The rates given are on class one, and in cents per hundred pounds:

Miles.	One.	Two.	Three.
5	25	25	13
50	43	48	26
100	58	68	32
200	88	93	41
300	112	112	47.5
500	150	135	55
700	178	155	68
900	202	175	81
1000	214	185	83

"The striking contrast between the rates in either column one or two and the rates in column three shows the absurdity of using the same ratings when the rates are so widely divergent."

PASSENGER TRAINS RESTORED

The Traffic World Washington Bureau.

In a statement addressed "To the American People," Director-General McAdoo, December 10, said:

"On January 6 last important changes in passenger train service on the eastern roads became effective, and at that time I issued a public statement saying that 'every patriotic citizen can directly help the government in clearing up the present unsatisfactory situation on the railroads by refraining from all unnecessary travel at this time.' The policy thus outlined has of necessity been continued throughout the period of the war because the primary duty of the railroads was to contribute their maximum power to the winning of the war.

"This emergency has now passed. The war has been won. In this epochal outcome the American railroads have played a vital part. Transportation has underlain every industrial activity during the war as it does in peacetime. Without adequate transportation our troops and the sup-

plies for our own army and for the armies of our allies could not have been moved. To this splendid achievement those Americans who refrained from traveling unnecessarily during the war may justly feel that they contributed.

"During the war the transportation of civilian passengers and of freight not needed in the war was of secondary importance. After giving priority to the movement of war necessities, it has been the policy of the Railroad Administration to supply the most adequate service possible, both passenger and freight, to non-war business.

"The war now being practically over, it will be the policy of the Railroad Administration, during the remaining period of federal control, to give to the public the best service of which the railroads are capable. While the necessity still remains for moving large quantities of supplies to Europe, and while a considerable proportion of the railroad passenger equipment will be needed in returning American soldiers and sailors to their homes, the problem can now be definitely appraised, and there is every reason to believe that adequate service may be given in the future for the ordinary business of the nation.

"As rapidly as possible service will be improved, although trains which were run under private control merely for competitive reasons will not be restored. Such service was unnecessary. Plans have already been made for service to California, Florida and the southeastern states during the coming winter. The public may be assured that the Railroad Administration will do everything possible to meet the needs of the traveling public. In line with this policy was the recent elimination, effective December 1, of the extra one-half cent a mile for traveling in Pullman cars and of one-fourth cent a mile for traveling in tourist coaches, which was imposed as a war measure, partially for the purposes of keeping passenger travel during the war at a minimum.

"There were some wasteful and extravagant practices during private control of railroads. These will not be restored during the period of federal control, but, within the limits of good business practice, the public may expect every reasonable convenience and comfort on the railroads operated by the government."

RESPONSIBILITY OF WIRE DELAY

The Traffic World Washington Bureau.

The government, as the operator of the telegraph lines, is denying all financial liability, other than a return of the tolls, for errors or omissions made in the transmission of the messages. This denial, coupled with the fact that no record, in the way of receipts from the addressees, has disturbed the business world.

F. C. Fulbright, representing cotton interests, has been talking with David H. Lewis and Solicitor Lamar, of the Post Office Department, about this denial of liability with a view to convincing them that business cannot be carried on, except under great handicaps, if government officials persist in the enforcement of a rule that, in effect, shields incompetency, arrogance, or even malice, on the part of a telegraph employee. However, he has not been able to make any impression, so far as he can see. Mr. Lamar took the position, as Mr. Fulbright understood him, of holding that when a man files a telegraph message he has done just the same as when he mails a letter; that the government is not and in reason should not be held for the non-arrival of the letter within the time the sender thinks it should arrive.

Until the government took charge of the telegraph lines the telegraph companies paid claims made on them for losses caused by errors in the transmission, especially of quotations on cotton, or orders to buy or sell the staple. Under government operation the tolls are returned when an error has been made in transmission. The loss that may have been caused by the wrong figures falls on the man who sent the message or the one who acted on the misinformation.

An effort will probably be made at this session of Congress to have the law under which the telegraph lines were taken over changed so as to make the government, as the holder of the business of the telegraph companies, liable in the same degree as if they were operating them themselves.

Personal Notes

Daniel Nichols Bates, president of the Worcester (Mass.) Traffic Association, was born in Boston, July 8, 1853. He

entered the employ of the Boston & Albany Railroad, at the grain elevator, East Boston, June 3, 1871. In 1874 he went west and was employed as receiving clerk with the Goodall, Nelson & Perkins Steamship Line in San Francisco during the year 1875. He returned to Boston and was contracting agent of the Clyde Line in Boston, New York and Philadelphia from Dec. 1, 1875, to Sept. 1, 1883. He then became New England agent of the Chesapeake & Ohio Railroad and the Kanawha Dispatch in Boston, until Aug. 1, 1886 when he was made traffic manager of the Washburn & Moen Manufacturing

Company, Worcester, Mass. He believes he was the first industrial traffic manager ever employed in the United States. He is still occupying the position of traffic manager with the American Steel & Wire Company. In 1887 he was called to assist in making the first official Classification and was also the first person to go before the Southern Classification Committee to ask for a revision of the classification on wire and wire goods manufactured at Worcester.

Regional Director Holden announces that E. A. Clifford is appointed assistant to the regional purchasing committee, with headquarters at Chicago.

Regional Director Markham announces that Charles E. Chambers is appointed mechanical assistant, vice John T. Carroll, appointed general superintendent maintenance of equipment, Baltimore & Ohio Railroad, lines east.

E. J. Roth has been made manager of the stores section, central advisory purchasing committee, Division of Finance and Purchases, U. S. Railroad Administration.

Hugh I. Scofield, formerly general agent of the D. & R. G. at Detroit, has become general agent of the Chicago, North Shore & Milwaukee at Chicago.

Edwin M. Marquis, assistant traffic manager of the Carnegie Steel Company, died at his home at Haysville, Pa., Monday, December 9.

IRON ORE RATE ADVANCES

The Traffic World Washington Bureau.

An apparently small and relatively unimportant case set for hearing and argument before Examiner Gibson December 10 (Virginia Coal, Iron & Coke Co. et al. vs. McAdoo, L. & N., and Southern) developed one of the most interesting and probably important questions the Commission will have to handle. The complainants in this case claim that the increases caused by General Order No. 28 will surely put them out of the blast furnace business. They base that on the fact that, even on war prices, when their books are kept in accordance with the rules of the Federal Trade Commission for cost accounting, they have not been prosperous in selling pig iron.

One typical increase on iron ore was from Arthur to Mullensboro, Ky., a distance of eight miles. The rate on ore, which was 25.5 cents per gross ton before General Order No. 28, is now 50 cents per net ton, or about 50 cents per gross ton. At one time the rate was as low as 15 cents.

Low rates on iron ore, coal and coke were put into effect by the L. & N. and Southern in that part of the Virginia blast furnace district to develop the country. The fact was not denied. In the course of time the initial rate of 15 cents was increased to 25.5 cents. Some time ago the Southern and the L. & N. changed the rates from gross to net tons. When General Order No. 28 became effective the increase went into effect.

The case, both as to hearing and argument, was fought out on December 10. Frank Lyon appeared for the complainants and E. D. Mohr for the railroads and the Railroad Administration. The latter put on the stand W. F. Jones and himself to sustain the railroad contention that the low rates constitute an unjust discrimination. Mr. Mohr did not argue the point. Mr. Lyon used nearly an hour to discuss the question as to whether a railroad, on its own declaration, without any other testimony to show what other shipper is hurt, may advance rates to remove an unjust discrimination.

That was the only ground on which the railroad men undertook to combat the testimony of Vice-President and General Manager Crowe, of the LaFollette (Tenn.) Coal and Iron Company, and Sales Agent Newton of the principal complainant.

"Not a shipper questioned the right and duty of the President to increase rates twenty-five per cent to meet war expenses," said Mr. Lyon. "They all regard the increase as one of taxation. But, in behalf of my clients, I do question the right of the Southern and L. & N., on their own motion, to remove what they called an unjust discrimination to increase the rates 12.6 per cent by changing from a gross to a net ton, and then to make a still further advance, the total effect of which is to make the advance more than 150 per cent. The point is that every shipper was supposed to bear a twenty-five per cent advance. That would make the tax for war purposes just and uniform.

"There is nothing more vicious than a flat or horizontal increase. In this instance it favors the shipper at a distance. It promotes long hauling. If these two railroads, the only ones in the country, are to be permitted to disregard the custom of the trade and say rates on iron ore shall be stated for the net ton, on which not a pound is bought or sold, then there is nothing to prevent these railroads of ours, our hired men, from going to the Troy weight and saying that twelve ounces shall constitute a pound. They say it is to facilitate the keeping of statistics, that it will save them 450,000 computations. I admit it is easier to divide a given number of pounds by 2,000 than by 2,240 pounds, but is that a justification for even a 12.6 per cent increase in rates?

"As to this thing of a railroad increasing rates on the mere say-so of its traffic men that they are unjustly discriminatory, that is ignoring the essence of what constitutes unjust discrimination. Before there can be any unjust discrimination, there must be a showing that somebody is being hurt. It will not do to have Mr. Mohr submit comparisons of rates on iron ore in Michigan, Indiana, or some other state, as he has done here, and say these exhibits are evidence of discrimination.

"An increase without further showing might be justified by a showing that the rate was less than the cost of performing the service, but there is nothing of that kind here. These rates, before the advance, were more than enough to pay the cost. They were put in for the selfish purpose of the railroads, and not for the benefit of the shippers. If the rule is now to be that low rates, such as pay something more than the cost of performing the service, may be advanced at will, then the condition is as bad as it was before the passage of the act to regulate commerce, when traffic managers ruthlessly destroyed shippers who fell under their displeasure. The Commission, in the Willamette Valley case that went through the Supreme Court, came to the conclusion that the reason for the establishment of low rates is one of the facts to be considered in a case of this kind.

"I believe that all over the country there are situations such as in the Virginia blast furnace region, where the railroads are taking out, or trying to take out, low rates put in to promote the establishment of industries, and the effort is being made for no better reason than that given in this case. The Commission must give them attention and test them by the considerations I have mentioned."

FEDERAL CONTROL AND RAILWAY LABOR

(Address of W. S. Carter, Director of the Division of Labor of the United States Railroad Administration, before the Academy of Political Science, New York, December 7.)

To state at this time what has been the effect upon labor of federal control of the railroads will necessitate an explanation of what has been done in so short a time.

Having regard for the fact that approximately two millions of employees are affected and much that has been done if not experimental has at least been in the nature of pioneering, I am convinced that a continuance of the sympathetic policy of the Director-General of the Railroads will in the not distant future eliminate that feeling of unrest, if not desperation, so pronounced at the termination of private control.

An effect of federal control of the railroads upon labor has been the demonstration to them that there are orderly means by which all differences of opinion between employees and the railroads may be equitably adjusted.

Almost immediately after the creation of the Division of Labor of the Railroad Administration this work was systematically undertaken; in fact, it may be said, that the principal purpose of the creation of this division was to bring about a kindlier relation between official and employee.

These relations had become strained under private control, and for this unhappy situation neither operating officials nor employees were entirely to blame. In the early days of wage bargaining, the general manager of a railroad was privileged to grant increased wages and improved conditions of employment, when in his own judgment they were justified. In those days it was the operating officials of a railroad that dictated its policy affecting employees. In many instances these policies were liberal, to the extent that employees accepted a denial of requests, or accepted compromises, with the belief that the reasons offered by the operating officials of a railroad why requests could not be granted were sincere.

Then came the concentration of authority over expenses incidental to labor costs in boards of directors, often common in personnel to groups of railroads. Some employees went so far as to say, and believe, that a comparatively few of the great banking institutions of the country had assumed the right to prohibit operating officials granting any wage increase, even when it was known by such officials that economic conditions justified a liberal policy. An opinion prevailed toward the last that operating officials had lost practically all authority over wage matters—that they had become but the agents to enforce the will of "absent landlords."

Some employees believed that even their highest operating officials were obligated to deny any and all requests "that meant money" to the railroads, and were forbidden to adjust liberally the personal "grievances" of employees. Some of them found that where formerly operating officials had dispensed discipline alloyed with kindness, and where leniency had once successfully been pleaded, an apparent change in policy had been established. Unadjusted grievances accumulated, the feeling of oppression became more and more pronounced, and with this change of mental attitude of the employee came a decrease in efficiency of service, a lowering of morale, almost a complete absence of esprit de corps, on more than one railroad.

And then came an experience that led employees to think that "Wall Street was so far away" that it never made a concession until its dividends and interest were jeopardized by a strike, or a threatened strike. Even had such a belief been based upon error, the belief was sincere, and thereby some railway employees reached the conclusion that their only hope for relief lay in a threatened strike. They were convinced that the strike alone was the only influence of employees recognized by those who dominated the railway labor situation.

The government took over the railroads with a majority of employees mentally depressed and educated by experience to believe in this theory, and it has taken time and patience to convince that under federal control justice will prevail, without strike, or threats of strikes.

As a part of the great harmonizing plan of the present Director-General, three railway boards of adjustment have been created, to which nearly all employees working under

agreements with their respective railroads may appeal with certainty that a just decision will be reached. And for all employees not working under such wage agreements the Division of Labor of the Railroad Administration is a court of resort, where justice will be secured.

For its psychological effect, it was believed that for the strongly organized classes of employees, accustomed to adjusting matters in controversy in accordance with provisions of existing wage agreements, that railway boards of adjustment should be composed of an equal representation selected by these organizations and the regional directors of the Railroad Administration. By this method that constant fear of "prejudiced arbitrators," so pronounced among railway employees, has been entirely removed. Each and every member of these organizations of railway employees have the knowledge that he himself has a personal representative on the railway boards of adjustment, and that no so-called "neutral" holds the balance of power. Of course, employees know that in the event of a "deadlock" on these equi-partisan boards, the Director-General will take upon himself the duty of rendering a decision.

It was with the belief that deadlocks were inevitable that some railroad men of long experience, both officials and employees, doubted the practicability of this plan, but experience has not produced a single failure of these railway boards of adjustment to reach decisions, equally balanced as they are.

Credit for this success is not alone due to those whose vision and optimism has been vindicated. It has been a determination of the members of these boards to be fair that has made "deadlocks" avoidable and decisions acceptable. But, back of that, the chief executives of the employees' organizations are deserving of much of the credit for success, for they have said, in effect, to their respective representatives which they have selected: "You are no longer an advocate; you are now a judge."

All members of these boards of adjustment are technical experts in matters of wage bargaining and adjustments of the many other controversies that constantly arise between the railroads and their employees. They approach all matters submitted for adjustment with a thorough knowledge of detail and past practices. None of them can be convinced by the specious arguments that have so often led astray most estimable gentlemen who have served as neutral arbitrators. It was not only a fear that a bipartisan board would destroy its usefulness by inability to avoid partisanship, but predictions were made that employees would refuse to accept unfavorable decisions. Long years of experience in such matters demonstrate that members of the older railway employees' unions seldom violate an agreement. When the executives of one of these organizations, or other representative officer or committee, enters into an agreement to abide by a decision, it is seldom or never repudiated. It was this knowledge of the loyalty to their organizations and methods of enforcing discipline by such organizations that removed fears that unfavorable decisions of railway boards of adjustment would not be accepted in good faith by employees.

For that great number of employees who had never been permitted to participate in wage bargaining and grievance adjustment, through the machinery of labor union committees, the Division of Labor of the Railroad Administration directly acts as adjuster of controversies. An assistant director, with high reputation and years of experience in the work of mediation and labor adjustments, has been assigned the especial duty of investigating and adjusting matters of controversy not coming within the jurisdiction of boards of adjustment. He is assisted by men of like reputation and experience in field work, known as representatives of the Division of Labor.

This theory, however, if time will permit it to be carried to its logical conclusion, will place all railroad employees within the scope of work of boards of adjustment, upon which each class will have a representative.

Time will develop, in all probability, that one of the most pronounced effects upon railway labor of federal control will be the standardization of wages and working conditions of railway employees. A purpose long asserted by organizations of such employees had been accomplished only to a limited extent, both as to classes and to territory, under the pre-existing conditions.

It has not been so many years ago that on some of

our most important railway systems a policy prevailed that produced a different wage, if not a different condition of employment, on the several divisions of the same railroad. In some instances these differentials were established to meet the requests of the employees themselves, but in such cases a closer study will probably demonstrate that it was the inability of employees to secure a higher standard wage rate on all parts of a system that led them to press the claims of certain portions of the railroad where, because of peculiarly objectionable conditions, they had more convincing arguments to present for increased wages. Thus, by these methods of expediency, there were developed higher wage rates for the same classes of employees on the western divisions of the principal western railway systems. Thus, we find where increased wages could not be secured for an entire railroad, increases beyond a standard were secured where mountainous or desert conditions prevailed.

At one time it could be clearly shown that the cost of living was higher on western railroads than in the eastern region, and that other living conditions were not so desirable. Usually, however, it was the theory of expediency that caused railway employees to advocate these differentials.

This fact was brought out in recent years, where the so-called "district wage movements" were instituted by certain classes of employees and district standard secured. With the unification of the railroads under federal control the argument was immediately advanced by many employees, "now that all railway employees are working for the government, all employees should be paid the same wages for the same work." But there had arisen another condition since the beginning of the great war that led employees to contribute to the defeat of their desire for standardization. Cost of living had advanced with such gigantic strides that many employees subordinated their attention to their individual interests. Upon each man fell the burden of this depreciation in purchasing power of his individual earnings, and because of this burden he has, for the moment, subordinated his long expressed desire for standardization of wages for his entire class to his desire to maintain his past individual standard of living. Notwithstanding this individualistic demand, the direct result of the great increased cost of living, certain classes of railway employees have remained true to their desire for standardization.

General Order No. 27, issued May 25, 1918, was the result of the recommendations of the first wage commission created by the Director-General of Railroads early in the present year. Increased cost of living since December, 1915, was the basis of computation adopted by that commission. To this was applied the humanitarian theory that the increased cost of living had fallen heaviest on the low paid employes. But, regardless of the amount of increase in wages produced by General Order No. 27, hundreds of thousands of employees earnestly protested against the application of the order, because it "re-established the differentials" in wages prevailing in December, 1915, many of which differentials had been eliminated by wage negotiations during the years 1916 and 1917. This protest came largely from the approximately 350,000 employees engaged in the skilled shop trades. In carrying out their fixed purpose of standardizing wages and working conditions they had during these two years secured such an agreement on the majority of their southeastern railroads and were aggressively pressing that purpose on other railroads, when the railroads passed under federal control.

Their theory had been that the highest paid men should be content with but minor benefits, when, by so doing, the lower paid men were privileged to be advanced to a standard with all men in the same class of work.

The underlying theory of the wage advance of the first wage commission, while intensely humanitarian, completely upset all that had been done by shopmen, clerks, telegraphers, and others, toward standardization during the two years intervening between December, 1915, and January, 1918. Perhaps it will be of interest to know how General Order No. 27 produced this result. The first wage commission having based its recommended increases on the rates existing in December, 1915, recommended that any increases placed in effect subsequent to Jan. 1, 1916, should be considered as a part of the wage increase granted through its recommendation. Thus,

where in December, 1915, two like employees had been paid \$3 and \$3.50, respectively, per day, and the lower paid man had secured an increase of 50 cents per day in 1917, thus establishing a standard rate of \$3.50 per day, General Order No. 27 increased the wage of the one who had earned \$3.50 in December, 1915, to \$4.77, while the employee who had earned \$3 per day in December, 1915, to \$4.23 per day, and of this increase of \$1.23 per day, 50 cents was deducted because of the wage increase of 50 cents per day in 1917.

To those who did not understand what had been done a somewhat humorous situation was produced in which the man who had already received his increase was more dissatisfied than the man who had waited a year for it. Those who did not understand the cause of complaint knew that both of the men used in this illustration would have been more pleased had each received the same increase and thereby have preserved the standardization created in 1917.

But a peculiar situation had developed for the employees in train and engine service. Their "district standardization" had been established to a great extent before the close of 1915, and, therefore, the wage order (No. 27) based on the first commission's report, did not re-establish the former differentials.

The sympathetic attitude of the Director-General for the desire of railroad employees for standardization was amply evinced in that portion of his General Order No. 27, wherein he created a second wage commission, which he has designated as the Board of Railroad Wages and Working Conditions, and to which he delegated the following duties:

"This board shall at once establish an office at Washington, D. C., and meet for organization and elect a chairman and vice-chairman, one of whom shall preside at meetings of the board.

"It shall be the duty of the board to hear and investigate matters presented by railroad employees or their representatives affecting:

"(1) Inequalities as to wages and working conditions whether as to individual employees or classes of employees.

"(2) Conditions arising from competition with employees in other industries.

"(3) Rules and working conditions for the several classes of employees, either for the country as a whole or for different parts of the country.

"The board shall also hear and investigate other matters affecting wages and conditions of employment referred to it by the Director-General.

"This board shall be solely an advisory body and shall submit its recommendations to the Director-General for his determination."

In his supplements to the original General Order No. 27 this great work of standardization has been rapidly accomplished. Supplement No. 4 (July 25, 1918) established a minimum standardized wage, hours of employment and rates of overtime for approximately 350,000 employees engaged in the shop trades. Supplement No. 7 (Sept. 1, 1918) and supplement No. 8 (Sept. 1, 1918) accomplished a like purpose for perhaps a million employees engaged in chemical and other station work, maintenance of way, common labor, etc. Supplement No. 10 (Nov. 16, 1918) standardized minimum wages, hours of employment and rates of overtime for nearly 62,000 telegraphers, telephone operators (except switch operators), agent telegraphers, agent telephoners, towermen, levermen, etc., and a few days later supplement No. 11 accomplished the same purpose for all station agents not performing telegraphic service. In creating a "minimum standard," rates that were higher are preserved.

Of course, in the pioneering work apparent discriminations, if not injustice, to individuals, developed, and, to remedy these, the Director-General has directed the Board of Railroad Wages and Working Conditions to make further investigations in order that all may know that they will have a "square deal."

The one thing that has, to some extent, defeated the purpose of such an admirable policy has been the abnormal increase in wages of temporary war industries. Just why the railroads, under federal control, should not pay 80 cents per hour, when this rate is paid by other governmental agencies, is difficult to explain. But when it is realized, as it will be, that the Director-General's plan has been to establish wage rates that will be perma-

point beyond the war period, and after cost of living has decreased, railway employes will not complain. I am sure that had the Director-General remained with us it would have been his purpose to have maintained the rates of wages and working conditions established by him. It has been to accomplish this that he has refused to compete in wage increases with other agencies and industries whose activities will be greatly affected by a return of peace.

And yet, it must be confessed, that many employes are distrustful of the government, as they have been taught to be distrustful of their former employers.

While such a comparison is exaggerated, and all comparisons are said to be odious, a celebrated author points out that even a wild animal, in time, responds to the treatment accorded it. Jack London, in his wolf, "White Fang," portrays man—with all the bad and good that is in him. An animal with but the instincts that nature gave him and his kind in common, developed into a ferocious beast under ignorant and cruel masters, and half-starved, overworked and cruelly treated, viciousness developed to an extreme degree. And yet, as if by some magic power, another master made of him a docile, faithful creature. True, White Fang viewed with suspicion well-meant advances first made by his last master. He had been taught in his past life that all masters were cruel. It required but patience, tact and kindness to regenerate a degenerate. We have but to view a certain European situation to recognize that, with man, as with London's creature of the wild, like causes produce like effects. Anarchy is the natural child of tyranny, although, 'tis true, that no tyrant confesses his parentage.

Happily, no railroad employe had yet become a "White Fang" or a Bolshevik, but the leaven was there, unwittingly implanted by those whose selfish interests had blinded them to the destructive agency of their own creation.

Another administrative measure, equally as important to railway employes as those mentioned in the foregoing, has been the recognition of the eight-hour day by the Director-General. In some instances he has not yet been able to grant higher rates of overtime after the eighth hour of work, but usually in such cases it can be shown that the other benefits of the wage order have been a great advance, and even in these cases the eight-hour day has been established with pro rata overtime for work performed in the ninth and tenth hour, and time and one-half for any work performed after the tenth hour in any day's work. Where past practices have resulted in an eight-hour day and time and one-half for overtime for large numbers of employes in any class, this practice has been extended to all employes in that class.

As early as Feb. 21, 1918, less than sixty days after the railroads passed under federal control, General Order No. 8 was issued, which contained the following provisions:

"No discrimination will be made in the employment, retention, or conditions of employment of employes because of membership or non-membership in labor organizations.

This privilege, thus granted, the principle of wage bargaining having been recognized, and existing wage agreements confirmed by the Director-General, thus placed all employes on roads under federal control on an equality with employes on most of the roads where a more liberal policy has heretofore prevailed.

The fact that the Division of Labor was created with the director of that division on full equality with directors of other divisions, indicates the general attitude of the Director-General. It may be said that for the first time "labor" is recognized on equality in solving the problems of railroad administration.

No doubt, there has been impatience among railroad employes because of delays in adjustments of matters affecting their well-being, but it should be remembered that all that has been accomplished has been the result of the first eleven months of federal control. Having regard for the fact that approximately 2,000,000 employes have been involved; that varying conditions existed on many railroads; that much of the work has been created, and that it must take time to solve such problems, I feel sure progress has been made with unusual rapidity in the settlement of most questions.

Under the existing congressional act, the railroads will pass back to private control on or before twenty-one

months after the declaration of peace. Under private control, as under federal control, the labor problems are of great importance, and should have the serious consideration of those who are to reassume control. If Congress decides to enact additional legislation affecting the railroads, I sincerely hope that the rights and aspirations of labor in the operation of the railroads will receive due consideration. What has been done under federal control may serve as an illustration of what may be done under any form of control. But so long as the roads are under federal control, it is evident that labor problems will be dealt with along different lines than was the practice when the roads were operated by private corporations.

An effect of federal control on railway labor has been the inspiration for better things—that life is really worth living. I have said this with a full knowledge that federal control of labor produces effects in keeping with the peculiarities of temperament of those who govern. I speak of the present and not of the future. What the future has for the well-being, contentment and consequent efficiency of railroad employes rests with those who are to dictate policies of the future.

GRAIN LOSS AND DAMAGE

The Traffic World Washington Bureau.

The Director-General's general order No. 57, laying down rules for the guidance of those of his staff having the duty of settling loss and damage claims arising from shipments of grain in bulk, places the burden of cleaning the car, cooping it, and putting in grain doors, so as to make the equipment fit for the performance of the service offered by the tariff. That has long been a point of dispute between carrier and shipper. The instructions issued to the loss and damage claim officials may cause a resumption of the debates on that subject, if not litigation. The order is as follows:

"Claims on grain shipped in bulk constitute a large proportion of loss and damage claims. Some of the widely varying practices of both shippers and carriers with respect thereto are of doubtful propriety, and in many cases result in undue preference and unjust discrimination.

"This condition may be attributed largely to the great number of intricate factors entering into the grain business; the condition of scales and weighing practices, which, in many instances, result in weights of doubtful accuracy. Grain in bulk is sometimes loaded at large terminal elevators where so-called official weights are obtained; in other instances, at country elevators where weights are obtained on small scales in many drafts, and in other instances where scale weights are not used, but loading weights obtained on measurement basis; and at some points where no elevators are located grain is weighed over wagon scales, loaded into cars and the sum of the wagon scale weights used to represent the amount shipped.

"Destination weights are arrived at in as many different ways as the loading weights, but, as a general rule, the bulk of the grain shipped is destined to terminal markets where official weights are secured, and the differences between these loading and destination weights constitute the basis of claims, although losses resulting from the taking of samples for inspection purposes and the failure of consignee to unload all the grain and other wastage, over which the railroad has no control, are not taken into consideration or accounted for.

"In view of the foregoing, there is no good reason why carriers should assume responsibility for claims, the basis of which is solely the difference between these loading and outturn weights.

"Therefore, claims for loss of bulk grain will be recognized only where there is evidence of negligence on the part of the carriers. Leaks due to improper cooping of cars or placing of grain door boards are not to be considered as evidence of negligence on the part of the carrier, and the following rules shall apply until superseded by others that may be adopted as a result of investigation and study of the subject now being carried on by carriers and shippers in connection with the Interstate Commerce Commission.

"At the present time there is lack of uniformity in the disposition of grain claims. One purpose of these rules is to clear up this present situation and dispose of promptly such claims as come within these regulations.

Rule 1—Selection of Cars for Loading

"Suitable cars will be furnished for bulk grain loading. (See Definition.)

Definition: A suitable car for bulk grain loading is one that is grain tight and fit or can be made so by the shipper at time and place of loading by ordinary and proper care in use of cooperage material and by a reasonable amount of cleaning.

Rule 2—Rejection by Shipper

"While carriers are expected to furnish suitable equipment, it is the duty of the shipper to reject a car which is unfit for the loading intended.

"Shippers should not load bulk grain in a car with door post shattered or broken, or with other defects of such character as to render car obviously unfit, or with inside showing the presence of oil, creosote, fertilizer, manure, coal or other damaging substance of like or kindred character.

Rule 3—Cooperage

"Grain doors, or grain door lumber of proper quality and dimensions, will be furnished by the carrier and installed by the shipper to cover side and end doors and other openings of cars used for bulk grain loading.

Note 1: Carrier agent at loading station will ascertain the number of lumber pieces and grain doors or the number of feet of grain door lumber used to cooper the car and the approximate weight thereof, and note same on waybill.

Note 2: Should the carrier's supply of grain door material be exhausted, the agent will promptly notify his superintendent, who will immediately send the required material or authorize the shipper to use a supply to take care of the emergency. The shipper or consignee must not appropriate carrier's grain door or grain door material, but shall they use the same without specific authority from the carrier.

"Accessories such as nails, paper, cheesecloth, burlap or similar material for calking or lining cars, required to prevent loss of grain by leakage, shall be supplied by the carrier and applied by the shipper or at his expense.

Rule 4—Consignor, Consignee or Owner Required to Load and Unload Carload Freight

"Except as otherwise provided by tariff, owners are required to load into or on cars grain carried at carload ratings and consignee or owner is required to unload the car, which includes the removal of entire contents, including emptying the car. Loading includes adequate securing of the load in or on car, also proper distribution of the weight in the car by trimming or leveling.

Rule 5—Shipping Weights

"Where shipper weighs the grain for shipment, he shall furnish the carrier with a statement of the car initials and number, the total scale weight, the type and house number of the scale used, the number of drafts and weight of each draft weighed, the date and time of weighing, and state whether official Board of Trade, Grain Exchange, state or other properly supervised shipping weights, also state number and approximate weight of grain doors used. This information shall be furnished as soon as practicable, forwarding of car not to be delayed for this record.

Rule 6—Destination Weights

"Consignee shall furnish the carrier with a statement of the car initials and number, the total scale weight, the type and house number of the scale used, the number of drafts and weight of each draft weighed, and date and time of weighing, and state whether official Board of Trade, Grain Exchange, state or other properly supervised unloading weight.

Rule 7—Leakage or Damage Record

"If damage to or leakage of grain is detected while in carrier's possession, the necessary repairs must be made to prevent further loss or damage and a complete record made thereof. In case of a disputed claim, the records of both carrier and claimant on said car shall be made available to both parties.

"If shipper, consignee, owner or his or their representative should discover leakage of grain from car, he must immediately report the facts to carrier and afford reasonable opportunity for verification.

"The result of hammer testing will not be accepted as proof of loss.

Rule 8—Claims on Clear and Defective Record Cars

"(a) Clear Record Cars: If, after thorough investigation by the carrier, no defect in equipment or seal record is discovered, such record shall be considered to show that the carrier has delivered all of the grain that was loaded into the car. If evidence is produced by the claimant indicating a defective record, such evidence shall be investigated and given due consideration.

"(b) Defective Record Cars: Where investigation discloses defect in equipment, seal or seal record, or a transfer in transit by the carrier of a car of grain upon which there is a difference between the loading and unloading weights, and the shipper furnishes duly attested certificate showing correctness of weights, and the carrier can find no defect in scale or other facilities and no error at points of origin or destination, then the resulting claims will be adjusted subject to a deduction of one-eighth of one per cent of the established loading weight as representing invisible loss and wastage.

Note: Transfer in transit, as referred to in Section "b" of this rule, is a transfer for which the railroad is responsible, and not a transfer because of a trade rule, Governmental requirement, or because of orders of consignor, consignee, owner or their representative.

"(c) Leaks over or through grain doors and other leaks due to improper coopering by shipper shall not be considered defects for which the carrier is responsible."

MISSOURI FEE UNLAWFUL

The Traffic World Washington Bureau.

A fee of \$10,962.25 exacted from the Union Pacific by the Public Service Commission of Missouri, for the issuance of a certificate authorizing the railroad company to emit \$31,848,900 worth of bonds which constitute a lien on the whole property and not that only lying in Missouri, the Supreme Court of the United States holds, "was an unlawful interference with commerce among the states." Therefore, on December 9, in an opinion by Justice Holmes it reversed the Supreme Court of Missouri in *Union Pacific Railroad Company vs. Public Service Commission of Missouri*.

The Union Pacific has only six-tenths of a mile of track in Missouri, valued at a little more than \$3,000,000. The Missouri statutes have general prohibitions against the issuance of bonds without an authorization by the commission, impose severe penalties for unauthorized issues and purport, as the court said, to invalidate such issues if they take place. The opinion says the bonds would be unmarketable if the certificate were refused.

The railroad company paid the fee, but protested that its exaction was an unconstitutional interference with interstate commerce, and gave notice that it paid under duress to escape the statutory penalties and to prevent the revocation of the certificate.

In the litigation which ensued the lower court held that the fee was unreasonable and not more than the minimum of \$250 should have been charged. The Supreme Court, however, reversed the court below and upheld the charge. In reviewing the facts Justice Holmes said the railroad company has a mileage of more than 3,500, of which only six-tenths of one mile is in Missouri. The bonds were to reimburse the company for expenditures of which less than \$125,000 were made in Missouri. The business of the company in Missouri is wholly interstate. It does no state business.

"On these facts it is plain," says the opinion, "on principles now established, that the charge, which is a percentage on the whole issue contemplated, was an unlawful interference with commerce among the states. *Looney vs. Crane Co.*, 245 U. S. 178, 188; *International Paper Co. vs. Massachusetts*, 246 U. S. 135."

The opinion says the Supreme Court of Missouri avoided the interference question by holding that the application was voluntary and that the railroad company was estopped to decline to pay the statutory compensation. It is argued that a decision on this ground excludes the jurisdiction of the Supreme Court.

"But the later decision shows that such is not the law

and that, on the contrary, it is the duty of this court to examine for itself whether there is any basis in the admitted facts or in the evidence when the facts are in dispute. For a finding that the federal right has been waived. Were it otherwise, as conduct under duress involves a choice, it always would be possible for a state to impose an unconstitutional burden by the threat of penalties worse than if in case of a failure to accept it, and then to declare the acceptance voluntary, as was attempted in *A. T. & S. F. vs. O'Connor*, 223 U. S. 280."

RULES FOR SIDETRACKS

Supplement No. 1 to General Order No. 15 is as follows:

"General Order No. 15, dated March 26, 1918, is hereby supplemented as follows:

"1. General Order No. 15 is not to be construed as requiring or authorizing a federal manager to enter into a contract on behalf of the Director-General to pay for that part of an industry track on the right-of-way from the switch point to the clearance point where, in the judgment of the federal manager, the amount of traffic to be derived by the United States Railroad Administration from the construction of the industry track is not sufficient to justify such expenditure. In cases where, in the judgment of the federal manager, the circumstances justify the construction of an industry track, but the amount of revenue to be derived therefrom by the United States Railroad Administration does not justify the payment by the Director-General of the cost of that part of the track on the right-of-way from the switch point to the clearance point, an agreement may be made, otherwise in accordance with General Order No. 15, but providing for the payment of the entire cost of the track by the shipper, with a provision for refund up to, but not exceeding, the cost of the part of the track from the switch point to the clearance point, at the rate of two dollars (\$2) per car of carload freight yielding road-haul revenue, delivered on or shipped from the track during federal control.

"2. Track material contained in that portion of an industry track on the railroad right-of-way which was installed and paid for by the industry during federal control shall remain the property of the industry, except to the extent that refund of the cost thereof shall have been made by the railroad or the Director-General, but such ownership shall be subject to the right of the railroad to use the track when not to the detriment of the industry.

"3. Upon the discontinuance of use of an industry track for the purposes of the industry, the industry shall have the right to have the track material on the right-of-way which was paid for by the industry during federal control, taken up and delivered to the industry, except to the extent that the cost of such track material shall have been refunded to the industry by the railroad or the Director-General. The work of taking up the track shall be done, if the federal manager shall so desire, by the forces of the federal manager, but in any event at the expense of the industry."

RAIL-AND-RIVER RATES

The Traffic World Washington Bureau.

The Director-General announced December 7 that as soon as the necessary publication of tariffs can be made there will be established joint rail-and-river rates between points in the states of Minnesota, Wisconsin, Iowa, Illinois (including Chicago rate points in Indiana), and that part of Missouri north of the Missouri River on the one hand and on the other New Orleans and points taking same rates.

"The traffic will be interchanged with the boats of the Mississippi and Warrior waterways at St. Louis, East St. Louis, or Cairo," says the announcement.

"Service and rates have already been established on the Mississippi River between St. Louis and New Orleans, and the rates for the service of this new government river line are approximately 80 per cent of the railroad rates between the same points.

"The rail-and-river rates will also be substantially less than the all-rail rates, as they will be based on the same differentials under the all-rail rates as the river rates between St. Louis and New Orleans are less than the rail rates between those points.

"It is believed that with this new arrangement for rates and service the benefits to the shipping public in the Mississippi Valley territory will be greatly extended and that the difference in the rates will be sufficient to attract a considerable volume of business to the river lines and thus give to the entire region served the advantages of water transportation."

LAP-OVER REVENUE

Instructions for disposing of lap-over business are given in P. S. & A. Circular No. 53, as follows:

"The proposed contract between the Director-General and the railroads under federal control provides for compensation to the company for the complete service rendered by it in connection with the movement of carload freight prior to Jan. 1, 1918. Section 4, paragraph b, of the said contract reads as follows:

Railway operating revenues shall be allocated between the period prior and subsequent to midnight of Dec. 31, 1917, in accordance with the established accrual practices of the company; except that where prior to midnight of Dec. 31, 1917, the company's part of a service on through business has been completed, or carload lots on its own line had reached destination, the revenue of the company for such service shall be allocated to it. * * *

"The provisions of General Order No. 17 respecting 'lap-over' revenue are not in exact accord with the terms of the proposed contract, and where the provisions of the said order on this subject are in conflict with those of the proposed contract, the latter shall govern:

"The intent of the provisions of the proposed contract quoted herein is to credit and pay to the company all revenue on carload traffic on which the company had completed its service prior to Jan. 1, 1918. Revenue on carload traffic, on which the company had not completed its service prior to Jan. 1, 1918, if not included in the revenue for the month of December, 1917, or prior thereto, by estimate or otherwise, shall be considered as revenue of the Director-General and not as 'lap-over' revenue.

"Car accountant's records of cars covered by December or prior month waybills reported in January or subsequent month accounts should be examined, and if such records indicate the arrival of cars at destination or junction stations where freight leaves the home lines prior to Jan. 1, 1918, the carrier's proportion of the revenue thereon should be credited to the corporation as 'lap-over' revenue.

"No change is authorized in the apportionment of revenues provided for by General Order No. 17, except as outlined above, for freight revenue on carload shipments.

"If in any case, due to exceptional methods of accruing revenue, federal auditors do not consider that this plan will bring about equitable results or that its expense is prohibitive, the specific facts should be reported to the undersigned before the work is undertaken."

VALUATION POINT IN COURT

The Traffic World Washington Bureau.

The Commission has been cited to appear in the District of Columbia Supreme Court to show cause why a mandamus should not issue directing it to receive testimony to show the present cost of condemnation and damages, or of purchases, in excess of the original cost or the present value of the lands owned or used by the Kansas City Southern. Samuel Untermeyer and Frank M. Swacker are attorneys for the railroad.

In ordinary English, the railroad is trying to compel the Commission to hear its experts tell how much more it would cost now to condemn land suitable for the construction of the Kansas City Southern than it cost when that road acquired its right-of-way and station sites, and to state that greater cost as the present value of the railroad's lands.

Every other railroad in the country is interested in getting the courts to order such a method of valuing the real estate of the carriers. The state and federal commissions are in agreement that that is not the way set out in the Minnesota rate case decisions of the Supreme Court for ascertaining the value of railroad lands. Railroad lawyers think it is—hence the mandamus proceedings.

PERISHABLES IN BOX CARS

Regional Director Smith has issued the following:

"In order to secure immediate uniformity of action respecting certain outstanding embargoes against receipt of carload shipments of perishable commodities loaded in box cars, without lining, or other provisions requiring better protection, will you please be governed by the following?"

"1. Cancel any outstanding embargoes against acceptance from connections of carload shipments of perishable freight loaded in box cars.

"2. Refrigerator cars must be restricted to use where such cars are actually required to afford protection to perishable traffic.

"3. Accept perishable commodities loaded in box cars without protection subject to railroad responsibility where length of haul involved and direction of movement warrants judgment that shipment may move to destination without loss or damage.

"4. If change in weather threatens loss or damage to perishable freight loaded in box cars, transfer of lading must be made to suitable equipment.

"5. Instructions applicable at originating points are also to apply at point of reconsignment."

MILEAGE BOOK RATES

Senator McKellar, of Tennessee, has introduced a bill (S. 5653) authorizing the Director-General to "establish a system of mileage books at a rate not exceeding twenty per centum less than the rates already fixed for the use of commercial travelers and others habitually using the railroads."

How much the Director-General now has the power to establish rates, including mileage books, at any figure that seems good to him, the passage of the bill would not make the least difference, unless he chose to regard the legislative authorization as an order directing him to issue such mileage books.

BOILER INSPECTION AND TESTING.

In Mechanical Department Circular No. 11, dated November 1, but given to the public November 20, Frank McManamy, assistant director of the division of operations, laid down rules to be observed in the inspection and testing of stationary boilers in use on railroad property. There are twenty-four rules.

CHARGE TO OPERATING EXPENSE.

The Railroad Administration has reversed its ruling that assessments made by the Western Association of Short Line Railroads might not be charged to operating expense. The reversal permits the assessments in support of that association to be paid until further notice.

ORDER IN PRIVATE CAR CASE.

The Commission has given non-controlled roads until January 11 to comply with its order in the private car case, so as to assure absolute uniformity of rules and practice on that point throughout the United States. The extension was made necessary by the fact that, as a rule, non-controlled roads are not well enough organized always to comply with orders within the time prescribed.

REHEARING FOR TELEGRAPHERS.

Director-General McAdoo has granted a rehearing to railroad telegraphers who threatened to go on strike because assessments in and 11 to General Order No. 27 caused reductions in pay. Pending the rehearing, the old rates are to be continued to the men who claimed reductions would result.

W. F. T. COM. DOCKET.

The Western Freight Traffic Committee advises that a report covered by Docket 1814 was docketed erroneously. The question involved was as to whether or not the existing tariff rules and regulations governing shipments of butter, eggs, poultry and rabbits in the states of Missouri, Kansas, Nebraska, Oklahoma, Arkansas and Texas should be withdrawn entirely. In connection therewith, reference

is made to decision of the Interstate Commerce Commission in 35 I. C. C. 469 (I. and S. Docket 518).

The Western Freight Traffic Committee has docketed for consideration the question of rates on fullers earth, C. L., from New Orleans, La., and Galveston, Tex. (on import traffic), to various destinations throughout the west.

RULES FOR ACCOUNTING.

In P. S. & A. Circular No. 51, Director Prouty said:

"Attention of federal auditors is again directed to General Order No. 2 and P. S. & A. Circular No. 5, which indicate the methods and rules of accounting during federal control and continue the practices obtaining prior thereto, unless permission is obtained from the undersigned to do otherwise.

"A number of such requests have been received to change the practice from that during the test period in respect to additions and betterment charges, methods of accruing and classifying revenues, depreciation, taxes and rentals. The result of such changes, if allowed in most cases, would adversely affect the result of federal operations when considered in connection with the proposed contract with carriers. Especially is it true in respect to amounts for rentals, which, during the test period, were either correctly or incorrectly stated in the revenue accounts included in the standard return, but which it is at present claimed were erroneously accounted for and the items are claimed by the corporation to belong in account 510, miscellaneous rent income.

"Federal auditors must make no changes from the method of accounting or classifying accounts during the test period that may affect the contract settlement with the corporation or that will transfer amounts in accounts from those included during the test period within those used to compute the standard return to other income accounts without submitting the proposed changes to and obtaining permission from the undersigned to make such changes.

"If any such changes have been made since Jan. 1, 1918, without the approval above referred to, federal auditors shall at once submit a full statement thereof to the undersigned requesting permission to continue the changed methods or classifications."

BILLS FOR JOINT FACILITIES.

Additional instructions for rendering bills for joint facilities are given in P. S. & A. Circular No. 52, as follows:

"1. When bills for the use of joint facilities are based on a flat rate per train, per ton, per passenger, or other similar unit, the average monthly charge against each tenant for a period of not less than six months ended Dec. 31, 1917, shall hereafter be the measure of such service. If changed conditions render this measure unreasonable, adjustment may be authorized upon presentation to the federal manager of the justifying facts.

"2. If different factors, such as tons, car mileage, locomotive mileage, ownership of stock, etc., are used for the apportionment of the various expense and rental elements of the bill (maintenance of way, maintenance of equipment, transportation, general expenses, rental, or revenue), separate average per cents, based on the period ended Dec. 31, 1917, as provided in General Order No. 31, should be developed for each such element. Bills against tenants or users shall show the distribution of the charge or credit by the several general accounts."

WANTS ALL THE GOOD THINGS.

A. H. Smith, regional director, has sent the following to federal managers, general managers and terminal managers of railroads in the Eastern region:

"A request has been received from the Bureau for Suggestions and Complaints at Washington that all letters in which good is said of the railroads shall be sent to the bureau so they can enter them in their records. Will you please arrange, therefore, to forward to Mr. Ballard Dunn, Assistant Actuary, Interstate Commerce Building, Washington, D. C., all such communications received by the railroads under your jurisdiction? As information, the bureau contemplates making an additional acknowledgment to the writers of such letters after they are received by the bureau."

Digest of New Complaints

No. 10291. Full complaint was incorrectly digested in the November 11 issue as No. 10281.

No. 10301, Sub. No. 1. John S. Roche et al., trustees in liquidation of Milliken Bros., Inc., New York, vs. E. & O. McAdoo et al.

Against unreasonable, unduly prejudicial rates on various goods shipped from the Milliken structural steel fabricating plant on Western Island to interstate destinations resulting from the failure of the defendants to make spotting allowances. Asks for reasonable rates and reparation amounting to \$11,000.

No. 10320. Rope Paper Sack Bureau, Boston, vs. A. C. L., McAdoo et al.

Against failure of Southern Classification Committee to make ratings for flour and other grain products shipped in rope paper sacks. Asks for just, reasonable and nondiscriminatory ratings, not higher than those in Official and Western.

No. 10340. Walter Zelnucker Supply Co., St. Louis, vs. C. B. & Q., McAdoo et al.

Against rates on old rails and fasteners from Denver re-carried to Sioux City, Ia.; as unjust and unreasonable because of the application of a wrong combination. Asks for reparation.

No. 10341. Wittenberg King Co., Portland, Ore., vs. Great Northern, McAdoo et al.

Unreasonable rates on cull apples from points in Washington to Portland in that no difference is made in rates between cull and graded apples. Asks for reparation.

No. 10444. New Orleans Natalbany & Natchez R. R. Co. vs. Illinois Central and McAdoo.

Asks for an order designating the junctions from which cars are to be switched under an agreement between the complainant and the Illinois Central so as to determine the distance on which mileage allowances are to be paid. The dispute arises as to how a track owned by the defendant but leased by complainant shall be treated in arriving at mileage.

No. 10334. Carnation Milk Products Co., Chicago vs. A. T. & S. J., McAdoo et al.

Against a rate of 85 cents on condensed milk from Pacific Coast points to the east as unjust, unreasonable and unduly discriminatory in comparison with a rate of 62.5 cents on other canned goods. Asks for reparation for the difference.

No. 10334, Sub. No. 1. Same vs. Great Northern et al.

Same as to shipments from Washington to Montana points.

Same. Reply.

No. 10334, Sub. No. 2. Same vs. Southern Pacific.

As to shipments from Seattle, Kent and other Washington points to Tucson, Ariz.

No. 10335. Galveston Commercial Association et al. vs. McAdoo et al.

Against a rule which prohibits the application of fifth class to mixed carloads of iron and steel articles from Galveston to destinations in Oklahoma because the rule results in the application of rates on such commodities higher than the rates on like articles for similar distances applying between Shreveport, La., and Texas points, prescribed by the Commission in Ex. I. C. C. 312-76 and published in Fonda's I. C. C. No. 51. Asks for rates no higher than the Shreveport rates.

No. 10346. Shelton Hixon Co., Minneapolis, vs. Oregon Trunk Ry. Co., McAdoo et al.

Against charges on lumber from Oregon points to destinations east of the Rockies resulting from the application of the cubical capacity rule, as unjust and unreasonable. Asks for reasonable rates and reparation.

No. 10347. The Hebe Co., Chicago, vs. C. & N. W., McAdoo et al.

Against a fifth class rate on a compound of skimmed milk

and vegetable fat, from Wisconsin points to DelRidder, La., as unjust and unreasonable in comparison with a commodity rate of less than fifth class to Lake Charles, a more distant point. Asks for a reasonable rate and reparation.

No. 10338. W. T. Ferguson Lumber Co., St. Louis, vs. L. & A., McAdoo et al.

Against charges for car service and switching carload of lumber from Stamps, Ark., to East St. Louis, re-carried to South Akron as illegal because car was not handled as routed nor was consignor notified of arrival of car at Akron or South Akron. Asks for reparation amounting to \$106.

No. 10339. Los Angeles Foundry Co. vs. Bullfrog, Goldfield, McAdoo et al.

Against rates on grinding balls from Los Angeles to various destinations in the United States other than California as unjust, unreasonable and excessive because in excess of rates assessed on the same commodity from Chicago, Columbus and other points of manufacture to competitive destinations. Asks for just and reasonable rates from Los Angeles.

No. 10340. St. Louis Independent Packing Co. vs. McAdoo.

Against the imposition of a terminal charge of \$2.50 per car on live stock delivered, on their own rails, to the plant of complainant in Chicago when no extra terminal service is performed such as is given at East St. Louis and as to which the Commission, in 47 I. C. C. 287, said the carriers might charge \$2.50, as resulting in unjust and unreasonable rates. Asks for a cease and desist order and reparation.

No. 10341. United Verde Extension Mining Co., Jerome, Ariz., vs. McAdoo.

Against combination rates on one locomotive from Clarkdale, Ariz., to El Paso as unjust and unreasonable. Asks for reasonable rates and reparation.

No. 10342. The American Petroleum Products Co., Cleveland, vs. M. K. & T., McAdoo et al.

Against unreasonable charges on petroleum product shipped in tank car from New Orleans, consigned to Petroleum Sales Co. at St. Louis and re-carried to complainant at Portsmouth, O. The car was "lost" at St. Louis and when found \$136 in demurrage was exacted from complainant for the time the car stood on the rails of the Illinois Central at St. Louis while complainant was hunting it. Asks for reparation.

No. 10343. Schram Glass Mfg. Co., St. Louis, vs. A. T. & S. F., McAdoo et al.

Against a rate of 75 cents on fruit jars, fruit jar caps and jelly glasses from Sapulpa, Okla., to Pacific coast terminal and inter-mountain points as unjust and unreasonable. Asks for a rate not exceeding 65 cents to coast points and not more than 70 cents to inter-mountain points and reparation.

No. 10344. Hannah Distributing Co. et al., Jackson, Miss., vs. Illinois Central, McAdoo et al.

Against the general adjustment of class and commodity rates to and from Jackson on the theory that potential water competition entitles Vicksburg, Natchez, Memphis and New Orleans lower rates than Jackson and other interior points.

No. 10345. Marfield Grain Co., Minneapolis, vs. C. B. & Q., McAdoo et al.

Illegal rates on two carloads of wheat from Lincoln, Neb., to Chicago, milled in transit at Aberdeen, S. D., resulting from failure of carriers to route the cars via the cheapest route, the only routing instruction being to mill in transit at Aberdeen. Asks for reparation amounting to \$619.90.

No. 10348. E. I. Du Pont de Nemours & Co., Wilmington, Del., vs. Norfolk & Western, W. G. McAdoo et al.

Unjust and unreasonable charges on carload shipments of wet nitrocellulose from Hopewell, Va., to Parlin, N. J., during period of embargo by reason of necessitated change in routing involving application of combination instead of through rates. Asks for cease and desist order and reparation.

No. 10349. E. I. Du Pont de Nemours & Co., Wilmington, Del., vs. Norfolk & Western, W. G. McAdoo et al.

Unjust and unreasonable rates on carload shipments of nitrate of soda from Norfolk, Va., to Barksdale, Wis., charges being based on combination instead of through rates. Asks for reparation of \$8,780 and the establishment of joint through rates.

Docket of the Commission

Note.—Items in the Docket marked with an asterisk (*) are new, having been added since the last issue of The Traffic World. Cancellations and postponements announced too late to show the change in this Docket will be noted elsewhere.

December 17—Pittsburgh, Pa.—Examiner Burnside:
10246—Diamond Alkali Co. vs. Fairport, Palmesville & Eastern R. R. Co. et al.

December 18—Salt Lake City, Utah—Examiner Mackley:
10228—Watts Coal Co. vs. Utah Ry. Co. et al.
1044 Section Application 6938 filed by Utah Ry. Co. regarding switching charges on coal.

December 20—Philadelphia, Pa.—Examiner Burnside:
10044 and Sub. Nos. 1 to 34 inclusive—E. I. Du Pont de Nemours & Co. vs. Sou. Ry. Co. et al.
10045 and Sub. Nos. 1 to 37 inclusive—E. I. Du Pont de Nemours & Co. vs. A. & V. Ry. Co. et al.
9752—E. I. Du Pont de Nemours Powder Co. vs. M. D. & S. Ry. Co. et al.
10045—Same vs. A. & V. Ry. Co. et al.

December 28—Washington, D. C.—Examiner Thurstell:
9887—St. L. & Electric Term. Ry. Co. et al. vs. C. C. & St. L. Ry. Co. et al.

January 6—Salisbury, Md.—Examiner Worthington:
* 10260—Earnest B. Timmons et al. vs. B. C. & A. Ry. Co. et al.

January 6—Portsmouth, O.—Examiner Gibson:
* 10153—Board of Trade of Portsmouth, O., vs. Atlantic City R. R. Co. et al.

January 6—Chattanooga, Tenn.—Examiner Fleming:
* 10301—Chattanooga Bottle and Glass Mfg. Co. vs. Ala. Great Sou. R. R. Co. et al.

* 10266—The Columbia Iron Works vs. Ala. Great Sou. R. R. Co. et al.

January 6—Detroit, Mich.—Examiner Marshall:
* 10324—Kalamazoo Tank and Silo Co. vs. W. G. McAdoo, Director General of Railroads et al.

* 10290—Dow Chemical Co. vs. W. G. McAdoo, Director General of Railroads et al.

January 6—New York, N. Y.—Examiner Worthington:
* 10292—National Wholesale Dealers' Lbr. Assn., for Robert R. Sizer, vs. W. G. McAdoo, Director General of Railroads et al.

* 10289—Texler Lbr. Co. vs. Tidewater & Western R. R. Co. et al.

January 7—Philadelphia, Pa.—Examiner Worthington:
* 10281—J. W. Diffenderfer Lumber Co. vs. Mt. Airy & Eastern Ry. Co. et al.

- January 7—Joseph B. Tamm—Examiner Fleming:
 • 10264—James B. Tamm vs. L. & N. E. R. Co. et al.
 January 8—St. Louis, Mo.—Examiner Worthington:
 • 10294—American Agricultural Chemical Co. vs. C. R. R. of N. J. et al.
 January 8—Washington, D. C.
 • 9842—W. P. R. R. vs. Sun Pac. Co. et al.
 1. As to L. & N. E. R. Co. vs. P. B. R. Co. (in the particular question as to whether the lien from the bonding point to the point of delivery should be included in the calculating and delivery to the owner of the L. & N. E. R. in making delivery from the Union Mill to its trunk line and connecting line at Indian Lake, Ind.)
 January 8—St. Louis, Mo.—Examiner Gibson:
 • 10264—Patent Board of Trade, Inc. et al. vs. W. G. McAdoo, Director General of Railroads.
 January 9—St. Louis, Mo.—Examiner Fleming:
 • 10264—C. R. R. vs. T. & N. E. R. Co. vs. Wm. G. McAdoo, Director General of Railroads et al.
 • 10294—American Agricultural Chemical Co. vs. Wm. G. McAdoo, Director General of Railroads et al.
 January 9—Chicago, Ill.—Examiner Marshall:
 • 10264—Patent Board of Trade, Inc. et al. vs. W. G. McAdoo, Director General of Railroads et al.
 January 9—St. Louis, Mo.—Examiner Marshall:
 • 10264—Sub. Nos. 1, 2, 3, 4, 5, 6—James B. Tamm vs. W. G. McAdoo, Director General of Railroads et al.
 • 10264—Sub. No. 1—James B. Tamm vs. W. G. McAdoo, Director General of Railroads et al.
 • 10264—Sub. 2—T. & N. E. R. Co. vs. W. G. McAdoo, Director General of Railroads et al.
 • 10264—Sub. 3—T. & N. E. R. Co. vs. W. G. McAdoo, Director General of Railroads et al.
 • 10264—Sub. 4—T. & N. E. R. Co. vs. W. G. McAdoo, Director General of Railroads et al.
 • 10264—Sub. 5—T. & N. E. R. Co. vs. W. G. McAdoo, Director General of Railroads et al.
 • 10264—Sub. 6—T. & N. E. R. Co. vs. W. G. McAdoo, Director General of Railroads et al.
 • 10264—Sub. 7 and 8—MacKenna & Rogers vs. W. G. McAdoo, Director General of Railroads et al.
 • 10264—Sub. 9—T. & N. E. R. Co. vs. W. G. McAdoo, Director General of Railroads et al.
 • 10264—Sub. 10—T. & N. E. R. Co. vs. W. G. McAdoo, Director General of Railroads et al.
 • 10264—Sub. 11—T. & N. E. R. Co. vs. W. G. McAdoo, Director General of Railroads et al.
 • 10264—Sub. 12—T. & N. E. R. Co. vs. W. G. McAdoo, Director General of Railroads et al.

HALF RATE TRANSPORTATION.

Edward Chambers, Director, Division of Traffic, has issued the following:

Commencing Jan. 1, 1919 it is the purpose to give effect to standardized arrangements on all railroads under federal control whereby ministers of the gospel, brothers of religious orders, sisters of charity, deaconesses, and others engaged extensively in religious duties (all beneficiaries to be described in full detail in the regulations), will be accorded the privilege of purchasing tickets at one-half the normal one-way passage fare, with no reduction in the sleeping car rate. The concession will be administered by clerks bureaus maintained in New York, Atlantic and Pacific, operating under the supervision of the general passenger traffic committee, and the reduced fare tickets will be obtained by means of a clerks certificate presented by the beneficiary on the occasion of each trip.

A systematic plan of supervising the issuance of half rate transportation to destitute and indigent persons and inmates of missionary institutions will also be supervised by the general passenger traffic committee; likewise a similar reduction will be accorded inmates of national and state soldiers' and sailors' homes.

JOINT RATES LESS THAN COMBINATIONS.

The Western Freight Traffic Committee issues the following supplement No. 2 to Rate Advice No. 257:

Please refer to Rate Advice No. 257, as supplemented, relative to reduction of joint rates not to exceed combinations, and be advised that rates as not to be construed as modifying rule 36 of the Interstate Commerce Commission's Tariff Manual No. 18-A, and in case Freight Rate Authority No. 4126 rates prescribed thereunder should not make reference in any way to Commission's rule No. 36, but should show that the rates so prescribed are authorized under Freight Authority No. 2126.

In other words, the purpose of the last paragraph of the amendment is to provide for a uniform carload minimum weight when rates are issued under the conditions stated in rule 36 of Tariff Manual No. 18-A, and to point out that all of the conditions prescribed in that rule, except as to the minimum weight, shall be observed in making such charges effective on one day's notice.

FREIGHT RATE INFORMATION.

The Eastern Freight Traffic Committee announces that information regarding freight rates on account of the Eastern, South Sea & Atlantic and Mineral Range railroads will be furnished by the Erie Railroad, W. R. Crow, general agent, New York City.

POSITIONS WANTED OR OPEN

GOOD TRAFFIC MEN ARE MORE THAN EVER IN DEMAND and **THE TRAFFIC WORLD** is the logical medium for getting the men and the positions in touch with one another. The rates for classified advertisements are as follows: Five cents per word first insertion, three cents per word second insertion and two cents per word for each additional insertion, payable in advance. Answers to keyed advertisements forwarded free and all correspondence held in strict confidence. **THE TRAFFIC WORLD**, 418 South Market Street, Chicago, Ill.

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FREIGHT TRAFFIC MANAGER of large industry, desiring services of reliable assistant, experienced in traffic work, capable of handling office detail. At present holding very responsible position. Can furnish best of references as to habits and ability. L. B. S., The Traffic World, Chicago, Ill.

TRAFFIC MAN, eleven years' railroad and mercantile experience as traffic aide and chief clerk, collecting car service and freight claim agent, tariff compiling. Now assistant traffic manager construction company doing government work, are 24 weeks, excellent references. "Ohio," The Traffic World, Chicago, Ill.

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WANTED—Position by man experienced in freight traffic work and exporting. Address B. E. 31, The Traffic World, Chicago, Ill.

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TRAFFIC ORGANIZATIONS

THE NATIONAL INDUSTRIAL TRAFFIC LEAGUE—Object: The object of this league is to attract to the attention of traffic matters, to co-operate with the Interstate Commerce Commission, state, national, commercial and foreign labor organizations in promoting and securing better understanding by the public and the state and national governments of the needs of the traffic world, to secure proper legislation where deemed necessary, and the modification of present laws where considered harmful to the free interchange of commerce, with the view to advance the development of transportation, commerce and protect the commercial and transportation interests.

Headquarters: Traffic Bldg., 3 North La Salle St., Chicago.
 G. M. Frost, President
 Manager Traffic Department, Cincinnati Chamber of Commerce and Merchants' Exchange.

R. D. Summister, Vice President
 Transportation Commissioner, Kansas City Chamber of Commerce.

Oscar E. Hall, Secretary-Treasurer
 T. M. Crane Company, 326 South Michigan Avenue, Chicago, Ill.

E. F. Lacey, Assistant Secretary
 3 South La Salle Street, Chicago, Ill.

MANUFACTURERS' ASSOCIATION, in charge of Traffic of Industries located at Sterling and Rock Falls, Ill.

A. N. Bradford, President
 W. W. Drake, Vice-President
 W. J. Burroughs, Secretary-Treasurer
 W. E. Lacy, Traffic Manager

All correspondence relative to movement of traffic to or from Sterling and Rock Falls, Ill., should be addressed to the Traffic Manager, General Offices, Lakeside Building, Sterling, Ill.

CANCELLATION OF EMBARGOES.

In Car Service Section Circular CS-44, Manager Kendall states:

Examination indicates that a considerable reduction in live embargo files may be made by cancelling embargoes which are not now necessary from a transportation standpoint.

"Please, therefore, have outstanding embargoes placed by you thoroughly checked at once, cancelling such as are no longer necessary."

DIRECTORY OF TRANSFER AGENTS, FREIGHT FORWARDERS, WAREHOUSEMEN, CUSTOM HOUSE BROKERS, ETC.

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of City, Storage, Traffic and Transportation Depts.

THE TRAFFIC WORLD

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President

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HENRY A. PALMER, Editor

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Saturday, December 21, 1918

RAIL AND WATER COMPETITION

Whether or not there is an organized propaganda in government circles for government ownership or operation of the railroads and the wire companies, there would appear to be something of the sort with respect to Director General McAdoo's plan for five years more of government operation of the railroads. This is not only indicated by the tone of newspaper articles written in Washington and naturally suspected of taking their tone largely from those who give out the information on which they are based, but is discernible from the correspondence between Director-General McAdoo on the one hand and the Governor of Illinois and St. Louis commercial bodies on the other, with respect to government boats and barges on the Mississippi River. Mr. McAdoo, while assuring inquirers that the river project will be carried out, says: "It is proper that I should call your attention to the fact, however, that unless the Congress shall extend the period of federal control so that a reasonable opportunity may be afforded for a fair test of the value of unified railroad operation along with coordinated inland waterways transportation, the experiment on the Mississippi River may not hold out much promise. I doubt if the Mississippi River operation can produce satisfactory results if the railroads should be turned back soon to private control. The old methods of railroad competition with waterways transportation will be revived and it is probable that the waterways experiment may not be able to survive that competition."

Here is a sample of the kind of newspaper article mentioned.

The country is rallying to Director General McAdoo's plan for a five-year extension of government

operation of the rail lines. * * * This is particularly true in cities on inland waterways susceptible of navigation. Chicago, New Orleans, Memphis, St. Louis, Kansas City, Cairo, Cincinnati and Davenport, Iowa, have joined their voices to the demand for continued government control of transportation. They see in it the only hope of a developed river commerce, relieving the congestion of the rail lines by absorbing the slow freight and affording a cheap means of transportation. Most of these cities look back with envy on the early eighties, when majestic steamboats raced their rivers and tied at their landings with decks piled high with freight and the song of the stevedore rose weirdly in the air twenty-four hours out of the twenty-four along the docks."

The commercial organizations of Chicago, New Orleans, Memphis, St. Louis, Kansas City, Cairo, Cincinnati and Davenport will no doubt be interested to learn thus from Washington that they have joined their voices "to the demand for continued government control of transportation" and the regret for the halcyon past.

Mr. McAdoo's suggestion that the old methods of railroad competition with waterways transportation will be revived probably results from lack of information and not from any intent to be unfair or insulting to the Interstate Commerce Commission. Well informed persons, of course, know that the Panama Canal amendment to the act to regulate commerce contemplates such integration of land and rail lines as is suggested now as possible only under continued government control.

The Railroad Administration has started a valuable work in the development of waterways transportation and we are by no means disposed to deny it any of the credit it deserves. Its retirement from control of transportation agencies would, of course, mean the cessation of government operation of boats and barges on our inland waterways. What it has done is to take on itself to some slight extent the burden that was not being assumed by private capital in thus increasing means of transportation in time of need. In that sense a return of the roads to their owners and a resumption of conditions that existed before the Railroad Administration came into being—if no provision were made to meet the situation—would be a blow, to the extent of what has been accomplished. But even if such provision were not made, the condition would simply be that private capital might continue to show lack of interest, and not that "old methods of competition would be revived." These old methods were long since thrown into the discard. Let us be fair about it.

Many of our rivers have long been improved, but business men have not shown the inclination to organize boat lines. They have apparently not taken seri-

ously that part of the act which says that when a rate has been lowered to meet water competition it may not be raised again except on a showing that there has been a change in conditions other than the disappearance of the water competition.

The "old methods of competition" cannot be revived unless the Interstate Commerce Commission declines to enforce the law.

While the act may be defective in that it forbids some of the things that must be done to enable the railroads to unify themselves, there is no defect in that part of it intended to bring about unification of land and water carriers. The act, as amended by what is known as the Panama Canal part of it, affords a complete scheme for unification. Its enforcement has been resisted by attorneys for the carriers, but the Commission has issued orders for through route and joint rate arrangements. There is no reason to believe that it will not issue others if those interested in promoting navigation make the proper applications. They could force the Director-General to enter into through route and joint rate arrangements with boat lines. There is nothing to keep the Director-General, on his own initiative, from making such arrangements, without waiting for some shipper or some boat line to ask for them.

The old methods of competition between the railroads and the boats could return, in their most prominent manifestation, only if low rates were made to drive boats away and then high ones were made to recoup losses. This could be possible only by the affirmative act of the Commission in allowing advances in rates.

SETTLING THE RAILROAD PROBLEM

We this week publish an address of Walker D. Hines, Assistant Director-General of Railroads, in advocacy of the plan of his chief to continue for five years more the present plan of government control of the railroads. It is a somewhat more acceptable document than the letter of Director-General McAdoo to Senator Smith and Representative Sims, because, while it makes the same appeal, it goes more into explanations and reasons. The reasons, to us, are not convincing, but they are more so than none at all.

We agree with the first proposition in the address—that there is no use in talking about turning the railroads back to their owners with remedial legislation if such legislation is impossible. But we do not agree that it is impossible. We think the impossibility is imagined. We do agree that it is improbable that the present Congress—whatever it ought to do—will enact such remedial legislation before the fourth of next March, when it goes out of existence. The next course, Mr. Hines points out, would be to keep the roads

twenty-one months after the declaration of peace (or, as Mr. Hines does not say, as much of that time as is necessary to enact remedial legislation). He emphasizes what Mr. McAdoo has had to say on this point to the effect that it would be better to hand the roads back at once without any legislation for the reason that the uncertainty to which the railroad employes would be subjected during this period would be hurtful to their morale.

Undoubtedly suspense would be hurtful to morale. Nobody could deny that. But have not the employes of the railroads (as well as their stockholders) been in suspense all this time of government control when the Railroad Administration has claimed such great efficiency on their part? True, they have had the inspiration of patriotism in time of war, but that war is over now. Are we to understand that there is a falling off in railroad morale at present? And if the time of government control were continued for five years instead of two years, would there be any difference in this matter of morale except that the harm to it might be postponed for a time? Would not railroad employes toward the end of the five years' period, when active measures were under way for settling the railroad problem, be just as nervous as they are now or as they would be during a twenty-one months' period? Would they not, indeed, be more injured as to their morale by the long-continued uncertainty and discussion? As far as this phase of the matter is concerned, we should say the wise thing would be to get it over as soon as possible.

Mr. Hines marshals an imposing array of questions that perplex those charged with working out the railroad problem. They are many and they are serious. But that is no reason why their solution should be postponed. The government took over the railroads to meet a war necessity. Congress stipulated the time during which they should so remain under government control. Congress will fail in its duty if, now that the time for handing them back is in sight, it does not formulate a proper plan under which to hand them back. But it is unreasonable and unfair to offer to the American public, as Mr. Hines, Mr. McAdoo and even the President, have done, the choice of accepting the plan of five years more of government control or an immediate return of the roads without remedial legislation. Even if Congress should fail or appear to be likely to fail in its duty to formulate a program, it remains none the less the duty of the Administration to make the best of things. That it cannot have its way in the five years' proposal—no matter how firm it may be in the conviction that that is the proper plan—is no reason for throwing up its job.

It might be added as another reason why it should

(Continued on page 1194)

Current Topics in Washington



Cost of the Proposed Railroad Experiment.—Some of the religiously inclined of those who are not bubbling over with enthusiasm for Director-General McAdoo's plan for five years' lease of a whole lot of railroads, are wondering whether the bill on advice of first cutting the cost of the tower if it is proposed to build has been followed. It is assumed that Mr. McAdoo is prepared to say, as soon as Congress indicates a willingness to hear, what he defines the government should pay the extent of the railroads

for the use of their property during the five-year period. The total has not yet been paid for the use of that property for the duration of the war. Many persons guessed when the federal control law was enacted because the average operating income for the three years ended with June 30, 1917, was set as the maximum that might be paid. They thought that that was unduly generous. The latest figures have given notice that no reduction in wages will be indicated. The intention is, however, to meet the increased cost of living and keep the railroad employees at their present salaries the chief item in the increased cost of operation. From that it may be inferred that the Director-General, when asked what rent shall be paid for the property with which the experiment is to be made, will speak in favor of a continuance of the high rental the government promised to pay so that it could win the war. Such a recommendation, it is argued, might be used as warrant for the farmers to demand a guarantee on the wheat that foreign buyers equal to that now in existence. The cotton farmers, who objected to the fixing of price on their commodity might now come in with a demand that there be a guarantee of their cotton a point so that they have a fair opportunity for trading out ahead of competitors who, for the first time during the war when there was great necessity for the production of that staple, it might be warrant for a continuance of war prices on everything, with the government as the purchaser of prices. Also it might be warrant for the continuance of hotel rates about every three months, years without end.

Other War Agencies Quitting.—The war-time agencies like the food and fuel administrations are preparing to wind up their affairs. There have not made requests for a postwar extension of life to the end that they might continue some kind of experiment. The nearest step is to a request for a certificate of necessity for further life is a scheme suggested by Mark L. Roper, director of the oil branch of the Fuel Administration. His idea is that Congress should create a board of Trade with powers of business over business such as the proprietors of the public Trade Commission thought they were giving to that body. Roper, who is a railroader and must, however, be charged with the fact that the Federal Trade Commission has not acquired such a standing in the business world as to hold by the Supreme Court in the famous *Grain* case of the world. His idea is that there should be a board of trade to make the decision in business matters that would involve the same degree of compulsion that is shown in respect of decisions by the Supreme Court. His further idea is that that board should have the power to nullify the things that have been done by the food and fuel administrations to give the country from the harm that unrestrained competition would do business. The food and fuel administrations have exercised a restraining hand to protect the calls that would come in the wake of an unregulated market of the food of supply and demand which is one of the laws of commerce. The Fuel Administration has made the two branches of the oil industry work together for the production of the maximum amount of petroleum on which the world's steamships, the war against Germany was won. But the proposal made by Mr. Roper does not carry

with it the suggestion for payments of hundreds of millions for the benefits that would follow the supervision of business by a national board of trade.

Judge Haight's Decision.—The decision of Judge Haight in the New Jersey lumber cases makes a new body of court law in respect of what shippers may and may not do to evade embargoes. The most prominent thought in connection with the outcome of these criminal proceedings is that a shipper must be careful in choosing a nominal consignee. It is common for shippers to use the name of this, that, or the other possible buyer as a consignee. The bill of lading is made out in the name of the possible buyer, with the subsidiary, but very important, notice that this, that, or the other person is to be notified, or that the shipment is to be in care of this, that, or the other person, firm, or corporation named in the bill. The ordinary "order, notify" bill of lading is made out in the name of the consignee, with directions to notify the real consignee. By means of that form, the owner of the goods is able to retain possession of them until he knows that the buyer is willing and able to pay for them. When the embargoes were laid on lumber and other commodities, shippers obtained transportation into or through the embargoed areas by having the shipments consigned to an army officer or official of the government, the railroad thereby receiving the impression that the lading was for the use of the government. It was charged that in many instances, the lumber so put through the embargo lines was sold to the government, the representatives of the government believing they were buying material that had been in stock, while, as a matter of fact, they were buying lumber that had run the blockade by reason of the fact that it was shipped to Capt. John Smith, the railroad employees being misled into the belief that the lumber in question was a commodity acquired by the War Department and intended for the use of the War Department or some branch of the army, while, as a matter of fact, it was merely being put through the embargo lines by the lumberman who afterward sold it to the War Department or some other branch of the government, at probably high prices, because of their ability to deliver immediately—which is what their rivals could not do.

"W. G. McAdoo, Director-General of Railroads."—It is true, but true that it is the little, non-essential things that frequently cause the most talk, even about as serious a thing as the Railroad Administration. Judging from the way even traffic men coming to Washington on serious business talk, the fact that William G. McAdoo's name is mentioned in nearly every possible place on the stationery and rolling stock of the railroads is more important than the maximum charge of \$15 on a carload of freight. Just now the removal of Mr. McAdoo's name from the dining car menu and the fact that the placards serving the public to tell him about deficiencies in service have disappeared in view is causing comment. The widespread use of Mr. McAdoo's name on the stationery and other property of the railroads has been regarded not as an evidence of egotism, but as a manifestation of his respect winning by subordination. If that is the proper explanation, it is supposed that the Director-General by this time is preparing to be served from another effort on the part of his friends to make his name a household word throughout the land. It pays to advertise. No man connected in any way with the printing press dare deny that. At times, however, the wise one looks for a display of advertising, so that he may differentiate between real advertising and a more foolish boasting of the name of the person to be advertised, over billboards, menus and stationery, the printing of which was ordered, presumably, at a time when there was a stern demand to save man power.

Control Over State Rates.—Some of those interested in the low law question naturally rebelled by the fact that the Director-General has prescribed rates on interstate business with there could be a case that would compel the Supreme Court of the United States to pass directly on that question. The Director-General in his answers in cases before the Interstate Commerce Commission, has suggested that he needed the money to be obtained from the increased rates successfully to carry on the operation

of the railroads during the war. But the question can be raised as to whether that is an entirely accurate statement. The federal control law appears to contemplate that the half-billion revolving fund granted the Director-General for the operation of the railroads shall be kept intact by contributions from the Treasury, if the rates do not yield enough to keep it in healthy condition. That being the fact, is the mere statement that Mr. McAdoo needed the money to enable him to operate the railroads successfully, entirely accurate? It is conceivable that the war might have lasted so long that the business of keeping the armies supplied would have been the only work for the railroads. In that event, it is asked, would it have been necessary for the Director-General to have gone through the form of imposing rates on war materials high enough to have enabled him to pay the operating expenses? The query is as to whether he could not have taken the short cut and imposed the cost of operating the roads on the whole people, and not solely on the consignors who had goods to ship to army camps and War Department industrial plants. In connection with the application of the Nebraska commission for an injunction forbidding the imposition of a \$15 per car charge on clay from Kairro Clay Pit to Columbus, Nebraska, instead of only \$4.50, it might be asked whether that was really necessary to assure the successful operation of the railroads, or whether Congress intended that the operation should be carried on in that way.

A. E. H.

DIRECTOR-GENERAL IGNORED

The Nebraska commission has challenged the authority of Director-General McAdoo to disregard state rates and especially the fifteen dollar per car charge. It has filed an application in the state court at Columbus, Neb., for an injunction forbidding the Burlington to charge more than \$4.50 per car on clay from Kairro mine to Columbus, Neb., on the ground that the \$4.50 rate is the only one established by the state commission for the purely interstate haul. The application ignores the Director-General and makes the Burlington the only respondent. The Nebraska authorities intend to rely on that part of the federal control act which says it shall be no defense to aver that the railroads are being operated by the government and are governmental agencies. For that reason the state commission also ignores Mr. McAdoo, proceeding on the assumption that in doing intrastate business the Burlington is subject to all state laws.

The material allegations in the suit are that the Burlington, on August 27, 1906, made a rate of \$4.50 per car on clay from Kairro Clay Pit, Nebraska, to Columbus, Neb., and that that rate was filed with the state commission on April 28, 1907. The petition says that that has been the lawful rate for that transportation from the date of filing to this day. It is averred that the Columbus Brick Works, an unincorporated company, owned by Julius S. Nichols, for many years has been shipping clay on that rate, the average being about 200 cars a year.

On December 3, the petition says, the Burlington collected freight on three carloads of clay. Two of the freight bills were for \$5.50 per car, not considering 17c war tax, collected in addition thereto. A third bill, rendered and collected, was for \$15 per car, not considering the war tax of 45c. The car for which the first charge of \$5.50 was collected was a shipment made on September 27, and the second, on September 30. The \$15 charge was collected on a shipment moving on October 10. As to each charge, the petition says, "the defendant (the Burlington) wrongfully, unlawfully and without filing with the plaintiff any new or different tariff, rate or charge, and without knowledge of the plaintiff and without the permission of the plaintiff, demanded, received and collected from said Columbus Brick Works the sum of (\$5.50 or \$15, as the case may be) for the shipment and transportation of one carload of clay shipped from Kairro Clay Pit to Columbus, Neb., said car being designated by its number and initials." Each receipted freight bill is attached as an exhibit.

"The defendant claims that it is authorized to collect and receive," says the petition, "said amounts of \$5.50, \$5.50 and \$15, respectively, on the shipments above mentioned, under and by virtue of an order of William G. McAdoo, Director-General of Railroads of the United States, and that it expects and intends to collect the sum of

\$15 transportation charge upon each and every carload of clay hereafter shipped from the Kairro Clay Pit to Columbus, Neb. Said shipments, being intrastate, are not under the control of the Director-General of Railroads of the United States, and the only lawful rate is that authorized by the Nebraska State Railway Commission, as above stated.

"The plaintiff has no adequate remedy at law for the protection of its rights or for the protection of intrastate shippers who have relied upon and built up businesses in the state of Nebraska on the basis of rates filed by the defendant and other carriers with the Nebraska State Railway Commission and approved by it and has no adequate remedy at law for the protection of the rights of the people of the state of Nebraska against the unlawful acts of the defendant in disregarding the intrastate rates and tariffs filed with the Nebraska State Railroad Commission and approved by it and therefore files this its petition in equity."

The prayer is that the Burlington be perpetually restrained and enjoined from charging any other higher or different rate without the further order of the Nebraska commission; that the defendant be required to furnish cars for the shipment of clay in such numbers as the said Columbus Brick Works may require, and that it shall move and transport them with proper dispatch; that defendant be perpetually restrained and enjoined from further violation of said tariff rates, and from violating the orders of the Nebraska State Railway Commission in relation thereto, and that defendant shall strictly observe the said tariff rates.

MISSISSIPPI RIVER PROJECT

The Traffic World Washington Bureau.

The following telegram was received December 13 by Director-General McAdoo from the Merchants' Exchange and the Chamber of Commerce of St. Louis:

"We are informed that attempts are being made to have all work on government boats and barges discontinued and to order the cancellation of the contracts already made for the building of craft for our inland waterways. We most vigorously protest against any such attempts and we confidently rely upon you to discountenance them just as you have done in the past with similar efforts from the general source. The universal sentiment of our country is favorable to the improvement and use of our waterways as the only practical method of solving our great transportation problem for the future and we are confident that any move on the part of our government that would delay such work will be disastrous to the commercial interests of our entire country."

Mr. McAdoo replied as follows:

"I don't know where you got your information, but there is no truth in the report that contracts for barges for Mississippi River have been cancelled. Since the Railroad Administration was committed some time ago to the purchases of these barges, of course the contract will be carried out. It is proper that I should call your attention to the fact, however, that unless the Congress shall extend the period of federal control so that a reasonable opportunity may be afforded for a fair test of the value of unified railroad operation along with co-ordinated inland waterways operation, the experiment on the Mississippi River may not hold out much promise. I doubt if the Mississippi River operation can produce satisfactory results if the railroads should be turned back soon to private control. The old methods of railroad competition with waterways transportation will be revived and it is probable that the waterways experiment may not be able to survive that competition. I suggest these phases of the problem, because, as an American citizen whose earnest interest in proper waterways development has been manifested frequently, I think your business men's organizations in St. Louis should consider very seriously the importance of extending the period of federal control of the railroads as I have just proposed, in order that a fair test of unified operation of the railroads may be made and that along with it the inland waterways may be developed and a fair opportunity given to demonstrate the usefulness of such development."

Similar telegrams were exchanged between Director-General McAdoo and Governor Lowden of Illinois.

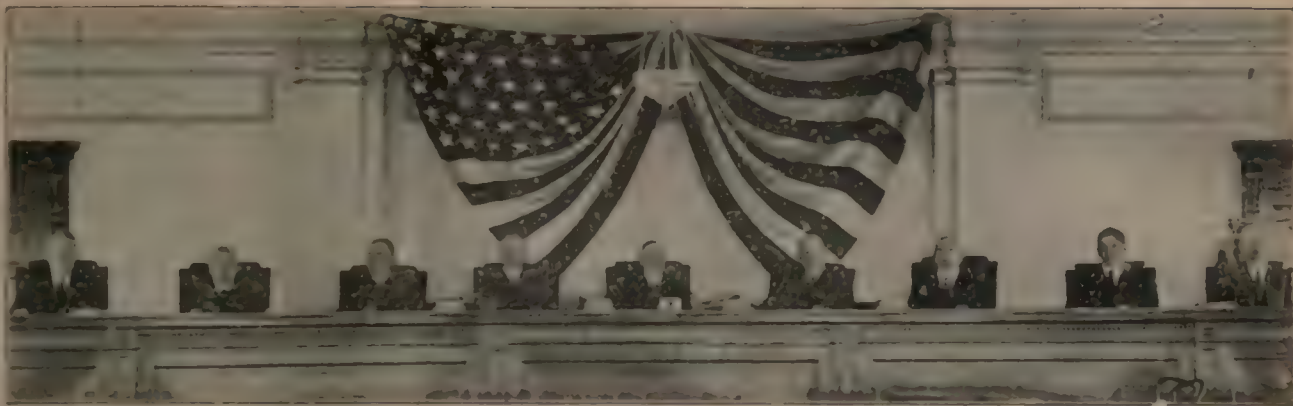


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Decisions of Interstate Commerce Commission

RATE ON SULPHURIC ACID

In No. 10082, *E. I. Du Pont De Nemours Powder Co. vs. P. B. & W. et al.*, opinion No. 5486, 51 I. C. C., 4778, the Commission held that the rate on sulphuric acid in tank cars, from Marcus Hook to Hopewell, Va., had been shown to be unreasonable. The rate charged was 17¢. The Commission held it to be unreasonable to the extent that it exceeded a subsequently established rate of 14¢. Reparation has been ordered down to that basis.

DEMURRAGE ON LUMBER

The Commission has dismissed Docket No. 9994, *Central Pennsylvania Lumber Co. vs. Tomesta Valley Ry. Co. et al.*, opinion No. 5489, 51 I. C. C., 4656, holding that demurrage charges at Belvidere, N. J., on a car of lumber from West Stockfield, Pa., had not been shown to have been unreasonable or otherwise in violation of the act.

RATES ON LUMBER

The Commission has dismissed No. 7295, *Ryrd Matthews Lumber Co. et al. vs. Greenville & Northwestern R. R. Co. et al.*, opinion No. 5477, 51 I. C. C., 4598, holding that rates on lumber from Hater, Ga., to points in Trunk Line and New England territories had not been shown to be either unreasonable or unduly prejudicial. It held, however, that they were unduly prejudicial as to Virginia cities, because they exceeded by more than 3 cents per cwt. the rates from Murphy and other points in North Carolina taking the same route. The report says there was no proof of damage to the complainants, wherefore the demand for reparation was denied. No order for the future could be made in respect of rates to the Virginia cities because Director-General McAdoo was not made a party to the case.

RATES ON PINE WOOD

An order of reparation has been made in No. 9821, *Phillips Excelsior Co. vs. Tennessee, Alabama & Georgia, op. No. 5481, 51 I. C. C., 4256*, on account of illegal rates on pine woods, carloads, from Rock Creek, Flintstone, Eagle, High Point, Cooper Heights, Camdenton, Mallott and Union City to Chattanooga. The wood that was shipped was bolts forty-eight inches long, consisting of green pine and used in the manufacture of excelsior. The carrier assessed rates applicable to heading bolts, hoop poles, shingle and pole grade bolts. The complainant contended that the lower rate applicable on "wood other than chestnut" should have been applied. If it was intended to apply the higher charges applicable on stave bolts, the report suggests, it should have been easy to insert the words "excelsior bolts."

RATES ON COAL

In a supplemental report on No. 8299, *Alliance Coal & Coke Co. et al. vs. Colorado & Southern Railway Co. et al.*,

opinion No. 5455, 51 I. C. C., 392-4, the Commission held that rates on pea and slack coal from the Walsenburg district in Colorado to destinations on the A. T. & S. F. in Kansas had not been shown to be unreasonable or unduly prejudicial. The rates assailed in the original and the supplemental complaints in this case were increased by the Director-General. Inasmuch as he was not made a party either to the original or the supplemental proceedings, the commission said it could not consider the existing rates.

RATES ON NITROCELLULOSE

An award of reparation has been made on No. 9871, *Hazenius Powder Co. vs. Norfolk & Western et al.*, opinion No. 5465, 51 I. C. C., 4227-8, on account of unreasonable rates on wet nitrocellulose from Hopewell, Va., to Lake Junction, N. J. The rates charged varied from 47.3 to 60.4 cents. On Sept. 29, 1915, when the wet nitrocellulose shipments became a regular business, a rate of 42 cents was made operative. Reparation is to be made down to that figure.

RATES ON CATTLE

The Commission has dismissed No. 9581, *J. E. Carroll & Co. et al. vs. A. T. & S. F. et al.*, opinion No. 5456, 51 I. C. C., 3956, holding that the rates on cattle from the stockyards at Fort Worth, Tex., to destinations in Oklahoma were legally applicable and not unreasonable. The complaint was that, because rates are published from Hodge, Tex., now within the switching limits of Fort Worth, the lower rates from Hodge should have been applied on the shipments of cattle in question. The report points out that the rates applied are those in effect from the public loading place—namely, the stock yards—and the fact that a circuitous and useless route was not taken does not entitle the complainants to rates from Hodge, which is not now a station. The shipments did not move through the Fort Worth terminals, but did go through Hodge, the movement via that switch avoiding the use of the longer route through the terminals.

REVERSAL OF APPLE CASE

CASE 8597 (51 I. C. C., 390-392)

M. W. CARDWELL VS. CHICAGO, ROCK ISLAND & PACIFIC RAILWAY COMPANY ET AL.

Submitted Feb. 19, 1915. Opinion No. 5454.

1. Former finding that the movement of certain carloads of apples from Kansas City, Mo., to Kansas City, Kans., and return in the course of transportation from Eugene to Kansas City, Mo., was an unwarranted, uncalled for and unnecessary service rendered on rebalancing.
2. The shipments involved found to have consisted of cull or wooden apples, and the rates charged thereon found to have been reasonable. Reparation awarded.

BY THE COMMISSION:

Our original report is in 42 I. C. C., at page 730. The complaint relates to the movement of eight carloads of

in October and November, 1914, from Eugene, Mo., to Kansas City, Mo., which were transported through Kansas City, Mo., to Kansas City, Kan., and then returned to Eugene, Mo. Charges were assessed at the interstate rate of 22 cents per 100 pounds, minimum 24,000 pounds. We found that the haul to Kansas City, Mo., and return to Kansas City, Mo., was for the operation of the carrier, was neither required nor authorized by the shipper; and that the charges collected in excess of those that would have accrued at an intrastate rate of 11 cents per 100 pounds should be refunded as overcharges.

Upon petition of defendant the case was reopened for further hearing. Complainant offered no additional evidence, and defendants presented only that showing the location of its trucks and terminal yards at Kansas City, Mo., and Kansas City, Kan., concerning which no substantial evidence had been presented at the original hearing. This new evidence shows that the location of defendant's trucks and the limitations of its contracts for truckage rights over other roads through Kansas City, Mo., rendered the handling of these shipments via Kansas City, Kan., necessary. This movement having been necessary, the shipments were interstate in their character. There remain the questions as to the kind of apples which were shipped and the unreasonableness and unduly prejudicial character of the rate.

The rate of 22 cents charged, with minimum of 24,000 pounds, was the fifth class rate which applied to and from a long group of stations on defendant's line. The same rate would have carried the shipments to Omaha, Neb., a distance of some 482 miles. It would also have carried the shipments from St. Louis, Mo. Subsequent to the movement of these shipments defendant voluntarily established a distance scale of rates on cull or windfall apples which for the distance from Eugene to Kansas City would be 13 cents per 100 pounds, minimum 30,000 pounds.

Some attempt was made by defendant to show that these shipments did not consist of cull or windfall apples. The apples were shipped in bulk and it definitely appears that they were shoveled into the car. They were spoken of by complainant as run of the orchard, including windfalls and culls, and it appears that while there might have been among them some apples fit for packing, they were not sufficient in number to pay the cost of sorting them out. We find that the shipments in question come properly within the tariff description of cull or windfall apples.

We have in some cases approved application of fifth class rates to packed apples. Public Service Commission of Missouri vs. Wabash R. R. Co., 37 I. C. C., 297; 1915 Western Rate Advance Case—Part II, 37 I. C. C., 114; and Transportation of Apples in Carloads, 24 I. C. C., 38. But we are here dealing with a different class of apples, of much less value, already inferior or damaged, and shipped in a different way. Defendant has voluntarily established for the service performed on these shipments a rate of 13 cents per 100 pounds, minimum 30,000 pounds.

Complainant's claim also includes an alleged overcharge in weight on three of the shipments. The evidence in support of the claimed weights merely shows that they were obtained at Eugene on wagon scales and were used in determining the amount paid by complainant for the apples. It appears that the weights applied were obtained on railroad track scales under the supervision of the Western Weighing Association. The amount involved is insignificant and the evidence does not justify a finding that the weights applied were erroneous.

Upon all the facts of record we find that the rate charged was unreasonable to the extent that it exceeded 13 cents per 100 pounds, minimum 30,000 pounds per car; that complainant made the shipments as described, and paid and bore the interest charges thereon; that he has been damaged thereby and is entitled to an award of reparation in the sum of \$201.22, with interest.

An order will be entered accordingly.

RATES ON LIVESTOCK

CASE NO. 7803 (51 I. C. C., 414-418)
TOWN OF TORRINGTON, WYO., VS. CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY.

Submitted October 22, 1917. Opinion No. 5461.

Upon reviewing rates on cattle, sheep and hogs, in carloads, from Torrington, Wyo., to Omaha, Neb., found not to be unreasonable, but unduly to prefer Henry, Neb.

BY THE COMMISSION:

In our original report herein, 40 I. C. C., 512, we found, among other things, that defendant's rates on cattle, sheep, hogs, and horses, in carloads, from Torrington, Wyo., to Omaha, Neb., were not shown to be unreasonable, but that they were, and for the future would be, unduly prejudicial to the extent that they exceeded or might exceed by more than 1 cent per 100 pounds the rates contemporaneously applicable on the same commodities from Henry, Neb., to Omaha. The Nebraska State Railway Commission thereafter denied defendant's application for authority to increase the rates from Henry in such amounts as to satisfy our order, and in that connection took certain exceptions to our findings and conclusions and to the fact that that body had not been heard in the case; whereupon we vacated our order and reopened the case for further hearing. At the rehearing the Nebraska State Railway Commission appeared in opposition to any increase in the intrastate rates from Henry. The less-than-carload rates on oil from Omaha, in issue under the complaint, have been adjusted satisfactorily to complainant, in harmony with our findings and order in The Missouri River-Nebraska Cases, 40 I. C. C., 201.

It now appears that during the period from 1907 to 1916, inclusive, there were no shipments of horses from Henry or Torrington to Missouri River points, and that the late movement has been in the opposite direction. We shall therefore confine our attention to the rates on cattle, sheep, and hogs shown in the following comparative table, rates stated in cents per 100 pounds:

CATTLE.

To Omaha from—	Miles.	Rate, cents.	Car-mile earnings, cents.
Torrington	512	*31	14.5
Henry	504	†24.65	10.8
Differences	8	6.35	3.7

*Minimum 24,000 pounds per 36-foot car.

†Minimum 22,000 pounds per 36-foot car.

SHEEP, D. D.

To Omaha from—	Miles.	Rate, cents.	Car-mile earnings, cents.
Torrington	512	*31	13.3
Henry	504	*23.65	10.3
Differences	8	7.35	3.0

*Minimum 22,000 pounds per 36-foot car.

HOGS, S. D.

To Omaha from—	Miles.	Rate, cents.	Car-mile earnings, cents.
Torrington	512	*38	12.6
Henry	504	*33.15	11.2
Differences	8	4.85	1.4

*Minimum 17,000 pounds per 36-foot car.

The statement of complainant's witness, appearing in the original report, that 99 carloads of cattle were driven from Torrington to Henry for shipment, was modified to include cattle driven to Haig, Neb., the terminus of a branch line of the Union Pacific Railroad, in the vicinity of Henry, and from which the rates to Omaha were and are 23.8 cents on cattle, 23.65 cents on sheep in double-deck cars, and 30.6 cents on hogs in single-deck cars. The exact number driven is unimportant. It also appears that, while the majority of hog shipments has gone to Denver, Colo., both hogs and sheep have been shipped from both points to the Missouri River and eastward, and that, while many or perhaps most have moved on feeding-in-transit rates, at least those representing the added weights would take the rates under consideration. The additional evidence does not controvert, but rather confirms, our former finding that the adjustment is prejudicial to complainant; and the coincident view of the Nebraska commission, respecting a similar situation, was thus expressed in denying defendant's application, above mentioned:

If the Nebraska commission should grant the application herein and allow the rates on carload shipments of live stock from Henry to be advanced from 3 to 4 cents per 100 pounds, * * * the next station east of Henry, viz., Morrill (eight miles distant), would have an unjust advantage over the shippers and receivers of freight located at Henry.

The following table compares the interstate and intrastate rates to Omaha from pairs of stations nearest the

Nebraska boundary on the lines of the defendant and the Chicago & North Western and Union Pacific railroads, radiating from Omaha:

To Omaha from—	Miles	Cattle, cents.	Sheep, 4-4 cents.	Hogs, 5-4 cents.
Torrington, C. B. & Q. R.	112	31	31	38
Henry, C. B. & Q. R.	794	24.65	23.65	33.15
N. W. Tarr, W. C. & N. W. R.	797	24	24	41
Henry, N. W. C. & N. W. R.	495	24.65	23.8	33.15
Albion, S. D. C. B. & Q. R.	561	24	23	40
Manly, N. W. C. B. & Q. R.	466	24.8	23.8	33.15
Omaha, S. D. C. B. & N. W. R.	474	24	24	40
Waverly, N. W. C. & N. W. R.	460	24.65	23.8	32.3
Pratt, N. W. C. B. & Q. R.	184	28	28	40
Stanton, N. W. C. B. & Q. R.	175	24.65	24.65	31
Stanton, C. B. & Q. R.	353	24.25	24.25	27.72
Henry, N. W. C. B. & Q. R.	177	24.10	24.40	29.35
Albion, C. B. & Q. R.	577	24	24	32.5
Waverly, N. W. C. B. & Q. R.	268	24.4	24.4	34.77
Manly, C. B. & Q. R.	466	24.5	24	32
Stanton, N. W. C. B. & Q. R.	361	24.8	24.2	31.2

The comparisons show that the interstate rates from the border stations are not inconsistent with each other and that the spreads between the interstate and intrastate rates are disproportionate to the slight differences in distance between each pair of stations.

The rates from Torrington were made with relation to the rates from competitive points on the Colorado & Southwestern Railway between Cheyenne, Wyo., and Denver. In 1907, by the so-called Aldrich act of the Nebraska legislature, all intrastate class and commodity rates on live stock were reduced 15 per cent. The change was made before the town of Henry came into existence. In 1909 the defendant moved its station, called Pratt, Wyo., just across the state line into Nebraska, and named it Henry. On January 1, 1916, in lieu of the 30-cent rate on cattle which had been in effect from Pratt, the rate from Henry was made 24.65 cents, based on 29 cents, less the Aldrich reduction of 15 per cent, in order to place the Henry rate in line with the rates from other Nebraska points along the same road, and on line with rates from points at similar distances on the North Western and the Union Pacific.

In defense of the rates from Torrington the defendant compares with them the rates of 33 cents on cattle and sheep, and 38 cents on hogs, proclaimed for similar distances in investigation of Allied Unreasonable Rates on Meats, 23 I. C. C., 160, for application from points in New Mexico, Texas, and Oklahoma City, Okla., and asserts that the conditions of live stock transportation and the density of that traffic are substantially similar and comparable with those here in question. The defendant also cites rates between points in Nebraska, for example, 24.87 cents on cattle and sheep, and 34.77 cents on hogs, from O'Neill to Seward, 564 miles, applicable under the Nebraska state distance scale, no specific state commodity rates being in effect to show that the rates from Henry might be increased to 30 cents on cattle and sheep and 35 cents on hogs, 1 cent less than the present rates from Torrington, and still fall within the distance scale. That scale also represents a reduction of 15 per cent by the Aldrich act. Based upon an average tare weight of 15 tons for stock cars, plus a lading of 12 tons of cattle, 11 tons of sheep, and 8½ tons of hogs, the gross ton-mile revenues are exhibited as 5.33, 5.11, and 5.27 mills, respectively; and in that connection the defendant's gross ton-mile revenue of 5.42 mills, based on a 15-ton stock car, an average live-stock lading of 10 tons and an average haul of 233.5 miles, shown in 1915 Western Rate Advance Case, 35 I. C. C., 197, 587, 588, is again cited.

An exhibit of the Nebraska commission shows that the average ton-mile revenue from live stock at the gross weight of cars and contents from Henry to Omaha is but a fraction of a mill less than the average earnings from stations in Wyoming, Montana, and South Dakota on the defendant's lines at distances ranging from 502 to 967 miles. Others show that for the year 1910 the average net ton-mile earnings on defendant's traffic originating and terminating in Nebraska was 26 mills, and on traffic originating outside of Nebraska and terminating in or passing through that state, 9 mills; for the years 1915 and 1916, on intrastate traffic, 17 mills, originating without and terminating in the state, 8 mills; passing through the state, 7 mills.

The state commission compares the rate of 31 cents on cattle from Torrington with the same rate from Cheyenne

and Denver, the latter being 538 miles from Omaha; but the indicated cities are in Colorado common point territory and are served by competing lines, whereas Torrington is not within the rate group and is served by the defendant alone. Other comprehensive exhibits, designed to prove "the reasonableness of the intrastate rate from Henry," and inferentially to show that the Torrington rate is unreasonable, have had careful consideration; but we think it unnecessary to reproduce them. The showing does not establish the unreasonableness of the Torrington rates.

We find that the rates assailed on cattle, sheep, and hogs are not unreasonable, but that they are unduly prejudicial in their relation to the corresponding rates from Henry to Omaha; and that for the future they should not exceed the corresponding rates contemporaneously applicable, over defendant's line, from Henry to Omaha by more than 2 cents per 100 pounds.

Since this case was submitted the defendant's railroad has passed under federal control. The rates complained of have been increased by order of the Director-General of Railroads, but the relationship of the rates from Torrington and Henry has remained generally the same and the amount of discrimination or undue prejudice has been increased. No amendment to the complaint or supplemental complaint seeking to make the Director-General a party defendant has been presented. No order for the future will be made.

McHORB and AITCHISON, Commissioners, dissent.
By the Commission.

MUNCIE AND WESTERN CASE

CASE NO. 8885* (51 I. C. C., 418-422)

BALL BROTHERS GLASS MANUFACTURING COMPANY VS CLEVELAND, CINCINNATI, CHICAGO & ST. LOUIS RAILWAY COMPANY ET AL.

Submitted Dec. 21, 1916. Opinion No. 5462.

Feeding in *In re Muncie & Western R. R. Co.*, 35 I. C. C., 510, that the Muncie & Western R. R. is a common carrier and that the refusal of the trunk lines serving Muncie to absorb the switching charges of the Muncie & Western to and from Ball Brothers Glass Works and Gill Brothers Clay Pot Works, while contemporaneously absorbing the switching charges of the Muncie Belt and the Lake Erie Belt to and from the same industries is unduly prejudicial adhered to. *Reporter decided.*

BY THE COMMISSION:

The complaint herein filed May 23, 1916, as amended, alleges that the practice of the defendant trunk lines entering Muncie, Ind., of refusing since April 1, 1914, to absorb the switching charges of the Muncie & Western Railroad to and from the plants of the Ball Brothers Glass Manufacturing Company, hereinafter referred to as Ball Brothers, and Gill Brothers Clay Pot Works, hereinafter called Gill Brothers, while contemporaneously absorbing the switching charges of the Muncie Belt and the Lake Erie & Western railroads to and from the same industries subjects complainants and their traffic to undue prejudice and disadvantage. We are asked to require the defendants to cease and desist from the unduly preferential practice mentioned; to make allowances to the Muncie & Western equal to its lawful tariff rates; and to award reparation to Ball Brothers on various shipments moving in interstate commerce from April 1, 1914, to May 7, 1916, on the basis of the published tariff charges of the Muncie & Western.

Muncie is served by three belt lines, the Muncie & Western, the Muncie Belt, and the Lake Erie & Western, the latter hereinafter called the Lake Erie Belt, all of which reach the plant of Ball Brothers. The Muncie & Western and Lake Erie Belt serve Gill Brothers. The history of the Muncie & Western is stated in *In re Muncie & Western R. R. Co.*, 38 I. C. C., 510, and need not be repeated here. It is sufficient to say that its incorporation was deemed necessary because the volume and the nature of the business of Ball Brothers required prompt service, which was not furnished by the other belts, and because the latter refused connection with new trunk lines then being extended to Muncie. These connections were usually desired not only by Ball Brothers and other industries at Muncie, but also by the citizens of that place. The switching charge of the Muncie and the Lake

*This report also embraces No. 8886 (Sub. No. 1), *Muncie & Western R. R. Co. vs. Cleveland, Cincinnati, Chicago & St. Louis Ry. Co. et al.*

Erie belts was and is \$3 per car, except on Indiana coal. On competitive traffic the trunk lines serving Muncie absorbed and still absorb this charge. The switching charges of the Muncie & Western prior to November 5, 1914, were \$3.50 per loaded car on outbound traffic and \$2.50 per loaded car on inbound traffic, except on Indiana coal. Effective November 5, 1914, this charge was reduced to \$2 a car on all carload shipments, except Indiana coal, on which the charge is \$1.50 a car. On competitive traffic the trunk lines serving Muncie absorbed the switching charges of the Muncie & Western prior to April 1, 1914. Effective on that date and subsequent to our original report in the Industrial Railways Case, 29 I. C. C., 212, decided January 20, 1914, the absorption of the Muncie & Western's switching charges was discontinued on interstate traffic. The defendant trunk lines also attempted to cancel the provision for absorbing switching charges of the Muncie & Western on intrastate traffic, but the Public Service Commission of Indiana declined to allow this cancellation to become effective, so that the Muncie rates have continued to apply over the Muncie & Western from and to Ball Brothers and Gill Brothers plants on intrastate traffic. In *In re Muncie & Western R. R. Co.*, 30 I. C. C., 434, decided May 5, 1914, we held that the Muncie & Western was a plant facility of Ball Brothers and that the allowance of switching charges theretofore paid to the Muncie & Western by the trunk lines, and which were absorbed by them in the line-haul rates were without justification. However, upon rehearing and in the light of the decision of the Supreme Court in the *Tap Line Cases*, 234 U. S. 1, we modified our findings in the original report and found the Muncie & Western to be a common carrier; that the switching service performed by the Muncie and the Lake Erie belts to and from the plants of Ball Brothers and Gill Brothers apparently did not differ substantially from the switching service performed by the Muncie & Western to and from the same industries; and that the refusal of the trunk lines serving Muncie to absorb the switching charges of the Muncie & Western to and from Ball Brothers and Gill Brothers while contemporaneously absorbing the switching charges of the Muncie and the Lake Erie belts to and from the same industries was unjustly discriminatory in contravention of section 3 of the act from which discrimination we stated the trunk lines serving Muncie would be expected to cease and desist. We further stated that upon the information at our disposal at that time the rates of the Muncie & Western then in effect were not excessive for the services performed. In *re Muncie & Western R. R. Co.*, 33 I. C. C., 510.

Effective May 8, 1916, the defendant trunk lines made an allowance to the Muncie & Western out of the Muncie rate of 3.4 cents per ton, net or gross, according to the application of the Muncie rate. The average weight of freight per car from and to Ball Brothers' plant is stated to be approximately 26 tons, so that this allowance averaged approximately 88 cents per car. On June 15, 1916, the trunk lines reduced this allowance to 85 cents per loaded car, which is still in effect. For the defendants it was stated that these allowances were made on the theory that the Muncie & Western is a plant facility of Ball Brothers and were computed upon the basis announced by us in the *Chicago, West Pullman & Southern R. R. Co. Case*, 37 I. C. C., 408. The Muncie & Western has never acquiesced in or accepted these allowances, and has collected its regular published switching charges from shippers. Most of the evidence introduced by the defendant trunk lines was as to the character of the services performed by the Muncie & Western. These defendants still insist that the Muncie & Western is not a common carrier in the true sense of the word, but a mere plant facility of Ball Brothers. The testimony given on rehearing in *In re Muncie & Western Railroad*, supra, was made a part of the record in this case. Upon the whole record we adhere to the finding in our report on rehearing in *re Muncie & Western R. R. Co.*, supra, and hold that the Muncie & Western is a common carrier.

The defendants further contend that even if the Muncie & Western is a common carrier, it is not entitled to any allowance out of the Muncie rate and cite *Manufacturers Railway Co. vs. St. L., I. M. & S. Ry. Co.*, 28 I. C. C., 93. In that case we held that the trunk lines at St. Louis, Mo., by their action in canceling the allowances to the complainant railway while continuing to absorb the charge of the Terminal Railroad Association, the stock of which

they owned and which constituted their united terminal, did not thereby subject the complainant railway or its shippers to undue prejudice or disadvantage. The Lake Erie & Western owns the Lake Erie Belt and the Cleveland, Cincinnati, Chicago & St. Louis Railway, through ownership of 666 shares of the 1,000 shares of the Muncie Belt, controls the latter. This case does not present that condition of common ownership and reciprocal relation described in the case cited.

The capital stock of the Muncie & Western is \$50,000, and there is no bonded indebtedness. The cash cost of the railroad to June 30, 1916, is said to have been \$37,687.96. It leases its right of way from Ball Brothers, but owns and maintains 3.93 miles of track, of which about 2 miles are within the plant limits of Ball Brothers. It owns no car or engine equipment, its motive power being furnished by the Muncie Belt, which performs similar service for the Lake Erie Belt, the cost of operation being divided among the three lines in proportion to the number of cars handled. It transports freight exclusively, and the principal service is that of switching cars between the two industries on its tracks and trunk line connections. There is very little intraplant movement. The total number of revenue cars switched by the Muncie & Western, as shown by its annual report for the year ended June 30, 1916, during which period the \$2 switching charge was in effect, was 6,461. At \$2 per car the revenue derived would be \$12,922, but the total earnings of the Muncie & Western for the year ended June 30, 1916, is shown as \$13,041.36. The operating expenses for the same period are shown as \$14,123.59, indicating a deficit of \$1,082.23. The above figures do not include taxes of \$647.93 and \$1 rental for right of way. It is pointed out that if interest on the actual cash investment of \$37,687.96 at 5 per cent, depreciation at 2 per cent, and reserve for damages at 5 per cent of estimated revenue be added, the cost per loaded car for the above-mentioned period would be \$2,795. The only salaries paid by the Muncie & Western are \$125 per month to its general manager and \$10 per week to a clerk. It is stated on brief that the Muncie & Western's rates are intended merely to cover cost of service and that the figures shown above amply demonstrate that those rates might reasonably be higher. It is also noted that the defendants themselves computed the cost to the Muncie & Western on the common-carrier basis for the year ended June 30, 1915, at \$1.92 per car.

There is nothing upon the present record tending to show that the present rates of the Muncie & Western are excessive or unreasonable. We accordingly adhere to our finding in *In re Muncie & Western R. R. Co.*, supra, to the effect that the refusal of the trunk lines serving Muncie to absorb the switching charges of the Muncie & Western to and from Ball Brothers and Gill Brothers, while contemporaneously absorbing equal or greater switching charges of the Muncie Belt and Lake Erie Belt to and from the same industries results in undue prejudice against complainants in contravention of section 3 of the act.

Ball Brothers' claim for reparation is based on the undue prejudice found to exist. There is no evidence that complainant has suffered any damage by reason of any competition, and damage is not proved with that degree of certainty necessary to warrant an award of reparation in discrimination cases.

No amendment to either complaint and no amended complaint seeking to make the Director-General of Railroads a party defendant has been presented. No order for the future will be made.

By the Commission.

FAILURE TO FURNISH CARS

CASE NO. 9683 (51 I. C. C., 403-413)
ODEN-ELLIOTT LUMBER COMPANY VS. ALABAMA
CENTRAL RAILWAY.

Submitted March 9, 1918. Opinion No. 5460.

Upon complaint that defendant failed to supply sufficient cars to transport lumber from Autaugaville, Ala., to interstate destinations, and that it unduly preferred complainant's competitors in distribution of available cars, to the injury of complainants; Held:

1. That, without passing upon the question of jurisdiction to award damages for the alleged failure to furnish cars upon reasonable request as required by section 1, under the circumstances disclosed of record it could not with propriety be found that defendant should respond in damages for its inability to furnish a full car supply.

2. Defendant's practices with respect to the distribution of available cars, while meeting criticism, not shown to have caused preferred complainant's competitors with resulting damage to complainants. Complaint dismissed.

DIVISION 3:

The complainants, J. W. Oden and J. J. Elliott, are co-partners under the firm name or style of Oden-Elliott Lumber Company, with offices and principal place of business at Birmingham, Ala., and are engaged in cutting, sawing and dressing lumber and shipping it to interstate points. By complaint filed May 14, 1917, as amended, they allege that defendant failed upon reasonable request to furnish an adequate supply of cars to complainant, in violation of section 1 of the act, and that during two years previous to May 1, 1917, the defendant unduly preferred certain of complainant's competitors in distribution of empty cars for shipments of lumber from Autaugaville, Ala., to interstate destinations, in violation of section 3 of the act. Reparation is asked.

Complainants own and operate saw and planing mills at several points in the state of Alabama. At the time the complaint was filed they owned rights to timber on a tract of land near Autaugaville, and two sawmills $5\frac{1}{2}$ and $6\frac{1}{2}$ miles distant, respectively, from Autaugaville. Thereafter, the exact date not appearing, complainants ceased to operate these mills, and later sold the timber holdings.

Defendant's railroad extends $8\frac{1}{2}$ miles in a westerly direction from Booth, Ala., to Autaugaville, and at the former connects with the Mobile & Ohio. It owns a locomotive and a passenger coach, but no freight cars. Under agreement with the Mobile & Ohio the latter furnishes freight cars for the movement of traffic and treats defendant as though it were a branch line, but that road is not named as a party defendant. Defendant's chief source of revenue is from the transportation of lumber, and when the timber tributary to its line shall have been cut and shipped its traffic will not more than pay operating expenses.

Four lumber concerns are served by defendant, namely, complainants, Whitewater Lumber Company, Felton Lumber Company and James Miller. The first three ship pine lumber from Autaugaville. Miller ships hardwood from a point between Autaugaville and Booth, where a short spur track has been built for loading purposes. He uses refrigerator cars, in which pine lumber cannot be transported, and there is no suggestion that he has been preferred.

The maximum aggregate capacity of complainants' two sawmills was 25,000 feet of lumber per day, but the record indicates that the output was something less than half that amount. The lumber after being dressed was hauled from the mills to Autaugaville by wagon. Complainants had no yards or sheds of their own at Autaugaville upon which to stack or in which to store their lumber awaiting shipment. They piled the lumber on defendant's right-of-way, or lands adjacent, and used a shed owned by defendant in which about 150,000 feet could be stored. At the date of the hearing Sept. 28, 1917, they had 175,000 feet at that point; in the latter part of August, 1916, 700,000 feet; and on Dec. 20, 1916, 1,200,000 feet.

The Whitewater Lumber Company operates its saw and planing mill at Autaugaville, and has extensive yards and sheds adjacent to tracks of defendant for storing lumber. Its mill has a capacity of 40,000 feet per day. Logs are hauled to the mill over a railroad which it owns and operates. It was testified that it has facilities for loading four or five cars at a time.

The following statement shows the amount of lumber, in feet, which the Whitewater Lumber Company had on hand the first day of each month from and including Jan. 1, 1916, to and including Sept. 1, 1917:

	Feet, 1916	Feet, 1917
January 1	4,150,216	7,111,111
February 1	4,300,541	6,711,111
March 1	4,375,817	6,411,111
April 1	5,100,211	10,411,111
May 1	5,700,000	10,411,111
June 1	6,000,000	10,411,111
July 1	6,000,000	10,411,111
August 1	6,000,000	10,411,111
September 1	6,000,000	10,411,111
October 1	6,000,000	10,411,111
November 1	6,000,000	10,411,111
December 1	7,150,000	10,411,111

At the time of the hearing it had from 1,500,000 to 2,000,000 feet of dressed lumber in its sheds, and the remainder was rough lumber stacked in yards.

The Felton Lumber Company operates a sawmill in the woods at some distance from Autaugaville, the capacity of which is about 10,000 feet a day. Its planing mill is at Autaugaville, where the rough lumber, hauled by wagon from the sawmill, is dressed. It owns sheds in which dressed lumber may be stored. This company, when it did not receive sufficient cars to transport its lumber, closed its planing mill, and for that reason did not have a large amount of dressed lumber on hand ready for shipment.

Defendant publishes no rules for the distribution of cars to shippers on its line. The president of the defendant company instructed the conductor of its train to make as equitable distribution as possible, and he followed a general plan of distribution under which the Whitewater Lumber Company was to receive four cars, complainants one or two cars, and the Felton Lumber company, one car. It does not appear whether Miller was counted in this plan of distribution or not. Defendant's conductor depended largely upon his memory, assisted by entries made in small notebooks, to determine which shipper had received the last car and which was entitled to the next. He testified that distribution was made as fairly as the circumstances would permit.

Up to June 1, 1916, the defendant was able to meet the demands of shippers without serious complaint. The complainants do not assert that prior to June 1, 1916, they were discriminated against, or that they did not receive a fair number of cars. In August and September, 1916, complaints were made against defendant's methods of distribution. In the month of October complainants took up the matter of car supply and distribution with officials of the Mobile & Ohio as well as with the president of the defendant company, and the Alabama Public Service Commission. At that time complaint was made that the Whitewater Lumber Company was receiving more than its share of available cars. The president of defendant company suggested that the Alabama Public Service Commission or the assistant freight traffic manager of the Mobile & Ohio be selected to arbitrate the dispute between the shippers and defendant, but the suggestion was not followed.

Defendant was notified in October, 1916, by letter that complainants would receive and load any sized car furnished; that they had some lumber which because of its length could not be shipped in cars less than 38 feet long, and that they would require some long cars. Defendant's conductor testified that he was informed by representatives of complainants, and in this he is corroborated by the station agent at Autaugaville, that they could only use cars from 38 to 40 feet in length; that this was after complainants had written that they would accept any kind of car offered; that more cars were not furnished complainants during particular periods on this account; that complainants held the cars for loading for long periods; and that an empty car was not placed until the car already delivered was loaded.

Under date of Feb. 23, 1917, the Mobile & Ohio issued a circular to the effect that routing must be given by shippers in order to enable it to determine whether the cars were moving in the direction of the home road, as required by car-service rules. This circular, as it read, required shippers not only to name the destination of shipments but to specify intermediate routing as well. The complainants refused to give intermediate routings to defendant and some cars were not furnished them for that reason, but how many does not appear. On March 10, 1917, the circular was modified by the Mobile & Ohio and shippers were not thereafter required to designate complete routing. The Whitewater Lumber Company, during the 15 days' interval, gave the agent of defendant at Autaugaville complete routing instructions for its shipments.

Numerous instances are referred to by complainants which, they insist, demonstrate defendant's purpose to prejudice them and prefer their competitors. For example 12 specially consigned cars from the Alabama Great Western Railroad were furnished to the Whitewater Lumber Company in March, 1917, and were not counted against that company's allotment; and, beginning in May, 1917, cars for shipment of government lumber were furnished to

the Whitewater Lumber Company and not counted against it.

Complainants, the Whitewater Lumber Company, and the defendant submitted statements as to the car supply from June 1, 1916, to Sept. 1, 1917. These statements do not agree as to the number of cars supplied, and it is impossible from the evidence to reconcile the differences. Under agreement made at the hearing the defendant was given leave to compile and submit statements, subject to check by the complainants, showing from its records the cars furnished each shipper, the numbers of the cars, the day the empty car was received by the shipper, the day the loaded car was delivered to defendant, and the route of movement. The statements are of record, and the complainants have waived check. They constitute the best evidence as to car supply at the various mills, and will be used for analysis as condensed in the following table, which shows the number of cars furnished to the four lumber shippers served by defendant for each month from June 1, 1916, to Sept. 26, 1917:

	Com- plainants.	White- water.	Felton.	Miller.
1916.				
June	98	11	4	3
July	7	13	..	1
August	10	26	..	1
September	2	27	..	2
October	8	27	..	2
November	6	15	4	4
December	15	44	5	4
	Com-	White-		
1917.				
January	14	28	3	3
February	4	12	3	3
March	6	24	5	2
April	6	14	6	7
May	6	42	7	3
June	8	41	9	1
July	9	60	7	2
August	5	20	8	..
September	4	22	9	..
Total	118	506	72	42

*All but two of the cars listed in June were received empty by complainants in May, but were delivered loaded to defendant in June.

A representative of the Whitewater Lumber Company testified that the following cars were received by that company in 1917 for loading under orders from the War Department: 14 in May, 9 in June, 28 in July, 64 in August, and 23 in September, a total of 138 cars. In addition that company received during the period 368 cars for commercial loading.

On brief, statements are made by complainants with respect to detention of cars which cannot be checked from the record. The following table gives a comparison of these statements with one compiled from the exhibit of defendant as to car performance. Complainants excluded the day on which the car was received and included the day of delivery. In the compilation a day on which the car is both received and delivered is not counted, but a day is counted when a car is received on one day and delivered on the next:

	Com- plainants' statements.	Compiled figures.
Whitewater Lumber Co.:		
Number cars furnished	506	506
Number days held	1,093	1,151
Average days held	2.15	2.27
Complainants:		
Number cars furnished	107	118
Number cars refused	8	8
Number cars received	99	110
Number days held	382	329
Average days held	3.85	3.08
Felton Lumber Co.:		
Number cars furnished	72	72
Number cars received	71	71
Number days held	160	161
Average days held	2.25	2.24
Miller:		
Number cars furnished	43	43
Number cars received	42	42
Number days held	139	120
Average days held	3.31	2.79

It will be noted that complainants refused eight cars that were furnished, and held them a total of 18 days before refusal. These eight cars were not counted in the compiled figures. In determining the average days' detention, complainants' figures show slightly greater average detention than those compiled from defendant's exhibit, and both show that complainants held cars longer on the average than any of the other shippers named.

One of the complainants expressed the opinion that they were fairly entitled to one-fourth of the cars which defendant had for distribution, but no definite basis for this opinion was given. It appears to be based upon relative capacity of the sawmills. Complainants' superintendent, who lived at Autaugaville and had charge of the business there, stated that in his opinion the Whitewater Lumber Company was entitled to three cars to complainants' one, and that complainants were entitled to three cars to one for the Felton Lumber Company. There is no showing as to the shipping capacity of the Felton Lumber Company.

Complainants admit that after May 1, 1917, they refused cars tendered by defendant, and assign as a reason that having been forced out of business their labor force became disorganized and they were unable to secure help to load the cars tendered.

When complainants ceased operations at their mills in May, 1917, they held timber deeds to 2,500,000 feet of standing timber near Autaugaville. It was testified that this could have been cut, hauled, dressed and loaded on cars at Autaugaville at an aggregate cost to complainants of \$7 per thousand feet. Figuring the cost of the standing timber at \$2 per thousand feet and a fair average market price for the lumber f. o. b. cars at Autaugaville at \$19 per thousand feet, complainants contend that they have been deprived of profits aggregating \$25,000. The deeds would have expired by limitation Dec. 31, 1917, but an extension of six years was procured by the payment of \$1,185 to the owners of the property. It was testified for complainants that this timber could have been removed within the original period had defendant furnished sufficient cars, and further that because of inability to secure cars they were obliged to dispose of their timber holdings to the Whitewater Lumber Company for \$5,000, which was about half the actual worth. Reparation is therefore sought in the sums of \$25,000 for lost profits and \$1,185 paid for the extension of the timber deeds, less \$5,000 realized from the sale thereof to the Whitewater Lumber Company, or a total of \$21,185. Apparently as an alternative, complainants claim \$5,000 as damages resultant from the sale of their timber deeds to the Whitewater Lumber Company, which is the difference between the sale price and what was asserted to be the fair value of the standing timber. Between June 1, 1916, and the date of the hearing 2,004,160 feet of lumber was shipped by complainants. This was stacked along defendant's right-of-way awaiting shipment, and it is contended that, due to exposure, it deteriorated in value \$8 per thousand feet, or a total of \$16,332.80, for which reparation is also claimed.

It was not until June, 1916, when the car shortage, which became acute in the fall of 1916 and continued during the year 1917, began to be felt, that shippers of lumber on the line of defendants' railway seriously complained of unjust and inequitable distribution. Defendant had no real difficulty prior to the fall of 1916, and the plan adopted by the conductor of allotting four cars to the Whitewater Lumber Company, one or two to complainants, and one each to Felton and Miller was reasonably satisfactory. When demand became greater than supply, and each shipper was contending that he was not receiving a fair proportion, defendant endeavored to secure more cars and to adopt some plan that would satisfy shippers. Some time in May, 1917, the date not appearing, an effort was made by defendant to have all its lumber shippers agree. A conference was held, but complainants declined to take part or be bound by any agreement that might be reached. As the result of the conference the defendant agreed to distribute as follows: To Whitewater Lumber Company, three cars, and to complainants and Felton Lumber Company, one each.

For defendant it is contended that the difficulty with respect to complainants' lumber business at Autaugaville was not the result of any default upon defendant's part, but was the direct result of the manner in which complainants conducted their business; and, further, that complainants' claim of undue prejudice rests on the allegation that they did not receive their rightful share and were compelled to close their mills in May, 1917. Defendant therefore says that no consideration should be given to car distribution since the mills closed.

From June 1, 1916, to May 1, 1917, complainants received 86 cars; the Whitewater Lumber Company, 256; the Felton Lumber Company, 31; and Miller, 36. Complainants thus received more than one-third as many cars as the White-

A finding of unreasonableness and an order of reparation have been made in No. 9781, E. I. Du Pont de Nemours Powder Company vs. P. R. R. et al., opinion No. 5475, 51 I. C. C. 434. The commodity on which the Commission held was charged an unreasonable rate is sulphuric acid in tank cars from Baltimore to Gibbstown, N. J. Charges were collected at the applicable fifth class rate of 15.5 cents. Contemporaneously there was a combination rate of 13.7 cents via Camden, N. J. Effective Feb. 15, 1916.

the combination of locals was reduced to 10.5 cents and a joint rate of 9.8 cents was established. The rate charged yielded 23.2 mills per ton per mile, or \$1.074 per car mile. The Commission found that the rate was unreasonable to the extent that it exceeded 10.5 cents.

RATE ON PAPER BAGS

An order of reparation has been made in No. 9666, *Advancer Bag Company vs. C. C. C. & St. L. et al.*, opinion No. 5481, 51 I. C. C., 467-8, the Commission holding that the rate on paper bags, L. C. L., from Middletown, O., to Franklin, La., had been shown to be unreasonable. A joint third class rate of \$1.154 governed by Western Classification was applied. The Commission found a combination rate via New Orleans of 74 cents. The combination was lower than the joint rate, but the latter did not seem to exceed the aggregate of any intermediates subject to the act. A third class rate of 30 cents governed by Western Classification applied from New Orleans to Franklin. That component, the report says, was published as a proportional rate to be used only as a basis in making through rates on interstate traffic originated at or destined to points in various named states, including Ohio, from or to which no through rates were in effect. "The restriction was not only in general terms, that is, without reference to any particular tariff or tariffs," says the report, "but would not limit the applicability of the proportional as a component in constructing a through rate to Franklin in the absence of the joint rate and the latter was *prima facie* unreasonable to the extent that it exceeded the aggregate rates to and from New Orleans." For authority for that statement the Commission pointed to *Williams Company vs. Pennsylvania Company*, 50 I. C. C., 531, and the cases therein cited. Therefore the carriers must refund the difference between the through rate and the combination on New Orleans.

REPARATION ON POSTS

Reparation has been ordered in No. 9704, *Page & Hill Company vs. Chicago, St. Paul, Minneapolis & Omaha et al.*, opinion No. 5490, 51 I. C. C., 487-8, on account of a misrouted carload of posts from Boy River to Minneota, Minn., moving interstate. The Commission's finding is that, because the shipment was merely routed "Soo—C. & N. W.," it should have moved by a shorter and cheaper intrastate route. It moved to Minnesota Transfer, then to Mankato, Minn., and the Chicago & Northwestern beyond, a distance of 468.8 miles, at a rate of 20.9 cents. The Commission found that the shorter and cheaper route in accordance with the routing instructions would have kept the shipment in Minnesota over a route only 348 miles long, carrying a combination rate of 18.5 cents. No comment is made on the fact that the cheaper route was intrastate other than the statement that "the distance over this intrastate route is 348 miles."

RATING OF CARPET SWEEPERS, ETC.

An order of dismissal has been made in No. 9937, *Bissell Carpet Sweeper Company vs. B. & O. et al.*, opinion No. 5487, 51 I. C. C., 479-81, the Commission holding that the L. C. L. ratings in Official Classification territory on hand carpet sweepers and vacuum cleaners combined have not been shown to be unreasonable. The hand carpet sweepers in boxes L. C. L. are second and the carpet and vacuum sweepers, also in boxes, are rated first class. The complainant said that for many years carpet sweepers were rated third class, but the Commission showed that in the first issue of the Official Classification in 1887 carpet sweepers were second class, which rating was in effect continuously except from January 1, 1900, to August 15, 1909, when the rating was first class. The complainant objected to the rating on vacuum cleaners as machinery or machines. The Commission found no valid objection to the language of the descriptive term as a machine.

DEMURRAGE ON SHAVINGS

The Commission has dismissed No. 10015, *John Schroeder Lumber Company vs. New York Central*, opinion No. 5484, 51 I. C. C., 473-4, holding that demurrage charges on a car-

load of baled shavings from Odanah, Wis., were properly collected at South Bend, Ind., and not shown to be unreasonable. The complainant tried to reconsign the shipment to the Northern Indiana Gas & Electric Company at South Bend. The letter was directed to the agent of the Michigan Central at South Bend, the lumber company being under the impression that the shipment had been so routed. It, however, had been routed merely "N. Y. C." The car arrived at South Bend and notice of arrival was sent. The Schroeder company, having no office in South Bend, did not receive the notice and the car was reported as unclaimed. The complainant contended that after the Michigan Central had received its reconsignment letter no demurrage should have accrued because it is the custom at South Bend for railroad agents to co-operate in an effort to give effect to car disposition orders. The report says the record did not establish any disregard by the defendants of its obligations in regard to this shipment.

DIVERSION OF LUMBER

An order of reparation has been made in No. 10008, *Stevens-Eaton Company vs. Tallulah Falls Ry. Co. et al.*, opinion No. 5483, 51 I. C. C., 471-2. The Commission said that following its decision in *American Window Glass Company vs. Sou. Ry. Co.*, 48 I. C. C., 451, it must hold that defendants should have permitted the diversion at Potomac Yard to Bayonne, N. J., of a carload of rough lumber from Prentiss, N. C., to New York on the basis of the through rate from Prentiss to Bayonne plus a maximum charge of \$5 for the services incident to diversion. Instead of allowing diversion for a reasonable charge the in-and-out rates were collected.

RATES ON POTATOES

An award of reparation has been made in No. 9630, *Varley-Wolter Company vs. B. & O. et al.*, opinion No. 5493, 51 I. C. C., 493-5, on account of illegal rates on potatoes from Carpenter and Otranto, Iowa, to various destinations east of the Indiana-Illinois line. The area of distribution to which illegal rates were charged was bounded on the west by Indianapolis and on the east by Pittsburgh. The question was as to whether certain rates were applicable from Lyle through Mason City. The Commission sustains the contention of the complainant and ordered reparation down to the basis of the rates admittedly applicable through Austin. Reparation was also ordered on misrouted cars.

CHARGES FOR SWITCHING

An order of dismissal has been entered in No. 9642, *Yeakel Fuel Company vs. Oregon-Washington R. R. & Nav. Co. et al.*, opinion No. 5473, 51 I. C. C., 449-51, the Commission holding that the charges for switching coal and wood at Spokane, Wash., had not been shown to be unreasonable or unduly prejudicial. The switching charge of \$5 per car was imposed on movements from East Spokane to Spokane. The complainant contended that the Northern Pacific's tariff authorized absorption of this charge. It also contended that a competing coal dealer within a few blocks of it enjoyed a lower switching charge, but no particulars as to that lower switching charge was placed in the record.

OWNERSHIP OF CAR FERRY

IN THE MATTER OF THE CONTROL OF WATER CARRIERS BY RAILROAD CARRIERS.

CASE NO. 7055 (51 I. C. C., 436-438)
GRAND TRUNK RAILWAY COMPANY OF CANADA—
OWNERSHIP AND OPERATION OF DETROIT RIVER
CAR FERRIES.

Submitted July 20, 1918. Opinion No. 5468.

Upon application of the Grand Trunk Railway Co. of Canada, under the provisions of section 5 of the Act to regulate commerce as amended by the Panama Canal act, to continue its ownership and operation of certain car ferryboats plying on the Detroit River, Held:

1. That the existence of paralleling rail lines of petitioner and paralleling all-rail routes in which petitioner participates makes it possible for petitioner to compete with its ferryboats.
2. That the existing specified service by water is being operated in the interest of the public and is of advantage to the convenience and commerce of the people, and that an ex-

tension thereof will neither exclude, prevent, nor reduce competition on the route by water under consideration.

McCHORD, Commissioner:

The Grand Trunk Railway Company of Canada petitions us for authority under the provisions of section 5 of the act to regulate commerce as amended by the Panama Canal act, to continue its ownership and operation of car ferries across the Detroit River, between Detroit, Mich., and Windsor, Ontario.

The petitioner and its allied lines operate a system of railway extending from Chicago, Ill., and other Lake Michigan ports, to St. Lawrence River points and Atlantic ports. One of its main east-and-west lines extends through Port Huron, Mich., and Sarnia, Ontario, the connecting link between these two points being a tunnel under the St. Clair River. Another of the main east-and-west lines extends easterly to Detroit, where it is intersected by the Detroit River; from Windsor, which is opposite Detroit, it extends easterly to Buffalo, N. Y., and other points. To connect this line the petitioner operates car ferriboats across the Detroit River between Detroit and Windsor. These car ferriboats are three in number and are known as the Lansdowne and Huron, each with a capacity of 16 cars, and the Great Western, with a capacity of 12 cars. Petitioner also operates a line of railway between Port Huron and Detroit. It further appears, from tariffs on file with us, that petitioner is a party to through all-rail routes which parallel its own line through Detroit and Windsor. We find that, by means of its line through Port Huron and Sarnia and of the paralleling all-rail routes in which it participates, petitioner may compete for traffic with its Detroit River ferriboats within the meaning of the act.

It is stated of record that more water-borne traffic passes Detroit than any other point in the world, and that therefore it has been considered unfeasible to construct a bridge across the Detroit River at that point. But, for all practical purposes, the ferriboats here in question constitute a bridge connecting petitioner's line from Detroit to the west with its line from Windsor to the east. That is to say, the boats, except that they do not handle locomotives or tenders, take the place and perform the functions of a bridge. They are operated as a part and parcel of the railroad and not as a separate organization. All of the traffic handled by the boats is hauled in cars. All of the passenger traffic and practically all of the freight traffic handled is through traffic from or to points beyond Detroit or Windsor.

From Detroit to eastern points and from eastern points to Detroit, petitioner's route via Windsor and the car ferries in question furnishes an expeditious service as compared with its all-rail route via Port Huron and Sarnia. The Detroit docks of the ferriboats are very near petitioner's freight house, and through traffic handled by the boats escapes going through the Detroit terminals. For this reason, a large part of the through traffic to, from and beyond Detroit is handled via Windsor instead of via Port Huron and Sarnia. It also appears that the clearance through the Port Huron-Sarnia tunnel is too low for some of the larger freight cars, thus necessitating their handling via the Detroit-Windsor ferries.

Petitioner absorbs the cost of this ferryboat service out of its rail revenue. If the boats were independently operated, the amount of the absorption would very probably be greater, as independent operators would demand a profit over and above the cost of the service. The through rates via petitioner's line through Detroit and Windsor are the same as via its line through Port Huron and Sarnia, and the same as via the Michigan Central, which operates a tunnel under the Detroit River, and via the Pere Marquette, which operates ferriboats across the river at Detroit. In P. M. and B. & L. E. R. R. Co.'s Operation of Car Ferry Boats, 24 I. C. C., 86, we authorized the Pere Marquette to continue the operation of its car ferries between Detroit and Windsor.

The rates, rules and regulations applicable via the water service under consideration are filed with us as a part of the petitioner's tariffs.

We find and conclude that the existing specified ferryboat service of petitioner is being operated in the interest of the public, and is of advantage to the convenience and commerce of the people, and that a continuation thereof will neither exclude, prevent nor reduce competition on the water route under consideration.

An appropriate order will be entered.

SERVICE FOR THE PUBLIC

(From Regional Director Winchell's Circular No. 414)

It is apparent that the public is not, in all cases, receiving the full amount of attention, especially in freight service work, that it has the right to expect.

Principally, the shippers feel the lack of personal contact with the railroad representatives, some of them being visited but rarely, or not at all. A comparatively minor number of shippers have in their employ men trained in railroad traffic work, and such no doubt are largely able to help themselves, but the great majority of the shippers who have in the past relied upon the freight solicitor for aid, especially feel the lack of this personal contact with the carrier and his solicitude toward their affairs. As a direct result, not only do all manner of complaints reach the several directors, but shippers are making of them specific requests for information and for assistance which can be very easily taken care of by the freight service agent. It is desired that this condition of affairs be remedied as promptly as possible, and as good, or better service, be given under federal control as was given under private management.

The discontinuance of off-line agencies necessitates the service forces looking after matters formerly handled by such agencies, and keeping in touch with the service of other lines to a greater extent than ever heretofore. The service forces should be so divided as to permit regular and frequent rounds of visits to the shippers located in the larger places at which there are resident service men not in solicitation, of course, but purely for the purpose of keeping in close touch with the problems and requirements of the individual shippers. Similarly, there should be traveling service agents who visit regularly the local and smaller stations, where patrons should be called upon. The shipper at these local and out-of-the-way stations usually is the most neglected of all the patrons.

Invariably should shippers be impressed with the fact that the service men are to be called upon to aid them in every reasonable way, whether the problem at hand concerns the representative's railroad or that of another. The frequency of these visits, both at the cities and smaller places, should be determined by circumstances, but it is the suggestion that in any case such ought not to be further than 30 days apart. The attitude of the individual representative should at all times be one of soliciting the confidence of the public, and that of one personally interested in the commercial welfare of the shipper and the personal comfort of the passenger, and evidence of this attitude should be in a demonstration of the efficiency with which the patron's matter is handled.

Some of the railroads have undertaken to define the particular duties resting upon the representatives engaged exclusively in traffic service work. Where it has not already been done, a list of these duties as in relation to the public, should be compiled and placed before the agents and representatives. An outline of these is, for convenience, stated below:

FREIGHT.

1. The prompt quotation of freight rates requested by shippers and agents. This relates to the representative's own road as well as any other sections of the country, as may be requested by shippers and consignees.
2. Informing shippers, as they may be interested, as far as practicable, of important changes in rates, classifications and tariff rules and regulations. Also keeping shippers posted as to regulations of the various government departments as may concern the particular kinds of business of the shippers.
3. Watching, with extra solicitude, the interests of new industries, or new shippers, so as to develop their necessities with view of having such promptly supplied.
4. Handling claims for shippers within the customary regulations.
5. Examining damaged freight at request of the owners (or agents) for the purpose of determining the cause and extent of the damage, and for the prompt disposition of resultant claim.
6. Tracking delayed local freight and giving passing reports of local freight, and where avoidable causes are ascertained, making suggestions to proper officer of the carrier, and also to the shippers and consignees (where proper to do so), as will tend to improve transportation conditions. (Tracking delayed interstate freight and furnishing of passing reports of interstate shipments to be taken up at request of shippers at places where there is no administration service bureau with the administration's central bureau.)
7. Assisting in securing cars for loading.
8. Determining the shipper's prospective needs for cars and posting the transportation department accordingly.

10. Keeping informed as to probable dates of large movements of passengers requiring special attention in the way of providing extra cars or other necessary facilities.
 11. Keeping in close touch with the transportation department with respect to emergency movements, so that they may be notified as to the time when they may be forwarded into emergency service in order that shippers may be notified as to the time when they may be forwarded into emergency service.
 12. Keeping in close touch with the transportation department as to where accommodations are produced or where they may be produced and thus bringing buyer and seller together.
 13. Assisting in the disposal of surplus and dealers in disposing of their surplus, and in the disposal of surplus, buyers, etc.
 14. Keeping in close touch with the transportation department and advising shippers of terminal facilities and routing to facilitate prompt transportation and quick delivery at destination.
 15. Assisting in the disposal of surplus and dealers in disposing of their surplus, and in the disposal of surplus, buyers, etc.
 16. Checking tariff cases to see that they contain all the tariffs needed or which are required by law to be posted at the station, and taking measures to fill shortages.
 17. Checking records of agents covering over and short freight, and assisting them in disposing of overs and in locating shortages.
 18. Checking the agents' claim records for the purpose of determining if all claims are promptly and properly handled in accordance with general instructions and authority given them for settlement.
 19. Checking up freight warehouses for undelivered freight with view of assisting in disposition thereof.
 20. Otherwise assisting agents wherever the latter's work seems deficient and where it seems that they do not properly understand same, keeping in mind that there is now a greater need of such assistance than at any time in the past.
- In making rounds among shippers, service men can assist the operations of their road by:
21. Urging shippers to the prompt loading of cars and the securing of maximum loading.
 22. Aiding the freight claim agent in securing settlement of undercharge claims.
 23. Encouraging shippers to make suggestions and receiving their complaints about other than traffic matters and immediately placing the data before the proper official.
 24. In proper seasons, urging shippers and receivers of freight at all points to lay in stocks, with view of avoiding an undue rush and congestion at other periods of the year, thus minimizing the pressure on transportation facilities.
 25. In their rounds, noting instances of poor service, not within the traffic department's jurisdiction and posting the proper local official in charge.
 26. Watching crop conditions and other large movements with view of posting superior officers as to prospective resulting tonnage in time to make provision therefor.
 27. Studying possibilities of service and where the scope of authority admits taking action; otherwise making recommendation to superior officers.

PASSENGER.

1. The quotation of fares requested by passengers and agents, irrespective of whether these be between points on representative's own line or elsewhere.
2. Instructing and educating agents and baggage men as to the proper application of passenger and baggage tariff rules and regulations, and otherwise instructing and educating agents and baggage men in the details of their duties coming under the jurisdiction of the traffic department.
3. At fixed intervals, checking tariff cases of agents with view of having them include all tariffs applying from that station required by the law to be posted.
4. Supervising the arrangement of tariffs by the agents so that information may be promptly and accurately furnished.
5. Assisting in procuring special or extra cars when needed.
6. Keeping the transportation department posted about probable requirements for extra cars.
7. Keeping in close touch with military authorities and agents at military camps, and assisting them, as well as the transportation department, in the handling of military traffic.
8. Keeping close watch of special car movements from point to point, and giving prompt advice of future movements.
9. Watching constantly the loading of regular line equipment so that when necessary extra equipment may be provided for.
10. Keeping informed as to dates of probable large movements of passengers requiring extra cars.
11. Watching carefully to see that patrons are given prompt and courteous treatment by station, train and Pullman employees.
12. Investigating reports of unsatisfactory service, and initiating investigations of train and station service and facilities where such may appear inadequate, bringing such information to the attention of superior officers.
13. Inspection and reports of service given the public by employees of news companies operating restaurants in depots and supplying service on trains, and that the companies comply with the rules governing them and their obligations to the public under their contracts with the carriers.
14. Constant inspection of Pullman and other passenger equipment, with reports of deficiencies to superior officers.

15. Constant inspection of the condition of waiting rooms and toilets, both for white and colored people, and reporting deficiencies to superior officers.
16. Keeping hotels and other public places posted as to schedules, sleeping and parlor car service, arrival and departure of trains, equipment, etc.
17. Watching schedules printed in newspapers (where such are published), to see that they are accurately printed and that changes are promptly made.
18. Keeping in close touch with the daily requirements made on passenger trains with view of seeing that there is sufficient equipment provided; conferring with and actively co-operating with division superintendents and depot superintendents to the end that adequate accommodations may be supplied.
19. Assisting the transportation department in the latter's requirement that ticket and baggage offices at local stations are open a reasonable time before the departure of trains.
20. Inspection and reports on parcel check rooms and other public facilities in and about railroad stations or operated on railroad property.
21. Checking bulletin boards in waiting rooms to see that the public notices of train passings are properly posted.
22. Aiding agents and baggage men in keeping their records, disposing of unclaimed baggage, stowage of baggage in the most economical way for handling and delivery, and testing baggage room scales with view of determining their accuracy.
23. Checking local agents' ticket stocks and assisting them in keeping the proper stock on hand.
24. Studying the possibilities of the service in every phase, and making recommendations to superior officers.
25. Aiding patrons requiring authorized special service of any character to obtain that service.

It is suggested that circulars be compiled showing the names of the service and commercial representative of each line, defining the scope of territory in which each works, for distribution among connections, and thus aid in bringing about active co-operation between representatives of all lines.

To accomplish the best results, not only must the hearty co-operation of the transportation and other departments be enlisted, but systematic supervision must be had and periodical reports must be made so that the necessary direction may be given the activities of all engaged in the service.

While I am addressing you with special reference to freight and passenger traffic service, all branches of the service are involved in the broad duty owing to the public, and it is desirable that the importance of this fact will be fully understood and appreciated by all. The successful operation of the properties under your jurisdiction requires the undivided co-operation on the part of all branches of the service; while there is not now competition, in the sense the term was most generally employed prior to federal operation of the transportation lines, there should be no relaxation in the efforts of each line forming the national transportation system to see that the public is given that service which it does and has the right to expect, keeping the thought constantly in mind that it is necessary, as far as possible, to eliminate the causes which lead to complaints, and that thereby complaints themselves will be done away with.

LOADING OF COAL

The Traffic World Washington Bureau.

A report was received December 14 by the Director-General from the Car Service Section of the Railroad Administration on the quantity of coal of all kinds loaded by roads for week ended Nov. 30, 1918, as compared with the same period of 1917, a summary of which follows:

	1918.	1917.
Total cars bituminous	165,071	179,399
Total cars anthracite	30,401	37,027
Total cars lignite	4,133	4,733
Grand total cars, all coal.....	199,245	221,159

A summary of reports for week ended Dec. 7, 1918, as compared with the same period of 1917, based on actual reports from most roads, but with the estimated results of some roads, follows:

	1918.	1917.
Total cars bituminous	185,755	198,121
Total cars anthracite	34,450	41,599
Total cars lignite	4,368	4,954
Grand total cars, all coal.....	227,573	244,674

Total increase of 1918 up to and including week ending December 7, over the same period of 1917, 590,715 cars.

McADOO TALKS REDUCTIONS

The Traffic World Washington Bureau.

Answering questions put to him in a conference with newspaper men, Director-General McAdoo, December 19, said that if Congress will give a five-year test to government operation, within a year the benefits of unification and economies will become so obvious that, without reduction in wages, it will be possible to reduce freight rates and passenger fares. Inasmuch as he will not be "on the job" during the year in which he thinks that reduction can be accomplished, he hesitated about making prediction as to how soon a reduction could be made. His idea is that the reduction cannot be to the old basis, but that it can be substantial.

Speaking of wages, he said many of them were not war increases, but due to an equitable adjustment of relationships, and ought not be reduced. He said he was confident it would be possible so to improve efficiency of the transportation machine that wages increased this year could be maintained, and rates still be brought down.

Senate Committee Begins.

The Senate Interstate Commerce Committee, by resolution, December 19, instructed Chairman Smith to announce hearings on all phases of the railroad question beginning January 2. Eight members of the committee attended the meeting. Senator Smith desires on behalf of the committee that each interest desiring to be represented at the hearings appoint one responsible representative to speak for it in the following order: Railroad Administration, Mr. McAdoo, Interstate Commerce Commission, railroads, state commissions, chambers of commerce and other interested organizations. In his formal statement the Commission was omitted, through a mistake of a clerk.

Members of the committee, in private talks, showed that they were dubious about legislation at this session. Inasmuch as the Railroad Administration and Mr. McAdoo, the latter as a separate entity, are to be heard first, it is assumed the five-year plan will come up first. No regular place is assigned for any of the bills divesting the President of the rate-making power and restoring it to the Commission. The chances of passage of such a bill as a separate measure are considered poor, but it has some chance as rider to the appropriation bill.

Little speed in behalf of the McAdoo five-year-lease-of-life position was shown at the capitol in the early part of the week. Hitherto, when any member of the Administration has expressed a desire for more authority, there has been haste on the part of some member of either the House or the Senate to introduce a bill to carry the request into effect. Members of Congress have vied with each other to serve the executive branch of the government or any member thereof.

When, on December 18, no bill to extend the life of the Railroad Administration had been introduced, inquiries were made and it was said that Chairman Sims, of the House committee, was waiting for a copy of a bill that was being prepared at the Railroad Administration, and that when the bill was ready it would probably also be introduced by Senator Smith, chairman of the Senate committee.

No one at the capitol regarded it as at all likely that a bill of that kind could be passed at this session of Congress. As to the next Congress, those who were asked for an opinion as to the chances of such a bill merely hooted at the possibility of a partisanship hostile Congress doing anything for Mr. McAdoo.

Lines of declaration are being drawn between advocates and the opponents of Director-General McAdoo's request for five years in which to conduct an experiment in government operation. While the members of the Director-General's staff, so far as public utterances are concerned, may be counted as advocates of the plan, it is coming to be understood their advocacy is considerably a matter of official loyalty.

The Florida railroad commission has gone on record as being emphatically opposed to government ownership or any thing leading toward it. It has sent its views to the office of the National Association of Railroad and Public Utility Commissioners in Washington.

Chamber of Commerce Conference.

At the conference called by the Chamber of Commerce of the United States on December 12 and the following

day the only out-and-out advocate of the plan was Walker D. Hines, assistant director-general, who attended the conference to express the views of the Director-General. He did that by using the McAdoo letter as his foundation.

Reports as to the character of the address of Walker D. Hines, in circulation before the Railroad Administration sent it out, were that those who heard it believed Mr. Hines to be personally doubtful as to whether the scheme of his superior officer would enable the country to dispose of the question more easily five years from now than twenty-one months after the conclusion of the peace negotiations.

The Chamber of Commerce of the United States has not made public anything pertaining to the conference held at its instigation on December 12 and the following day. However, those who participated in it have discussed the ideas there expressed with considerable freedom. Those reports indicate, it is believed, that Frank Morrison, secretary of the American Federation of Labor, was the only avowed advocate of government ownership in the conference, and that one of his ideas is that the government will have to keep the railroads to prevent the spread of Bolshevism. He professed to speak for organized labor. According to reports, however, W. N. Doak, of the Brotherhood of Railroad Trainmen, organized labor is not in favor of government ownership. On the contrary, it is willing, if not anxious, to contend with private corporations for wages and working conditions, instead of being dependent on government officials for the terms on which members of organizations shall labor.

As to the attitude and feeling of the members of organized labor there was considerable talk, Charles P. Neill, former head of the Bureau of Labor, and later a member of the Board of Conciliation, being reported as having said that when the wage adjustment was made probably 85 per cent of the employees of railroads favored government ownership or at least government operation, but that when the so-called "disfranchisement order" of the Director-General was issued, saying that railroad men should not participate in politics, the feeling swung the other way.

The idea of the Chamber of Commerce is to have the same men meet again with a view to agreeing on something to recommend to Congress. The question as to what amount of rent the country should pay for the use of the railroads during the proposed five-year period of experimentation, it is believed, will be brought forward at the succeeding conferences because shippers and state commissioners have always been interested in the question of cost, the former because they are the ones who must produce the money in the first instance, and the latter because the laws of their creation require them to act as representatives of the shippers who think they are being asked to pay too much either absolutely or in relation to what some other shipper is paying.

Charles E. Elmquist, the representative of the state commissioners at the Chamber of Commerce conferences, is well known for his insistence on knowing the cost. In fact, one of the strong points he made while campaigning in Minnesota for re-election was that the Minnesota commission, by means of the work that caused the Minnesota rate cases, forced the return of \$3,500,000 to Minnesota shippers.

Questions of Finance.

At this time it is a question whether the high rates, ordained by General Order No. 28 will bring in money enough to pay the cost of operating the railroads on the wage scale prescribed by Mr. McAdoo. The Director-General appeared before the War Finance Corporation on December 17 with a suggestion that that treasury corporation help out the Railroad Administration by taking over some of the permanent loans made by the Administration to the railroads, so as to restore the revolving fund to a healthy condition. Nobody knows exactly the condition of that fund, because no reports about it are given to the public. The general understanding, however, long before Mr. McAdoo made his suggestion to the War Finance Corporation, was that it needed relief. In other words, while it is a fund of \$500,000,000 supposed to be kept intact by the receipts from the business done by the railroads, it has been so depleted by the necessity for making loans to the New Haven, the New York Central, Pennsylvania and other big systems, that there is need of replenishment. The supposed theory of its crea-

tion is that it should be a working capital, while the War Finance Corporation was supposed to give aid to any and all kinds of essential business that might have trouble in financing itself during the war.

Answering questions of newspaper men, December 18, Secretary of the Treasury Glass said he did not know whether the Finance Corporation would finance the revolving fund. He said there was a technical question as to whether it has the legal right to take over the so-called permanent loans of the Railroad Administration to various railroad corporations. Inasmuch as he is not a lawyer, he said he would not want to make a definite statement, but as he saw the question it is not a very substantial one, although, as a technicality, may have weight. He said it was certain there was no prohibition in the law creating the War Finance Corporation that would keep it from extending help to the Railroad Administration's revolving fund.

The financial phase of the subject, by reason of the high rates and the condition of the revolving fund, it is believed, will be forced not only on the conference called by the Chamber of Commerce, but also on Congress. The generous wage scale and the high cost of materials are the chief causes of the inability of the revolving fund to carry the loans made to the railroads and pay the bills that are coming in and must be taken care of, whether the five-year extension is granted or refused.

The Five-Year Plan.

Not more than one man of importance in Congress is expected to make vigorous efforts in behalf of Director-General McAdoo's request for a five-year period in which to make a test of government operation of the railroads. That one man is Senator Johnson of California. It is not certain that when the time comes he will back the Director-General's plans, although he does favor immediate government ownership.

While the contest is not partisan in any sense of the word, the mere fact that the proposal is made by so prominent a man as Director-General McAdoo is supposed to give him a following among partisans that might not be accorded to a man of less prominence than he.

Opposition on the part of the railroad executives who met at Philadelphia December 13 gives heart to those representatives of the shippers in Washington. So far as they can see they and the leading men of the railroads are in accord on the subject. That is to say, the representatives of the men who own the railroads and the representatives of the men who use them agree that the government is not the agency which, in the interest of the country, should operate the railroads a minute longer than necessary to make plans for the return of the property to its owners. That opposition is interpreted to mean that while the guarantee of return on the property, as fixed in the federal control act, is satisfactory to the railroad owners, there is no desire to continue the guarantee a minute longer than it is necessary to hold the railroads while plans for a return of the property are being made.

While the Interstate Commerce Commission has not gone on record in the matter, one of the best known facts is that when the shippers and the railroads agree upon a specified matter the Commission seldom if ever disagrees. In other words, that regulating body has seldom set itself up as being wiser in the matter of transportation than the men who provide it and the men who use it.

It developed in the discussion of the McAdoo plan in the Senate on December 12 that apparently Senator Smith, of the Interstate commerce committee, has been reluctant to call that committee together for a consideration of the problem set before the country by the fact that the war has come to an end. Senator Kellogg told those who asked him about the speech he made on that day that he had had it in mind to offer a resolution for adoption by the Senate requiring the committee to hold a meeting.

As indicated in the answer to a question by Senator King, of Utah, it is the intention of the Minnesota senator to offer a resolution calling on the Commission for a recommendation in the matter. That is taken as indicating that, so far as the minority members of that committee are concerned, they will rely largely, if not wholly, on the Commission's advice.

CAPITAL EXPENDITURES

The Traffic World Washington Bureau.

A report from the Division of Capital Expenditures of the Railroad Administration, made public the day Director-General McAdoo asked for a five-year extension of railroad operation, is being used to corroborate his suggestion that it will take more time than Congress has given to carry out the plans of the Railroad Administration with respect to extensions and improvements. An ambitious budget was prepared early in the year and big additions were made to it in a short time. Comparatively small progress, however, was made in carrying out what had been set down.

In the matter of additions and betterments, exclusive of equipment, the performance was only a shade over 40 per cent of the implied promise. In the matter of additions to equipment and improvements on existing equipment the performance was only 37.6 per cent. A statistical average of performance, as shown by the report, was only 38.7 per cent.

While the plans, as revealed by the original budget, were what might be called ambitious, they were not big enough to meet later views. Authorizations of expenditures in excess of the budget items were made, so that when this account was stated, as of December 1, the authorizations were 102.5 per cent of the original budget in so far as additions and betterments to the line were concerned and 131.7 per cent of the budget so far as equipment and improvement of equipment are concerned.

The budget for extensions and improvements was \$495,060,965 and the authorizations \$507,687,414. The expenditures amounted to only \$203,373,738. In other words, not near as much was spent for widening cuts and fills, grade crossings and crossing signals, wharves and docks, grain elevators, telegraph and telephone lines as was authorized.

Half or more of authorizations was spent on widening cuts and fills, bridges, trestles and culverts; grade crossings and crossing signals; roadway machinery and tools; railway building; coal and ore wharves; grain elevators and storage warehouses; real estate; assessments for public improvements and all other improvements.

The smallest percentage of expenditure in comparison with authorizations was for wharves and docks, that percentage being only 14.5. Another small percentage of expenditure, 20.1 per cent, was for track elevation or depression.

With regard to expenditures on equipment and the improvement of equipment, the items on which the expenditures amount to one-half or more of the authorizations are freight cars and passenger coaches. The total expenditure for freight cars by the Railroad Administration was \$59,193,472, or 20.4 per cent of authorizations. The expenditure by the railroads on orders given by them was \$70,140,989, or 72.3 per cent.

The expenditure for locomotives ordered by the railroads themselves amounted to \$56,395,526, or 48.2 per cent of authorization. The Railroad Administration spent \$28,621,655, or 37.3 per cent of its authorization.

The expenditures for passenger coaches was \$8,714,440, or 64 per cent of the amount of the authorization.

One of the standard assumptions for many years past has been that the railroads were unable to perform their common carrier duty because they had insufficient yard facilities. The Railroad Administration, acting on that assumption, made up a budget calling for the expenditure of \$113,993,770. After making that plan it specifically authorized the expenditure of \$121,440,270, or 6.5 per cent greater expenditure than called for by the budget. The actual disbursement for this supposed necessity amounted to only \$46,223,879, or 38.1 per cent of the amount set aside.

Another one of the standard assumptions was that the railroad companies had sufficient main track mileage. Yet, in the budget as originally made up, there was an allowance of \$48,192,794. The actual authorizations totaled \$58,147,671, or 20.7 per cent greater than the original plan. The expenditures amounted to \$24,829,504, or 42.7 per cent of authorization. The percentage of expenditure for main track, therefore, was greater than the percentage of expenditures for the supposedly greater necessity.

No analysis of the figures nor any explanation as to why the original plans were not more nearly carried out was given by the Railroad Administration. Perhaps the fact that the revolving fund is not in as healthy a condition as might be expected by those who have thought only of the

big increases in rates in itself is sufficient explanation for the failure to make the improvements that were planned. Another possible explanation is that it was impossible to obtain the men for this work. That explanation, however, might be criticized by calling attention to the fact that Director General McAdoo asked for exemption from military duty of the greater part of the railroad employees.

WARFIELD IS CAUTIOUS

S. Davies Warfield, president of the National Association of Owners of Railroad Securities, when asked as to the position of the association in regard to Mr. McAdoo's suggestion that the return of the railroads be postponed for five years said:

"This association does not propose to precipitate action. Everyone realizes the importance of this subject, and it is the purpose of the association prior to presenting to Congress any suggestions it may formulate to consult committees, organizations and others concerned, including shippers, that unity of thought may be secured, if possible.

"We have faith in Congress that it will see that when the railroads are returned within the time specified by the federal control act it will be done under plans fair alike to the shipper, the traveling public, labor and the security of the country. And we have equal faith in the Railroad Administration that it will give Congress sufficient time for working them out."

RAILWAY EXECUTIVES ADJOURN

"Gratifying progress toward a common, liberal program has been made," it was stated December 16, after the final session at Philadelphia of the Railway Executives Advisory Committee, which has been discussing the railroad problem.

"The whole question of the ultimate return of the railroad to private operation has been considered," said Thomas Dewitt Cuyler, chairman, in a formal statement. "In connection with the development of a system of public regulation and control for the future, which shall not only protect against abuses, but be affirmatively helpful to the development of adequate transportation facilities for the great post-war needs of the country.

"The executives have returned to their homes to conduct their usual and other interests vitally affected by future transportation plans. Further meetings will be held, but it is impossible now to determine their time and place. In due time the results will be laid before Congress and the public."

SENATOR KELLOGG'S SPEECH

The Traffic World Washington Bureau.

Following is the speech delivered in the Senate December 12 by Senator Kellogg on the subject of Director General McAdoo's letter to Senator Smith and Representative Smead.

"Mr. President, this is a most remarkable document, coming as it does immediately or within a few days after the message of the President, in which the President said: 'The question which causes me the greatest concern is the question of the policy to be adopted toward the railroads. I frankly turn to you for counsel upon it. I have no confident judgment of my own.'

"A few days later comes a deliberate, well-considered plan what Mr. McAdoo says is made with the approval of the President, not to keep the railroads for twenty-one months after the close of the war, but for five years, to make a test. The President, on the contrary, in his message, frankly said he had no judgment of his own on the subject, but suggested three alternatives.

"I shall not discuss at length what Congress should do, but it seems to me we ought to do this at least. Congress, through its committee on interstate commerce, ought to take action at once upon a railroad bill. We ought to authorize the railroads to co-ordinate all their facilities, equipment, terminals, route freight where it can be routed cheapest and the same with passengers, so as to make most effective the entire transportation system of the United States. But this should be done under strong government control. We ought to regulate the issuance of securities of railroads engaged in interstate commerce, and we ought to authorize the Commission not only to

regulate the service of the railroads in a unified condition but give the Commission power to compel them to grant unified and effective service—for instance, that the railroads entering New York shall use the New York terminal of the Pennsylvania Railroad. I am not going into a discussion of that. I do not wish to take the time of the Senate, but I wish to invite the attention of the Senate to this proposition, which ought to be taken up by our committee and by Congress at once. This is what Mr. McAdoo said in his letter:

"The war is ended and we are now confronted with the necessity either of legislating intelligently about the railroad problem at this session of the Congress or of promptly returning the railroads to their owners."

"Then he proceeds to say in the letter that there is no time to legislate at this session of Congress, and that, therefore, there should be a five years' extension of the period. He says further in substance that unless that five years' period is granted the railroads should be turned back at once.

"The railroads were taken over presumably by the government—that was the statement made, for war purposes. It was denied at that time that they were taken over to make a test of government ownership. Now Mr. McAdoo says we want five years to make a test. A test for what purpose? Not a test for war purposes, but a test for government ownership. That is the real bottom of the whole thing."

"Why legislate at this particular three months' session? He says we must have the legislation at this three months' session or we must have an extension. Why not an extra session of Congress? We have had extra sessions after each session for years, and Congress has been in almost continuous session. Why, with all the important legislation that is coming before the country at the conclusion of peace, including the railroads, should we not have an extra session of Congress after the fourth of March to consider this subject which Mr. McAdoo says must be considered in the next three months or not at all for five years? I should like to know why.

"Why not be frank? Many of us, or at least some of us, thought that the railroads were taken over for the purpose of inaugurating government ownership. It was stated, however, that it was a necessity during the war. I, for one, have not condemned the administration of the railroads. I have done everything in my power to make it a success. I did believe that it was the first step toward establishing in this country government ownership, and the taking over of the telegraph and the telephone and the cable for war necessities after the war was over rather confirmed me in my judgment on that subject.

"But we have twenty-one months after the close of the war, which will be considerably over two years, yet to pass a railroad bill providing for complete federal control and turning the property back to the owners or else deciding in favor of government ownership.

"Now, why not meet the issue frankly and fairly? I believe the reason why they do not wish to meet it now is that they know the people of this country are not in favor of government ownership, and it is proposed to put government ownership over under the guise of an extension to make a test of government control for the period of five years.

"Congress deliberately acted upon this subject last winter and fixed twenty-one months as the period within which legislation might be had for the proper control of the railroads, when they are turned back, and I see no reason why we should now change that twenty-one months.

Mr. Lenroot: "Will the Senator yield?"

Mr. Kellogg: "I yield."

Mr. Lenroot: "I would like to ask the Senator whether he cares to express an opinion at this time upon the power of Congress to take over the use of the railroads in time of peace without providing for the payment of the value of the property to the owner?"

Mr. Kellogg: "Of course it cannot take over the use of the railroads. I say of course, in my opinion it cannot, in time of peace, without paying for the use, or if the physical property is taken over, without paying the value of the property. And, I have grave doubts of the power of Congress to take them over in time of peace, simply for the purpose of experiment.

"I know of no reason why we should not proceed at once with this very important question, and why we should

not frame a bill during this session, and if it cannot be done in the three months I know of no reason why there should not be an extra session or why it should not be passed at the next session of Congress. We have ample time for this legislation before the twenty-one months expire. But Mr. McAdoo says the present legislation is entirely inadequate for the operation from now to the end of the twenty-one months. He does not suggest in what it is inadequate. He has not been to Congress to ask for legislation to cure the defects in the act. He says that there is a dispute about the authority of the states and the federal government. I say absolutely that the federal government has not recognized any state authority whatever, but it controlled the railroads absolutely as the Director-General saw fit, without regard to state commissions. I am not complaining of it, I am merely stating it as a fact.

"As I said before, I am not here to criticize the Railroad Administration. The railroads were earning about four billion dollars per annum when the government took them over. The rates have been increased about 25 per cent, adding at least a billion dollars to the charges the public has to pay, and I am told that this practically has all been used up, if not more, in increased operating expenses. I am not criticizing it. I have not the figures before me. I simply say I have been told that the government will be behind this year two hundred million dollars in the operation of the railroads in spite of the enormous increase of rates. We should inquire into that and see what the result of this operation has been.

"I do not believe that the American people today are very much in favor of government operation, judged by the experience that they have had during the last year. I am willing to admit that it was an experiment during war, and I am not on my feet to criticize it, but what we should do now is to take up this important problem, pass some legislation which will make the railroads of the country most effective in carrying the freight and handling the great commerce of this country, and then turn them back to their owners, or else decide for government ownership at once and end this period of uncertainty.

"Mr. McAdoo says that the twenty-one months will be a period of uncertainty. Therefore, the result is he wishes to increase the uncertainty to five years and have the whole subject in the air at the end of five years.

"I predict that at the end of five years it will be made absolutely impossible for private ownership again to assume control of the railroads if they desire to do so. If the administration is not in favor of government ownership, say so now and let us turn our attention to procuring legislation that will be effective."

Mr. King: "Will the Senator yield?"

Mr. Kellogg: "I yield."

Mr. King: "I suggest to the Senator, in view of the fact that many of us are in sympathy with the views he expresses, it might not be inappropriate to introduce a resolution asking the Interstate Commerce Commission to prepare at the earliest possible moment a plan dealing with this question."

Mr. Kellogg: "I will introduce such a resolution, but I do not care to take the time now to make any remarks upon it. I thank the Senators for their attention."

Mr. Smith, of South Carolina: "I merely desire to suggest to the Senator from Minnesota that, so far as I understand the situation, the President in his message to Congress touched on the questions involved in the railroad problem, and frankly stated that he had no solution of it to propose, but that he left it entirely with Congress. No other official utterances were given to the committee until last night, when I received a communication from Mr. McAdoo suggesting that the present status, with certain modifications, be continued for five years.

"I have not up to the present time called the committee on interstate commerce together for the reason that the preliminary business of getting things in shape and getting into harness here in the different committees would have to be gotten out of the way before we could seriously get down to facing our railroad problem.

"I do not understand that a recommendation on the part of Mr. McAdoo, or of anyone else, now that the war is over, is anything more than merely his opinion. His opinion may have more weight by virtue of the fact that he has been the Director-General of Railroads, but those of us who are charged with responsibility facing what, in

my opinion, is the greatest problem which confronts the American people, one upon which everything is based—our commercial, social, and political life—the proper means of transportation, I take it will face that problem as American citizens, and will solve it in the light of the best judgment we can exercise, without taking anyone's preconceived notions about it. To that end, I have called the committee on interstate commerce to meet next Thursday morning, giving a week's time in advance, for the purpose, that they may so arrange their business as to be present in order to discuss the status of affairs, and to inquire from all those from whom knowledge can be obtained the conditions which now exist, looking toward what action we shall take in meeting the conditions which now confront us."

Mr. Kellogg: "I welcome the interruption by the Senator from South Carolina, and I was going to state that the committee on interstate commerce had been called together. I would, however, suggest that the chairman give notice to those who wish to be heard before the committee that they appear and be present at the time of the meeting."

Mr. Smith, of Carolina: "If the Senator from Minnesota will allow me, I desire to say that the reason I have not given such notice and have not so indicated, is because I believe it is important for the committee to get together, discuss all phases of the question, then decide what line of action they are going to take, and then summon witnesses to develop the line of action which they think it advisable shall be taken."

Mr. Kellogg: "It is true that the letter of the Director-General of Railroads is a personal letter, but, if the Senator from South Carolina will read the letter, at the end of it he will see this: 'The President has given me permission to say that this conclusion accords with his own view of the matter.' The President made no such recommendation in his message delivered only ten days ago. When did the President give that suggestion to Mr. McAdoo?"

PEORIA ASSOCIATION RESOLUTIONS.

The Peoria Association of Commerce has adopted a resolution approving the bill of Senator Smith of Georgia to restore the rate-making power to the Commission and another calling for legislation defining and establishing the government's liability for errors in transmission of telegraph messages, such financial liability being now denied.

SHREVEPORT RESOLUTIONS

The traffic bureau of the Shreveport, La., Chamber of Commerce has adopted the following:

"Whereas, The President of the United States has submitted to the Congress, for determination, the question of the future status of the railways, with the request that definite action be taken as rapidly as possible, and legislation has been proposed and is now before the Congress, dealing with this subject as well as other means of communication, viz., the cable, telegraph, telephone and express service; and

"Whereas, The members of the Shreveport Chamber of Commerce are opposed to government operation or ownership and are in favor of private operation and ownership of these utilities; also favor the fundamental principle of competition, subject to a liberal policy of public regulation and control as serving best the welfare and future development of both the country and the future growth of its transportation facilities.

"Be it resolved by this Chamber of Commerce, in meeting assembled, that this attitude be made known to our representatives in Congress, with the request that they support the prompt enactment of legislation which provides for:

"The return of the railroads, express, telegraph, telephone and cable lines to their private owners for operation as early as practicable and consistent with the requirement incident to the war emergency and their return.

"Maintenance of the essential principle of competition both in making rates and as to service, with freedom to eliminate unnecessary expenditure and subject to co-operated public regulation under state, regional and federal control.

"Amendment of the Sherman anti-trust law; permitting

the pooling and unification of facilities and equipment and co-ordination of means and instrumentalities of transportation and communication, including co-ordination of rail and water service.

"Providing for reasonable and proper compensation to owners, safeguarding investors in the issuance of railway securities, payment of just wages and protecting all classes of employees.

"That during the continuance of the provisional operation of the railways under federal control, we favor the prompt adoption of the Cummins bill, S-5026, restoring to the Interstate Commerce Commission the power of suspension and making carriers subject to state and federal laws relating to their liability in like manner as prior to federal control."

HINES ON THE RAILROAD PROBLEM

The Federal Administration puts out the following address of William L. Hines, Assistant Secretary General of Railroads, given at the meeting December 12, 1917, in Washington, at a meeting of the railroad committee of the Chamber of Commerce of the United States:

The other day your committee very thoughtfully asked Mr. McAdoo if he would make a talk and at that time Mr. McAdoo was not in a position to be sure that he would be able to present anything definite, so he was unable to commit himself to coming and giving a talk. He has been able, however, to put in definite shape his views on this subject and, therefore, the way is open to lay these views before you. He would like very much to do that himself, but is occupied with the House committee on ways and means and has asked me to come and talk in his behalf and express his regrets that he cannot be with you.

I am here simply to be of any assistance that I can in placing the situation before you and not for the purpose of presenting an argument or an appeal for one course rather than for another. I think you gentlemen, as fully as any set of gentlemen in the country, are in a position to make up your own minds what your policy ought to be and that it is not helpful or desirable for me to argue for one rather than another, but there are certain facts relating to this situation with which the President-General is necessarily closely in contact and which he sees very clearly and being associated with him as I am, I have the advantage also of seeing these facts plainly, and I want to present these facts to you so that you may take advantage of them in reaching your conclusions.

I think it is fair to say that a great deal of the business thought of the country is turning toward the idea that the railroads ought to be turned back promptly to private management by the railroad companies, with remedial legislation to remove the difficulty on under which the business world approaches the railroads believed under the private control that existed up to Dec. 28, 1917. This part of a proposal turning back with remedial legislation has been suggested by the railroad executives and, I believe, in a resolution adopted by a meeting of the United States Chamber of Commerce at Atlantic City and has been suggested in various other quarters representing the general business thought of the country. And it is a most natural suggestion and it is the remedy to which the business people of the country would be inclined to turn. But what I want to present to you in the first place is the plain practical question—Is it possible at this time to get remedial legislation? I think that must undergo a consideration of that proposition, because there is no advantage in talking about turning back the railroads with remedial legislation if the conditions are such as to make the remedial legislation impossible.

In facing that question I think we will all concede that there is no crystallization of the thought of the country as to what is the proper remedial legislation. I have given a great deal of thought to the subject and have tried to formulate in my own mind the remedies that ought to be adopted to provide adequate protection for all the elements that are involved in the railroad business—the public which is to be served, the labor which is to be adequately compensated and properly considered in its relations to the operations, and the investors who furnish the capital, and what has impressed me in my thought on this matter is that every point that comes up touches with doubts and differences of opinion. Everything is debatable.

Take some of the leading points that must be considered in a scheme of remedial legislation. Take the question as to the extent to which there shall be state control or whether there shall be any state control in respect of railroad rates or railroad improvements or railroad service, and we find there are the most pronounced differences of opinion on that subject. The National Association of Railroad Commissioners, at its recent meeting in Washington, made it very clear that it was opposed to the elimination of state control. A great many other interests affected are strongly in favor of eliminating that control. So on that fundamental point there is a clear-cut issue in respect of which I do not understand the public sentiment has crystallized and concerning which there would be a prolonged debate. Indeed the point is so important and so far-reaching that it would need a prolonged and thorough discussion before a decision would be reached which would be satisfactory to the country.

Take the other question of overcapitalization. A great many people who have given prolonged attention to this subject believe that one of the insurmountable obstacles to satisfactory regulation in the past has been the settled suspicion on the part of the large part of the shipping public and on the part of labor that railroads were heavily overcapitalized, and that all the showings made by the railroad companies as to need for additional revenue were based on false premises, because they were based on overcapitalization.

There has been no crystallization of sentiment on the subject, though there have been a great many charges and countercharges in regard to it. I do not believe there can be any effective remedial legislation which does not deal with and dispose of that subject that will confront the Congress on the threshold, in my opinion, of any consideration of a plan for permanent solution of the railroad problem. If it is decided that the question must be dealt with, the question as to how it is to be dealt with remains for solution, and closely connected with that is the question of valuation of the railroads.

A valuation has already been provided for, and is well under way, but has not been completed, and there is nothing indicating how the valuation, when completed, shall be applied in dealing with this problem of overcapitalization, although evidently it will have an important relation to that subject.

Take the question of federal incorporation of the railroads. There are a great many people who have studied this subject carefully who are firmly convinced that there can be no adequate solution of private operation without federal incorporation as a substitute for state incorporation. There again we have a question, fundamental in character, which must be met and disposed of, and which cannot be disposed of without prolonged consideration.

There is the further question whether it is expedient to continue to have in this country, say, 100 different railroad companies conducting the public service. At present there are about 180 railroads which are known as class I railroads, that is, which have operating revenues of \$1,000,000 or more per year. Perhaps 100 of them are of definite importance. Perhaps 50 of them would be regarded as railroads of such importance that they could not be eliminated in any plan which contemplated the preservation of the principal railroad organizations in the country. It has been suggested in many quarters that that system of numerous railroads whose lines interlace as the existing railroad lines do should be replaced by a system of a few regional railroad companies upon which there would be representation perhaps of the public as well as of the owners, the idea being that each of those regional railroad companies would own and operate all the railroads in a given region of the country. But the questions relating to that subject are so numerous and perplexing that it is confusing to try even to list them. The question of how to bring about the transition of the present ownership by many corporations with a remarkable variety of different capital structures, to new organizations with a new scheme of capitalization, and how to effect the exchange of the securities of the new company for the securities of the old, and as to the basis of the capitalization and as to the basis of the representation upon the board of directors, are questions of the very greatest importance which cannot be decided without the most thorough consideration.

Then that involves the question of the application of

the anti-trust laws. Shall the anti-trust laws continue to apply to the railroads as they have in the past? In dealing with that question the attitude of the public must be considered. The public has appeared to have very definite views in the past, and yet the question arises whether those views ought to continue to be applied to railroad operation if private operation is to be resumed. But you can readily see that it is a question which cannot be disposed of in a short time.

These are some of the leading problems which will be involved in any proposal for remedial legislation to admit of satisfactory operation under private auspices. I want to leave with you gentlemen the question whether it is possible for this Congress, at this time, to begin to conduct and complete the necessary investigation on those problems and report bills in the two houses dealing with those problems and have those bills adopted and passed and the differences of the two houses composed, and have a bill emerge which will represent the remedial legislation which is practicable and desirable in order to deal with railroad operation under private management. I don't believe this is going to be practicable in this Congress, which has a little over two working months left, when you take into consideration the necessary interruption of business on account of the Christmas holidays. If it is possible, then, of course, it remains open to endeavor to formulate a plan and get it adopted, but if the Director-General is right, and undoubtedly he is right, in his conviction that it is not possible, then the question is what are the other courses that are possible, or even theoretically possible.

The next course that might be said to be possible would be for the President to keep the railroads under federal control up to the maximum limit authorized by the federal control act, which is 21 months after the declaration of peace. That is a subject upon which I think the Director-General is peculiarly qualified to speak and carry conviction in what he says, because in the last year he has been immediately in touch with the problem of government control, he knows the conditions of the railroad organizations, and he knows what is necessary in order to conduct the government operations of the railroads. I don't think I can do better in discussing that point than to read a brief extract from the letter which the Director-General sent yesterday to the chairmen of the Senate and House committees on interstate commerce:

I don't think that condition can be too strongly brought before thoughtful men who are trying to find a solution to this problem. It is a condition which will be cumulative in its manifestation. If the President should enter upon the policy of holding the railroads for the 21 months' period these difficulties and doubts would pile up on each other as every month went by. That would be true under any circumstances, even if there were the state of the greatest possible composure in the country, because no man can help thinking about what his personal status is and about what it is going to be, and when a stop-watch is in that way held on government control and the definite date at which the railroads are to be turned back to private control is coming along so rapidly, every man is going to wonder about what is going to happen to him when that time comes. He is going to wonder whether his career will be with the old railroad corporation or whether it is going to be with the new corporation or whether it is going to be with the government. It is no reflection on a man, because it would be against human nature if it were not true.

But we are not going to have a period of that absolute political composure. The period, to a large extent, will be coincident with a presidential campaign. There will be the conditions of political agitation in which the railroad question will be in issue and the conduct of these operations will be in issue. Under these circumstances, and from my contact with these men who are running the railroads, it seems to me perfectly clear that this question of morale is going to be put in the most serious jeopardy if the President should enter upon the policy of keeping the railroads for the 21 months' period without any assurance that there will be any solution, either during that time or immediately at the end of that time, so that we would have the situation of a definite conviction that there will be a change of management at the end of the 21 months' period, and then, in all probability, that an-

other change of management will take place at such indefinite period thereafter as remedial legislation is secured. Under these circumstances it is evident from the President's message to Congress that he has reached the conclusion and from the Director-General's letter that he has reached the conclusion that it is far better for the morale of the railroads to turn them back immediately to private control than to hold them in that condition of suspense and uncertainty for 21 months after the war.

But there is another phase of the very greatest importance. Everyone who has studied this subject realizes that the railroads of this country are not complete and never can be completed. The railroads must continue to grow to meet the demands of traffic and increasing demands of the public for adequate service. Therefore the question of capital expenditures is one of paramount importance.

Generally speaking, all the railroads in this country ought to have the most thoughtful, continuous study and planning in order to bring them up so they will be abreast of the demands of the public and in order to keep them abreast of the demands of the public. How are we situated in that matter with a date fixed 21 months after peace for the railroads to go back to private control? In the first place, we have the consideration that no improvement of very great importance can be planned and brought to completion within much less than two years, and perhaps would require longer. It is evident, therefore, that the continuance of that sort of control subject to that sort of termination means practical paralysis of the development of additional railroad facilities. The Railroad Administration cannot satisfactorily plan to carry out improvements to meet peace conditions when, by the time those improvements are completed, the railroads presumably will go back into other hands, and perhaps under other conditions. The railroad corporations in the nature of things cannot be expected to give their hearty co-operation in working out a scheme of improvements which will not be completed in time for the Railroad Administration, which plans them, to use them, and which will be completed at the time there may be a change back to private management when the improvements will seem to be less appropriate than under a unified form of control. To my mind that embarrassment of carrying out any comprehensive program of capital expenditures is of itself a sufficient reason for reaching the conclusion that, as between the two courses of holding the railroads for 21 months and of letting them go promptly, the latter is the course to adopt, so that the railroad companies can take hold of this matter of improvements and use their own judgment as to what shall be done rather than have a situation where nobody is free to use judgment on the subject except the negative judgment of doing nothing.

But when we come to the matter of necessary and urgent capital expenditures, things that must be done and obviously ought to be done, the question is how they can be done satisfactorily by the Railroad Administration, with this limit staring it in the face, and also the question as to where the money is to come from to do them. It will require an additional appropriation from Congress if federal control is continued for any considerable part of the 21 months. Conditions are not favorable for getting a satisfactory appropriation, it seems to me, either in this Congress or the next. We don't know exactly what we can do, so it is hard to outline what is needed; it is hard to fix the amount of the appropriation—if you fix it large enough to meet all needs it may be so large as to make Congress unwilling to lend it; if you fix it so small as to satisfy Congress, it may be so small as to hamper you throughout the period. This question as to capital expenditures, it seems to me, is of itself a sufficient reason for refraining from holding on to the railroads for 21 months, and for adopting instead the plan of a very early return. That is the plan that is emphasized in the Director-General's letter as the thing that must be done, and also is what the President indicated in his message.

The Director-General emphasized in his letters that that must be done unless, and here is the only alternative the Director-General is able to see and the one he presents for consideration, that federal control be extended for five years with an adequate provision for making these capital expenditures, thereby continuing railroad operation under conditions which will not affect the morale

unfavorably, which will restore a satisfactory degree of confidence in a reasonable permanency of management, and which will enable important improvements to go forward without interruption until such time as the country will have had an opportunity to crystallize its thoughts as to what ought to be done with this railroad problem as a permanent solution.

The thing, above all, that I wanted to emphasize to you gentlemen is that the real choice is between those two propositions. Undoubtedly a great many people whose judgment is sound on this subject would far prefer to turn the railroads back with adequate remedial legislation. But that is not a practicable thing. The 21 months' solution is not a practicable thing, and will simply pile up conditions which are unsatisfactory now and which would grow increasingly unsatisfactory in the 21 months, so that the practical choice is this: Is it better for the railroads to go back to private control promptly under the old conditions or is it better to have a five-year extension of the present control, with provision for the continuing improvement of the properties, and with conditions which will make for a satisfactory morale in the railroad organization? The Director-General, in his letter to the chairmen of the committees, summarized that issue.

As I view this situation, we are inevitably forced to a choice between those two alternatives, because no others are available as a practical matter. Now, as between those two alternatives, I do not wish to argue for one rather than the other, but, as I said, I feel when the conditions as we see them are presented to you by us we have done all we can helpfully do, and I don't want to argue for or against either of those methods.

However, I do want to make two or three other suggestions which helped to make the matter clear in my mind, and I have thought they might be helpful to you gentlemen also, and that is, when considering the subject of a period of federal control under peace conditions, it is important not to attribute to federal control under those conditions the burdensome requirements which were incidental to war conditions. Every country at war in Europe was subjected to vastly greater disturbance in transportation conditions during the war than we were. In fact, our inconveniences in transportation were luxuries beyond imagination as compared with the transportation inconveniences which the war brought on Europe, and yet the inconveniences which existed here were largely inconveniences incident to war rather than those incident to federal control, and but for federal control those inconveniences would have been worse than they were, in my opinion. I think the very natural restiveness the country has shown as to the inconveniences of the last 12 months has operated in an unconscious sort of way to constitute in the minds of many of the public the picture of federal control, whereas it ought to constitute the picture of war conditions and war necessities. So that what the choice, as I look at it, as now presented, is not between the sort of burdensome requirements that existed the last year, on the one hand, and, on the other, the return to private control, but it is a form of federal control adapted to peace conditions, of which there has been so far no test on the one hand, and return to private control on the other hand.

Looking at the private control, I think it is important for us to try to remember what has happened in the past and not look at private control as something in the abstract. Take, for example, the fall of 1916. I made a trip out through the west. Through the eastern half of Kansas the sidetracks were filled with loaded freight cars destined to the Atlantic seaboard that could not move beyond that point because of the congestion of freight at all points, Chicago and east. There was almost a paralysis of transportation. There was the greatest waste of the available car supply, the greatest impediment to the movement of traffic, and as you came east and passed the great railroad terminals, you saw a perfect sea of freight cars that could not be gotten rid of. It was hard to handle them because of the great quantity, it was hard to get trains in and out of the yards. Those conditions were due to a lack of unified control of railroad operations. It may be they can be avoided under private management, but we then had the condition of private management, and every inducement on the part of the

railroads to avoid that congestion, and yet we had the congestion.

Now take this fall; there has been no such condition. The railroad yards have been free except where special and temporary conditions have brought about temporary congestion, but the contrast now, as compared with then, is of the most striking character. Certainly unified control does admit and has produced in fact a movement of freight instead of a congestion of freight. It has enabled the Railroad Administration to apply the plan of controlling the traffic at the source, and of preventing the loading of traffic when it cannot be gotten rid of. Under private management and under the competitive conditions which seemed inseparable from private control in the past, when the railroads were not free to make a binding agreement to remove those conditions, generally speaking, when a shipper was given a car, it could be loaded and thrown into the channel of traffic whether it could reach or be disposed of at destination or not, and that is the way the difficulties arose. Even under war conditions and with the imperative necessity of giving preference to a vast amount of war traffic, congestion has been avoided. Undoubtedly a great many shippers have been interfered with because of this condition, but if they had been able to ship at the time they wanted to, the transportation condition of the country as a whole would have been vastly worse. This is a large matter, which affects the whole country. It affects the economy of transportation and the economy of industry, whether the transportation is rendered almost impracticable by congestion, which seems to be the logical outcome of competitive conditions or whether it is better to have a unified plan which will avoid these conditions.

Looking at the labor situation, we can recall the conditions which existed prior to federal control—the inability of the railroad companies and the representatives of labor to agree on a program, and the menace that existed during so much of the time as to what was going to happen to transportation if there was no agreement. In the absence of some remedial legislation, the question is whether we would go back immediately to a corresponding menace if private control would be resumed at the present time. This is a very important thing to consider.

Looking at the matter from the investors' standpoint, the conditions toward the end of private control were most embarrassing from the standpoint of the investors. They felt their condition was exceedingly critical and, if federal control had not supervened, and, especially in view of the unprecedented winter, it is obvious that many railroad companies which ordinarily could meet their requirements would have gone into bankruptcy. Now if the railroad companies go back into private control without remedial legislation, a question to consider is whether there will be a repetition of these conditions of uncertainty and embarrassment, due to the many different and uncontrollable factors which seemed to be operating together in the reduction of net income.

I think these considerations are useful in dealing with this question as to what is the better choice as between an immediate return to private management without remedial legislation on the one hand and an extension of federal control for a period of five years on the other hand. The difficulties as to shipping in the large sense of getting traffic of the country moved to destination, the difficulties as to labor, the difficulties as to investors, I think all need to be carefully weighed. I believe, when I have laid before you my own views of the facts bearing on the situation, I have rendered what service I can without attempting to urge you to adopt one course rather than another.

At the conclusion of Mr. Hines's address he was asked to reply to the questions of the members of the committee present. The questions and answers which ensued follow:

Q. What, in your opinion, is the amount of debt or debts of the railroads today to the government? In what position would they be to meet those debts if returned at once? Would they be able to finance themselves for additions and betterments after taking care of government debts?

A. I don't see that the answer to this question enlightens the issue, as I see it, because whatever difficulty the railroads will have in dealing with the situation now they will have in increased measure 21 months after the declaration of peace. The debts will be larger and, it

...the difficulties will be greater, and the railroad administration will be in less satisfactory condition. It is always better to return the private operation. ...the question is not put before me, while I don't know whether it is answered, it has a bearing upon the question of a prompt return and an extension of time. I think the policy of the Railroad Administration will be to put those obligations on such a basis that they will not have to be paid in cash at once. My impression is that it can be better taken care of now than if there came an automatic termination 21 months after peace.

Q. As I understand it, there are two propositions advanced: first, letting the railroads go back to private control immediately, or, second, an extension of federal control for five years. Suppose Congress should decide during the next two months to take over the railroads (even if it did, would set at rest the minds of the public). A second objection, do you see to that course being pursued?

A. I understand your suggestion is that Congress would decide on outright government ownership and operation. Of course if Congress decides on that course, that will solve the whole thing, and if Congress wants to do it, I have no objection to offer to it. I did not mention that in the instances I spoke of, but my thought about it is that, considering the far-reaching character of that step and the definite cleavage of sentiment there seems to be on it, Congress would be unable to reach that point in two months' discussion. However, if it did, that, of course, would solve the whole question.

Q. Mr. Hines's objection to the continuance of the present plan is based primarily on these two points—that we can't have the proper capital extensions, and will also have embarrassment on account of the morale of the organization. Does Mr. Hines contemplate, during the five-year extension, effectual completion of the program of capital extensions so that they will all virtually stop so far as the government is concerned at the expiration of the five years, and if, on the other hand, the program of capital extension and provision for necessary facilities is a continuous one, would not in some measure the very same objection and difficulties which were contemplated by Mr. Hines as to the 21-month limit, pertain also to the five-year limit? Would there not be very much the same kind of a danger with reference to the morale of the railroads, so far as all those methods and extensions are concerned, which might be discussed as necessary within one of two years before the five-year limit and which would thereupon follow? I should like to have Mr. Hines explain to us clearly as to why the five-year limit would do away with all the difficulties which are no doubt connected with the 21-month limit.

A. I have a perfectly clear conception in my own mind as to that distinction and, speaking purely personally, it seems to me the explanation is convincing. My view is that if a five-year extension be granted, this would be the situation: That this subject, upon which the thought of the country has not crystallized, will crystallize as the result of the ongoing discussion in the next two years. I should think inevitably it would be a prominent subject in the presidential campaign as to how it ought to be settled, and I should say that within one year after the new President and the new Congress came in, which will come in representing the crystallization of the thought of the country, a permanent solution of the question would be reached, so that by the time we get as near the end of federal control as we are now, we will have had two years' discussion by the public and one year's discussion by the President and Congress, and that then a solution could be adopted which might very readily result in the immediate transfer to the new conditions, whatever they are. The difference is that now we are at the beginning of the two-year period without a possibility of preparation, and then we would be at the beginning of the two-year period with a three-year period of thorough preparation.

Q. The alternative, as I understand, is a speedy reversion to private control without remedial legislation or the continuance of federal control for five years. Why isn't it a possibility that there should be a speedy reversion and speedy legislation developed immediately after the reversion?

A. It seems to me if that result follows it will be a more satisfactory solution than I hope for, but that does

not affect a decision now on what needs to be done at the moment. The question now is what shall be done, and it seems to me that we ought all to face it on the theory that if there is not an extension of time there must be an immediate relinquishment. Now if there is that relinquishment and then there ensues very promptly a permanent solution, that is a thing to be hoped for, but it does not have any effect on our decision as between extension or relinquishment. I think it is possible that that may come about. On the other hand, it may be suggested that control ought to be continued in the hope that in the 21 months there would be such a solution; but the difficulty about that is the complete uncertainty on that proposition. Every month that goes by makes the uncertainty greater and makes the whole state of mind of the staff and employees more uncertain, and all the time we are running against this impasse in the matter of improvements. Coming back to the precise question, I think it would help to ameliorate the situation if, immediately after relinquishment, there should be a permanent solution adopted. However, that does not affect, as I see it, the necessity for the prompt relinquishment.

Q. The Director-General suggests that provision be made for a capital expenditure of around \$500,000,000 per year, perhaps more, for betterments or on capital account. Would not the difficulties of financing, which would confront the railroads if relinquished now, be very greatly increased at the end of five years should the government have expended on capital account five or more hundred million dollars per year for the period of five years?

A. The situation is that if the roads go back into private control within the next few months, there being no extension of time, they have to care for the advances already made and it will be the desire of the government to ameliorate that condition as far as practicable, so that they will not be confronted with an immediate payment. If they are held 21 months and go back also without remedial legislation, they will have a great deal more difficulty in financing and will still be subject to all the embarrassments which confronted the investors at the beginning of federal control. My thought is that, before the end of the five-year period, there will have come about a solution of this problem, and a definite basis will have been established to sustain railroad credit. If the railroads are taken over by the government the debt will be taken care of in that way. If a new scheme of private ownership is formulated, the financing of all these obligations can be done in the light of that improved condition, so that, if we have this extension of time with opportunity for a permanent solution before the end of that time, I think the corporations will be better able to take care of the capital expenditures made during that period than they will be if they go back without a solution and without an improvement of the basis of their credit.

Q. If a definite program were laid out that trended admittedly toward private control or admittedly toward permanent government ownership then operations could be shaped to that end. But you are not carrying out a program toward a final plan which the country would accept as desirable, so will not the termination of the period bring up again at that time all the questions that now arise? I understand the difficulty of making a statement at this time, because the public opinion has not crystallized, but would not all of the operations during the extended period of five years be more or less in doubt unless there was a definite end to which we are driving?

A. In answer to your question, in the first place, that is, to the extent that your position is well taken, of course, it is an argument for the immediate relinquishment of the railroads. I don't think, however, that your position altogether covers the case, for this reason. As to the matter of morale of the organization, as I have said before, I think a solution will have taken place so much in advance of the end of the five-year period that there would be avoided the intense uncertainty existing during the 21-month period. As to capital expenditures, a very large part will be in connection with improved terminals. I believe we can fairly assume that the opinion of the American public, whether it wants government ownership or private ownership, does want consolidated terminals. The public doesn't want the waste of capital and space and the waste of time involved in having sev-

eral railroad systems have unnecessarily separated terminals in great cities. A very large part of these capital expenditures for terminals which ought to be provided, could be provided without in any way having any bearing one way or other on the question of the ultimate solution. Another important part of capital expenditures is for the improvement of the great main lines to increase their capacity and efficiency; these, too, could be made equally well whether private ownership or public ownership be the outcome. As to capital expenditures, therefore, I do not believe the absence at the outset of a definite decision as to the ultimate decision would create difficulty on the question of the morale of the organization. I think the difference is that now we are without time for preparation and are in a condition where the uncertain period of not exceeding two years of control will be a period of discussion and ferment and uncertainty, and with a five-year extension there will be certainty and time for preparation and composure and for a permanent solution.

Q. Isn't the question that of who is going to carry the burden of management during the period of disadvantage—that somebody's got to carry it? Whoever manages the railroads during the period of uncertainty must manage them under a disadvantage, and you picture the disadvantage of private management and you picture the disadvantage of government management. What will lend itself best to clear thinking and an ultimate right settlement whether they are held by the government on the one hand or by private owners on the other; in other words, the voting public is going to hold the management responsible for whatever goes wrong. What will lend itself best to clear public thinking and, whether or not, if the government does carry this burden, anybody can think clearly about it. The public thinks that the railroad is responsible for the transportation disturbances due to the war. Will they not think they are responsible for every kind of disturbance growing out of this disadvantage?

A. It seems to me this is a very pertinent question bearing on which of these two courses is the better. There are two elements involved. One is the question of service rendered by the railroads to the public and the other the question of clear thinking on the ultimate solution of the problem. Relative to service, the question is whether the railroads going back under existing conditions, without any remedial legislation, will be able to give as good service, and the public is greatly interested in that. I do not believe service under federal control can be satisfactory to the public during the dubious and rapidly vanishing 21 months, in the midst of constant speculation as to what is so soon to happen to the management and therefore to the individual, and in the midst of the ferment and uncertainty and in the face of the practical paralysis of any improvement program. I believe private management would be relieved of many of these disadvantages and by comparison would give the public a better service during this ambiguous period. The other question is which way will help the public to think more clearly on the proposition. It seems to me on the second question that the extension gives the opportunity for a test. The public has had a long test of private management. It has had no test of federal control under peace conditions, and the public would be more enlightened if there were a period of unified control under conditions of composure and reasonable continuity to contrast with a long experience of private control. The public would have a larger asset in the way of clear thinking to have the two tests, one the long experience with nonuniform private management and the other an experience of unified control under peace conditions.

Q. Suppose the railroads were turned back immediately to private ownership. That would terminate the machinery that has been set by the Railroad Administration for adjustment of hours and wages. The private corporation will be at liberty to repudiate any of those understandings made by the Railroad Administration for the government of wages and working conditions, and during this reconstruction period—changing from a war basis to a peace basis—might it not bring about a condition of dissatisfaction upon these railroads to turn them back immediately under those conditions? That could not possibly exist if there was a five-year period to absorb the men that return.

A. The labor problem is one of the great problems that we have to consider. We have got to look at what was before federal control and what will be when it terminates. When it terminates, it will be a question then for each corporation to decide as to what it will do with these bases which have been established. Undoubtedly there will be a basis there for uncertainty, which would not exist if the five-year extension were granted.

Q. Is it absolutely necessary to put the question of whether the railroads will be returned at once (would it be to-morrow, three months from now or a year from now) or five years from now as strongly as Mr. Hines puts it? Why not permit the country now, under the pressure existing of very inconvenient conditions and disadvantages, to develop the situation?

A. The question has been very thoroughly discussed and, knowing the difficulties incident to operation and the difficulties incident to carrying on a program of improvement, we have been forced to the conclusion that it would be much worse for the public service and, indeed, would produce a hopeless situation, to try to hold on to the railroads for another two years without any assurance that anything will be done. We could not carry out improvements, we could not instill any sort of confidence, we already see the effects of the uncertainty which will be steadily intensified. With our constant contact with that situation and after the freest discussion the whole staff is in accord with the Director-General that it is an impracticable condition, and that we cannot go on in the present state of uncertainty. It will be better to terminate it and have a status of private management that will last until legislation than have a status of federal control that will speedily terminate without legislation.

SUCCESSOR TO McADOO

The Traffic World Washington Bureau.

Anybody's estimate as to whom the President will appoint to be Director-General of Railroads seems to be as good as another. Some who think they have an accurate line on what is taking place in the discussions believe the choice has narrowed down between Franklin K. Lane, Secretary of the Interior and former commissioner, and Charles C. McChord, at present one of the interstate commerce commissioners, with Carl Gray, Director of the Division of Operations, as a possibility.

Unlimited gossip may be had on the subject on ten seconds' notice. One of the bits of gossip that has been persistent this week is that the President will not name a railroad man. That would eliminate Director Gray. It, however, would let in a man like John Barton Payne, chief law officer of the Railroad Administration. Speculation has been busy with his name for a long time. It is both favorable and unfavorable. The unfavorable is that the Director-General thinks Mr. Payne's advice respecting the short line railroads and the possibility of relinquishing them put him into more than a peck of trouble. He held it to be within the discretion of the President whether he would or would not take the roads over. The veto message written by the President and sent to Congress as reason for his refusal to approve a joint resolution respecting the short lines read as if it had been prepared by Mr. Payne. That is to say, it contained the same premises and conclusions that had been used by him in his discussions of the subject with the representatives of the little carriers.

Another declaration is that the President has had his attention arrested by the phrase, "the government has gone pro-railroad," which has been used at various times to describe what took place when Mr. McAdoo organized his cabinet ten months ago. On that arrested attention is said to be based a conclusion that he could not afford to put a railroad man in charge of the operation of the carriers, especially after the cessation of hostilities, or "after the war," as the ordinary citizen now speaks of the time since the signing of the armistice.

There has been an inclination, since Director-General McAdoo asked for a five-year period in which to conduct an experiment in government operation, to question whether he really desires to retire, as he said, about the middle of January. It has been pointed out, for instance, that if his desire really is to get out of public life so that he could earn money for himself and his family, he would not take such a keen interest in the railroad problem

to make a definite suggestion as to what should be done. After President Wilson said he had no answer ready to it, that questioning of his desire has been brought to the attention of his assistants and they have specifically and unequivocally denied that he has any thought of remaining in office even should Congress make provision for a more extended test of government operation.

The Director-General has been credited with many moves to bring pressure on Congress to adopt his five-year suggestion. In Wall street, December 17, a report was circulated that at a "private and confidential" conference between the Director-General and the members of the Senate interstate commerce committee Mr. McAdoo said that unless there was an immediate and better response by senators and representatives to his proposal for a five-year control of the railroads by the federal administration he would advise President Wilson by wireless that the railroads should be returned to their owners January 2. By way of answer to this report it was pointed out that on the day Mr. McAdoo is supposed to have conferred with the senators and given them such notice he was engaged in taking leave of his associates in the Treasury Department, and was not at the Capitol.

APPLICATION OF INCREASES

The Traffic World Washington Bureau.

Director Chambers has worked out a scheme for applying the increases ordained in General Order No. 28 on cement and plaster; cotton and linters; lime; ores; sand and gravel; stone, artificial and natural, except cured, lettered, polished, or traced; stone, broken and crushed; live stock; lumber, and forest products. The object is to keep the burden on those using combination rates held down to substantially the specific sum paid by those using joint rates and yet have each factor of the combination increased. Combination rate charges, where varying minima prevail, were based on the highest minimum under the new rules. The highest minimum will not be used in figuring the combination.

To enable the administration to put the new scheme into effect the Commission has issued sixth section permission to make reductions and fifteenth section permission to make increases on non-controlled roads. Tariffs are to be effective on one day's notice.

This change in respect to the commodities mentioned leads to the belief that in time a modification of the rigors of Order No. 28, in so far as coal and wheat are concerned, will come.

LUMBERMEN LOSE

The Traffic World Washington Bureau.

The Chicago Lumbermen's Association and lumber dealers in Chicago have lost their complaint (No. 9924) against the Ann Arbor and other C. F. A. lines because they failed, after notice, to make Director-General McAdoo an additional defendant. The Commission found in its report on that complaint that the carriers unduly discriminate against lumber from Chicago and unduly prefer shippers at St. Louis, Cairo, Thebes, Evansville, New Albany, Cincinnati, Louisville and Marinette, Wis., because they maintain commodity rates from the crossings mentioned, while moving lumber from Chicago on sixth class. Commodity rates on lumber from the crossings were increased one cent after the class rates went up, but notwithstanding that advance, the report says, the admitted discrimination continues.

SETTLING THE RAILROAD PROBLEM

(Continued from page 1172)

not adopt this course, that much of the scrambled condition which is so difficult to unscramble and which would cause no end of trouble if the roads were suddenly restored to their former condition without helpful legislation, is due to the fact that the Railroad

Administration itself, in its conduct of the roads, has gone much farther than was necessary or than was contemplated by Congress. It has all along acted as if it were the permanent custodian of the roads, free legally and in every other respect to work out its own ideas, no matter whether they had anything to do with the war emergency or not. No doubt it is embarrassed in some respects that it cannot continue to carry out some of its far-reaching plans. As we say, that it has those plans and is under way in regard to some of them, serves to make the situation more difficult. It has a right, certainly, to point out these things and to advocate its plan as the best solution of the matter. But it has no right to threaten to quit playing if it cannot have its way. It has asked much forbearance from others in the course of its activities; let it now exercise a little of what it has been asking, and accept its duty to do what the public wants. If the public thinks government control ought not to continue for five years, but that Congress ought to proceed immediately to decide on a program, the Administration operating the roads in the meantime until a well-considered plan can be adopted, then the duty of the Administration is to serve.

The railroad problem, while perhaps the biggest of the business problems confronting the country in the transition from war to peace, is much like some of the others in the difficulties it presents. We should proceed to solve it as we are proceeding to solve the others, and not keep it with us. We think Congress should be at the work at once. We do not think it could finish the job by the fourth of next March, but we think it could have it well under way, so that the next Congress could take it up at once and go on with it. If the present Congress does not do this, then we should wait and see what the next Congress will do. If it can't reach a solution in two years it probably would not reach one in five years. The more time we give it the more it will take. A good many things can be done in two years. We got into the war and got out of it in less time than that. We hope there will be an end to the kind of logic that points out the impossibility of getting remedial legislation within the next two months and then says: "If we don't get it or our five years' plan, we shall return the roads to private control at once."

Of course, Congress has the thing in its own hands. Though it might seem that the Railroad Administration is the master and Congress the servant, it must be remembered that Congress gave control of the roads to the President. Without authority he could not have taken them. It can force this Railroad Administration to continue in control or create another one. There need be no fear of chaos if Congress will do its duty.

The Future Course of Rate Making

(Prepared for the University of Oregon and delivered before the Portland Traffic and Transportation Association at Portland, Ore., by Joseph W. Teal.)

Yielding to war's demands, the control of the country's railroads has been taken from the hands that held it. Uncle Sam is at the throttle of the great locomotive that moves the nation's business. The more or less independent railroad units have been linked into a unified national transportation system. Railroad officials have become government officials.

The revolution in transportation is fraught with meaning. It presents questions which concern us all and the time is ripe for their discussion.

Will the federal railroad administration be permanent?

What improvements in efficiency and other benefits may be expected to result from federal administration of the railroads?

Will transportation service on enforcedly equal terms to all be established as a continuing policy?

Is the time not at hand when water transportation will be recognized not as a competitive factor to be stifled at all costs, but as an integral and necessary part of the national transportation system?

On the 26th day of December, 1917, the President of the United States issued a proclamation under which he took possession and assumed control of the transportation system of this country at 12 o'clock noon on the 26th day of December, 1917. This act marks an epoch in the history of the American railroads—indeed, of all means of transportation in this country, for no matter what individual opinions may be as to the ultimate outcome, all agree that we will never go back to former methods either of operation or control.

It would, therefore, be well to consider the probable effect this revolutionary change may have on the established order of rate making, because, while every shipper is concerned in some particular rate, the more important question is the basis or principle of rate making to be applied in the future.

As in some cases a simple statement of fact is the most convincing argument that can be made, so in this instance a brief statistical statement gives one some idea of the seriousness and magnitude of the problem we are undertaking to discuss. Like the nerves of the human body, the transportation agencies ramify throughout the entire country, and every individual is more or less affected by the rates charged for transporting men and things. One is impressed as he considers the figures, not only with the greatness of the transportation systems of this country, but in view of the tremendous power lodged in the hands of those who operate them, with the absolute necessity for complete public control of an agency which is not only essentially public in its nature and service, but which if wrongly or improperly used, may be such a potent instrumentality for harm.

Perhaps, as some claim, public operation or control may not be as efficient as private operation and the loss of the competitive influence tends to deprive the public of extensions of new roads and of better and more luxurious service. This may be true, but the penalty under such circumstances the country would pay in order to secure slightly better service, or increased efficiency, cannot be measured in dollars. I have not the slightest hesitancy in saying there will be and can be no backward step in public control.

From the report of the Director-General of Railroads of Sept. 2, 1918, I take these figures of mileage and capitalization of the American transportation system:

"On Dec. 31, 1916, the total steam railway mileage in operation in the United States (all tracks) was 397,014 miles. This mileage was owned or controlled by 2,905 companies, employing some 1,700,814 persons. They had outstanding \$10,875,206,565 of bonds and \$8,755,403,517 of stock (par value).

"The inland waterways system includes some 57 canals, 2,447 miles in length some of which were owned or controlled by the railroads, and many thousands of miles of navigable rivers, lakes, bays, sounds, inlets, traversed by immovable craft."

The following will give one some idea not only of the

magnitude of the business of the railways, but of their efficiency as well:

"Some idea of the volume of the eastbound freight traffic is to be had from a recent report of the Pennsylvania road, which shows that 250,000 freight cars moved past Columbia, Pa., during the month of June. Practically all the through east and west bound freight is routed via this point and the cars passing there in June if coupled together would make a continuous train more than 2,000 miles in length. The average daily movement was 8,544 cars, or an average of about one car every 10 seconds. On June 20, 9,531 cars passed Columbia, exceeding all previously reported one-day movements on the Pennsylvania road and establishing what is believed to be the world's record for the greatest number of freight cars that ever passed a given point in 24 hours. In weight the freight in the month exceeded 6,000,000 tons, equal to the carrying capacity of 1,200 steamships of 5,000 tons each, or approximately 40 vessel loads of freight a day.

"* * * from May 1, 1917, to July 31, 1918, about 6,456,558 troops had been moved on orders from the War and Navy departments. Of this number, 4,304,520, or nearly 68 per cent, were carried between Jan. 1 and July 1, 1918. These figures do not include soldiers, sailors and officers traveling at their own expense."

A glance at these figures reveals the immensity of the task this government has undertaken, whether these transportation agencies be publicly owned, operated or controlled.

Order No. 1, issued by W. G. McAdoo as Director-General of Railroads, on Dec. 29, 1917, among other things, contained the following directions:

"All transportation systems covered by said proclamation and order shall be operated as a national system of transportation, the common and national needs being in all instances held paramount to any actual or supposed corporate advantage. All terminals, ports, locomotives, rolling stock and other transportation facilities are to be fully utilized to carry out this purpose without regard to ownership."

In Circular No. 4, dated Feb. 9, 1918, the Director-General used this language:

"The situation will be viewed from the standpoint of a national railroad system consisting of all the railroads, instead of, as heretofore, from the separate standpoints of independent and competitive railroads."

The policy thus announced has been steadily followed, and day by day the transportation systems of the country are becoming more and more unified.

I am not undertaking to go into details with respect to any proposition that I may advance, nor is this in any sense intended as a technical discussion or study of rate making. I am dealing with general principles and suggestions of possible changes, rather than urging ideas of my own. Prophecy rather than advocacy is the tenor of the theme. To one at all familiar with rate making, many instances will occur that might have been used to emphasize or illustrate some point, and further elaboration of ideas presented will readily be suggested to the practical operator and student. Doubtless there will be many who disagree with the views expressed. However, if the suggestions made lead to a fair and intelligent discussion and examination of this very important subject with a view to arriving at a just and impartial conclusion, the purpose of my taking up the subject for consideration will have been served.

Under public control those having to do with rates and transportation matters generally are government officials, and in time their relations to the railroads should become as impersonal as those of postal officials toward the postal service—their sole purpose being to serve the public to the best possible advantage. The rates will apply to a nationalized or unified system into which substantially all individual roads have been merged. It is inconceivable that the government would consciously permit or create preferences or discriminations as between individuals or communities, and it is obvious that the

"The report of the Director General was published after this address was prepared, but the facts quoted therefrom are so important it was deemed best to include them herein.

reasons, motives or excuses by which such practices have been encouraged or justified in the past cannot be sanctioned in a national system of railways under government operation. Nor under public operation can shippers bring into play those arguments or inducements which but recently were of such great potency in securing the establishment of special or preferential rates, favors or practices. And the rate maker will not feel impelled to make rates for the purpose of eliminating other forms of transportation. Hence we may look forward with reasonable confidence to the revival—where economically and commercially possible—of water carriage, and other forms of transportation and to the recognition in rates to a greater extent of natural advantages.

The foregoing statements are but truisms, but if one is to come to a satisfactory conclusion they, as well as others equally commonplace, must be kept in mind.

Not an Exact Science.

The idea persists in some quarters that, as practiced in this country, rate making is an exact science. There is no question but that study and experience count for as much in the profession of rate making as in any other. That rates have been made on a scientific basis is, however, not a fact. Certain general principles have been established as a result of experience and of the action of regulating bodies, and some rules are accepted generally as sound. But that there is any basis which might be called a system applicable generally throughout the country is not a fact. Indeed, it may safely be said the experienced traffic officials operating under old conditions, would repudiate the idea of making rates by scientific methods, and probably dismiss it as impossible. Regardless of past conditions and the difficulties under which the rate makers labored, under governmental operation rate making certainly can be placed on a more logical and exact basis than that now prevailing.

That there are and have been able traffic officials cannot be gainsaid, and very often they have been most influential factors in the upbuilding and development of the territory served by their roads. In a number of instances which have come under my observation they have been leaders in the best and most intelligent development work. Many rates have been published for purposes of development and to encourage the growth of industries, commerce and communities even when traffic officials knew that for the time being the rates were probably not remunerative, but possibly were discriminatory or unduly preferential. Competitive situations have also exercised an influence which has produced exceptional rate structures.

Some rate structures are based on rules and principles that are sound and logical; some, as has been stated, are the result of pressure, or where designed to meet commercial conditions or competition, while others are artificial or arbitrary and based on no principles except those formulated to justify some railroad policy or to create some discrimination or preference. Like the "vested right," rate structures too often rest on an original wrong on which certain business has been built up (and this being the case), it is claimed they must not be disturbed no matter how bad their effect may be upon others. How compelling such precedents will be considered under national operation remains to be seen.

I am not unmindful of the fact that the rate structures of this country, to a large extent, have been an evolution; that business and industries have been established and developed under them; that many of them are well adapted to meet some particular problem; that sweeping changes are likely to destroy long established relationships and to induce business difficulties and trouble. I also recognize the prodigious advance made in our national development and the relation the railways have borne to it. I also realize that since 1906 the Interstate Commerce Commission has revised many of the rail rates of the country, and that it has been said, "the rates now in effect throughout the country are, in a large measure, either Commission-made or Commission-approved rates." The investigation and findings of the Commission indicate that in its opinion there was an almost universal justification for complaint, and in discussions of cases, and in reports to Congress it has repeatedly pointed out amendments and changes required in order that the purpose of the law may be better carried out.

Throughout the country generally "big places" and "big

business" have been favored by the rate-making powers, with resulting concentration of business in those favored localities. Almost any tariff will furnish illustrations of this practice. The effect of this policy is to encourage the growth of favored places, and to limit or prevent the growth of others. And the greater the growth the more the favors that are demanded and given. The result is observable throughout the country in the enormous business concentrated and done in a few great cities. With whatever of value results from this concentration go also correspondingly grave social and economic problems, which always accompany congested population. High cost of living, poor surroundings, intensive competition amongst the workers, family life under very hard conditions, poverty and other ills are some of the penalties paid for concentration of business and population, to say nothing of depriving other communities with equal rights of equal opportunities, and thus of preventing the spreading out and diffusing of industrial development throughout the land. The European war has brought home to us as nothing else could, both the weakness and danger of concentrating our manufacturing plants in a few places and in limited territorial areas.

The principle that has governed the railroads in the making of rates in this country has been frequently defined as "All that the traffic will bear." In an address before the National Rivers and Harbors Congress at Washington, D. C., on Dec. 9, 1914, Mr. Louis D. Brandeis, now Mr. Justice Brandeis of the Supreme Court of the United States, explained the effect of the operation of this rule. He said:

"It meant on the one hand that, where there was no competition, the traffic would have to bear everything which the carrier attempted to put upon it—everything that it could bear and still move. That was a great hardship, not only upon individual shippers, but even more upon particular communities not blessed with competitive methods or systems of transportation.

"But 'what the traffic would bear' involved, on the other hand, something extremely bad for the carriers; it involved charging no more than the competitive traffic would bear; and the result was a scramble for traffic among competitive lines, in which many carriers became bankrupt."

It also meant irreparable harm to the public in the annihilation of transportation on the inland waterways of this country.

It was a rule of thumb, and probably is yet, for the rate maker to assume that 5 mills per ton per mile represents the cost of service, and with this in mind he made his rates. It was known that this figure was not exact, but by general consent it was largely used. In very recent years a highly scientific expert from one of the great railroads of this country testified that on his road certain traffic paying about 3½ mills per ton per mile was more profitable than other kinds of traffic paying 8 or 9 mills, and that the 3½-mill traffic was fairly remunerative. Traffic officials of very high standing have said that rates were made more or less by instinct or intuition. What is meant is that the traffic man can tell instinctively or intuitively the rate any particular traffic can bear and on which it will move, and that that is the problem that concerns him. In recent years I have heard traffic officers testify that they knew but little of cost of movement, or any of the factors entering into the cost of service; that they were given but little consideration in rate making; that the earnings of the road had nothing to do with the reasonableness of the particular rate or schedule of rates, and that the fact that the traffic moved was the real test of the reasonableness of the rates. I have also heard traffic officials testify that rates had been fixed arbitrarily for the purpose of favoring particular places, while like privileges were denied to other places equally entitled to them. I have known of different traffic men of the same road testifying in different cases who reached absolutely opposite conclusions as to whether or not rates on their road under which there was a very large movement of traffic were remunerative. One would testify that he doubted if the rates paid cost of movement, while another would testify that the same rates were remunerative and satisfactory. I am not impugning the good faith of either, for neither knew the real facts, and each was giving his opinion only.

At times, through the desires of railroads, but more

often through the influence of large interests, both individuals and communities, preferences and discriminations have been created under which in some cases there has been an abnormal, if not dangerous, development, both of particular enterprises and of communities. I say dangerous development, because, not being based on principle, but rather on favor which could be withdrawn at any time, the business did not rest upon a secure foundation—a fact pointed out of the line from Pope: "A breath revives him, or a breath dethrows."

There are discriminations that are not unjust and preferences that are not undue or unreasonable, but it is extremely difficult for the one suffering under the discriminations or unfavorably affected by the preference, to view the matter as philosophically as the one receiving the benefit or favor. And it is hard to convince such a one that either a railroad official, or even a Commission, can adjust accurately and justly, the exact amount of discrimination that he must labor under and the degree of preference to his competitor that will not be unreasonable.

The transcontinental cases furnish an excellent example of the difficulty of adjusting discriminations to the satisfaction of those concerned. Under the provisions of the original fourth section (long-and-short-haul clause) the railroads could determine when the circumstances and conditions were such as would justify the charging of a lower rate for transporting a commodity a longer than for a shorter distance over the same line in the same direction. The act was amended so that it took from the railroads the right to exercise the discretion referred to, and gave it to the Interstate Commerce Commission. In other words under the act to regulate commerce now, no lower rate can be charged for the longer distance than for the shorter unless authorized by the Commission. After years of litigation, compromises and numerous decisions, the inland mountain people are still as unsatisfied as in their position as ever and cannot understand why, as they express it, "the railroad people were deliberately to handicap their development by charging them more for transporting the same goods than they do the coast communities." On the other hand, the railroad officials and coast interests generally cannot understand why the inland mountain people cannot see the inherent justice and soundness—even in their own interest—of the old basis of making transcontinental rates, to wit, recognizing and meeting water competition which exists only at the coast.

Quite apart from the logic of the situation, it is clear that the fact that these wide differences of opinion exist, accompanied by the present litigation, tends at least to encourage the making of rates based on distance or, as they are termed sometimes, graded rates. While the effect in some cases might be different from that anticipated, it is a method that appeals to the average man as fair, and the rate making task is simplified.

Fourth Section Amendments.

The evils growing out of the abuse of the discretion granted the railroad under the fourth section were so generally recognized that various amendments have been made to the act to regulate commerce to remedy them. The Commission now has power, and has frequently exercised it, to require the publication of joint through rates between rail and water lines; to require physical connection to be made between lines of rail carriers and docks, and in other ways to require co-operation.

The fourth section has been amended also, giving the Commission executive power to grant relief from its provisions. Thus when permitted by the Commission, no railroad can now charge less for a longer than for a shorter haul as defined in the act. Should it transpire that the railroads of the country continue under government operation, more of the most compelling reasons (among them competition of carriers) justifying exceptions to provisions of the fourth section with respect to the long-and-short-haul rule will no longer obtain. The method now provided for correcting the abuses of the past will satisfactorily produce good results and may prove very satisfactory. It would seem wise to vest discretion in some authority to grant relief in cases where it is necessary, and as the Interstate Commerce Commission, under the provisions of the act to regulate commerce, is vested with authority to establish reasonable maximum rates, remove discriminations and in general control the

practices of the railroads, it can certainly be trusted to carry out the provisions of the fourth section with fairness and justice to all concerned. However, there are those who believe neither Commission nor carriers should have any discretion in the premises, and that no circumstances or conditions justify a departure from the rule that a lower charge should not be made for transporting a commodity a longer than for a shorter distance. It will, of course, be understood that in discussing the powers of the Commission under the act to regulate commerce, the federal control act, so far as it modifies the act to regulate commerce, should be kept in mind, although federal control is to continue not to exceed 21 months following the date of the proclamation by the President of the exchange of ratifications of the treaty of peace.

During the past few years the Interstate Commerce Commission and state commissions have done much toward establishing relatively fair rate structures, removing discriminations and preferences and ironing out inconsistencies. In many instances they have adjusted differences of long standing; but it can hardly be claimed because the differences between two rival commercial centers, or between a railroad and some large shippers, are settled to the satisfaction of those immediately concerned, that it necessarily follows the rates resulting are fair and just to everybody or rest on a principle which insures permanency. While much has been accomplished by the Commission, too often it is confronted in exercising the rate making power with conditions that make it very difficult for it to do as it would, and it can hardly be claimed that rates are now on a settled basis. But recently the Commission made a report and order overturning a rate structure of nearly thirty years' standing, under which business had been built up over a vast territory, and established an entirely different basis. Without criticizing the decision referred to, it certainly justifies to some extent, at least, the conclusion that rates are not yet so completely stabilized as to require no further consideration. The published reports are eloquent, if mute, witnesses of the bases, purpose and effect in many cases of the rate making of the past. While much has been accomplished, weakness and deficiencies in the law and contumacy of carriers have prevented and handicapped the action of commissions in securing the best results.

Minimum Rates.

To make rate regulation more effective and complete, and to enable the rate regulating bodies more efficiently to exercise the functions for which they were created, the law should give them power to name minimum as well as maximum rates. The failure to provide for this is a defect in the law which cannot be remedied too quickly.

The cost of any particular service rendered by any railroad in this country is almost an unknown factor. Indeed, it may be safely said that transportation is the only great business to-day in which cost accounting does not receive proper consideration. In a measure this condition is the result of several causes. Not infrequently in using cost as a basis of fixing rates some who urged its use as largely controlling lost sight of other factors of great importance. The railroads, on the other hand, kept value of service constantly in the foreground as the most important thing to be considered. The difficulty of arriving at the exact cost of any particular service was unduly emphasized. While it cannot be said that cost is not given any consideration by the experienced traffic man, the operation of the causes referred to has resulted in the minimizing of this important factor in determining a rate. It is not at all unlikely some of the most serious controversies in connection with rates and rate structures might have been avoided had more been known about cost, less dependence placed on "instinct" and "intuition" in naming rates, and the sovereign power to restrict or control trade and commerce under the guise of promoting the public welfare not been asserted with such assurance as a right.

²Federal Control Act entitled "An act to provide for the operation of transportation systems while under Federal Control, for the just compensation of their owners, and for other purposes," approved March 21, 1918. Section 16 of the act expressly declares it to be emergency legislation enacted to meet conditions growing out of the war. Federal control continues during period of war and for a reasonable time thereafter, which shall not exceed one year and nine months next following the date of the proclamation by the President of the exchange of ratifications of the treaty of peace.

How can a railroad official expect intelligent treatment of a rate question when he takes the position that he cannot tell what it costs to do different kinds of business, or what rate would or would not be remunerative? By passing this course is he not making a direct bid for a possibly unwarranted interference with his business? Mr. B. H. Meyer, now a member of the Interstate Commerce Commission and formerly chairman of the Railroad Commission of Wisconsin in 1907, said:

"In other words, the lack of proper cost accounting in the railway business is largely responsible for the unintelligent and unfair manner in which the burden of transportation is sometimes distributed among different objects of transportation."

While exact cost may be difficult, indeed impossible, to determine, yet it can be ascertained with substantial accuracy and near enough for all practical purposes. There are many questions of practical operation arising almost daily which must be left to the realm of conjecture and guesswork unless cost can be ascertained.

In emphasizing the importance of the cost of service in fixing rates, I am suggesting nothing new, novel or original. The calculation of costs in rate making has been an established practice in continental Europe for nearly a century, and those interested in the bibliography of the subject will find books and treatises discussing it published many years ago. In discussing the cost question Commissioner Lane said:

"Once we have learned the comparative costs for various services, it is not fanciful to say that a schedule of rates may be made which will approach justice as between services. Supplement cost with scientific classification of freight, giving their due to all the various factors, such as value, bulk and hazard—especially to value—adding return for use of plant, and we have something certainly more nearly akin to reason than the hazard of a traffic manager, no matter how benevolently inclined."

Other Elements Than Cost.

Cost is, of course, not the sole test, and in its use consideration must be given to competition, commercial conditions, empty car movement, back loading, and other factors which will occur to any careful student of the subject.

While I am well aware the views I have expressed will not be received with favor by all traffic men, nor by some others as well, I am trying to point out what, in my opinion, will be the inevitable trend of rate making in the future, for, with the settlement of the country and the growth of business the importance of cost of service as a factor in rate making is becoming of increasing consequence, and it is difficult to comprehend how any logical system of rate making can be devised without giving it due consideration. Under the law, cost of service is the irreducible minimum. The moment this line is passed then other traffic has unjust burdens cast upon it, and this is unlawful. Therefore, if for no other reason than to avoid such a result, cost of service should be known. Under government operation, or efficient and comprehensive control, rate making will be based on very different principles from those applying where unrestricted competition is the rule. It is also true that in the earlier development of the country, in many instances rates based on cost of service would have retarded if not prevented development, and that in some instances the inducements offered by the railroads stimulated production beyond the demand. Indeed, but few railroads would have been built in our time had the railroad builders waited until the country was sufficiently developed to pay a return on the money invested before building them. The railroad was very often the pathfinder, and development followed and did not precede it. Not infrequently as a part of a larger system, railroad construction is amply justified when for a time the new portion cannot pay its fair share toward the income the investment justifies. However, after making every allowance, and giving consideration to every condition, one must conclude that cost of service should be known, that it is, and will be conceded more generally in the future to be the most important factor in rate

making. In the future much less will be left to guesswork, instinct and opinion in rate making than has been the case in the past.

Because it is suggested that cost of service will be a more important factor in fixing rates in the future than in the past is not to assert that "cost of transportation plus insurance risk" is the only factor that should be considered, or that each commodity should pay cost of transportation and contribute its ratable share to overhead expenses and return on investment. This would be impossible, and the effect on the commerce of the country most serious. Classification of freight is based upon the fact that, while no traffic is carried at a loss, different kinds of traffic may properly take different rates, and that some kinds of traffic contribute less proportionately than others to the income of the carrier. This fact, however, is no argument against the importance of knowing what service costs, and its use in rate making.

While it has always been important to know the cost of service, and the failure to know this cost has worked a hardship, as has been stated, with the growth of business it becomes of increasing importance. A railroad at the start has not enough traffic to utilize its plant fully. Trains have to be run, and there is a large overhead which could apply to very much more traffic. Additional tonnage or passengers under the law of increasing returns are largely profitable. The temptation to reduce rates to secure competitive business, and to drive others out of business, in order that one may secure it, under the circumstances, is almost irresistible. During this period a large percentage of the revenue goes to profit.

But there comes a time when the railroad is saturated with traffic. Then the law of increasing returns applies no longer. On the contrary, additional business on existing rates may be unprofitable.

Different Basis of Making Rates.

Without further discussion it would seem clear that under government control, operation or ownership, a different basis of making rates than that prevailing in the past will certainly develop. Without being dogmatic, it seems certain changes can be reasonably expected. It is safe to assume that the government will be interested in all forms of transportation—the railway, the roadway and the waterway—and that the most efficient for a particular use will be the one most probably used for that purpose. The rule will be that each form will do that for which it is best fitted. As has been said by a student of this subject, "That is the rule of efficiency; and generally the cheapest service is what will be deemed best."

Rate making will not be revolutionized over night and there will not and cannot be an immediate abandonment of the practices or theories on which rates have been made in the past, but in the future, regardless of ownership, whether private or public, cost of service will be a much more important factor in the making of rates than it has been. While the tendency to rates based on distance will be more pronounced, this does not mean that where experience has shown that certain methods of rate making, such as blanketing, grouping, or the like, have proven beneficial to all parties, the public, the transportation agency, the producer and consumer, changes will be made. On the contrary, I think the public interest will receive quite as much consideration under public as under private control, but if power is to be lodged in any individual or body to restrict or control trade, or if commercial and economic conditions and the national welfare are to be controlling in fixing rates, then this power should be lodged in a public agency rather than be left in control of private interests. With cost of service more of a factor the tendency will be irresistible for traffic to move over the most economical route and to gravitate toward that method of transportation which, on the whole, is the cheapest. It is also quite clear that, with commercial and carrier competition much less in evidence, there will be a constantly increasing application of class rates, with a corresponding tendency toward the elimination of commodity rates, a result that will also be aided by an extended adoption of the distance scale in fixing rates. There will, of course, be commodity rates, but they will be comparatively rare, and the justification for the exception must be based on sound reasons. Already the abandonment of circuitous routes is much in evidence

¹Memorandum relating to the analysis of the operating expenses of railway companies, by B. H. Meyer, chairman, Railroad Commission of Wisconsin.—Proceedings of the Nineteenth Annual Convention of National Association of Railway Commissioners, October 8, 1907, pp. 103-107.

²Western Rate Advances, 20 I. C. C., 307, 362.

and the short line and low grade are being recognized as economic factors of great importance.

Everyone who has given consideration to the subject has been impressed with the economic waste in transportation in this country. The causes are well known, but it is quite beside the purpose of this paper to enter into a discussion of the question at this time. It is not unlikely that under public operation some of the causes will be so thoroughly eliminated that even if private operation is restored, they cannot be revived. It would seem, to say the least, that making rates to encourage the hauling of raw materials long distances instead of manufacturing at the source of supply will cease. In the past it has been quite largely the practice to publish rates on raw materials for long-distance hauls to favored localities so as to centralize the manufacturing, and then from that point in turn to name distributive rates that prevent not infrequently the establishment of industries right at the source of supply of the raw material. Thus, as has been said:

"Many staple industries utilizing the raw materials at their doors might supply the needs of their several local constituencies were it not that their rise is prevented by long-distance rates from remote but larger centers of population."

In other words, it is one of the results of the centralizing of industries to which I have already alluded, and under the working of which smaller places have been denied the right even to secure the benefit of their natural advantages. There are also instances where factories when established had the advantage of being near the supply of raw material, but during the course of years this supply has become exhausted, and in their very natural, if selfish, desire to continue operation at an illogical and uneconomic point, the manufacturers insist upon low rates on raw materials to offset a natural disadvantage of location. Some of the greater and more efficient industrial plants have taken the matter in hand and are preparing for changed conditions by locating plants at strategic points throughout the country. Without elaborating this question further at this time, economic waste in transportation will be made a subject of closer study, and one of the results will be an increased tendency to manufacture near the source of supply of the raw material with a more general diffusion of industry throughout the country.

Pay for Services Now Free.

Many free services now enjoyed by shippers will be paid for in the future. Notwithstanding in this country rates include the terminal charges, it is also probable that these charges in the future will be separated from the line-haul charge. It is hardly necessary more than to call attention to the heavy expenses that apply in varying degrees at all terminals to impress one with the seriousness of this question. As stated, at the present time, the terminal charges are a part of the rate. This being the case, it is difficult to see why shippers not enjoying the benefit of the terminals are not discriminated against by the enforcement of rates confessedly made to cover all the terminal costs.

Clearing the terminals to secure the promptest and largest use of the cars and other facilities is a very important phase of the situation. At the present time the receipt and delivery of freight at any terminal are costly, laborious, slow and wasteful processes. In Great Britain and in Canada there is sidewalk or street door delivery, and in England, and possibly in some places in Canada, there is also the receipt of outbound freight at the stores.

It is difficult to conceive of a more archaic or wasteful method of receiving or delivering freight at stations than is in vogue to-day in this country and has been ever since there were any railroads. Under existing rules a shipper has 48 hours from 7 o'clock in the morning following receipt of goods at station to remove them. Nearly every shipper has his own means of carting his freight away. Wagons and conveyances of one kind and another call at the station for from one package to a wagonload. Ten conveyances are used where one, properly operated, would do the work, and the full 48 hours may be taken to remove the freight from the depot. In a similar way delivery of freight to the depot is almost as bad. Congestion, waste of time, cost and delay necessarily follow. Were the rail-

roads to deliver incoming goods at store door and receive outgoing shipments at the same place, there would be saving in every direction. The express companies deliver and call for freight and there is no reason why the railroads should not do so. But little change or improvement has been made in the method of handling in and out bound freight in fifty years. All of this should be changed, and under federal administration probably will be. A charge should be made for street or sidewalk delivery and for cartage of outbound freight. This service should be under the control of the railroads and a part of their obligation. The result would be to expedite the movement of freight and to save time and money for all concerned. Saving and the best use of everything, including man power, are of the essence of the requirements of business under modern conditions."

Changes Easier of Accomplishment.

Changes will be much easier to accomplish in the future than in the past. On account of war conditions rates have been advanced to a very high level. In readjusting them downward, with the return of normal conditions, matters of the kind referred to can be taken care of with less friction than in the past. The changes will not be made by advancing rates, but by reducing them, and reductions are always welcome. Those charged with the duty of establishing the principles under which such rates will be made in the future, as well as those carrying out such policies, will have an opportunity of inaugurating systems that will be fair, logical, non-preferential and non-discriminatory. Their task in the future will not only be more satisfactory to themselves and to the public, but far easier than it has been in the past.

The action of the railroads in the past in preventing the use of our inland waterways, and in crushing their use if attempted, is well known. The power to do this through the naming of abnormally low rates or otherwise was practically unrestrained. Nor was the use of this power confined to destroying inland waterway traffic. The efforts to annihilate water service between the Atlantic and Pacific coasts are familiar to everyone at all conversant with the subject. Low rates made to meet water competition, accompanied by high rates to other places and on other traffic to recoup themselves, furnished a basis for indictments of the railroads throughout the country. In this connection I quote from an address of Interstate Commerce Commissioner Anderson before the Boston City Club:

"Yet my attention was recently called to certain evidence introduced by railroad witnesses in a case now pending. It was shown that the out-of-pocket cost of handling less-than-carload traffic at two terminals, plus the cost of a ten-mile haul, was about 30 cents per 100 pounds. In the same case the carriers asked the Commission for permission to continue a rate for a haul of about 300 miles which was only about one cent higher than the 30-cent rate—this for the purpose of meeting alleged water competition. In other words, the carriers asked to be permitted to continue in traffic which admittedly paid them only one cent for an extra haul of about 290 miles. But this claim of a right to take traffic away from the water carriers, even at a loss, is typical of what has been going on for years with results obvious to all."

Everyone at all familiar with the subject has long since arrived at the conclusion that, without the co-operation of the railways, it will be vain to improve our rivers. In other words, traffic to and from river points only, generally speaking, is insufficient to justify either the establishment of steamers or barge lines, or the construction of the necessary facilities for handling traffic at the river ports. As illustrative, consider the business of any deep seaport. If such port depended on traffic originating at or used locally in the port, its business would immediately shrink to but a fraction of its former volume. So it is with river ports. The back country must be reached, and this can best be done and at times can be done only through co-operation with the railroads. It is because of railroad co-operation that the traffic on the Rhine has grown to such proportions, and because the railroads of this country have not only refused to co-operate, but, on the contrary, have persisted in pursuing a destructive

"Since this was written this plan has been partially put in effect in some of the larger cities as the only practical way to relieve an intolerable congestion at the stations.

...that the traffic on our rivers has disappeared. It is very doubtful if under the operation of the original restrictive section of the act to regulate commerce the Panama Canal would have been able to serve fully all the purposes for which it was constructed. There are many who are profoundly interested in the proper solution of this question who have grave doubts as to the wisdom of the railroads trying to compete with ships on trans-continental traffic originating at or near the Atlantic and Pacific seaboard, but who believe that better results would be realized if, in co-operation with water carriers, Pacific coast commodities should be transported to the coast ports for transshipment to Atlantic ports and then back to the interior by rail, and in the same way commodities from the east should move to Atlantic coast ports, thence by water to Pacific coast ports, and back to the interior by rail.

Water Transportation.

It is my view that in the future water transportation will be encouraged and not throttled. This, however, does not mean that the government, if it continues to operate the railroads, will establish or encourage the establishment of boat lines when ample rail facilities to handle all business exist. It is not improbable that in such cases the government may encourage the use of the existing facilities rather than aid in the establishment of another facility not needed to carry the business offering. It may be that ultimately government aid will take the form of allowing a fixed differential between rail and water rates, such as is the case in some countries in Europe, and letting the business go to the method of transportation best adapted to handle it. In this connection the provisions of section 6 of the railroad act are significant. This section provides a revolving fund of five hundred million dollars to provide for necessary improvements, power, cars, etc., from which fund the President may expend such an amount as he may deem necessary, or desirable for the development of waterway transportation and for constructing and operating boats, barges, tugs, etc., on inland, canal or coastwise waterways. The effect of this provision may be far more important than the language imports, for it is hardly conceivable that the government would expend vast sums encouraging or establishing lines of water transportation only to have them destroyed by unfair railroad competition.

Any paper dealing with the rate question could hardly avoid making some reference to the Panama Canal and the effect its use will have on rate structures.

The temporary closing of this canal by slides and the diversion of shipping to other routes for purposes of the war, in the nature of things prevented the effect of the operation of the canal being felt in the commercial world as it otherwise would have been. For the full year 1913 the total tonnage transported from the Atlantic coast to the Pacific coast and the Hawaiian Islands by all routes was 434,115 tons. Contrasted with this is the tonnage passing through the canal for the period, Aug. 15, 1914, to July 1, 1915, about which time the canal was closed by slides. During this period of ten and one-half months there were 49 steamers of more than 380,000 tons capacity in commission using the canal regularly in service between the coasts, and for the period mentioned 951,044 tons of freight passed through the canal from Atlantic to Pacific ports. Eastbound traffic was also large and growing. It is a certainty that with the coming of peace and the release of vessels for general commercial purposes this great instrumentality of commerce will exercise a controlling influence on traffic between the coasts, and its benefits will be shared by all who choose to take advantage of the opportunity. One bitter lesson has been taught us by this war, and that is, a country without a merchant marine is sadly handicapped both from a military and commercial standpoint. However, our policy toward the establishment of an American merchant marine has changed from indifference to one of very real interest, and those operating the railroads will no more be permitted to use them to eliminate water transportation. It would therefore seem reasonable to assume that with graded rail rates in effect, and the policy of the government favorable to the establishment and maintenance of an American merchant marine, there will be a large trade by water between the Atlantic and Pacific coasts, and a very considerable traffic will flow through the coast ports to and from the interior.

Beyond question, throughout the country there is a growing conviction that water transportation should be encouraged, and that the policy of allowing railroads under the guise of meeting water competition to destroy an instrumentality of commerce is not only unwise and uneconomical, but indefensible.

Indirect Preferences.

I have not undertaken to point out all changes in the rate structures which I think will come about, but only those that seem to me to be of immediate importance. Changes are inevitable, but just as surely as the direct rebate had to go, so, too, will the indirect preferences have to go, whether represented by free services and unduly low rates or some unjust discrimination. In other words, it is my belief that in the future the different forms of transportation will stand upon their merits, that individuals and communities will receive the benefits of location and natural advantages, and that the fancied or assumed needs of railroads or rates based on the selfish policy of the individual line, or demands of communities or industries will not be a sufficient justification for the elimination of benefits growing out of natural advantages or the granting of preferences or the imposing of discriminations.

With equal opportunities it is altogether probable there will be a wider diffusion of industrial establishments and activities, and it is not at all unlikely that this decentralization and relocation may be a very considerable factor in settling some of the important social and economic questions that are sure to be pressing for solution after the war.

I quite understand how revolutionary the suggestions made will appear to some, and the dire predictions that will be made as to the harmful effect such changes in rate making will have on the commerce of the country. While giving due weight to such opinions, I am not at all convinced the results predicted will follow the changes if made, nor, in my opinion, will opposition do more than stay the day when they will become operative. Every important change in the conduct of any business, governmental policy, or in social conditions meets opposition and hears predictions of universal ruin, but, as the colored preacher down south, said, "De sun do move." Progress comes only through change, and this means strife and struggle with those who oppose it. Change is inevitable. The duty of the citizen lies in seeing that it means progress and not retrogression. The historian Gibbon has said: "All that is human must retrograde if it do not advance."

WARRIOR RIVER SERVICE

The Traffic World Washington Bureau.

Plans have been completed for providing new equipment under the jurisdiction of the United States Railroad Administration for service on the Black Warrior River, said a statement from Mr. McAdoo's office, issued December 14. It says:

"There are two distinct services: One, from Cordova (near Birmingham, Ala.) to New Orleans, and the other from Cordova to Mobile, Ala. The Cordova-New Orleans route is partly river and partly sheltered Gulf operation. To provide for the New Orleans service self-propelled steel barges 275 feet long, 49 feet extreme beam and 10 feet depth, with triple expansion engines (2) 400 H. P. each, and water-tube boilers of the express type, are proposed. Such boats will carry 1,800 tons of coal on a 7½-foot draft and the proposed design contemplates a cubic capacity of about 500 tons for merchandise freight. The estimated cost of such a self-propelled steel barge is about \$250,000, and in its construction about 500 tons of steel will be required. Four such vessels, with annual capacity of 175,000 tons, will be provided.

"For the enlarged Mobile service, it is proposed to construct 20 wooden barges of approximately the type now used on the river, and 3 steel towboats with approximately 400 H. P. each. The estimated cost of each towboat is \$160,000 and the 20 wooden barges can be constructed for \$120,000.

"This represents a total expenditure of \$1,600,000 for the Warrior River system to provide an increased annual coal movement of 375,000 tons."

Traffic Lesson No. LII

Regulation by the Courts (Concluded)—Last in the Course of Fifty-two Lessons Written for the Traffic World by Grover G. Huebner, Ph.D., Assistant Professor of Transportation and Commerce, University of Pennsylvania, and Published Bi-weekly—(Copyrighted)

The far-reaching power of judicial review discussed in the preceding lesson does not preclude other regulatory functions of the courts, for they are charged with additional powers and duties which may be conveniently subdivided as follows: (1) The interpretation of railroad statutes; (2) the enforcement of commission orders and regulatory statutes; (3) determination of the reasonableness of charges made by carriers; (4) the issue of injunctions in labor disputes; and (5) the appointment of railroad receivers.

The power of interpreting legislative enactments possessed by the courts has on many occasions been a primary consideration in railroad regulation. The very power of regulation was at first dependent on court interpretation. *Munn vs. Illinois* and subsequent decisions of the U. S. Supreme Court were epoch making in that they established the power of legislatures to regulate railroads, and also in that they determined the right to exercise their regulatory powers either directly by statute or through administrative commissions. Had the courts ruled otherwise as regards the power to regulate, the entire history of the railroad control in the United States would have been altered.

So, too, was the decision in *Wabash, St. Louis & Pacific Ry. Co. vs. Illinois*, in 1886, fundamental, in that a line of demarcation was drawn between interstate and intrastate traffic and between federal and state regulation. The importance of the federal courts in the present conflict between federal and state regulation as typified in the *Montana rate cases* and in the *Shreveport* and subsequent decisions is another case in point. The entire complexion of public regulation within the states may as a result be radically changed (see Lesson IV).

Scored of instances in which specific statutes were made effective or ineffective as the result of court interpretation may be readily cited. The Sherman anti-trust act of 1890, for example, was applied to railroads as a result of its interpretation in *United States vs. Trans-Missouri Freight Association* and *United States vs. Joint Traffic Association* in 1897 and 1898 with widespread effects on the activities of traffic associations, rate agreements, and railroad consolidation. In 1896 to 1896 the federal courts interpreted the powers of the Interstate Commerce Commission so as to prevent the Commission from compelling witnesses to give testimony of an incriminatory nature, and later on March 26, 1896 in *Brown vs. Walker* remedied this defect in federal regulation by upholding the validity of the act of 1893. For a long time also the work of the Commission was made ineffective by the willingness of the courts to receive new evidence in appeal cases; and in 1897, in the maximum rate case, the Supreme Court decided that under the act to regulate commerce, as it then stood, the Commission possessed no power to prescribe maximum charges, a defect which was not remedied until the act was amended in 1906. In the same year, 1897, the long-and-short-haul clause was so interpreted as to prevent its enforcement when dissimilar circumstances were created as a result of railroad competition. It was not until 1914, when Congress amended the long-and-short-haul clause that the effect of this decision was overcome.

In fact, important decisions in which regulatory statutes are interpreted are decided every year. Among the Supreme Court decisions of the last two years those concerning the validity of or meaning of the following statutes are noteworthy: The federal eight hour day act (March 19, 1917), the interstate commerce act as regards its application to intrastate charges (June 11, 1917, and Jan. 14,

1918), demurrage of private cars (March 6, 1917), the providing of tank cars by railroads (Dec. 11, 1916), the amendment of 1912 regarding railroad ownership of competitive steamship lines (March 26, 1917), the routing powers of carriers in the absence of specific instructions (June 10, 1918), the routing powers of Congress and the Commission (Nov. 12, 1917) the power of the Commission to require answers to questions regarding the supposed political activities of railroad officials (Nov. 5, 1917), the Ferris land grant act (April 23, 1917), the liability laws as applicable in the release valuation clause of express receipts (May 21, 1917), in the "release for man or men in charge" contained in live stock shipping contracts (May 21, 1917), and in efforts to limit liability in case of unusual delay and detention of live stock shipments (April 15, 1918), the Indiana headlight law (Dec. 11, 1916), the Missouri long-and-short-haul statute (May 21, 1917), and the statute giving to the Texas commission the power to regulate the schedule of interstate trains (Jan. 14, 1918).

Enforcement of Statutes and Commission Orders.

In the original act to regulate commerce the Commission was required to initiate court proceedings in order to obtain the enforcement of its orders. This was changed in 1906 to the extent that a penalty of \$5,000 for each offense was provided in case of failure to comply with the Commission's orders concerning rates which are not set aside by judicial proceedings, and to the extent also that the amended act provides that all orders except those calling for the payment of money, "shall take effect within such reasonable time, not less than thirty days, and shall continue in force for such period of time, not exceeding two years, as shall be prescribed in the order of the Commission, unless the same shall be suspended or modified or set aside by the Commission, or be suspended or set aside by a court of competent jurisdiction." If, however, in spite of the penalty provided for in the act carriers fail to obey an order of the Commission, other than for the payment of money, the Commission or any party injured thereby or the United States Attorney-General may apply to the courts for its enforcement, which will enforce obedience by a writ of injunction or other proper process if, after hearing, it is found that the order was regularly made and duly served. The procedure in the states vary in detail, but the state commission laws usually specify what courts shall be charged with the work of enforcing commission orders, and by whom actions regarding violation of orders may be brought.

The interstate commerce act and the state commission laws likewise require the courts to assist the commissions —by compelling recalcitrant witnesses to appear and testify. So, too, are the courts instrumental in the enforcement of regulatory statutes. Thus the act to regulate commerce provides that, "upon the request of the Commission it shall be the duty of any district attorney of the United States to whom the Commission may apply to institute in the proper court and to prosecute under the direction of the Attorney-General of the United States all necessary proceedings for the enforcement of the provisions of the act and for the punishment of all violations thereof;" also that "The (circuit and) district courts of the United States shall have jurisdiction, upon the application of the Attorney-General of the United States at the request of the Commission alleging a failure to comply with or a violation of any of the provisions of said act . . . to issue a writ or writs of mandamus commanding such common carrier to comply with the provisions of acts and any of them."

The services of the courts are particularly important in the enforcement of anti-rebating laws. While the Interstate Commerce Commission and the Attorney-General are concerned with the enforcement of the rebating clauses

400 U. S., 200.

371 U. S., 365.

332 U. S., 341.

37 Federal Reporter, 367 (1890).

347 U. S., 471.

of the Elkins act and the interstate commerce act, the enforcement of the penalties provided in these laws are secured by the courts; and it is in the courts and where injunctions restraining the payment of and receipt of rebates are obtained, and where shippers sue to obtain writs of mandamus commanding carriers to transport traffic or to furnish cars and other facilities upon terms or conditions as favorable as those given for like traffic under similar conditions to other shippers. The application of the anti-trust laws to railroad consolidations and rate agreements has similarly depended upon proceedings brought in the courts.

Reasonableness of Rates.

Though the determination of the reasonableness of rates is a judicial as well as a legislative function, the reasonableness of rates made by carriers, as distinct from those prescribed by statute or commission orders, has been of little concern to the courts in recent years. Before commissions with mandatory powers were created shippers could, under the common law in the courts, sue for damages, which involved the question of reasonableness. The protection afforded by the courts in this way, however, proved to be inadequate, because the courts did not at the same time have the power to prescribe reasonable rates for the future. Since the commissions may fix reasonable maximum rates as well as determine the reasonableness of rates made by carriers or proposed by them, it became the general practice to institute proceedings before the commissions. The act to regulate commerce still provides that "any person or persons claiming to be damaged by any common carrier subject to the provisions of this act may either make complaint to the Commission . . . or may bring suit . . . for the recovery of damages . . . in any district court of the United States of competent jurisdiction," but the Supreme Court has ruled that such action to recover damages will not be sustained in the courts unless the Commission has first passed upon the reasonableness of the rates complained of.*

The courts have at times prevented the carriers from advancing charges. In 1898, for example, the United States Circuit Court at Denver issued an injunction against a proposed advance in the rates on iron and steel on the ground that irreparable injury would follow the practical exclusion of the complainant from the Pacific coast markets. The occasion for such action is less than in the past, because in 1910 the Interstate Commerce Commission received power to suspend proposed rate advances. Before this power was conferred upon the Commission a temporary injunction had been issued against the western carriers who had proposed a general advance in rates, on the ground that their simultaneous action was in violation of the Sherman anti-trust act, the proceeding, however, being discontinued when the carriers withdrew their advance rate tariffs and arrangement was made to give the suspension power to the Commission.

The courts may similarly issue injunctions to prevent carriers from cutting charges unduly. Thus in 1898, when the Seaboard Line and the Southern Railway began a rate war to the detriment of security holders an injunction was issued by the United States District Court on request of the receiver of one of the connecting lines of the Seaboard Air Line. Later, when the rate cutting was renewed, a second injunction was issued by the District Court upon prayer of the Wholesale Grocers' Association of Georgia on the ground that the low rates to Atlanta discriminated unduly against Augusta, Macon, and other southern cities. When doubt arose as to the complete jurisdiction of the district court, a third injunction was issued by the circuit court for the protection of the holders of railway bonds.

Injunctions in Labor Disputes.

There are several additional forms of railroad regulation by the courts of a different character from those previously mentioned. One of them is the use of injunction powers in labor disputes. The general law in regard to strikes, as interpreted by the courts, permits railroad employees or others to quit their employment either singly or in a body at any time, so long as they do not violate contracts or commit violence, intimidation, or other unlawful acts. In the railroad industry, however, the general

law of strikes has been modified in several respects by specific statutes. Thus, it is unlawful for trainmen to abandon engines, cars or trains en route to their regular destination or to disable railroad equipment so as to make it unfit for immediate use, thereby endangering life and property. It is, moreover, illegal to interfere with the transportation of the mails, and the courts have ruled that it is unlawful for engineers to refuse to haul the cars of a connecting line in order to aid a strike on the part of the latter's employees. The engineers may leave the service of their company, but when still in its employ they must handle the traffic received from connecting carriers.

The use of injunctions against acts which frequently accompany strikes, thereby contributing to the failure of the employees' efforts, has long been contested by labor on the plea that illegal acts are covered by statutes and, if committed, are punishable under such laws after trial by jury. The courts have, however, issued injunctions on the ground that the statutes do not prevent irreparable injury, which is the special field for the exercise of their equity powers. Complaint has also been directed against the issue of injunctions when the likelihood of irreparable injury was not clear; against the summary imprisonment of strike leaders without definite assurance as to their responsibility; against the issue of injunctions without giving a hearing to the employee; and against the granting of blanket injunctions including "all persons whomsoever."

Efforts to prohibit the use of injunctions in labor disputes have been unsuccessful. The courts in any event would probably declare unconstitutional any statute of such character on the ground that their equity powers to be used for the prevention of irreparable injury were not obtained from Congress. The Clayton act of 1914, however, contains various provisions designed to regulate the use of injunctions in labor disputes: (1) No preliminary injunctions may be issued without notice to both parties. (2) No temporary restraining order may be issued without such notice unless irreparable injury would be likely to result from the delay incident to the holding of a hearing, and all such temporary orders are to expire in ten days, although they may be renewed for good cause. (3) Persons served with a restraining order issued without notice may give a two days' notice to the applicant and, when they then appear before the court to ask for a dissolution, a hearing must be had. (4) Restraining orders or injunctions must state reasons fully and indicate with reasonable definiteness the acts restrained. (5) No injunctions may be issued against peaceful picketing, advising others to strike or boycott, peaceful assemblage, payment of strike benefits, or the employees' right to strike. (6) If an act is also contrary to the federal criminal statutes, the disobedience of a restraining order or injunction is punishable as contempt of court only after trial by jury, unless the contempt is committed in the presence of the court or unless the restraining order or injunction is issued in a suit brought by the United States. (7) No action for contempt may be begun after the expiration of one year from the time of the act complained of. (2) Injunctions or restraining orders may be issued in labor disputes only when necessary to prevent irreparable injury, for which no adequate remedy at law exists.

Appointment of Receivers.

Perhaps the most direct control over railroads exercised by the courts is when insolvent lines are operated by receivers who are appointed by the courts and who act as their agents. When a railroad company is unable to pay the interest on its debt or meet its other financial obligations, a court, on request of its creditors, may take possession of the company's property. Originally receiverships were always declared for the protection of creditors, and this is still the legal principle underlying receivership, but in practice it has frequently occurred that the request virtually comes from the railroad's owners or their representatives, who desire to tide the company over a period of declining traffic or depression and meanwhile avoid interference from creditors or persons ambitious of obtaining control. Such receiverships are known as "friendly receiverships," both because of the purpose stated above and because one of the company's officials is usually selected to act as the receiver.

The powers of the court acting through a receiver are wide in scope. Not only may the receiver operate the

*Texas & Pacific Ry. Co. vs. Abilene Cotton Oil Co., 204 U. S., 426; E. & O. R. R. Co. vs. Pitsburgh Coal Co., 215 U. S., 481.

insolvent railroad, expend funds for its maintenance, and apply its regular income, but he may engage in reconstruction work and improve the road's property. The payment of current interest and other fixed charges may be suspended, and additional funds may be raised by issuing receivers' certificates, which outrank even first mortgage bonds. The receiver is also charged with the protection of the property in suits or otherwise.

Meanwhile the receiver may co-operate with the creditors and owners in placing the road in a solvent condition and in reorganizing the company. If, however, the company is found to be hopelessly insolvent, the court will direct the sale of its property for the benefit of the creditors. While the road is being operated by the receiver the creditors and also the stockholders usually form committees to protect their respective interests and formulate reorganization plans.

Receiverships were particularly numerous during the business panics of 1873, 1885 and 1893 and again during the period of rising costs beginning in 1912. During the

18 months ending July 1, 1894, a mileage of 43,000, or 24 per cent, of the country's entire railway network was taken possession of by the courts, and from November, 1893 to November, 1896, the mileage operated by receivers was at no time less than 20,000 miles. In the summer of 1915 the mileage in the hands of receivers again mounted to 42,000 miles, or nearly 15 per cent, of the entire railroad mileage of the United States, and on June 30, 1916, receivers were operating 37,353 miles. Several of the most important railway insolvencies, beginning in 1912, were due in large part to financial mismanagement, but in many instances the immediate causes of financial difficulty were rising operating expenses, inability to raise charges without obtaining the permission of the Interstate Commerce Commission and the state commissions, and, for a while also, a falling off in traffic. These conditions, of course, had the most severe effect on the companies having unusually heavy interest payments and other fixed charges, which frequently spell insolvency in case of a reduction in net earnings.

Miscellaneous Traffic Decisions

Cases Recently Decided by State and Federal Courts

(Digests taken from Reporters and Digests of National Reporter System, published by West Publishing Co., St. Paul, Minn. Copyright, 1918, by West Publishing Co.)

REGULATION OF COMMON CARRIERS.

Powers Railroad Commission:

(Sup. Ct. of La.) The Railroad Commission of Louisiana is established in the constitution of the state; and to it is given certain powers and authority over railroads, steamboats, water craft, sleeping car, freight and passenger tariffs and service, express rates, telephone and telegraph charges, etc.—*Empire Rice Milling Co. et al. vs. Railroad Commission of Louisiana*, 79 Sou. Rep. 833.

On the complaint of a party in interest that any rate, classification, rule, charge, order, act, or regulation adopted by the commission is beyond the power of the commission, or is unreasonable, discriminatory, extortionate, or unjust, the courts of the state have jurisdiction to entertain the complaint—*Ibid.*

The presumption is that railroad commission acted justly as to all parties concerned in adopting a milling-in-transit and a rate order, and courts will not interfere without clear evidence that a party's legal rights have been invaded, or that rate is unreasonable, discriminatory or extortionate—*Ibid.*

Milling in Transit:

(Sup. Ct. of La.) Milling in transit is a burden placed upon the railroads, and the validity of such a rule may be

contested by the railroads.—*Empire Rice Milling Co. et al. vs. Railroad Commission of Louisiana*, 79 Sou. Rep. 833.

Milling in transit is not an unusual privilege granted by railroads to their patrons, and it is not unusual or unjust to impose such an obligation upon railroads, provided that the rates are compensatory for the additional burden placed upon them.—*Ibid.*

The obligation of milling in transit cannot be contested by any other person than the railroads upon which it is placed.—*Ibid.*

Penal Statutes:

(Sup. Ct. of N. C.) In an action for damage to an interstate shipment, Revisal 1905, 2632, imposing a penalty for negligence, is inapplicable.—*Bivens Bros. vs. Atlantic Coast Line R. Co.*, 97 S. E. Rep. 215.

Published Rate:

(Sup. Ct. of N. C.) Carrier may recover regular rate for interstate shipment as shown by schedule on file with Interstate Commerce Commission under interstate commerce act, though lower rate was quoted by carrier to shipper at time of shipment.—*Southern Ry. Co. vs. Latham et al.*, 97 S. E. Rep. 235.

Shipper is liable for established rate on interstate freight shipment, regardless of any contract between shipper and consignee.—*Ibid.*

Loss and Damage Decisions

Cases Recently Decided by State and Federal Courts

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TRANSPORTATION AND DELIVERY BY CARRIER.

Acts Constituting Delivery:

(St. L. Ct. of App. Mo.) When a carrier delivered goods to the consignee, the title having passed, its liability as common carrier terminated, and when it then delivered the goods to another at the consignee's request it was acting as the latter's agent.—*Hayes vs. Wells Fargo & Co. Express*, 206 S. W. Rep. 229.

Ratifying Misdelivery:

(St. L. Ct. of App. Mo.) Evidence held to show that seller had ratified carrier's delivery of goods, shipped to buyer, to a third person by acceptance from the latter of a large part of purchase price.—*Hayes vs. Wells Fargo & Co. Express*, 206 S. W. Rep. 229.

Non-Delivery:

(Sup. St. Appellate Term, First Dept.) The measure of damages for carrier's non-delivery of goods is the difference between their market value at time and place for delivery and when they were offered back to shipper, irrespective of cause of reduction therein.—*Freegood et al. vs. Barrett*, 172 N. Y. Sup. 253.

Wrongful Delivery:

(Sup. Ct. of Minn.) A contract for the shipment of a car of wheat over the line of defendant's road contained the provision that the wheat should not be delivered to a named prospective purchaser without a surrender of the bill of lading, and that such prospective purchaser should

be permitted to inspect the wheat before such delivery. *Ibid.*

1. That the act of defendant on the arrival of the car at destination in switching the same at the instance of the prospective purchaser onto an unloading sidetrack did not constitute a delivery to such purchaser; and

2. That the carrier in such a case is not responsible for an inspection by the prospective purchaser, when made upon a secret and stealthy means, without the knowledge or consent of the carrier. — *Quinn-Shepherdson Co. vs. Great Northern Ry. Co.*, 169 N. W. Rep. 422.

LOSS OF OR INJURY TO GOODS.

Limiting Liability:

(Sup. Ct. of N. C.) Under U. S. Comp. St. 1916, 8604a, a bill of lading stipulating against liability for the carrier's negligence is invalid and without effect if the transportation is interstate in character. — *Bivens Bros. vs. Atlantic Coast Line R. Co.*, 97 S. E. Rep. 215.

Case Required:

(Sup. Ct. of N. C.) It is the duty of carriers to transport goods offered for shipment within a reasonable time and in a proper car considering the season. — *Bivens Bros. vs. Atlantic Coast Line R. Co.*, 97 S. E. Rep. 215.

Damages—Burden of Proof:

(Sup. Ct. of N. C.) In an action for damage to sweet potatoes in shipment, the burden is on the carrier to exculpate itself from liability for the damage, because it has the best opportunity of knowing and proving how the injury occurred. — *Bivens Bros. vs. Atlantic Coast Line R. Co.*, 97 S. E. Rep. 215.

In an action against a carrier for damage to goods in transit plaintiff has the burden of proving that the negligence of the carrier was the proximate cause of the injury. — *Ibid.*

Court Instructions:

(Sup. Ct. of N. C.) In an action for damage to goods in shipment where the charge clearly presented question whether the carrier was negligent, whether the negligence was the proximate cause of the injury, and the amount of damage, the simple issue whether defendant was indebted to plaintiff, and, if so, in what amount, was sufficient. — *Bivens Bros. vs. Atlantic Coast Line R. Co.*, 97 S. E. Rep. 215.

CHARGES AND LIENS.

Liability for Freight:

(Sup. Ct. of N. C.) Carrier may look either to consignor, with whom contract of shipment is made, or to consignee for the freight. — *Southern Ry. Co. vs. Latham et al.*, 97 S. E. Rep. 235.

In action for freight charges, carrier, having alleged

express agreement to pay stated amount of freight, may recover upon the theory that through a mutual mistake of shipper and carrier the rate charged was less than that authorized by the tariff. — *Ibid.*

CARRIAGE OF LIVE STOCK.

Special Contract:

(Ct. of App. of Ky.) That defendant express company agreed with plaintiff shipper to have cars ready in time for shipment to go out, so as to connect with a fast passenger train, would not show a special contract for through and direct transportation of the cattle, where such train was not scheduled to stop at way station, destination of shipment. — *Adams Express Co. vs. Burr Oak Jersey Farm*, 206 S. W. Rep. 173.

In view of interstate commerce act 1887, as amended by act Cong. June 29, 1906, neither the carrier nor the owner of interstate shipment of cattle can make any special contract for through and direct shipment different from that open to the general public. — *Ibid.*

Delay:

(Ct. of App. of Ky.) That fast passenger train, which was not scheduled to stop at destination, detached cars containing plaintiff's cattle and left them on a sidetrack, causing delay of four hours, held not to make defendant express company liable for negligent delay, where shipment was carried to destination by first train following which stopped at destination. — *Adams Express Co. vs. Burr Oak Jersey Farm*, 206 S. W. Rep. 173.

Defendant express company's common-law liability as an insurer does not include delays in shipments, it being liable for such delays only as are the result of its negligence. — *Ibid.*

Where no time for delivery of shipment of cattle is stipulated, the shipper assumes the risk of unavoidable accidents, and of usual and ordinary delays incident to the ordinary conduct of the carrier's business. — *Ibid.*

In action against defendant express company for delay of shipment of cattle, held, that the "ordinary conduct of the carrier's business" was to transport the shipment by a fast express train to a point where some connecting carrier would take it with one of its trains which stopped at the point of destination. — *Ibid.*

Reasonable Time:

(Ct. of App. of Ky.) As a common carrier it was the duty of defendant express company to transport plaintiff's cattle within a reasonable time, no time being stipulated. — *Adams Express Co. vs. Burr Oak Jersey Farm*, 206 S. W. Rep. 173.

What constitutes a reasonable time within which a carrier should make delivery, in the absence of a stipulation for a certain time, must be governed by the circumstances of each particular case. — *Ibid.*

Shipping Decisions

Cases Recently Decided by State and Federal Courts

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Freight:

(Cir. Ct. of App., Sec. Cir.) Freight is earned only upon delivery of cargo. — *The Gracie D. Chambers*, 253 Fed. Rep. 182.

Unless the bill of lading contains stipulations to the contrary, freight prepaid must be returned, if for any cause the cargo is not delivered. — *Ibid.*

(Dist. Ct., S. D., New York.) Where libellant shipped vanishes upon a steamship, prepaying freight and receiving a bill of lading, releasing carrier from loss through restraint of rulers or people, and providing prepaid freight be considered as earned and retained by carrier, "vessel or cargo lost or not lost," and after loading the United States refused the owner license to ship, the carrier could retain prepaid freight. — *The Bris*, 253 Fed. Rep. 259.

Insertion by shipowner of clause in bill of lading providing that prepaid freight be considered earned on ship-

ment and retained by carrier, "vessel or cargo lost or not lost," is not in contravention of public policy in time of war. — *Ibid.*

Where a carrier loaded goods on a vessel for shipment, and freight was prepaid, and carrier was forced to unload the goods through shipper's failure to secure license from the United States, such was not a "commercial frustration of the adventure," constituting failure of consideration. — *Ibid.*

Bill of Lading:

(Cir. Ct. of App., Sec. Cir.) Where a bill of lading recited: "Restraints of prices and rulers excepted." "Freight for the said goods to be prepaid in full without discount retained and irrevocably, ship and, or cargo lost or not lost" freight prepaid might be retained whenever delivery of the cargo was prevented, because of a restraint of prices, the meaning being perfectly clear, despite the

insertion of the conjunction between the words retained and irrevocably.—The Gracie D. Chambers, 253 Fed. Rep. 182.

Where the United States government refused clearance papers to sailing vessels whose voyages would bring them within the submarine danger zone, a shipper who had prepaid freight on goods delivered for transportation on such a sailing vessel cannot recover the same, the act of the government amounting to a "restraint of prices" within the bill of lading, which provided for retention of freight prepaid in case delivery was prevented by such restraint.—*Id.*

Custody:

(Cir. Ct. of App., Sec. Cir.) Goods delivered to a carrier by water, even before actual loading on board, are in his custody, and the maritime engagement is then begun.—The Gracie D. Chambers, 253 Fed. Rep. 182.

SEPTEMBER PASSENGER TRAFFIC

(Bulletin of Bureau of Railway News and Statistics)

At last, through a combination of statements issued by the Federal Administration and the Interstate Commerce Commission, the Bureau of Railway News and Statistics, Chicago, is enabled to make a close approximation of the average passenger and freight receipts of the railways in September, compared with the corresponding month in 1917, as follows:

	Average Receipts.	
	1918.	1917.
	Cents.	Cents.
From passengers carried one mile.....	2.526	1.966
From freight per ton carried one mile.....	.929	.722

The average increase under federal control is therefore seen to be slightly over 28 per cent in both cases.

This computation is confirmed by the fact that the average receipts for the whole country in 1917 were 2.105 cents per passenger mile and .728 per freight ton mile, the difference being normal between Class 1 roads and all roads.

No direct comparisons are possible, because the Administration figures on performance cover a less mileage than the income reports to the Interstate Commerce Commission.

The September report on passenger traffic just issued by the Administration shows that there has been a remarkable change in passenger travel when compared with that for the nine months to September 30, 1918, and for the same periods of the previous year, as may be seen in the following statement for the several divisions:

	Increase or decrease (%)	
	1917 to 1918	September nine months.
	Per cent.	Per cent.
New England district.....	9.1	1.5
Atlantic coast.....	15	5.7
Ohio and Lake Erie district.....	5.9	6.5
St. Louis and Missouri.....	10.2	4.7
Albany.....	14.3	21.5
Indianapolis.....	6.3	35.0
St. Paul.....	25.0	39.7
St. Louis.....	15.0	0.2
St. Paul.....	8.8	11.4
St. Paul.....	1.3	25.1
Grand total all regions.....	10.0	14.3

It will be observed that only in the territory generally described as south of the Potomac and Ohio and east of the Mississippi was there an increase in passenger traffic miles in September, 1918, over September, 1917, with the exception of an insignificant increase in the Southwestern region. It will also be remarked that the phenomenal increase for the nine months to September 30 of about 30 per cent was also in this territory.

Turning to the income account for September, it appears that a loss of 6.2 per cent in passenger traffic in the Eastern region was accompanied by a gain of 30 per cent in passenger revenues; a gain of about 19 per cent in passenger traffic in the three southern regions was rewarded with an increase of over 57 per cent in passenger revenues, while a loss of about 10 per cent in the western regions was compensated by a gain of 15 per cent in revenues.

The paradox of smaller traffic yielding larger revenues is accounted for by the advance in fares last May, but what stimulated travel in the South in September while depressing it in the North is a question the figures do not answer.

Help for Traffic Man

This department is conducted by a traffic man of long experience and wide knowledge. In it he will answer questions relating to practical traffic problems. We do not desire to take the place of the traffic man, but to help him in his work. We reserve the right to refuse to answer any questions that we judge it unwise to answer or that involve situations that are too complex for the kind of investigation contemplated. Questions will be answered as promptly as possible. No answers will be given by mail except for a fee.

Address "Help for Traffic Man," The Traffic Service Bureau, Colorado Building, Washington, D. C.

Sufficiency of Billing Instructions.

Q.—We enclose copy of bill of lading to one of our consignees which shows the destination to be Brooklyn, N. Y., Parkville Station, mail address 1905 Bath avenue.

The bill of lading further shows shipment to have been routed New York Central, both as to the originating line and as to the road given after the word "route." Shipment was billed by the New York Central Lines at to Wallabout Basin, Brooklyn, N. Y. The Eastbound New York Central Fast Freight Line Basing Book I. C. C. No. 2, shows that on page 79 that Bush Docks is the nearest delivery for Bath avenue.

Parkville Station is not shown in the index on page 13 as a Brooklyn delivery, but is given on page 177, index 53, as being on the Long Island Railroad. Parkville is within the municipal limits of Brooklyn.

Will you kindly advise us if there was any legal obligation on the part of the carrier to have forwarded the shipment to Parkville Station, N. Y., in view of the destination as given on the copy of bill of lading attached? Consignee allowed the freight to go to storage because of the fact that it was not shipped to Parkville Station.

Have we a legal basis on which to file claim, considering that the bill of lading might be considered to have two destinations shown and also considering that the New York Central billing book gives Bush Docks and not Wallabout Basin as the proper station to which freight for Bath avenue should be billed?

A. Answering the query, the carrier billing the goods from the point of origin was under legal obligation to make delivery as set out in the bill of lading, or, if such delivery was not possible, to advise the shipper in advance of the impossibility of making delivery. The shipper having inserted in the bill of lading the destination point, it was the duty, therefore, of the carrier to deliver the goods at that point, and failure to make delivery at that point placed such liability upon the carrier as would result from misdelivery of the shipment. Your bill of lading did not contain two destination points. The destination point was Brooklyn and the sub-station was Parkville. The local address of the consignee at 1905 Bath avenue was simply placed there for the convenience of the railroad company in notifying the consignee of the arrival of his freight. The fact that Parkville Station is not a delivery station on the New York Central does not change the obligation on the part of the carrier to make delivery at the station designated or to advise the shipper of its inability so to do.

Liability for Charges.

Q.—A, an irresponsible and transient lumber shipper, shipped to B a carload of lumber purchased on basis f. o. b. car shipping point. A is dilatory in loading and car service accrues and the originating railroad agent issues a clear bill of lading, with no mention of advance charges for car service or any other service, and the freight bill is rendered at destination without notice of car service and the extra amount is considered to be error in billing or figuring the freight charges and remittance made to A without deducting any amount to cover advance charges. It is later developed that the amount in addition to the freight charges figured on the correct rate in effect at the time the shipment moved was car service. Is not the railroad company negligent in such case in not mentioning advance charges to cover car service on the bill of lading or notifying the consignee that car service accrued, and in such case who is responsible for the car service, when A cannot be located or would possibly not be financially liable if he could be located?

A.—While it is true that ordinarily a transportation company looks to the consignor for all transportation charges, and it is equally true that the legal obligation rests upon the carrier to collect all charges accruing on a shipment and that if the consignor is not responsible or the transportation charges cannot be collected from him, then the consignee is liable for these charges. In this case, however, the shipment was made f. o. b. shipping point and the consignee was primarily liable for the transportation charges. While the railroad company was negligent in not advising the consignee of the advanced charges, so as to give the consignee an opportunity to deduct these advanced charges from his invoice payment to the consignor, yet this neglect on the part of the carrier does not excuse that carrier from collecting any charges which lawfully accrue on the shipment. It is a hardship upon the consignee for the carrier to be guilty of such negligence, but it is not a negligence which destroys the obligation which rests upon the carrier by law to collect all transportation charges. The consignee, therefore, in our opinion, is liable for the payment of these advanced charges and, in case they are paid, has no recourse against the carrier.

Redemption of Lost Ticket.

Q.—John Doe purchases a 25-ride commutation ticket between two points, but after using five rides said ticket was left in his shirt pocket and the shirt went to the laundry, destroying the unused portion of the ticket and leaving absolutely no evidence of its ever having existed.

The railroad passenger department refuses to refund for the twenty rides, claiming that they have no evidence that the ticket was destroyed.

He gave them the number of the ticket and asked them to check up the coupons belonging to this ticket, which would prove that no more than five rides were ever used. This they refuse to do, because their coupons from commutation tickets are not kept in the proper order, and they take the stand that they could hardly be expected to go to the expense of keeping these coupons filed merely as a protection in an isolated case of this kind.

We believe that the carriers should either have their records in proper condition or find some other way of proving a claim of this nature, and that the public should not suffer because of their desire to curtail this expense of filing.

Won't you kindly give us the benefit of your views in the matter?

A.—This exact question has never been before the Interstate Commerce Commission, so far as investigation discloses, but a somewhat similar question was considered in Conference Ruling No. 238, issued on Dec. 6, 1909. In that ruling the Commission says: "If a limited passenger ticket is lost or destroyed before being used (and no error or neglect of a carrier's agent is involved), it is not unlawful for the carrier, after the limit of the ticket has expired, to refund to the passenger the extra fare paid as a result of such loss or destruction, provided the loss or destruction shows the identity of the claimant as the original holder and the fact that the extra fare was paid for travel by the original holder over the route and within the limit of the lost ticket, are clearly and definitely proved in a form that becomes a part of the record in the case; and provided it is clearly shown that such ticket has not been used or redeemed by any other person. Such action should be withheld for a sufficient period of time properly and reasonably to guard against the lost ticket being redeemed or used by some person other than the original holder.

Upon general principles of law, the original purchaser of this commutation ticket would be entitled to a refund of the unused portion of his ticket, and if the carrier does not choose to go to the expense of keeping its files and records in such condition as to determine the legality of a claim of this character, then the carrier would, it is believed, be forced to accept an affidavit showing that the ticket was absolutely destroyed beyond any possibility of further use; that a certain number of commutations were still left in the book of tickets and unused. The carrier might, for its own protection, also reasonably require the filing of a bond in sufficient sum to protect it against the possibility of future loss.

It would seem entirely unreasonable and against the principles of ordinary justice that in a case of this kind a carrier could refuse to make proper settlement for un-

used transportation; such action being in effect to defraud the purchaser of that for which the purchaser had made payment to the carrier.

Interest Charges Accruing by Reason of Delayed Shipments.

Q.—Owing to the great delay that is given our earload shipments of cereal products, etc., on which, as you know, arrival drafts are made, we are confronted with a large interest charge every month, and in checking the matter up we find that the charge is entirely due to delay in transit of our earload shipments.

We understand that the Interstate Commerce Commission has rendered a ruling and some of the courts have also handed down opinions relative to carriers paying for excess interest charges due to delay in transit, and we would thank you to cite us to such opinions or ruling.

A.—The payment of interest charges as above set out is a feature of damage to the shipper which is not within the jurisdiction of the Interstate Commerce Commission and hence, so far as investigation discloses, the Commission has made no ruling upon the question.

The interstate commerce law, as amended by the Carmack and Cummins amendments, provides that the carrier shall be liable to the holder of the bill of lading for the full loss, damage or injury to the property sustained by the shipper and caused by the carrier. Consequently it would appear that if an unusual and unreasonable delay occurs in the forwarding of a shipment, and because of that unnecessary and unreasonable delay interest charges accrue upon the bill of lading draft, the shipper is damaged to the extent of the interest charges which so accrue and this damage is a damage which should be recoverable from the carrier through the courts, although we know of no such case in any of the courts.

In the case of the New York, Philadelphia & Norfolk R. R. Co., appellant, vs. the Peninsula Produce Exchange, the Supreme Court of the United States held that the loss and damage referred to in the interstate commerce act were not limited to the damage "to the property," but that the words "to the property" limited the word "injury," and that loss and damage might be recovered, although that loss and damage was not to the property transported. This decision of the Supreme Court can be found in the issue of The Traffic World of Jan. 29, 1916, page 271.

SAVING FOR SHIPPERS

A statement put out by the Chamber of Commerce of the Borough of Queens, New York, says: "It is estimated that the shippers of Queens Borough will save approximately a half million dollars during the coming year by the reduction of freight rates on interchange traffic between the Long Island Railroad and the New York, New Haven & Hartford Railroad. This new proportional freight tariff, known as I. C. C. No. 725, issued by Donald Wilson, general freight agent of the Long Island Railroad, became effective December 7 on class and commodity rates between Fresh Pond Junction and all stations on the Long Island Railroad.

"This is the direct result of the efforts of the Traffic Club of the Queens Chamber of Commerce, of which E. J. Tarof is president, and the Traffic Bureau of the same organization, of which P. W. Moore is manager, who have worked to secure this reduction ever since the rates were established from New England points when the Connecting Railroad bridge across Hell Gate was opened for traffic. Frequent conferences with the railroad officials in New York, in New Haven and in Boston were held by representatives of the Queens Chamber of Commerce to convince them of the justice of their claim for freight rates that would be equitable as compared with those from New England points to shippers located in Manhattan.

"The Traffic Club of the Queens Chamber of Commerce is not satisfied, however, with this accomplishment, which will save the shippers of Queens Borough in one year many times the total amount which the Chamber of Commerce of the Borough of Queens has spent for all of its expenses since its formation, seven and one-half years ago, but intend to carry on their fight to secure exactly the same rates between New England points and those sections in Queens in Group 'A' points as now prevail to Manhattan and also for a similar reduction to Group 'B' points."

Legal Department

In this department a legal expert answers simple questions relating to the law of interstate transportation of freight. Readers desiring special service by immediate answer may obtain privately written answers to their inquiries by the payment of a small fee.

Address Legal Department, The Traffic Service Bureau, Colorado Building, Washington, D. C.

Carrier's Liability Under Option No. One.

Illinois.—Question: Will you please advise, through the columns of The Traffic World, as early as consistent, whether or not there is any legal liability against carriers for shortage or broken packages on shipments of perishable freight moving under option No. 1; also when doors are cleated open to allow proper ventilation?

Answer: Might say that we handle a great number of cars of apples, which move under option No. 1; also potatoes under option No. 1, and doors cleated open for ventilation and on all claims presented to carriers for loss or damage due to pilferage, or broken packages, they have stated that there is no liability on their part. Any information that you could give us that might be of assistance to us, in collecting such claim, if there is any legal liability, in the way of citing legal authorities, will be greatly appreciated by the writer. I find The Traffic World is almost invaluable to a traffic man, and especially at the present time always look forward to the next issue with a great deal of pleasure.

Answer: Option No. 1, relative to charges for the protective services rendered in shipments of perishable freight, are now published in the tariffs of most carriers, and provide that the shipper may elect to assume responsibility for the protective service and thereby assume all responsibility for loss or damage due to cold or heat, not the direct result of negligence of the carrier. These tariffs also provide for an alternative option, designated as No. 2 under which the cars move under the carrier's protective service, for which a charge is made, and the carrier assumes all liability for loss or damage due to cold or heat, not the direct result of the negligence of the shipper.

Prior to the Cummins amendment, these provisions received the approval of the Interstate Commerce Commission, under the Carmack amendment, in the case of Protection of Potato Shipments in Winter, 29 I. C. C., 507, in which the Commission said that the Carmack amendment does not prohibit the carriers from entering into reasonable contracts with the shippers for a release from liability as an alternative to other tariff provisions under which the carriers will accept this responsibility themselves. The Commission further said that this rule is "fair and reasonable, in that it allows the shipper a choice between shipping his traffic at a lower rate under a special contract by which he becomes his own insurer against weather loss and damage or of making his shipments under terms imposing the full responsibility upon the carrier."

Since the adoption of the first Cummins amendment the Commission has further reviewed this subject in the case of Northern Potato Traffic Association vs. C. & A. R. R. Co. et al. 44 I. C. C., 426, in which it referred to its holdings in the Cummins amendment 33 I. C. C., 687, to the effect that the lawful rate on file at the time is the rate providing for the limited liability. The Cummins amendment, by making contracts limiting liability for loss caused by the carrier unlawful, does not destroy these rates, and therefore sustained the alternative rule in the case above cited against the Chicago & Alton Railroad.

Many of the carriers have also published a rule in their tariffs to the effect that when shippers of perishable freight in carload lots have not ordered refrigeration or insulated cars, but have loaded same in stock or common box cars with side doors fastened open for ventilation, they will be transported wholly at owner's risk of loss or damage by heat, cold, pilferage or leakage, not the direct result of actionable negligence of the carrier. In such cases the carriers will not accept or be governed by any instructions with respect to ventilation. In the Northern Potato Traffic Association case above cited this provision was not found unreasonable by the Commission.

Therefore, if the shipment in question moved under a tariff rule providing for the alternative services above described, and stipulated that it is transported at owner's risk of loss or damage by heat, cold, pilferage, or leakage, when they are loaded in a stock car or common box car with side doors fastened open for ventilation, instead of refrigerator or insulated car which are not ordered by the shipper, and the shipper selects option No. 1, and at a lower rate by which he becomes his own insurer, and the loss, damage, or pilferage cannot be charged directly to the negligence or delay of the carrier, the carrier will not be liable.

Giving Shipper's Name in Express Receipt.

Wisconsin.—Question: Will you kindly advise us, through the columns of The Traffic World, of any ruling or decision which compels the express company to show shipper's name on express receipts when they present them for collection?

Answer: We are not familiar with any specific ruling by the Interstate Commerce Commission or the U. S. Railroad Administration that definitely holds that an express company may or may not withhold the shipper's name on receipts calling for the payment of charges covering express shipments. However, the Division of Public Service and Accounts, through its director, in P. S. & A. Circular No. 9, dated June 29, 1918, relating to the payment of charges, requires a carrier to treat shippers or consignees in a business way and, as it is proper and businesslike for a consignee to know from whom shipments come upon which he is called to pay charges, and thus enable him to determine whether the charges are due or if he is responsible for the same, it is our opinion that a consignee is fully within his rights in demanding information from the carrier regarding the name of the shipper.

Weights on Grain Shipments.

New York.—Question: Claim against railroad for 2,000 pounds, or 41.32 bushels of barley short from a carload of 66,000 pounds for export, though supported by Minneapolis State Weighers' certificate showing 66,000 pounds, which was the weight for which clear bill of lading was given and was the weight on seller's invoice for which consignee paid and New York Produce Exchange Weighers' return, which is also the condition certificate, does not show exceptions taken to the car, and railroad records also are similarly free.

Claim has been pressed, with a transcript from The Traffic World, Aug. 3, 1918, of an I. C. C. opinion applicable and a further statement that it is futile to argue that the outturn weight is unreliable, because consignee's order to the railroad elevator for delivery to the ocean steamship is limited to that outturn, nor can such shortage be attributed to natural shrinkage, because the legal allowance therefor is set down. Suit has been threatened if settlement be not effected within a reasonable time. What is your opinion of the railroad's stand?

Answer: It is well settled that the Interstate Commerce Commission has no jurisdiction over claims for loss or damage in transit, but that the Commission may award damages for reparation of injuries resulting from violations of the act. Brunswick-Balke-Collender Co. vs. T. S. & M. Ry., 44 I. C. C., 601. The article referred to as being published on page 242 of the Aug. 3, 1918, issue of The Traffic World deals with the attitude of the National Industrial Traffic League on the matter of the payment of freight claims as expressed in a letter to the Legal Department of the Railroad Administration, and part of it relates to the question of weights, as determined by the Commission in the case entitled, "Claims for Loss and Damage of Grain," 48 I. C. C., 530, which case grew out of the widely varying practices of shippers and carriers that were illegal or of doubtful propriety, as constituting undue preference, unjust discrimination, or otherwise in violation of the act, and therefore clearly within the jurisdiction of the Commission.

In this case the Commission calls attention to the difficulty of adjusting claims for loss of grain. Leakage in transit, defects of cars or other conditions, shrinkage in transit, and discrepancies between the original and destination weights are of frequent occurrence. It seems that practically all grain is sold on the basis of the destination weights. These weights are also used in settlement of the freight charges, and usually are ascertained by official

weighments. These weights are known as supervised weights. When ascertained solely by the shipper they are called unsupervised. The Commission said on page 10 of its report, "The record clearly shows that properly supervised weights are far more reliable than unsupervised weights." The Commission also declares that the existence and extent of a loss from a particular shipment can rarely be ascertained by direct and conclusive evidence, as many secondary facts must be considered, and, as inaccurate weighing is responsible for many apparent shortages, and after referring to the need of better methods and more accurate facilities for handling grain at shipping points, for greater uniformity of weighing rules and practices at terminal markets, for cars more suitable for the safe transportation of grain, for better grain doors and the more general use of other cooperage material, and for a greater care in preparing cars for shipments, handling them in transit, and obtaining accurate records of losses or defects such as would permit losses to occur, concludes its very extensive and exhaustive investigation of the subject by recommending that no order be entered at this time, but that the carriers and the shippers be given an opportunity to confer and agree upon rules and practices which should be observed, and that such rules, if reasonable and non-discriminatory, be tentatively endorsed by the Commission.

Since the promulgation of the Commission's order afore said, the general counsel of the U. S. Railroad Administration addressed a letter to the various regional directors relative to the matter of adjusting damage claims arising from the transportation of grain and other commodities, in which it was recommended that in the adjustment of grain claims "that where the carrier's record, after a thorough investigation, does not indicate that there was any loss by leakage or other negligence, such as transferring, record of bad order of the car in transit and being repaired, that such claims should not be paid, when there is no evidence of carrier's liability, other than the difference between weights at points of shipment and at destination."

It was this recommendation that prompted the protest from the National Industrial Traffic League, as referred to in the first part of this answer.

Earlier decisions by the Commission have been as follows: That charges on articles subject to shrinkage in transit should be on the basis of original weights. *Ewing Co. vs. O. S. L. R. R. Co.*, 46 I. C. C., 472.

That rule that charges on coal will be assessed on weights ascertained at carrier's regular weighing stations and that this rule will not be departed from, was unreasonable. *Actna Portland Cement Co. vs. D. G. H. & M. Ry.*, 46 I. C. C., 409.

That charges on green timbers, basis of weights ascertained near point of origin, not shown unreasonable as compared with lower weights at destination, due to evaporation in transit. *Trexler Lumber Co. vs. N. Y., N. H. & H. R. R.*, 47 I. C. C., 230.

That tolerance is the allowance margin of error between the original and destination scale readings, arising from differences in scales or errors in weighings or from the absorption or evaporation of moisture by the shipment in transit, which must be accorded as a condition precedent to the correction of the billed weight and the reweighing of the shipment free. *Northwestern Traffic & Service Bureau vs. C. M. & St. P. Ry.*, 47 I. C. C., 549.

That on a weight of 60,000 pounds shrinkage of 60 or 70 pounds of wheat and 120 pounds on oats and barley are normal and not indicative of inaccurate weighing or losses in transit. *Claims for Loss and Damage of Grain*, 48 I. C. C., 573.

That a rule that there will be deducted from the weight of the grain lost one-eighth of one per cent of the shipping weight on wheat, rye, oats and other small grain and one-fourth of one per cent on corn to cover shrinkage due to evaporation or other natural causes is not unreasonable. *Claims for Loss and Damage of Grain*, 48 I. C. C., 544.

(Since writing the above we have read the Director-General's General Order No. 57, as published in the Dec. 11, 1918, issue of *The Traffic World*. This order will modify our above answer in such particulars as they may conflict, for and during the period when the railroads are operated by the U. S. Railroad Administration.)

K. C. SOUTHERN CASE

The Traffic World Washington Bureau.

Arguments were heard on December 18 on the application of the Kansas City Southern for a writ of mandamus requiring the Interstate Commerce Commission to take testimony to find out what it would cost to acquire the lands now used by the railroad company on the assumption that the railroad was not there and that there was outstanding an order that one exactly like it should be produced on the lands now occupied. The Commission, in the course of the testimony relating to the Kansas City Southern, declined to undertake anything so speculative as that, it said, although the valuation law, as construed by the railroad lawyers who have been conducting the valuation case, appear to think it imposes such a duty on the Commission.

Samuel Untermyer, for the railroad, P. J. Farrell, for the Commission, and Charles E. Elmquist, as a friend of the court, but really as the representative of the state commissions, argued the question before Justice Stafford, to whom the case had been assigned.

Solicitor Farrell, answering the application for the writ, said:

"That an attempt to find and report said present cost of condemnation and damages or of purchase is an attempt to ascertain and report the actual cost of acquiring the lands included in said rights-of-way, yards, and terminals upon the assumption that the railroad of which they are a part is not in existence; that to make such an attempt is to indulge in mere speculation; that the railroad has long been established; that to it have been linked the activities of agriculture, industry and trade; that communities have long been dependent upon the services of the railroad, and that their growth and development have been conditioned upon the facilities it has provided; that the uses of property in the communities served by the railroad are to a large degree determined by it; that the values of property along the line of the railroad largely depend on its existence; that the railroad is in integral part of the communal life; that the assumption of the non-existence of the railroad, and at the same time that the values that rest upon it remain unchanged, is impossible and cannot be entertained; that the conditions of ownership of said lands and the amounts which would have to be paid in acquiring them, supposing the railroad to be removed, are wholly beyond reach of any process of rational determination; that it is impossible to describe the conditions that would exist, or the exigencies of the hypothetical owners of said lands, upon the assumption of the removal of said railroad; that the evidence introduced before respondent in connection with the valuation of said lands establishes that at the time said railroad was constructed a large portion of said lands was donated to relator by members of the general public; that at said time another portion of said lands was purchased by relator; that at said time relator obtained title to another portion of said lands through condemnation proceedings; that upon the assumption of the removal of said railroad and of its reproduction it is impossible to ascertain the portion of said lands which would be so donated, or the portion thereof which would have to be purchased by relator, or the portion thereof relator would have to acquire title to through condemnation proceedings; that it is apparent that the removal of said railroad and the immediate reproduction thereof would not damage in any manner or to any extent any of the lands adjoining or adjacent to said railroad or the owners of such adjoining or adjacent lands, and that it is impossible to determine that upon the assumption of the removal of said railroad the title to the lands included therein would revert to or be vested in the owners of said adjoining lands."

To show the court the trend of thought with regard to the title a railroad should hold in land used for right-of-way purposes, the solicitor quotes the Texas law, which says the title shall not be in fee and that forfeiture of the franchise of a particular company shall not result in any impairment of the easement or its use by some other company.

OPERATION DISCONTINUED.

It is announced that the operation of the Elk & Little Kanawha Railroad will be permanently discontinued, effective at 12 p. m., Jan. 18, 1919.

The Open Forum

A Department for the Discussion by Patrons and Friends of THE TRAFFIC WORLD of Transportation Questions of Interest to Traffic Men Who Keep in Touch With the Times—Contributions are Welcomed

COMPETITION COMES FIRST

Editor The Traffic World:

We see a new danger in Theodore P. Shonts's observations on the railroad problem. He would put the Sherman law out of business, form a trust combine of the carriers, do away with the competitive feature of transportation and thus place the shipper entirely at the mercy of the carriers. The danger is that he dangles before the shipper the blessings of the pooling of equipment and terminals, the more economical loading and routing of freight, the unification of passenger and ticket offices, etc.

Some shippers may look at these and overlook the fact that his program means that it will be simply a case of take such service as the carriers see fit to give, making it a great deal worse than government ownership. What the shippers want more than anything else is the blessings of competition, and then, if possible, the blessings of the pooling of equipment and terminals, the unification of passenger and ticket offices, etc.

This might be accomplished by permitting the government to act as a holding company for all the railroad property and lease to private corporations the rail facilities, etc., on a basis of their value, the terminal facilities at all stations to be consolidated and payment of rental made proportionately to their use by each carrier. The rolling stock could be held by the government and rental paid by the carriers on a per diem basis, and thus we would retain the competitive feature, the blessings of the present administration, and the government could build such facilities as they need for war purposes and lease to the carriers.

Jacob E. Decker & Sons,
R. L. Ellis, Traffic Dept.

Mason City, Ia., Dec. 17, 1918.

SETTLING OVERCHARGE CLAIMS

Editor The Traffic World:

I would like your good paper to take up the subject of the railroads settling overcharge claims. Anyone with a great deal of patience cannot long endure the manner in which the railroads are handling this class of claims. It is really disgusting.

October 12, 1918, I addressed a circular letter to all the overcharge claim bureaus with which we have outstanding claims, reading as follows:

"Heretofore it has not been the policy of this company to demand interest on overcharge claims where they have been handled promptly.

"Owing to the incompetent help that the railroads are using at their local stations and the enormous increase in erroneous overcharge collections, it has become necessary for us to demand interest on every claim filed for overcharge in accordance with Conference Ruling No. 489.

"The interest will not begin to pay us for our trouble and the time we are out our money; however, the erroneous collections have almost doubled since the government took the railroads over, and we feel fully justified in our action and therefore hope that it will be unnecessary for us to call attention to the interest on each individual claim."

I have numerous cases where the overcharge runs from \$250 to \$500 on a single carload movement, and in pressing claims to recover the erroneous collection full tariff authority for the rate claimed is shown on claim base and such claims for large amounts I follow up personally every fifteen or twenty days. This, however, does not seem to have any bearing with the carriers in expediting settlement. One would hardly believe that the carriers in investigating an overcharge claim amounting to \$200 and over, would delay payment of same and write

the claimant for authority to reduce the amount fifty cents account of an error in extension. This they are doing right along, and it is obvious that no judgment whatever is being used, because any claim investigator should know that the proper way to handle such a claim would be to enclose draft with a letter explaining how the amount is arrived at.

In this connection we desire to quote paragraph 8, in Director Prouty's Circular No. 41, as follows:

"General Order No. 25 requires shippers and consignees to promptly pay transportation charges. In the event that an overpayment is made by a shipper or consignee, due to an error in weight, rate, extension or classification, it is the duty of the carrier to promptly adjust the error; therefore, accounting officers to lines under federal control shall immediately inaugurate appropriate methods of accounting such as will result in the payment to claimants of overcharge claims within the prescribed free time of thirty days after filing, or with a minimum of delay beyond that period."

All the railroads, with which we have outstanding overcharge claims apparently try to evade or delay payment purposely, and I am inclined to believe that there are a great many other large shippers who are experiencing the same difficulty. This condition was in existence prior to federal control and, instead of improving, it has grown worse.

R. L. Stover, Traffic Manager,
United Paper Board Co., Inc.

New York, N. Y., Dec. 19, 1918.

A BUCK-PASSING TALE

The following letter from Carl Giessow, assistant general manager of the New Orleans Joint Traffic Bureau, written under date of December 16, to N. B. Wright, chairman of the Southern Freight Traffic Committee, shows how some things do not get done:

"I desire to acknowledge receipt of your letter of December 6, File 2-550, relating to the question of free time allowance on coastwise traffic, in which you suggest that I handle the subject presented with Mr. J. B. Bannon, chairman of the New Orleans Southern Freight Traffic Committee.

"I am very frank to say that I am keenly disappointed by the manner in which this matter has been handled by various officers of the Railroad Administration, and that you might appreciate that my complaint is meritorious and just, I am outlining below briefly the various steps which have transpired in the handling of this subject:

"On March 15 I addressed my first communication to Mr. C. A. Prouty, who, under date of March 27, advised that the matter properly belonged to Mr. Chambers, to whom it had been referred. No advice having been received from Mr. Chambers on the subject by April 12, on that date I addressed him, enclosing copy of my original letter to Mr. Prouty for fear that the letter from Mr. Prouty to Mr. Chambers, transmitting my original letter, might have been miscarried. On April 24 Mr. Robert C. Wright acknowledged receipt of the previous correspondence, and advised that the subject was under consideration by the regional director at Atlanta, to whom my letters had been referred. Not receiving any advice from Mr. Winchell, Southern regional director at Atlanta, I, on June 3, addressed him seeking information as to status of the subject. No reply being received, on July 31 I traced Mr. Winchell, whom, on August 9, replied advising that the question of modification of the free time allowance on coastwise traffic was under consideration. No further advice being forthcoming, I traced Mr. Winchell under date of October 11, inquiring as to the progress made, in reply to which I was informed under date of

October 15 that the Southern Freight Traffic Committee at Atlanta, to whom the question had been referred, would advise me direct when definite conclusions had been reached. Not receiving any advice from your committee, I wrote you under date of November 11, making inquiry as to disposition of the subject, and not receiving reply, I traced you under date of December 5, in response to which I received your letter of December 6.

Notwithstanding we have been after the subject since the 15th of March, 1918, or approximately nine full months, we are no further now than we were when the first letter was written. To me, the handling given the subject to date does not conform to the idea that "The Public Be Served." Seemingly, the question of free time allowance on coastwise traffic is "Nobody's Child, and no one is willing to give it a home."

"Certainly, I think you will agree with me, after reviewing the foregoing, that the public is entitled to better and more expeditious handling of matters of this import."

ILLEGITIMATE CONSIGNEES

The Traffic World Washington Bureau.

A decision that will arouse interest among shippers who obtained shipment of commodities by billing them to army officers, real or fictitious, and thereby evaded embargoes, has been made by Judge Haight, of the United States Court for the District of New Jersey. He overruled demurrers to indictments brought against lumber dealers who were accused of obtaining concessions and discriminations in violation of that part of the act to regulate commerce known as the Elkins law. The case is entitled: "U. S. vs. Metropolitan Lumber Co. and Jacob Jacobson; Southern Lumber Co. and David Jacobson; Franklin Lumber Co.; Boynton Lumber Co.; Ira R. Crouse and Perrine and Buckellew, Inc."

The decision gratifies those officials of the Railroad Administration and the Interstate Commerce Commission who labored last winter to bring about orderly transportation to and through congested eastern terminals. It is suspected that the decision will also be interesting to those shippers who felt what they believed to be the effect of discrimination arising from the fact that embargoes curtailed what they believed to be their share of the transportation service while some of their competitors seemed to obtain transportation without much trouble and were thereby enabled to replenish their stock of material. In substance, Judge Haight ruled that it was a concession such as is forbidden by the Elkins law, when shippers used the names of agents of the government or army officers as the consignee, when, as a matter of fact, the real consignees were the shippers themselves.

Since the overruling of the demurrer to the indictment, lumbermen at Newark, N. J., and at other points in the congested area have pleaded guilty and paid fines as high as \$12,000. The government has refused to accept pleas of nolle contendere, its officials claiming that the offense was wilfully committed and that such a plea, therefore, could not be accepted from the offenders.

In its opinion the court indicated that the indictments charged that "the several defendants, by deceiving the railroad officials as to the character of the shipments, through the device of having lumber fraudulently consigned to themselves in care of various army officers, or directly to the latter, procured its transportation in interstate commerce over the lines of the Pennsylvania Railroad Company, while the embargo was in force, and thus procured transportation service which the embargo forbade, and which in some instances others, desiring to ship over the same route of the said Pennsylvania Railroad Company, were unable to procure because of the existence of the embargo, thereby receiving discriminations or concessions in respect to the transportation of such property in interstate commerce."

This practice whereby shippers falsely billed property, which was intended for private use, as government freight to army and navy officers, without being authorized to use the name of the government or its officers, was mentioned in the recent annual report of the Interstate Commerce Commission to Congress. The prosecutions were brought at the Commission's request after investigations had been made by the Commission.

Some of the important points decided by the court are that discriminations may arise from inequality of service

as well as from inequality in the rates; that concessions and discriminations unconsciously granted by the carrier, but knowingly procured by the shipper, may be unlawful, under the Elkins act, and may subject the shipper to prosecution; and that unlawful discrimination in favor of the defendant lumber dealers was sufficiently alleged, although the indictments indicated that competing lumber dealers did not ship, or attempt to ship, during the period of the embargo.

Some of the counts in the indictments alleged that the defendants received "concessions whereby advantages were given them." In response to the contention by counsel for defendants that such concessions did not relate to service but could only be effected by a reduction of the transportation rates below the published basis, the court held:

"Whether the defendants in this case received a discrimination or a concession (a discrimination may readily include a concession) would seem to depend upon whether they secured something which others similarly situated could not, without regard to any general rule or regulation, or whether they received something more favorable than an established rule or regulation, such as the embargo entitled them to, irrespective of whether others were denied the same concession or not. In either case, what they did receive the Elkins act forbade them to receive and made their act in receiving it a criminal offense."

On the point, which was argued at considerable length, that the act to regulate commerce and the Elkins act were suspended by the federal control act, the court held:

"I do not think that it needs any argument to demonstrate that if the official to whom the law committed the possession and control of the railroads did not deem such possession and control except as occasion might arise thereafter, so inconsistent with the interstate commerce acts as to necessitate a suspension of them, that any court would be justified in holding to the contrary."

CONTROL OVER STATE RATES

The Arizona Corporation Commission is not impressed by the claim of the Railroad Administration that it is the only rate-making power. In its docket No. 520, in re application of the Maricopa Creamery Company for an extension of certain special commodity rates on evaporated and condensed milk to Phoenix, the commission has issued an order, by its terms operative on January 1, requiring the Arizona Eastern and the El Paso & Southwestern, federal-controlled roads, to put Phoenix on a parity, in the matter of L. C. L. rates on evaporated milk and cream, with Creamery, Arizona. To enable it to reach the conclusion that it has the power to do that, it had to consider the effect of the tenth section of the federal control act. The opinion is as follows:

The complainant is a corporation organized under the laws of Arizona and is engaged in the manufacture of butter, cheese and condensed milk at Phoenix, Ariz. In a complaint filed May 23, 1918, it alleges that the rates charged by the defendants for the transportation of condensed milk from Phoenix to points in Arizona are unreasonable and unjustly discriminate against it in favor of Armour & Co., a corporation engaged in the manufacture of condensed milk at Creamery, Ariz., a station on the Arizona Eastern Railroad, situated about nine miles from Phoenix, and asks that the defendants be required to put into effect and maintain for the transportation of condensed milk from Phoenix to points in Arizona a mileage scale of rates identically the same as that which now applies to the transportation of condensed milk from Creamery to points in Arizona.

The Salt River Valley, in which Creamery and Phoenix are both located, contains about 290,000 acres of irrigable land, 210,000 acres of which are actually under cultivation, the water being supplied from the Roosevelt Reservoir, through a system of canals and laterals which, in conjunction with the Roosevelt Dam, constitutes one of the largest irrigation projects in the world. Dairying and the manufacture of butter, cheese and condensed milk are ranked among the principal industries of this section.

On account of the extreme dryness of the Arizona atmosphere and the lengthy duration of its hot summers, condensed, or, more properly speaking, evaporated milk—the term "condensed" being strictly applicable to milk preserved with cane sugar and the term "evaporated" to

the unsweetened variety—will not keep, without special protection, for a longer period than six months. For this reason purchases are made by the average dealer mostly in less-than-carload quantities. The freshness of the local article and the proximity of the point of production to the points of consumption gives it a decided commercial advantage over its foreign rivals.

The rates on condensed or evaporated milk which apply from Creamery to points in Arizona were established by us in Case No. 5 primarily for the purpose of opening the markets of the state to a local product and incidentally to stimulate an industry languishing by reason of prohibitive rates.

The plant at Creamery was formerly owned and operated by the Pacific Creamery Company and since its acquisition by Armour & Co. the respondents have repeatedly requested us to permit them to abolish the less-than-carload rates and to increase the carload minimum from 30,000 to 40,000 pounds. Whether these requests were made in pursuance of a general plan or policy having for its purpose a nation-wide increase in railroad earnings we are unable to say; but there is indubitable significance in the fact that the only reason urged in justification of them was that they were "perfectly agreeable to Armour & Co., the only party interested."

At the hearing, June 22, 1918, the defendants, contrary to their usual custom in rate investigations, were represented by their local attorneys, who, after formally objecting to our jurisdiction and being overruled, withdrew from the hearing room in a very precipitate and uncerebrated manner and with a show of feeling bordering on rancor. They asseverated, somewhat vehemently, that, as the properties of their clients had been taken over by the federal government as a war measure, the state of Arizona during the period of federal control, had been automatically divested of its inherent and sovereign right to regulate the intrastate rates, fares and charges of their clients; and that whatever grievance the complainant might have should be submitted to the local traffic committee of the United States Railroad Administration.

Although reasonably satisfied that the necessary police powers of the state, viewed in the light of the articles of confederation, the federal constitution and the decisions of the Supreme Court of the United States, were neither submerged nor suspended by the congressional enactment under which the President assumed control of the nation's transportation facilities, we pocketed our pride, stifled the indignation which naturally springs from an attempted deprivation of lawful authority, the usurpation of power, or any unnecessary, unwarranted, or unjustifiable intrusion upon the sacred and inviolable precincts of states' rights and state's sovereignty, and heeding our country's call for increased productivity, resolved to repress our resentment and withhold our judgment in the hope that the complainant might succeed in obtaining some measure of relief from or through this local committee. More than four months have elapsed since the matter came to the attention of the United States Railroad Administration, and, although the world, on the verge of famine, is calling piteously to us for food, this local committee, exercising the functions of a governmental agency and required to co-ordinate and co-operate with the national Food Administration, although fully cognizant of all phases of the situation, not only remains supremely inactive, but does not even deign to accord the sufferer the civility or common courtesy of acknowledging that the subject has been brought to its attention. But the most reprehensible feature of its attitude toward the case lies in the fact that one of its members has recently approached one of the complainant's officers and, by insinuation and innuendo, has given him to understand that the matter might have been satisfactorily disposed of had the complainant placed it in their hands instead of submitting it to us. It must be appalling, even to one possessed of an imperfect or indifferent moral perception, that an officer of a governmental agency should be guilty of such gross contumaciousness, especially in such a time as this.

It is hardly to be expected that the traffic directorate of the United States Railroad Administration, constituted as it is, of men who during the greater part of the last three decades have had control of the nation's principal transportation systems, would at this time undertake to remedy or remove the conditions which brought about the

discriminations which individuals and localities have been subjected to during pre-war times. From our observations and experiences, particularly in the intermountain rate cases, their leanings toward special interests have biased their judgments and warped their understandings to such an extent that they could never be made to see the obliquities and iniquities of many of the present rate adjustments and rate relationships. An analytical study of the various freight tariffs which name through rates from eastern producing points to western, middle western, northwestern, or southwestern distributing or consuming points will disclose that many of the rate structures have been erected for the benefit of particular localities, that in innumerable instances commodity rates have been established for the benefit of particular trusts, and that carload mixtures have been arranged for the benefit of particular jobbers. Though the act to regulate commerce and many state statutes were designed to destroy the preferences and advantages which result from the manipulation of rates, discrimination and kindred commercial evils are as prevalent to-day as they were before the inhibitions and interdictions against them were given legislative expression. If the law has not been effectual in the removal of these cancerous growths it is folly to think that an appeal to the men who brought them into being and who are directly responsible for their existence will be productive of a result which the law has failed to accomplish.

That the federal government, in order to secure priority and the utmost facility in the movement of troops, munitions, supplies and impedimenta during our preparations for and in the prosecution of the war, had the absolute right to assume control of the nation's transportation systems is unquestioned; but that it has the exclusive right to regulate and prescribe rates for such commercial transportation as remains after the government's needs have been fully satisfied is a very different matter; and after weighing carefully the proviso contained in the Overman act, which expressly reserves to the states the right to exercise their necessary and accustomed police powers when such powers do not conflict with or derogate from the power therein granted to the federal government, we are impelled to the conclusion that, with respect to such residue of transportation, Congress intended that the federal government should act simply as the agent of the railroad stockholders, the regulatory power of the states with respect to purely intrastate commercial transportation remaining undisturbed and unimpaired.

That Congress did not intend to clothe the President with the power to indiscriminately initiate or increase rates should be apparent when we stop to consider the scope and obvious intent of the several war measures. Discussion of the Overman bill in the Senate indicates clearly that the authority granted the President to initiate freight rates was to be exercised only in cases of real and pressing emergency; such emergencies as might result from circumstances or exigencies arising directly from the war, but not such as were merely incidental or collateral to the prosecution of it. As ample provision had already been made for the betterment and rehabilitation of such properties as were found to have fallen below the recognized standards of efficiency, as well as for those which might become useless or impaired during the period of governmental control; and as no justification had been publicly assigned for it, the horizontal increase of twenty-five per cent, put into effect on both interstate and intrastate freight traffic on every railroad in the United States by fiat of the United States Railroad Administration, without the formality of a public hearing, without the advice or consent of the several states and against the protest of the shipping public, will go down in the annals of our history as an arbitrary exercise of power, a wanton and reckless disregard of popular rights and constitutional guarantees, and an unparalleled departure from the great principles of democracy upon which the Union was founded.

In the creation of public utility commissions the constitutions and statutes of the several states invariably prescribe the manner in which rate increases shall be initiated. One principle which they invariably possess is that the applicant must justify the necessity for the increase by a showing made at a public hearing. Prior to the passage of the act to regulate commerce there was no federal law to prevent carriers from increasing

interstate rates; but now, according to the letter of the law, and according to the administration of it—increases in interstate rates are required to be accomplished in precisely the same manner as the state laws prescribe for the increase of intrastate rates. That method of procedure is perhaps the greatest safeguard which human ingenuity could devise to prevent incompetent or venal commissions from granting, *ex parte*, rate increases of doubtful or questionable propriety.

That the railroads of this country have assiduously and determinedly fought and resisted this species of regulation is a matter of common knowledge. That they have resorted to every artifice and stratagem in the category of chicanery to diminish or destroy the regulatory powers of state commissions is notorious; and when our country, confronted with the stern reality of having to engage in a war of indefinite duration, strove, through Congress and the President, to bring about such a co-ordination of its instrumentalities and resources as was necessary and indispensable to the winning of it, they were the first to break down, it being the general impression that, in order to embarrass and discredit the government in its operation of their properties, they deliberately laid down, and now, after having been coddled and pampered and converted into a quasi-governmental agency, they have the audacity and insolence to appear at a public hearing and contend that the creation of the United States Railroad Administration automatically divested the state of Arizona of its power to prevent them from giving Armour & Co. an undue preference and advantage over the Maricopa Creamery Company in the sale and distribution of condensed milk at points within the state of Arizona.

That the action of the United States Railroad Administration in putting into effect a general increase of twenty-five per cent was ill-timed and ill-advised may be gathered from the fact that one of the Arizona railroads has recently requested us to permit it to make a reduction of twenty per cent in its freight rates, for the reason that the increased cost of living brought about by the war, when added to freight rates which are more than remuneratory, imposes such a burden on the people depending upon it for transportation service that it would be unconscionable for it to continue to charge the higher scale. The rates which it sought to reduce have been in effect for a number of years and were not increased by the Railroad Administration's Order No. 28. In the case of another Arizona carrier, involving the question of reasonable rates for the transportation of ore, we found that it was earning approximately thirty-seven per cent on its book investment under rates in effect prior to June 25, 1918. After being relinquished from federal control, it applied to us and obtained authority to cancel the rates which resulted from Railroad Administration Order No. 28, thereby restoring the rates which were in effect prior to June 25, 1918. The chief traffic officer of another Arizona carrier, which at no time has been under federal control, informs us that a certain member of the Western Traffic Committee of the United States Railroad Administration threatened to put his road out of business if it did not put the twenty-five per cent increase into effect.

While we are championing the cause of political liberty and the right of self-determination for the smaller nations of the world, we might profitably indulge in a little house-cleaning at home. Our efforts in behalf of the down-trodden will be futile if, while the flower of our manhood is being immolated upon the sacrificial altar of war, in order that government of, for, and by the people shall not perish from the earth, bureaucracies and loose-officialism at home are permitted to overawe and override constituted authority.

It must be apparent even to the most obtuse understanding that we have wandered far from the paths of national rectitude when we allow the necessities of war to be made a screen for the machinations of predatory and unscrupulous interests, when through their sinister influences and insidious methods individual rights are rendered remediless, and especially when they are offered every possible means of ridding themselves of any remaining vestige of state regulation and restraint.

This tribunal is a creature of the state constitution. Upon it devolves the duty of regulating the intrastate rates of common carriers. Upon it also devolves the duty

of abating unjust discriminations against individuals and localities. That the assessment of rates for the transportation of condensed milk from Phoenix that are on a higher scale than those which apply from Creamery, when all of the circumstances and conditions attending and surrounding the transportation are exactly similar, constitutes an unjust discrimination, cannot be gainsaid; and that the defendants have subjected the complainant to such injustice is unquestioned and uncontroverted.

From all the facts of record, we are of the opinion and find that the rates charged by the defendants for the transportation of condensed milk are excessive and unjustly discriminate against Phoenix and the complainant to the extent that they exceed the rates contemporaneously charged by them for the transportation of condensed milk from Creamery for like distances.

COMMISSION RESTRAINED

The Traffic World Washington Bureau.

A restraining order has been issued against the Commission by federal Judges Knappen, Killits and Westenhaver, sitting as a special commerce court at Cleveland for the northern district of Ohio, eastern division, in the case of National Tube Co., Carnegie Steel Co., and The Lake Terminal Railroad Co., against the United States of America, the Interstate Commerce Commission, William G. McAdoo, Director-General, the Baltimore & Ohio, and other trunk lines having rails at Lorain, Ohio, connecting with the rails of the Lake Terminal R. R. Co., the latter a subsidiary of the United States Steel Corporation.

The order forbids the Commission to enforce its order dated June 11, 1918, requiring the trunk lines defendant in this case to cease and desist from making any allowances or divisions of rates to the Lake Terminal Company, for or on account of the services to the National Tube and Carnegie Steel Company.

This litigation is one of the outgrowths of No. 4181, the industrial railways case, which in turn was an outgrowth of the tap line case. The Commission decided that the Lake Terminal and other industrial railroads were mere plant facilities and not entitled to allowances. Then the Supreme Court made its decision in the tap line cases and the Commission had to recede from its holding that the railroads owned by lumber and other industrial corporations were not common carriers. It had to hold that they were common carriers, but held that they were not entitled to as great divisions as the trunk lines had been paying them. In some instances it decided that the common carrier industrial lines were entitled to charge switching rates for the services performed for the proprietary interests.

After the Supreme Court had decided that these industrial lines were common carriers the Tube Company and the Carnegie Company sued for reparation. The record in No. 4181 was stipulated into this reparation proceeding, which, of course, was before the Interstate Commerce Commission.

The Commission, instead of confining its report in this reparation case to the precise question involved, held that the Lake Terminal Company was not entitled to divisions for services performed for the Carnegie and National Tube companies. That excursion outside of the record caused the application to the federal judges for an injunction. They came to the compulsion that the stipulation of the record in No. 4181 into the reparation case was not such notice to the parties in interest that the question as to what allowance, if any, was due the Lake Terminal Railway Company was involved, as they were entitled to receive. Therefore the court enjoined the enforcement of the order, which otherwise would have become effective December 15.

In their opinion, the judges called attention to the fact that the absorption of divisions paid to the Lake Terminal Company continued long after the decisions of the Commission that the Lake Terminal was a plant facility. In fact, the court said, the absorption of divisions has continued ever since April, 1915, "without criticism by the Commission by way of action upon tariffs or otherwise."

It is the belief of the Commission and the Railroad Administration that, upon hearing on the merits, the court will refuse to enjoin the enforcement of the order.

TRAFFIC STATEMENT

The Traffic World Washington Bureau.

Director-General McAdoo, December 14, issued the following comparative statement showing the traffic handled by the railways under federal control at twenty-five of the more important railroad termini of the country for the week ending Nov. 16, 1918, showing a decrease of 13.29 per cent in the tonnage and a decrease of 14.83 per cent in the number of cars used.

	Cars.		Tons.	
	1917.	1918.	1917.	1918.
Atlanta	2,720	2,632	68,475	54,802
Baltimore	5,128	4,734	210,177	204,879
Boston	8,261	6,641	145,347	122,076
Butte	8,410	8,002	288,124	323,047
Chicago	52,580	41,781	1,070,423	1,478,546
Chgo. St. P.	1,118	1,714	19,412	31,892
Cincinnati	9,474	8,826	310,214	327,356
Indianapolis	26,081	18,737	1,174,198	801,799
Minneapolis	1,600	1,359	49,935	36,026
Hampden Roads	14,412	11,747	544,002	551,895
Kansas City	7,892	7,407	182,204	170,433
Los Angeles	1,928	1,400	46,231	45,295
New York	29,879	24,244	700,910	628,837
New Orleans	1,072	5,739	123,145	146,000
Omaha	3,607	3,382	104,430	86,312
Portland, Ore.	1,777	1,768	54,324	40,476
Portland, Me.	15,000	15,000	546,857	330,149
St. Louis	7,128	6,002	271,777	246,388
St. Paul	15,001	10,804	441,746	355,782
Seattle	2,779	2,507	80,791	66,821
Salt Lake City	2,000	2,751	71,725	102,007
San Francisco	1,714	1,400	36,212	29,911
San Jose	1,714	1,400	36,212	29,911
Tacoma	12,771	9,308	329,738	238,484
Tulsa	8,021	8,026	304,008	330,436
Total	240,000	210,314	7,882,047	6,834,898
Decrease		29,686		1,048,049
Per cent. decrease		12.3		13.29
Average tons per car			33	32

MARKHAM'S NOVEMBER REPORT

The Traffic World Washington Bureau.

"Marked betterment in traffic conditions during the month of November were noted by C. H. Markham, regional director of the Allegheny Region, in a report to the Director-General," says the Railroad Administration press notice. "Mr. Markham sent word that an adequate car supply had been available in November, with the result that it had been possible to remove all important embargoes on outload freight, except where the movement was controlled by permits. He further reported that there are no embargoes in the Allegheny Region at transfer platforms against less-carload freight. Favorable progress was made in additions and betterment work during the latter part of the month because of increased supply of labor."

Mr. Markham's report follows:

"Railroads in Allegheny Region were able during November to afford necessary transportation, although during early part of the month there was slowing up of business, due to serious influenza epidemic. Latter part of the month epidemic abated and conditions everywhere have improved, until they no longer seriously handicapped steady flow of traffic. Weather conditions were favorable for successful operation."

"We have been able to remove all important embargoes on outload freight except where the movement is controlled by permits, and there are now no embargoes in the Allegheny Region at transfer platforms against L. C. L. freight."

"There was a decrease of 84,322 cars, or 12 per cent, in revenue freight loaded, and 9,655 cars, or 1.7 per cent, in revenue freight received from connections, compared with November of last year. Anthracite coal loading decreased 13,992 cars, or 26 per cent, and bituminous coal loading decreased 698 cars, or 0.4 per cent. Greater portion of the decrease in revenue cars handled and coal output was due to two peace day celebrations, Thanksgiving Day, which was more generally observed this year, and to influenza epidemic affecting mining of coal, and loading and unloading of other commodities. Tidewater coal dumped was 2,208,681, increase of 297,228 tons, or 12 per cent, compared with November of last year."

"There was an adequate car supply available, and the cars in the Allegheny Region equaled 99 per cent of ownership compared with 115 per cent, June 1, 1918."

"Sailing day guides have been published covering Philadelphia, Trenton and Baltimore, and remainder of guides

for this region are expected to be completed by January 1. This is resulting in the saving of a large number of cars and permits the loading of solid cars to remote points, resulting in better service to the public, avoiding delay at transfer platforms, and eliminates the additional expense of handling at such transfer stations."

"Report of blast furnace operations November 23 shows no furnaces out due to transportation deficiencies."

"Passenger travel during month was normal. Passenger train schedules were maintained with reasonable regularity, showing big improvement over corresponding period of 1917. Due to cessation of hostilities, seven trains serving industries have been withdrawn, and since that time troop movements have been light."

"Number of bad-order cars decreased 2,578, compared with October, 1918. Locomotive output increased 6 per cent as compared with October, due to better working conditions, influenza not being so prevalent, but the locomotives out of service increased 50."

"Railroads received 15 locomotives built in their shops and 10 from locomotive builders, leaving 319 to be received to complete 1918 program."

"Ninety-one unifications of facilities were effected during month, resulting in annual saving of \$766,000. Total annual saving in the region due to unification of facilities and service since federal control amounts to \$7,945,000."

"Addition and betterment work during the latter part of the month made better progress, due to ability to recruit more labor, as the demand has not been so great in the war industries. By concentrating on enginehouse and yard improvements, large portion of such work has been completed, or is nearing completion, so that benefit will be derived during present winter from these expenditures."

REPORT BY HOLDEN

"Unusually satisfactory traffic conditions for the present period of the year" were reported by Hale Holden, regional director of the Central Western Region, in a statement to Director-General McAdoo, covering operations in his region for the month of November, made public December 19. Mr. Holden sent word that "the car supply was ample to meet all requirements." Loading of live stock increased 8,643 cars, or 12.3 per cent, as compared with the same month, 1917. There was a decrease in coal loading of 16.3 per cent as compared with November, 1917, due to lack of market because of previous accumulations. Mr. Holden also reported further extensions of the "sailing day" plan and informed the Director-General that as a result of the introduction of this plan a total saving has been achieved of 4,672 cars weekly. Mr. Holden's report follows:

Movement of Business—Conditions generally were favorable to operation. The influenza epidemic, so pronounced during the month of October, continued during the early part of November, but not to the extent of causing any serious interruptions in the movement of business and no accumulations or congestions of consequence occurred. The car supply was ample to meet all requirements. As a result of decreased demand for coal and general loading, a surplus of coal and box cars has been accumulated on practically all roads. The large amount of grain in storage at the principal primary market (utilizing from 70 per cent to 85 per cent of total elevator capacities) made necessary the continuance of the permit system, which plan accomplished the purpose intended with general satisfaction.

Car loading was as follows:

TOTAL CARS COAL LOADED.			
1917.	1918.	Decrease.	Per ct. dec.
142,955	170,696	27,741	16.3
TOTAL CARS GRAIN LOADED.			
1917.	1918.	Increase.	Per ct. inc.
27,384	27,173	211	.8
TOTAL CARS LIVE STOCK LOADED.			
1917.	1918.	Increase.	Per ct. inc.
70,080	61,437	8,643	12.3
TOTAL CARS REVENUE FREIGHT LOADED.			
1917.	1918.	Decrease.	Per ct. dec.
515,160	594,254	79,094	13.3
TOTAL CARS REVENUE FREIGHT RECEIVED FROM CONNECTIONS.			
1917.	1918.	Decrease.	Per ct. dec.
275,197	299,840	24,643	8.7

The heavy decrease in coal loading is explained by lack

of market resulting from heavy storage supplies and reduced demand.

Fruit Traffic—Very little California fruit in trainload lots moves at this season of the year. Only 20 special trains were operated, with a total of 681 cars, an average of 34 cars per train.

Live Stock—Compare with same month last year the total loading increased 8,643 cars, or 12.3 per cent. The loading was fully protected at all times and the traffic moved promptly.

Kansas City market handled a total of 16,913 cars inbound, an increase of 2,031 cars, or 13.6 per cent; outbound, 6,760 cars, an increase of 230 cars, or 3.5 per cent.

South Omaha market had inbound 11,488 cars, an increase of 464 cars, or 4.2 per cent; outbound 3,643 cars, an increase of 1,760 cars, or 32.6 per cent.

St. Joseph market had inbound 6,819 cars, an increase of 1,981 cars, or 39.5 per cent; outbound, 1,742 cars, an increase of 346 cars, or 24.8 per cent.

Oil Traffic—All loading fully protected currently. Operated out of the Mid-Continent fields a total of 544 special oil trains, with 14,336 cars, an average of 26 cars per train, of which the Santa Fe road handled 119 trains, with 3,406 cars, an average of 29 cars per train.

Troop Movements—The number of troop movements decreased materially compared with previous months. A total of 42 special troop trains, with 15,632 men, were operated during the month, in addition to which about 9,000 men discharged from the service were handled.

Coal Traffic—The coal situation in the Illinois, Indiana, Iowa, Colorado, Utah and Wyoming fields during the month of November has been easy from a transportation standpoint. The car supply was more than ample, the daily reports of the coal roads showing accumulatively many more cars available than the mines were ordering. The decrease of 16.3 per cent, as shown in tabulation above, shows the lowest loading since June. The decrease was primarily due to lack of market, although the two peace day celebrations and Thanksgiving also contributed to the result. Indications are that there will be very little change in the situation during December and the use of storage coal will result in continued light shipments from the mines.

Sailing Day Plan—During the month of November the Sailing Day Plan has been established at twenty additional smaller stations, resulting in a saving of 508 cars per week. The total saving since this work was inaugurated now amounts to 4,672 cars weekly. Loading for the week ending November 9 as a test indicates an increase in the average weight per car from 13,414 to 14,737 pounds. The Sailing Day Committee is giving considerable attention to the loading of cars to avoid transfers and has already established through cars from San Francisco to New York and from Ogden and Salt Lake City to Chicago and expects shortly to have through cars from California points to Chicago. The operation of through cars not only saves labor involved in transferring contents, but also reduces the liability of loss and damage.

Terminal Situation—All of the large terminals in the region have been operating effectively and there has been no congestion in carload or less-than-carload business. All terminal managers report a free movement through their terminals and generally satisfactory conditions. There has been a full supply of warehouse labor at terminal freight houses and business has been handled with remarkable dispatch.

Power and Equipment Conditions—Number of men in car and locomotive departments, November 16, 1918:

	1918.	1917.	Increase.	Per ct.
Car department	23,703	21,691	2,012	8.4
Locomotive department ..	65,213	58,528	6,685	11.4
Total	88,916	80,219	8,697	10.8
Total cars on all lines				375,248
Number of cars bad order				18,048
Per cent in bad order				4.8
Number of cars bad order same date last year				18,949
Decrease equals, per cent				901
				4.7

	1918.	1917.	Increase.	Per ct.
Number of locomotives turned out of shop	814	691	123	17.8

We have given general overhauling to 19 B. & O. locomotives at shops in our territory and we are working at the

present time on 22 more. We still have 44 western locomotives loaned to eastern lines and in service there. Many of our new locomotives being turned out of the shops in the east are assigned for temporary service to some eastern lines. We received from the builders during the month of November only 19 new locomotives on our 1918 allotment.

Maintenance of way—Federal managers as a whole report the condition of their track and property to be as good as it was last year with few exceptions.

Consolidated Ticket Offices—Comments of the newspapers and the public generally have been favorable to the opening of the consolidated office at Chicago November 4. The only offices which now remain to be opened in this region are at Los Angeles and San Francisco and we expect to have them open before January 1. Our reports indicate that the service at these offices is excellent and that the plan is a success both from the standpoint of efficient service to the traveling public and of saving in expense to the railroads.

Saving in Passenger Train Mileage—During the month of November there were the following reductions in train mileage:

	Train miles.
C. & A. trains 62 and 65 between Chicago and Peoria, annual saving	113,150
Readjustment Wabash local train service, annual saving	197,974
Readjustment Western Pacific and Southern Pacific service in Nevada and California, annual saving	71,175
Total	382,299

In addition the Southern Pacific discontinued two round trips per day of motor car service between Oroville and Marysville, thereby effecting a saving of 37,230 miles per annum.

There was no passenger train mileage added during the month, so that the savings mentioned are net.

Several lines were also able to discontinue one or more sleeping cars.

Passenger Traffic—The passenger travel during the month of November was light. This was in large part due to influenza epidemic. The cessation of troop movements to ports of embarkation also had its effect upon passenger earnings.

The work of demobilization, which is now in progress, means a heavy movement from cantonments. Additional facilities and ticket sellers have been installed to handle the movement.

Dining Car Service—After the dining car service had been in effect a month the chief passenger traffic officers of lines in this region were asked to develop how the service is regarded by the public. Their reports indicate general approval of the change from a la carte to table d'hôte luncheons and dinners. Southern Pacific, for instance, advises that in October they served 81,880 table d'hôte meals, and during that time received but four complaints from passengers who stated they preferred a la carte service. Of course, this does not indicate that all the balance prefer table d'hôte service, but the fact that only this inconsequential number expressed disapproval of the change shows quite clearly that it has been received with popular favor.

Unification of Facilities—There have been some minor unifications of facilities in the Alton Terminal, resulting in a saving of \$500 a month in the payroll.

The consolidations in the vicinity of Salt Lake City and Ogden, mentioned in my October letter, are progressing favorably.

Some minor consolidations have been made in the Southern Pacific and Western Pacific territory, amounting to \$1,650 a month.

On November 7 consolidations were made of the facilities of the Rock Island and Santa Fe at Chickasha, Okla., resulting in a net saving of \$710 a month.

There are a number of similar consolidations under consideration and progress is being made as rapidly as conditions permit.

WEEKLY TRAFFIC REPORT

According to a report made public by Director-General McAdoo December 18, improvement in traffic conditions, both passenger and freight, is noted throughout the country for the last week. Information received by the Director-General, the announcement says, shows that business is gradually readjusting itself to a post-war basis and

that manufacturing plants, heretofore engaged in turning out munitions for the government, are changing to work on construction orders.

"The movement of grain, coal and other commodities is continuing without any appreciable interruption, the demands being met in all sections as fast as they are known. As an indication of this steady improvement in freight movement, the shipment of grain from Chicago for the week ended December 10 exceeded the same period last year by 3,600,000 bushels, which afforded great relief to the primary markets. The lake cargo coal handled at Lake Erie ports for the season of 1918 exceeded that of 1917 by 1,000,000 tons. Perishable and live stock movements from Chicago to New York increased 3,947 cars during the past week.

"In the Allegheny region the coal production and loading increased during the past week, while the movement of perishable freight showed greater activity compared to the sluggish movement of the week previous.

"Reports from the Pocahontas region show that a slowing up in the loaded freight movement, with a particular decrease in tidewater coal largely due to the lack of demand for water movement to New England.

"A very healthy condition of affairs is noted in the Northwestern region. Revenue freight loaded increased 1,396 cars for the week ended December 10, the previous week having shown decreases. The movement of live stock in this region continues very heavy and grain loadings have increased to a great extent. The arrivals of grain at the primary markets show 20,000,000 bushels this year, as against 7,500,000 bushels for 1917. The temporary shortage of cars for loading grain in Minnesota, the Dakotas and Montana has been relieved.

"Transportation conditions throughout the country affecting both the War and Navy departments are in a satisfactory state. The releases of trains at the port of New York exceeded the arrivals by 1,024 cars. Special preparations are being made for the holiday traffic by both departments of the government.

"In view of the very heavy holiday travel, augmented by discharged and furloughed soldiers, the ticketing facilities in the large centers and at the camps have been increased to an extent which will probably take care of all demands that will be made."

The detailed report follows:

Eastern Region: Reports indicate that business is gradually readjusting itself to post-war conditions, plants changing from munitions contract to work on construction orders.

Grain being freely permitted for export; shipments from Chicago for the week ending December 10 exceeding the same period last year by 3,600,000 bushels, this, of course, giving relief to the primary markets.

The lake cargo coal handled at Lake Erie ports for the season of 1918 exceeded 1917 by 1,000,000 tons.

Automobile manufacturers are turning their forces into their former regular lines of work.

Perishable and live stock movements from Chicago to New York in 769 trains, a decrease of 382 trains, but an increase of 3,947 cars.

Continued increase in passenger traffic, particularly in high-class trains.

Extra suburban trains run in the vicinity of Cleveland to take up the travel tied up by the trolley strike, with favorable comment from the public.

Union station at Cleveland approved by city council; will be voted on by the people January 6.

Allegheny Region: Passenger travel increasing with the approach of the holidays, and extra parlor cars added to accommodate same.

Five special workmen's trains withdrawn during the week.

Three through baggage cars arranged for, commencing January 1, from New York, two to Jacksonville and the other to Atlantic.

Movement of perishable freight active during the week as compared to the sluggish movement previously.

Temporary shortage of refrigerator cars, which will be corrected.

Coal production and loading increased in Allegheny region during the week.

Shipping Day Guide for Pittsburgh being issued, effective December 16.

Pocahontas Region: Large passenger travel, with the ex-

pectation that the ability of the railroads will be taxed to the fullest limits during the Christmas holidays.

Ticket offices being especially manned to meet the requirements with some difficulty.

Loaded freight movement indicates general slowing up, with the particular decrease in tidewater coal, largely due to lack of demand for water movement to New England.

Southern Region: Passenger travel about normal.

Additional sleepers being added to care for the winter tourist travel.

Movement of discharged laborers also requiring special attention in the way of train service, but as a result of the discontinuance of government plants labor trains are being abandoned at various points.

Numerous train schedules have been slightly lengthened, with better results in maintaining schedules.

Reports from the Birmingham district are to the effect that the foundries and furnaces are running full time, with orders that will carry them well into 1919.

The cotton situation still sluggish.

Illness among trainmen caused some slight accumulations at Potomac yards, which it is expected will be corrected in a day or so.

Car situation in good shape, and the Christmas rush of Florida fruits being anticipated in refrigerator car supply.

District rate committees reported as proceeding satisfactorily with their work.

Northwestern Region: Revenue freight loaded increased 1,396 cars for the week ending December 10, the previous weeks having shown decreases.

Movement of live stock continues very heavy, and grain loadings have increased largely.

Grain arrivals at the large primary market show 20,000,000 bushels this year, as against 7,500,000 bushels last year.

Temporary shortage of car supply for loading grain in Minnesota, the Dakotas and Montana is being rectified.

Condition of crops throughout the territory continues very favorable.

Coal shipments throughout the territory are below normal, due to the unusually mild weather and large stocks which are held by various consumers, so that the winter seems to be fairly well provided for.

Lumber industry at Pacific Coast points slowing down, but the shingle market very active.

C. M. & St. P. R. R. reports saving of 981 cars under the sailing day plan for the month of November, in addition to the saving in wages.

No marked change in volume of passenger traffic; demobilizations being well handled.

Central Western Region: Live stock and grain loading increased, while coal movement decreased.

Car situation easy.

The potato crop in California and other western states is about 20 per cent less than for 1917, and the raisin crop has also suffered to about the same extent, but the bean crop will show a 10 per cent increase.

Passenger business heavier than preceding week, the California travel being heavier than a year ago.

Various changes in passenger trains, with some increases to accommodate heavier travel, and some discontinuances of unnecessary train service.

Influenza epidemic still affecting travel adversely.

Southwestern Region: Reports indicate winter crops in splendid condition.

Movement of Texas vegetables at hand, and satisfactory schedules provided.

Oil developments continue actively in the Wichita Falls and Ranger districts.

Miscellaneous traffic increased over last week, and the lumber loading was heavy.

Revival of influenza epidemic has had its effect on the general traffic.

Movement of furloughed and discharged soldiers being handled without complaint.

Necessary to keep open consolidated ticket offices open beyond closing hours to accommodate the public, and service is reported generally satisfactory.

War Department: Handling of traffic at port of New York satisfactory, as releases exceeded arrivals by 1,024 cars, but detention of lighters continues bad, from confusion of overseas shipments.

Some little congestion at interior storage points, owing to switching the large volume of traffic from seaboard to

these points, but arrangements being made to increase the time taken to handle the situation.

Movement for interior storage points being handled under War Department permits.

Production and movement of canned goods and fruits from the Pacific coast continues heavy.

Conditions on the C. & O. R. R. improved, with little or no interruption to War Department traffic.

Transportation conditions throughout the country generally satisfactory.

Navy Department: Transportation situation continues good.

Storage being sought for nitrates and large aeroplanes.

Limitation of overtime in the employment of labor adversely affecting the ability to unload, but situation improving.

Material being moved for construction of the armor plant at Charleston, W. Va., for new vessels and other permanent construction that did not move during the time of war.

Passenger traffic being properly handled, and special preparation will be made for the holiday traffic.

Fuel Administration: Tidewater—Vessel supply very short at Hampton Roads.

Coke: Production about equals demand.

General: Bituminous coal production adequate. Anthracite still short, but increasing. Car supply and transportation ample in all regions.

Fuel Administration: Oil Division—Nothing interesting to report, as supply of equipment and operating conditions continue satisfactory.

Food Administration: Fresh meat and packing house products. Situation generally satisfactory, and complaint practically ceased.

Live stock: Situation on the L. & N. R. R., which was the only bad point, shows material improvement.

Grain: Moving freely into Kansas City, due to demands of the mills. Some difficulty at Boston on the export, owing to labor trouble, which is being given attention by regional directors.

Fruits and vegetables: Movement generally good, and car supply satisfactory, except in some small instances, which have been corrected.

Transportation conditions as a whole satisfactory.

Shipping Board: The shortage of labor reported at various yards resulted in accumulations of cars, but none of a very serious nature, and all being given active attention.

Transportation conditions generally good.

Traffic Executives of the Allies: Report the transportation situation satisfactory as to movement of stores and foodstuffs, the only trouble being the congestion at Newport News, which will be relieved by the decreased use of that port by the War Department.

Coastwise Steamship Lines: All wooden and lake vessels heretofore allocated to the coastwise steamship lines have been released, with the exception of a few, which are en route or loaded.

Movement of raw sugar from New Orleans to New York about half completed.

Large part of the cotton to be moved for the British Ministry of Shipping has been taken care of.

Removal of all-rail embragoes has left the choice of routes open to shippers, and the effect on coastwise lines will be closely observed.

The Mallory, Clyde and Southern Steamship lines have been released.

Mail and Express Section: Express conditions reported good, with the exception of slight congestion at Elyria, O.

Good results continuing by the better loading and consolidation of mail and express, and in some instances the elimination of an entire car.

Passenger equipped refrigerator cars have been turned over by various lines to the express company for loading via any route.

Careful plans being made to care for the mail and express traffic during the holiday period, and situation hopeful.

Agricultural Section: Railroad agricultural agents being used by the Food Administration in the purchase of beans in Colorado.

In the same territory they are active in the dairy en-

couragement. Increased number of inquiries by prospective farm settlers reported.

Exports Control Committee: Progress continues to be made in disposing of U. S. Army freight and freight for the allies.

Disposition of fixed high explosives for the French Commission is progressing.

British, French and Italians are actively looking after the accumulations at seaboard of their stores, returning them to the shipping points for disposition, or otherwise disposing of their traffic in an active way.

A number of very old shipments caused by through export bills of lading have been disposed of.

Indications that a large amount of ocean tonnage will be turned back to trade routes shortly.

Grain situation at the ports satisfactory, excepting, perhaps, at Port Arthur, where there is an accumulation of grain at present.

Puget Sound ports show further increase in cars on hand in spite of efforts being made to control the traffic, but California ports show decrease.

General: On Jan. 1, 1919, through passenger service will be put into effect from New York to the southern winter resort territory. This will necessitate two additional trains between New York and Washington and one additional train south of Washington.

Effective January 1 the schedule of the Congressional Limited will be reduced to five hours between Washington and New York, and observation car will be added, on which seats will be sold the same as in the regular parlor cars.

Very heavy holiday travel, augmented by discharged and furloughed soldiers, is anticipated during the next two weeks, and ticketing facilities in the large centers and at the camps are being prepared accordingly.

Consolidated Ticket Office in Washington will be kept open until 9:30 p. m. from December 16, to December 24.

Live stock receipts at Chicago Yards increased over same period in 1917: Cattle 21 per cent, hogs 43 per cent and sheep 41 per cent.

American Iron and Steel Institute reports five blast furnaces idle account coke and labor shortage, but no complaint of transportation conditions.

RAILROAD CONTRACTS SIGNED

The Traffic World Washington Bureau.

Contracts with the New York, Ontario & Western calling for a rental of \$2,103,589; with the Minnesota & International, calling for \$202,455; and a co-operative contract with the Georgia Northern, a short line, have been signed.

Director-General McAdoo, December 18, signed the first lot of contracts for short line railroads, the first comers in that category being the Pecos Valley and the East Carolina, one in Texas and the other in North Carolina. The contract with the short lines does not give them any money, but merely promises to give them fair treatment in the matter of equipment, routing of freight, and division of rates.

The Buffalo, Rochester & Pittsburgh contract was signed December 19. It calls for a rent of \$3,276,410.

The Lehigh Valley has signed a contract for compensation amounting to \$11,321,233, based on the average of operating income for the test period. Contracts with other big roads are expected to come along with a fair degree of rapidity now.

CHANGES IN RATINGS

The Traffic World Washington Bureau.

The Commission, in a letter to classification committee chairmen, has called on them for a list of those instances in which, on account of changed descriptions in the consolidated book, existing ratings could not, in their opinion, have been continued. This list is desired to help in checking up the record. This information was asked for at the Atlanta hearings. Mr. Steadwell furnished what purported to be such a list, but Examiner Disque thinks it is not as complete as it should be and has asked him for additional data to show what changes in ratings were forced by descriptions changed in the interest of uniformity.

EASTMAN SUCCEEDS ANDERSON

The Traffic World Washington Bureau.

The President, December 19, nominated Joseph B. Eastman, of Massachusetts, for interstate commerce commissioner to fill the vacancy caused by the resignation of Commissioner Anderson, now a judge. Mr. Eastman is serving a second term as a state commissioner in Massachusetts. His selection is particularly gratifying to state commissioners. In their organization he has been prominent.

The appointment of Mr. Eastman, Republican, has raised a question as to whether Mr. Harlan will be reappointed when his term expires the last of December. There is some suspicion that politics is being played and that the political developments may be such that the President will deem it expedient to name a member of his own party to succeed Mr. Harlan. Southern senators have been urging the appointment of a southern man. They do not count McLeod and Woolley as from the south. W. A. Wintash of Atlanta has been regarded by them as really a southern man. At one time they thought he should be appointed assistant director-general, so as to give shippers better representation than that accorded them by the appointment of Director Prouty. Mr. Harlan's attitude is understood to be that he would not try to influence the President on his own behalf.

NEW REFRIGERATOR TARIFF

The Traffic World Washington Bureau.

Copies of a nation-wide refrigeration tariff have been received by the Railroad Administration and given a limited circulation among its own traffic men. It is a book about half the size of the consolidated classification. It makes a \$5 charge for the service of providing a refrigerator car in addition to rates for its use and increases rates on fruits and vegetables from the south and on dairy and poultry products from other parts of the country. Packers who furnish refrigerators would have to pay higher rates, although they would not receive a higher railroad allowance for equipment furnished by them. That allowance is now one cent. The understanding is that the tariff will be submitted to the Commission to hold hearings.

PASSES FOR STATE OFFICIALS

The Traffic World Washington Bureau.

The Railroad Administration, by means of a circular letter sent out by Director Payne, has asked the railroad commissioners of all the states to send to it a list of the state officials and state employees who, under either the constitution or laws of the states, are authorized to receive free transportation or who are to be the recipients of such transportation under the mandates of the constitutions or statutes. The idea is that the Railroad Administration will send them passes when it disburses the free transportation authorized under the act to regulate commerce and the legislation of the various states.

At present, state officials entitled to free transportation are so far as the officials of the Railroad Administration know, enjoying the privilege conferred on them by the state legislation. If as reported in the newspapers, any of the officials of New Jersey have not been provided with passes, that fact is not known at the office of the Director General. If any of the officials entitled to them are without passes, their deprivation is due to the unauthorized act of some regional officer. That is the explanation offered at the office of the Director General.

Soon after Director General McAdoo assumed office he issued an order cutting off all passes except such as were authorized by the act to regulate commerce. State officials protested against this disregard of their constitutions and statutes. It was, therefore, decided by the Railroad Administration that not more than ten passes should be issued to the officials of any state. That is supposed to be the rule in effect now.

California and Virginia, for instance, in their constitutions, require the carriers operating within their boundaries to provide free transportation for their officials traveling in the discharge of their official duties. Under the circular letter issued by Director Payne, passes will

be issued to such officials, the names of the officials being placed on the passes by the Railroad Administration clerks.

Pennsylvania and Nebraska will not forward any list of names. The railroad commission of Pennsylvania, having considered the matter, has decided that the laws of Pennsylvania forbid the use of free passes by state officials. That has been the Nebraska law for some time. Their legislative policies are the reverse of those of many states.

The Interstate Commerce Commission has never even thought of permitting its members or officials or employees to accept passes. In 1913 and the following year it conducted a searching inquiry into the practices of railroads in issuing passes good for passage within state lines. It made several reports passing strictures on state and federal officials who solicited and used passes, or merely used passes that were sent to them. The Commission procured indictments against Colorado shippers who used state passes, granted with a view to influencing them in the routing of their traffic, and some fines were paid. The investigations covered Colorado, Utah, Wyoming and Illinois. The reports, however, did not pretend to criticize state railroad commissioners who used passes authorized or required by state laws.

HEAVY PASSENGER TRAVEL

The Traffic World Washington Bureau.

Nearly a million more passengers, or 997,484, were carried one mile over the government controlled railroads for the month of September, 1918, compared with the same period in 1917, according to a report made public by Director-General McAdoo December 16.

The figures show that during the month of September, 1918, there were 3,943,709,135 persons who traveled one mile over the railroads, while for September, 1917, there were 3,942,711,651, showing an increase of 0.03 per cent in travel for September, 1918, over the same month for 1917.

For the nine months ended Sept. 30, 1918, 32,586,390,878 persons were carried one mile, while for the corresponding period in 1917 28,513,153,775 were transported one mile. For the eight months' period 4,073,235,103 more persons traveled one mile in 1918 than in 1917, or an increase of 14.3 per cent.

The Southern region, according to the report, shows the most substantial increase in passenger travel for the periods mentioned. For the month of September, 1918, 608,683,037 were carried one mile over the railroads in this section, while for the same month of 1917 but 486,562,866 were transported, an increase of 25 per cent for September, 1918. For the nine months ended Sept. 30, 1918, 4,994,443,248 passengers traveled one mile in the Southern region, while for the corresponding period of 1917 but 3,563,476,296 were transported. This shows an increase of 39.7 per cent in passenger travel for the nine months of 1918 compared to the same period of 1917 in the Southern region.

While in the Eastern region, there was a decrease in the number of passengers carried one mile of 75,794,706 for September, 1918, as compared with the same month of 1917, for the nine months ended September 30, the increase in passengers carried one mile in the same district for 1918 over 1917 amounted to 403,810,471.

In the Northwestern region there was a decrease in the number of passengers carried one mile for the month of September, 1918, over the same month in 1917 of 75,487,795. The report shows, however, that for the nine months' period there was an increase in passenger traffic for 1918 over 1917 in this region of 7,078,988 carried one mile.

The same situation prevailed in the Central Western region. For September, 1917, there were 714,939,429 passengers carried one mile, as against 651,787,988 for the same month in 1918, a decrease for September, 1918, of 63,151,441. But for the nine months' period there was an increase of 595,052,680 in 1918 over 1917 in passengers carried one mile in this same region.

HOLIDAY TRAVEL.

In anticipation of heavy holiday travel, which will be augmented by large numbers of soldiers and sailors on leave, on furlough, and discharged from the service, who will receive the benefit of reduced rates, the chairmen

of the passenger traffic committees have been instructed to arrange special ticketing facilities at the military camps to give attention to providing adequate train service and when necessary to keep consolidated ticket offices open to a reasonable hour at night to permit the advance purchase of tickets for holiday trips. Regional Directors Markham, at Philadelphia, and Winchell, at Atlanta, have been asked to give careful attention to providing the necessary train service to take care of the heavy travel expected to move in their territories and particularly north and south through the Washington gateway on account of the many military camps along the Atlantic seaboard.

POLES ON MORE THAN ONE CAR

The Traffic World Washington Bureau.

In a tentative report on No. 9971, National Pole Co. vs. A. T. & S. F. et al., Examiner Barclay recommends rates on cedar poles and piling transported on more than one car from points in Washington, Oregon, Idaho, Montana and British Columbia to points in various states, principally those east of the Rocky Mountains, not greater than 5 cents per 100 pounds higher than the rates on corresponding shipments in single cars.

Such shipments separately loaded in two or more cars to the minimum weight of each car used, including the long poles projecting from one car and protected by another of the cars, Mr. Barclay thinks, should be subject to the appropriate single-car rate and minimum; but where any car so included is lightly loaded, the multiple car basis, if resulting in a lower charge, he thinks, should apply.

The examiner says the allegation of undue prejudice was not sustained, but that the rates were shown to be unreasonable in all those instances in which they were more than 5 cents higher than the corresponding rate on shipments in single cars. The spread, in most instances, was 10 cents per 100 pounds. The examiner recommends an award of reparation.

DRAYAGE OR TRANSFER CHARGES

A. C. Johnson, chairman of the Western Freight Traffic Committee, is sending the following to chairmen of district committees and freight traffic officers of all lines in western territory:

"The following letter, from Edward Chambers, director, Division of Traffic, has been received:

"A great many applications for freight rate authority have recently been received proposing advances in tariff provisions for payment of drayage or transfer charges between carriers' depots at junction points. No doubt all of these are warranted; because it is certain that these drayage and transfer companies are working under increased costs.

"In some instances the charge does not run against the shipper at all, but is borne wholly by the carrier, and Freight Rate Authority No. 738 of August 24 authorized publication of changes in drayage charges on freight at junction points when such freight originates at or is destined to points beyond the transfer point and when such drayage charges are paid and absorbed by the carriers.

"This subject was discussed at two of the recent conferences with the traffic assistants and chairmen of the general committees and conclusions reached as follows:

"(1) No attempt will be made to change practice of absorption or non-absorption of these charges, as it exists in different section of the country.

"(2) Applications for freight rate authority to change such transfer charges should always be submitted by the general committee to the regional director interested for approval before forwarding to this division—this because these charges are nearly always absorbed by the carrier on note or less business covered; hence represent charges against operating expenses.

"(3) The practice of making these charges on basis of so much per hundred pounds or per ton with a minimum charge of so much per shipment and special exceptions on pianos, etc., should be discontinued, and all such charges should be published on basis of a flat rate per one hundred pounds. This because it is not fair to the shipping public to publish a minimum charge per ship-

ment, when, as a matter of fact, the drayman does not often haul the single shipments separately; also because the railroads should take some bitter with the sweet, and it will greatly simplify publication to have a flat rate which will represent a fair average of the railroads' out-of-pocket expense for transfer of all the freight.

"(4) It was also believed that, instead of having a separate publication naming different charges for practically every junction point in the country, these charges could be put on a uniform basis either throughout the country or at least in each different section or territory and not be dependent on the bargain that some local railroad officer is able to get from some individual drayman. This would save a vast amount of publication; if the charges were fixed on a fair average they would not materially affect the railroads' revenue one way or the other.

"Will you please have consideration given to these points in all future applications that come before you for change in transfer of drayage charges and endeavor to work out a uniform basis as rapidly as possible?"

"The district chairmen, as well as the freight traffic managers to whom this communication is sent, are requested to read the above letter carefully and favorably with their views in regard to the plan outlined by Mr. Chambers, and submit well-considered recommendations in respect to the carrying out of the plan referred to.

"The traffic officers of individual lines receiving this letter will please make their report and recommendations through the district chairmen having jurisdiction over their territory, and in submitting their report in this manner will at the same time please supply the district chairmen with full information showing what their present arrangements are with respect to the payment of drayage or transfer charges between carriers' depots at junction points, reporting not only the charges now being paid, but showing also the extent to which the drayage charges are borne by shippers or consignees."

LINING AND FLOOR RACKS

In circular CS-43, dated November 15, but not issued to the public until a month after that date, W. C. Kendall, manager of the Car Service Section, announced the policy of the Railroad Administration respecting work and material furnished by shippers to make cars suitable for use. The Railroad Administration has decided that it will pay for floor racks furnished by shippers, but at a rate not exceeding 50 cents per linear foot. Lining is to be furnished by the shipper at his own cost. The circular, addressed to all railroads, is as follows:

Refrigerator Cars.

"The railroads will supply refrigerator cars for perishable or semi-perishable shipments to the extent of their ability. A certain percentage of this class of cars belonging to the various roads is already equipped with false floors or floor racks. It is contemplated to eventually equip all of the cars in this manner, but it is not thought that this can be done in time to fully meet present requirements. Therefore, when cars of this type not provided with floor racks are offered for loading perishable or semi-perishable commodities, shippers will be privileged to construct and place in cars suitable racks of standard type, in accordance with detailed specifications shown on accompanying print, which denotes construction of a temporary floor rack.

"The railroads will reimburse shippers for the value of floor racks so placed to the amount of fifty (50) cents per linear foot of the total inside length of car.

"Any lining desired by shippers in refrigerator cars in addition to the floor racks must be placed by them at their own expense and in such manner as not to damage the car or insulation.

Box Cars.

"When railroads are unable to meet the demand for refrigerator cars for above-named shipments, if shippers elect to make use of box cars and if, in their opinion, such cars require lining or floor racks, they (the shippers) will be given the privilege of equipping the cars with such lining or racks entirely at their own expense.

"In the interest of promoting shipments and conserving food supply, it is suggested that the lining and racking of box cars, when done, conform to the following standard

furnished by the Bureau of Markets, United States Department of Agriculture, which, it is believed, will give the best results:

False floors, side and end walls shall be installed providing an unobstructed space for air circulation down between the car and walls and false end walls, and from there under the false floors to the doorways. This ventilating space must be kept clear of hay, straw, manure, shavings and everything except the necessary false-floor supports. There shall be a space between the car side walls and false side walls of not less than four inches at the top and six inches at the bottom.

Each doorway shall be tightly boarded not less than twenty-four inches from the floor upward, the boards being nailed to the inside of the door frame to keep out cold winds.

"For the same reason, it is further requested that shippers make it a practice to use box cars for the shorter hauls, reserving refrigerator cars for loading to the more distant points. Railroads will supply refrigerator cars preferentially, as compared with box cars, for the longer runs.

"Box cars that may be lined by shippers will be furnished with a board on either side of uniform dimensions (24 inches by 30 inches) with lettering of suitable size, reading as follows:

RETURN TO

.....
(Insert name of shipper)

AT

.....
(Name of station)

.....RAILROAD

(Name)

UNITED STATES RAILROAD ADMINISTRATION

"These boards will be furnished by the railroads. Lined box cars so boarded will be returned free, with lining, to point of origin of load, and should be waybilled to such point, consigned to party or firm whose name the board bears. They may be loaded all or a part of the way on return trip with any suitable freight. They must not be loaded out of direct line, and care should be exercised to avoid damage to lining in loading or unloading.

"It must be understood that cars thus lined and boarded are subject to demurrage, either while awaiting loading or unloading.

"The foregoing conditions are to apply from November 15 to April 1. Railroads on which the apparatus was originally placed in cars will reimburse shippers for the value of any racks or lining not returned to them within three months from the last-named date, but not exceeding fifty dollars (\$50) per car.

"After April 1 shippers will be required to remove from cars any lining or racks which belong to them. Failing to remove such equipment, the work of removal will be performed by the railroads, but the latter will not be responsible to owners for the material or its value after removal."

CASES CONSOLIDATED.

The Commission has consolidated, for hearing purposes, with No. 10284, Fort Worth Freight Bureau et al. vs. McAdoo et al., such portions of fourth section applications 4218, 4219 and 4220, filed by the Missouri Pacific and Iron Mountain, and No. 2657, filed by the M., K. & T., as asked for authority to continue to charge rates on brick from points in Kansas to destinations in Arkansas and Oklahoma lower than rates contemporaneously maintained on like traffic to intermediate points. The hearing has been set for January 27, at Fort Worth, before Examiner Gibson.

The Commission, in No. 9022, Lake Charles Rice Milling Co. of Louisiana vs. Abilene & Northern et al., has directed that the hearing be also on fourth section applications 381, 324, 957 and 1618, filed by F. A. Leland; 376, 377 and 483, filed by Morgan's L. & T. R. R. & S. S. Co.; and 960 and 961, filed by W. A. Poteet. The hearing is at the St. Charles Hotel, New Orleans, January 16, before Examiner Gibson.

SHIPPING BOARD REPORT

The Traffic World Washington Bureau.

A statistical description of the new American merchant marine is contained in the second annual report of the United States Shipping Board, sent to Congress on December 16.

The main fact in the report is that the Board was just as much of a war organization during the year as the War Department and more of a war machine than the Railroad Administration. Because it has been so acting it makes no recommendations for legislation.

It operated practically the entire merchant marine as a national enterprise, under the authority of war legislation, that, in effect, set aside the prohibition in the shipping act, the legislative authority for the existence of the Shipping Board and its subsidiary, the Emergency Fleet Corporation, which, in this article, will be treated just as if it were the Shipping Board. The distinction between them is entirely technical, and necessary only to prevent the ships of the Board from being treated as national vessels and subject to all their infirmities, as well as their rights. On that point, the operation of ships by the Shipping Board, the report says:

"As pointed out in the first annual report, the Shipping Board was originally created in times of peace for the purpose of regulating shipping and promoting the development of an American merchant marine. The act establishing the Board was, therefore, drawn with particular attention to the regulatory powers of the Board and to the making of provision for additions to the American merchant marine by the construction of new vessels to be built through the Emergency Fleet Corporation. The act did not contemplate that such vessels should be operated ordinarily by the government. On the contrary, it specifically provided that they should not be operated by any corporation in which the United States was a stockholder unless it should prove impossible to procure private enterprise to purchase or charter them under proper terms and conditions. The act thus stated the peace policy of the nation at the time of its enactment as to the operation of the merchant marine.

"When the United States was brought into the war, the far broader powers required by the exigencies of the situation were established by Congress in the urgent deficiencies act approved June 15, 1917. The Emergency shipping fund provision of that act conferred upon the President far-reaching authority to requisition, construct and operate ships without limitations or conditions (save such limitations as resulted from the limits of appropriations). These powers were extended by Congress directly to the President and not to the Shipping Board or the Emergency Fleet Corporation. The act provided, however, that the President might exercise the power and authority vested in him through such agency or agencies as he should from time to time determine, and that all ships constructed, purchased, or requisitioned under the authority of the act or theretofore or thereafter acquired by the United States should be managed, operated and disposed of as the President might direct, without any limitation upon the President's decision. By an executive order dated July 11, 1917, the President delegated directly to the Emergency Fleet Corporation all power and authority vested in him relating to the construction of vessels. To the Shipping Board he delegated all his power and authority to acquire vessels already constructed and to operate, manage and dispose of all vessels theretofore or thereafter acquired by the United States. During the period covered by the present report most of the activities of the Emergency Fleet Corporation and the Shipping Board have been exercised under these delegations of authority from the President, and not under the original act creating the Board. The Emergency Fleet Corporation and the Shipping Board have acted as the direct representatives of the President, employing the very broad war powers conferred upon him.

"The foregoing statement explains how it is that during the period of the war the Shipping Board has operated practically the entire merchant marine as a national enterprise. It has been a war year for the Shipping Board, with the powers exercised by it finding their source chiefly in war legislation.

"It should be noted that both the conditions with which the Board has to deal and the aspects in which those

conditions, which are subject to constant change, and the results and character of policy may follow upon continued examination of further study of the problems involved.

Since the Board has been operating as a war department, the report says, it was when it wrote its report, to make an assessment of costs on the relative cost of construction of ships in private and public yards in the United States, on the one hand, and foreign private yards on the other, or on the relative cost of operation under American and under foreign laws.

Reports on such phases of the subject are commanded by the shipping act. Later legislation, however, authorized the President to provide ships and his designation of the Shipping Board as the agency to do that work, even if under war conditions they would have been of value. The report says, however, that the various departments of the Board have been at work on the investigation, but because of the interrelation of the different subjects it is thought that definite recommendations should not be made until all inquiries are completed. In regard to the investigations, the report says:

"An investigation of ocean rates has been made to ascertain what charges were actually being paid for the transportation of the most important imports and exports of the United States during the year ending June 30, 1918. A compilation has also been made of charter rates prevailing in the principal ocean trades. The information thus obtained will be of assistance to the Board in exercising its war powers as well as the regulatory authority entrusted to it by sections 17 and 18 of the act of Sept. 7, 1916.

"The shipping act of 1916 provides that 'the term other person subject to this act' shall include 'the business of forwarding or furnishing wharfage, dock, warehouse, or other terminal facilities in connection with a common carrier by water,' and the act of July 18, 1918, confers large powers upon the President to regulate port and terminal service and charges. To secure the information needed for the enforcement of these acts, the Shipping Board has made a thorough investigation of terminal charges in all the ports of the United States. A report upon this subject, which will be completed within a few weeks, will contain a comprehensive and entirely up-to-date statement and analysis of port charges and services.

"The cost of building vessels in the United States has been investigated and the rate of return necessary to cover depreciation, interest and amortization for vessels owned by the Shipping Board has been made the subject of examination and report by special experts. An investigation into the relative advantages and cost of operating vessels under United States registry and under foreign registry is also under way, though, because of war conditions, it is difficult to arrive at satisfactory conclusions in connection with this matter at the present time.

"Conditions arising out of the war have also prevented the completion of any investigation into foreign methods of classification and rating, but the British Bureau of Trade Rules have been adopted by the American Bureau of Shipping and the Shipping Board has had a working agreement with Lloyd's Register of Shipping.

"The matter of marine insurance is receiving attention through the Division of Insurance and also through a special committee of American marine underwriters and brokers, appointed by the Shipping Board. A complete report cannot be made at this time, but the investigations show that the American marine insurance market has been very much extended and strengthened during the past four years, owing to the incorporation of new American marine insurance companies and the establishment of marine departments in many of the strongest fire insurance companies.

"At the present time there are 74 American companies and 7 associations authorized to do marine business in this country. There are also 35 foreign marine insurance companies authorized to do business in the United States."

During the war the Board has exercised the rate-making power over not only the coastwise ships, as authorized by the shipping act, but over ocean rates as well. Under the legislation authorizing the President to do practically everything he thought necessary to win the war the Board has been given authority to be as absolute in the matter of ocean rates as formerly the Interstate Commerce Commis-

sion was as to rates on land. On that point the report says:

"An act, approved July 18, 1918, confers upon the President, or the agent designated by him, authority to prescribe charter rates and freight rates, and to requisition vessels, and other powers. The act is a war measure, and the powers granted expire when the treaty of peace is proclaimed between the United States and Germany, unless, on account of tonnage shortage, the President by proclamation extends the provisions of the act for a period of not exceeding nine months.

"The act gives the President power to require charters of American vessels, their terms, rates or provisions to be approved by him. This control was previously exercised by the Chartering Committee in co-operation with the War Trade Board through the control of licenses for bunkers and stores. The present act gives direct statutory authority for such regulation.

"The President is also given power to prescribe reasonable freight rates and conditions of shipment governing transportation of goods on vessels of the United States. Previously, the Shipping Board had such power only over common carriers engaged in coastwise trade.

"The act authorizes prescribing the order of priority in which goods shall be carried or other services performed by vessels, and provides for regulations regarding loading, discharging, lighterage, storage, bunkering, etc., designed to promote the efficient use of tonnage during the war.

"The President is authorized to extend the provisions of the act to foreign vessels under charter to American citizens.

"Direct authority is given to make rules and regulations regarding safety and protective devices in the war zone and to exclude vessels not fit for war-zone service from the dangerous regions.

"The act further forbids the chartering of foreign vessels by American citizens or persons subject to the jurisdiction of the United States without the consent of the President. This is a necessary measure of control over foreign tonnage, similar to that exercised by England and France to restrain the unregulated bidding for neutral vessels which threatened to inflate the neutral tonnage market. Through bunker control in co-operation with the War Trade Board the Chartering Committee had previously accomplished this purpose in part."

The Board not only controlled rates, but also limited the zones in which vessels might operate. It excluded sailing ships from the war zone in October, 1917, having prior thereto refused to grant charters for war-zone operations. In February last, it excluded from the war zone all steamers of less than 2,500 dead weight tonnage. Sailing ships were easy prey for submarines, besides often furnishing them with needed supplies. The small steamers were also easy prey for them and also enabled them to obtain supplies.

The Board's reasons for not making recommendations for legislation are as follows:

"Because all the subjects which relate to costs of construction and to costs, policies and practices in operation are so closely interrelated the Shipping Board feels that it should not at this time make any specific recommendations to the Congress for legislation on the subjects under investigation and related subjects until the studies which the Board is now undertaking have been further developed. The force of present conditions limits tonnage available for commercial use for an indefinite period, because such tonnage will be needed to supply our armies overseas and to bring them home. Moreover, Europe must be fed and supplied with the necessary materials to permit the reconstruction of devastated areas in order that both our friends and our enemies may become self-supporting and the burden of feeding the world taken from our shoulders. Therefore the Board recommends generally that the program for the construction of vessels as modified to meet peace conditions should be carried through and should be extended.

"It feels that until the situation is further developed it should not recommend specifically the degree nor the manner in which the program should be extended. In view of these circumstances, the Board deems it advisable to submit to the Congress at a future date its recommendations in these particulars."

One of the conclusions long held by Americans interested in a merchant navy is that the port and harbor facilities are inadequate. On that subject the report says:

"The Port and Harbor Facilities Commission was created by a resolution of the United States Shipping Board dated May 23, 1918, to meet a need developed by existing conditions. The Board had found congestion at some ports, while others were idle. It had found delays in the dispatch of vessels, due to inadequate pier and cargo handling facilities, as well as to the lack of effective utilization of those already provided. It had found that present coaling, docking and repair facilities would soon prove entirely inadequate for the rapidly growing merchant marine. It saw a need for some central authority to collect and furnish information regarding, and to stimulate and guide sentiment and action looking toward, proper port development and control, and to make recommendations and plans for the most effective utilization of each port to meet the needs of the great maritime commerce of the United States and its tremendous fleet of merchant ships.

"The Commission has begun investigations as to harbor and terminal facilities in every port of the United States, and the comparative cost and efficiency of various methods of handling coal and cargo. It is inquiring into the location and quality of coal suitable for bunkering, so as to obtain types most efficient for steaming purposes and to secure maximum speed for ships. The need for dry docks and repair plants has been studied, as well as facilities for coal storage and bunkering at the various ports. Daily reports are obtained as to the use of present piers, dry docks and repair plants, which show where idle or misused facilities exist to which tonnage may be sent. Mechanical devices for coal and cargo handling are being investigated, so as to secure the most efficient terminal arrangements possible. Representatives of most of the leading manufacturers of light and heavy coal and cargo handling and conveying machinery have been assembled and their organized cooperation has been secured in the improvement of method, design and construction. Fuel-oil storage and bunkering facilities are also being investigated.

"The commission realizes that a general co-ordination of all terminal facilities is necessary for an economical handling of the foreign trade of the United States, and that without such co-ordination our newly developed merchant marine cannot operate with the greatest dispatch. A study of the routing of shipments has been given special attention on the basis of obtaining facts regarding the point of origin and destination of all export and import business, so that plans may be worked out to secure the shortest and most expeditious movement of freight and to provide reciprocal cargoes wherever possible. The commission recommends the pooling of all harbor facilities at the principal ports, and the appointment at each of a dictator, to have absolute authority over all terminal and floating equipment for the period of the war.

"Local and state port authorities are being advised, and their interest, as well as that of the public generally, is being stimulated in port improvements, and to this end all available information of value regarding port conditions is collected and distributed. Valuable first-hand suggestions obtained by a thorough inspection of English and French ports have been brought back by the chief engineer of the commission, who has just returned from abroad.

"One of the important phases of the Commission's activity has been that of carrying out a systematic inspection of ports. The commission has inspected or caused to be inspected by its agencies the ports of New York, Philadelphia, Boston, Portland (Me.), Wilmington (N. C.), Charleston, Savannah, Brunswick, Jacksonville, San Diego, Los Angeles, San Francisco, Tacoma, Portland (Ore.) and Seattle. After a thorough investigation of conditions, and of individual proposals, the Commission has recommended to the Shipping Board the construction of dry docks or marine railways, and commensurate repair plants at Boston, New York, Philadelphia, Norfolk, Pensacola, Astoria (Ore.), Seattle, Portland (Ore.), San Francisco and Los Angeles and has arranged for the conversion of five barges into floating repair plants for use at New York, Norfolk, Philadelphia and Baltimore.

"The commission has also secured authority for the purchase of 11 coaling machines for more speedy bunkering at Hampton Roads, and has arranged to have 10 new steel tugs, reinforced for the purpose, ready for ice breaking in the coming winter.

"Authorization has been secured for the immediate construction by the Emergency Fleet Corporation of two 20,000-ton and eight 10,000-ton floating dry docks, which

are to be located in the ports where the need is most urgent.

"The commission is doing work which is of vital importance to the successful prosecution of the emergency shipping program, and to the solution of after-the-war shipping and trade problems. It is studying trade and traffic conditions, with a view to securing the most efficient distribution of business among the various ports, and to providing such special appliances and conveniences as may attract foreign trade. It is endeavoring to work out a consistent plan for enabling the country to use all its available port facilities to their present full capacity, to develop them to a higher efficiency, and to provide additional facilities of the very best type.

"In order to act upon the best scientific guidance in the conservation and maximum utilization of tonnage for essential war purposes, the Shipping Board on May 13, 1917, ordered that information should be compiled as to the needs for tonnage of the various commodities coming into the United States, and that data should be gathered showing the supplies of each kind of article available for shipment and for use in the United States, the vessels engaged in such trades, and similar facts.

"By the end of 1917 it became evident that considerable tonnage must be diverted from commercial to military use and that such as remained in trade must be utilized to maximum efficiency for the carrying of such commodities as are most essential to the nation under war conditions.

"This program required the close co-operation of various governmental agencies, especially the War Trade Board, the Shipping Board, the War Industries Board, the War and Navy departments, the Department of State, the Treasury Department and the Food Administration. Since the departments directly concerned were the War Trade Board, which has authority by its licensing system to prohibit or restrict imports, and the Shipping Board, which controls the tonnage, a Division of Planning and Statistics was established by the Shipping Board on Feb. 11, 1918, to secure the necessary information, and the director of this division was made a member of the War Trade Board.

"The duties of this division are to keep a record of the movements and characteristics of ships and to plan voyage schedules so that the Board may use all ships to the limit of capacity, to obtain from available figures and through the advice of experts and business men, knowledge of the commodities imported, their essential uses, substitutes, possible sources of supply, and their relation to the prosperity of this and other nations, so that the ships left in commercial service after the army needs are satisfied might be assigned by the Board to the most essential trade routes. The services of statistical experts were engaged for the Board as well as experts familiar with commodities, sources of supply, trade routes and shipping.

"It soon became necessary to secure information from the trades and importers affected to co-operate with them as far as possible, and to educate them to the demands of the war. For this purpose a Trade Hearings Section was established in March, 1918, and in July, because of the nature of its work, was transferred to the War Trade Board Building. On account of the special importance of mineral products in time of war, the large demand on ship tonnage involved in their importation, and their significance in the work of the War Industries Board, a joint committee on minerals representing the mineral section of the War Industries Board and the Division of Planning and Statistics of the Shipping Board, was created February, 1918, to make recommendations to the War Trade Board concerning necessary importation of minerals, especially those used in the manufacture of munitions. In June this committee was reorganized and its scope broadened in order to develop better co-operation in the mineral work of the several war boards. The chairman of the former committee became mineral adviser for the War Industries Board, but continues in advisory charge of the work for the Shipping Board. This group now serves as a clearing house on mineral questions, especially those related to import and export, for the Shipping, War Trade and War Industries Boards.

"The work of the Division of Planning and Statistics has developed along two important lines: first, the study of commodities and trade, and, second, the study of ships and their employment. Under the first heading comes the investigation of all the facts affecting the import pro-

grain, such as uses of commodities, possible substitutes, stocks on hand, essential requirements of government and commercial bodies, countries and ports of origin, and shipping required for import. On the basis of these studies lists are prepared of imports to be prohibited or restricted. In general, no import licenses are granted by the War Trade Board for luxuries and articles classed as non-essentials in war time, and even strictly essential imports are reduced to a minimum.

From time to time the division recommends to the War Trade Board such revisions of restrictive rulings as changing conditions or unforeseen developments warrant. So far as possible it is desired to act in co-operation with the trades affected, and in hearings definite trade agreements have sometimes been made by which importers bind themselves to support certain restrictions.

It has been found necessary to have at hand the significant facts concerning current imports, and accordingly a regular monthly and ten-day tabulation of quantities and sources of all essential imports is carried on by the statistical staff of the division. The movement of restricted commodities is watched, and many special studies are prepared, such as reports on the effects of restrictions upon the trade of the United States with foreign countries, the tonnage needs of Pacific countries, the oil and coal bunkering facilities of the world, the general problem of ballast for sailing vessels, the transportation of oil, the tanker building program, and the balance of the import and export trade of the United States with various regions.

It is often necessary, because of the shortage of shipping in certain areas, to recommend priorities among essential imports from given countries or ports; to make studies of the trade of entire regions with a view to eliminating cross-hauls, efficiently combining cargoes, and defining standard shipping routes; to advise the diversion of tonnage to more essential commercial or military uses; and to decide on the cargoes of ships already waiting at foreign ports.

The statistics compiled on ships and their movement cover a wide variety of facts. The division has on file special information derived from the sources concerning the number and types of vessels, their age, draft, size, cargo capacity, speed, motive power, material of construction, number of decks, holds, hatches, fuel consumption, etc. Records are kept of the daily movements of ships in all parts of the world, of the dates and ports of entry and departure, and the tonnage employed in the different trade regions. Charts and diagrams are prepared to show the assignment of vessels to given trades, the length of voyages and stays in ports, the performance of vessels engaged in carrying specified commodities, etc.

Directly connected with this work on ships are many special studies on such subjects as the control of vessels, chartering and subchartering, losses and acquisitions of merchant ships, the efficiency of vessels of different sizes, the movements of ships and cargoes by ports, bunkering and stowage, repairs and underloading, as well as studies on the suitability of American vessels and foreign vessels under American control for transfer from trade to army use and from one trade to another.

The work on commodities and on ships heads up in a regular monthly survey of the shipping and import situation, in which a balance is struck between the tonnage required to lift necessary imports from the various trade regions and the tonnage actually in service in those regions. Important special studies co-ordinate both phases of the work likewise, as, for example, the comprehensive report on the relation of the shipping situation to the proposed military program, which dealt with available tonnage, limiting factors in the shipbuilding program, the types of ships needed, and improvement of port facilities.

The Division of Planning and Statistics acts as a general clearing house for information needed by the Shipping Board in the various phases of its work. Information regarding the shipping situation is furnished regularly to the Allied Maritime Transport Council in London, with which close contact is maintained. Data concerning ship cargoes, trade regions, ship movements and import needs are furnished daily through a resident representative to the Shipping Control Committee in New York, to serve as a basis for its work in allocating Shipping Board vessels to cargoes and trade routes. The division also co-operates closely with the chartering committee for guidance in its policy with reference to neutral vessels and American

steam and sailing vessels. The problem of manning our new mercantile fleet is being worked out by the recruiting service of the division, and a group of experts is making a detailed study of ocean freight rates.

In June, 1918, a co-ordination of the statistical and informational services of the Shipping Board, the War Industries Board and the War Trade Board was effected. The director of the Division of Planning and Statistics of the Shipping Board was made head of a similar division of the War Industries Board, and the Bureau of Research and of Statistics and Tabulation of the War Trade Board were placed under his direction. In this way much duplication in securing data and holding hearings is prevented, and the information secured by each board can be easily placed at the disposal of the others. Certain investigations begun by the Division of Planning and Statistics of the Shipping Board, such as that on prices, have been transferred to the other boards which they more directly concern. Certain other investigations, such as the revision of the commerce classification of imports and exports, have been undertaken in co-operation with the several government bodies."

The report is a volume of nearly 200 pages, containing masses of statistical data regarding ships, none of it later than November 1. The tonnage of the merchant fleet controlled by the Board on November 1 was 7,499,133 dead weight. Figures more recent than that were published in The Traffic World of December 14, the gross tonnage being there given as 5,200,000, as compared with 15,100,000 gross tons of the British. In that dead weight tonnage of 7,500,000, in round numbers, are included 81 Dutch steamers, 220 foreign ships chartered to the Board and 113 foreign ships chartered to American citizens. Many of these foreign ships are owned by Americans through stock ownership of foreign companies, but they do not fly the American flag.

INDUSTRY SIDE TRACKS

Regional Director Smith, in a circular to roads in the Eastern Region, says:

"In connection with supplement No. 1 to General Order No. 15, providing in substance that, where in the judgment of the federal manager, an industry track ought to be constructed, but the revenue to be derived therefrom by the Railroad Administration will not justify the payment by the railroad of the cost of the track from the switch point to the clearance point, an agreement may be made for the payment of the entire expense by the industry, with provision for partial refund, it is felt that circumstances differ so greatly that a rigid rule cannot be laid down to control the judgment of the federal manager as to the cases which will justify a contract in accordance with the original terms of General Order No. 15, and therefore no such specific rule has been embodied in the supplement.

"It will be considered reasonable to enter into a contract under the original terms of General Order No. 15 whereby the railroad will pay at the outset for the cost of that part of the track between the switch point and the clearance point when the federal manager believes that for the first two years after beginning operation of the track the average monthly gross revenue accruing to all railroads under federal control on business to and from the industry will be equal to 15 per cent of the expense assumed by the Director-General for the construction.

"This is not stated as an invariable rule to require the making of such a contract under the circumstances stated, or to prohibit the making of such a contract in the absence of expectation of such an amount of revenue. It is, however, believed to be a fair working rule for application except in cases where special circumstances indicate that some other reasonable rule should be applied. Where the federal manager does not apply the working rule here suggested, he should report his action, either favorable or unfavorable, and his reasons therefor to me, so that suggestions for the guidance of the federal manager may be made to cover future cases.

"While supplement No. 1 expresses no reservation, it is to be understood that in cases where a shipper claims that under federal or state law he is entitled to a track on other terms, his claim shall be considered and transmitted through this office to the Director, Division of Public Service and Accounting, for his consideration."

TRUCKS FOR FARM PRODUCTS

(From the annual report of the Bureau of Markets, U. S. Department of Agriculture.)

This work, which is under the supervision of Mr. J. H. Collins, was not begun until March 15, 1918, and it is impossible therefore to draw definite conclusions from the investigations conducted. From the start systematic effort has been made to emphasize those phases of the subject which may be of assistance in solving the transportation problems caused by the war. Especial consideration has been given to obtaining better transportation conditions in rural districts where rail transportation is proving inadequate at present.

As a preliminary to constructive work it was necessary to secure adequate information regarding the actual operating costs of rural transportation routes, and detailed information covering sixty such routes was obtained. These data covered all possible items of cost, and, in addition, supplementary reports were made for each route regarding operating conditions, business methods, facilities and general management.

As soon as the information mentioned above was obtained it was utilized for demonstrational purposes. Detailed studies were made in a large number of districts, particularly in New Jersey, Pennsylvania, New York, Ohio and Connecticut, looking toward the establishment of additional motor freight and express lines, and as a result of this work five demonstrational routes were actually started and have been successfully operated. Arrangements were made with the owners and operators of motor trucks to conduct these experimental routes under the supervision of the Bureau of Markets, and many new routes are in process of establishment.

One of the most noticeable obstacles to the development of the motor express industry is the lack of proper terminal facilities. Detailed investigations have been made in Baltimore, Buffalo and Philadelphia, and the feasibility of establishing central terminals for motor trucks in these cities has been thoroughly studied.

To assist in systematizing the business methods of the motor trucking industry a standard cost accounting system has been devised and is being distributed to operators who have agreed to furnish this bureau with duplicate copies of their cost record. The need for a uniform bill of lading covering shipments by motor trucks has been evident for some time, and at the request of some of the more important trucking companies a standard bill of lading is being designed and will be ready for distribution in the near future.

The question of adequate protection for shippers also has been a pressing one, and in view of the fact that existing insurance policies do not cover shipments by motor truck, it has been necessary to draft a model set of provisions for incorporation in insurance policies to cover such shipments. This work has not been completed, but it is hoped that copies of these provisions may be distributed to insurance companies very soon.

On account of congested transportation facilities the bureau has instituted an experimental emergency service in supplying trucks to move crops in certain producing districts. This is described under the section relating to the bureau's service work.

In view of the difficulties which probably will be encountered in important shipping sections during the period of heaviest crop movement, it has seemed desirable to institute an experimental motor truck service to supplement existing transportation facilities. Because of the difficulty of obtaining experienced men, this work has been confined thus far to New Jersey, western New York and northern Ohio. A complete survey has been made in each of these districts to ascertain their trucking facilities and arrangements have been made whereby motor trucks can be placed in producing districts during periods of heavy crop movement, in order to facilitate the rapid transportation of farm products to market. Lists of available motor trucks are on file in Philadelphia, Buffalo and Cleveland, and over 200 motor truck operators have listed their trucks with the bureau's Philadelphia office alone. Trucks have been diverted to producing districts for short periods, but it is not expected that the valuable features of this work will become readily apparent to producers until the heavy crop movement takes place later in the

season. This work has developed from the investigational work regarding motor truck marketing described elsewhere in this report. Like those investigations, it is under the direction of Mr. J. H. Collins.

RURAL MOTOR EXPRESS

(By the National Motor Truck Committee of the National Automobile Chamber of Commerce)

Realizing the ever-increasing demand for food, not only of our own people, but of all the world, and of the necessity of transporting it over the highways by rural motor express lines, Julius C. Gunter, governor of Colorado issued the following:

"Whereas, The ever-increasing needs of our military and naval forces abroad and at home are constantly and inevitably demanding more tonnage capacity from our railroads; and

"Whereas, In the face of this condition thousands of tons of vegetables and fruits are allowed to go to waste annually in this country for lack of transportation, even in times of peace, while at present the world is suffering from want of food; and

"Whereas, The call to arms has drawn thousands of young men from our farms, making the task of those left behind one which calls for every ounce of energy, increased efficiency and industry;

"Now, Therefore, I, Julius C. Gunter, Governor of the State of Colorado, do hereby proclaim Friday, November 15, 1918, Highways Transport Day in Colorado, and I do call upon all farmers, merchants and others interested in transportation to meet that day in their respective communities and to consider then the serious problems which face our commonwealth in the transportation of supplies. Provided, that in any communities where board of health regulations prevent, these meetings shall not be held until such times as officials shall designate as compatible with the public health.

"And I do further designate officers of the Highways Transport Committee of the State Council of Defense as officials in charge of these meetings and do call upon all patriotic organizations to lend them their aid to the end that we may eliminate waste, conserve man-power and otherwise stimulate our efforts toward the winning of the war."

In consequence of this proclamation, Denver and every other city and town in the state witnessed the greatest spectacle ever held in Colorado. Two hundred and twenty-five heavy duty trucks, and a similar number of smaller ones, rolled past 100,000 people in the streets of Denver. These trucks were followed by floats, several regiments of troops, women's motor corps, and the Red Cross.

The trucks were loaded to capacity with all kinds of food products, one of the trucks carrying the governor and the mayor of Denver, while the leading officials of the state followed.

The principle was the moving of food by rural express over the highways, for until the coming of the motor truck the farmer isolated on a rural highway was unserved by either rail or water. Secretary Redfield recently stated that "you might build up the railroads until they are ten tracks wide, and fill the rivers with steamers, and still the farmer would not be served"; so the farmer must have a more flexible transporting machine—one which will reach his door and carry his produce to the consumer direct.

Colorado has demonstrated in one day, by bringing the consumer and the producer face to face with the problems that are now confronting the world, that, as Hoover says: "We are never more than sixty days ahead of famine; for ten years we must feed the world; deaths from starvation will outrival the number of deaths at the front; we must have more food, and in order to induce the farmer to raise more food we must give him an up-to-date transporting machine—the rural motor express."

And the following results have been obtained:

Three inter-city truck lines, 35 rural express motor lines, operating in Colorado four months ago.

Thirty-five or forty inter-city lines, more than 100 express lines operating now, employing from one to five trucks.

Lines now operating at profit, formerly at loss through lack of understanding of truck costs.

Thousands of tons of grains, fruit, vegetables, supplies,

etc., moved on trucks this year in Colorado, relieving freight congestion and releasing men power.

State discretely and subdivided with men working in every county on transportation.

Now comes given good-road agitation through requirements of motor truck travel.

Educational campaign has penetrated into every corner of state.

Thousands of inquiries received and answered on transportation.

Exhaustive data collected on operating costs, road conditions, crops, every phase of transportation in all sections of the state.

Farmers throughout the county will have in use 300,000 trucks by the end of this year and, according to estimates, will retire 1,200,000 horses. Every horse displaced means five more acres of land that can be devoted to raising food for human beings. Colorado in 1917 had 325,000 horses. The war and the advent of the motor truck has probably reduced this number. Take as a conservative estimate 200,000 horses used on farms or in transportation, which, replaced by motor trucks, would mean the use of 1,000,000 acres needed to support the animals for raising food.

Several transportation companies already have incorporated and are trying out the new idea of making regular trips daily between towns situated from thirty to fifty miles apart. One of the most recent incorporations is controlled by a group of dairymen from Castle Rock who have combined their business opportunities with the general advance of economic distribution of farm products in general. The company has several trucks which make regular trips to Denver, a distance of thirty-two miles, bringing to the metropolis dairy products and returning with a load of small wares to be dropped at towns along the way.

This practice developed through the extension of the suburban motor traffic, and more generally, perhaps, because of the congested conditions of railroad freight traffic due to war shipments.

Fruit, vegetables, milk and eggs arrive in market or direct to the door of the consumer fresh and desirable on the day they leave the farm and command the highest market prices. It is regarded by agricultural experts as the most encouraging and potent indication to the farmer that no matter what his production, his produce will find a speedy way to market.

Arguments for Rural Motor Express.

De Witt Clinton Main, a farmer at Guilderland, N. Y., is hauling 1,022,000 quarts of milk annually into the city of Albany on two trucks. He also has carried 36,500 passengers, or an average of 100 per day. Eleven years ago he was a small farmer.

At Detroit, Mich., a six-ton refrigerator truck, hauling a heavy trailer, makes daily trips to Toledo. Two and one-half days are required to ship by railway, whereas the motor truck completes the trip in six hours, hauling 18,000 pounds of beef to the load. The service is now being extended to other cities.

At Omaha, Neb., the following live stock was delivered by motor truck to market: From January 1 to November 1, 1918, 18,498 head of cattle, 153,019 hogs and 37,130 sheep.

On the line between Cleveland and Akron, Ohio, in a period of twelve months motor trucks hauling freight released 31,200 freight cars for long hauls.

At Indianapolis, 574 motor trucks, loaded with live stock, passed into the Union Stock Yards in one day. They came in a steady line from midnight until long after the break of day.

At Mason City, Iowa, two trucks of a rural motor express line operating between that city and Lake Mills recently made the round trip, ninety-two miles, in a driving rain-storm, in nine hours and forty minutes at a total cost of \$46.35.

Another line operating from Mason City, Iowa, to Albert Lea, Minn., a distance of forty-two miles, over a new dirt road, covered the eighty-four-mile round trip in six hours and forty minutes. The expense by motor truck was \$24.50, which covered all overhead expenses, whereas by rail the cost would have been \$41.40.

A Highways Transport Day should be celebrated in every state in the nation. Rural motor express lines reach out over rural highways, they bring isolated communities together, they make city and country meet, they

encourage the farmers to produce more, better food at lower cost.

We should realize that the average daily distance traveled by a freight car is only six miles, that Secretary Redfield says that our transportation system will never be perfect unless the highways are linked up with the railways and waterways.

The old slogan was: "Food Will Win the War." It has—and now it will save the world. Our boys could never have driven the Germans back if motor trucks had not brought food to the front line trenches, if ships had not carried it from our ports to France, and if the food had not been carried from the farmers to the point of shipment. It is understood that the railroads and the waterways do not serve the farmer and that rural motor express lines have been a big factor in carrying food from the points of production to the points of shipment; hence the farmer and the rural motor express is the source of supply.

The world and civilization is moving rapidly, population despite the ravages of war is on the increase, and if we are going to keep pace with that increase and steady growth we have got to turn from the horse and the muddy road to rural motor express and hard-top highways. The two former constitute the weak link in our transportation system, and so long as we tolerate them foodstuffs will be high and insufficient to supply the growing demand, so that the question has arisen if it would not be well for all states to carry on with Colorado.

FRUIT AND VEGETABLE PRESERVATION

(From the annual report of the Bureau of Markets, U. S. Department of Agriculture.)

For several years the Department of Agriculture has conducted investigations to determine the amount of deterioration which is caused by the manner in which fruits and vegetables are harvested, packed, stored and shipped, and by the use of emergency funds, extensive demonstrations are being made to bring about the practical application of the information obtained in these investigations. This work, which is under the supervision of Mr. H. J. Ramsey, was formerly carried on in the Bureau of Plant Industry in conjunction with other work of a similar nature. In order to place the marketing phases of these investigations within the proper bureau, the work described below was transferred to the Bureau of Markets upon recommendation of Dr. William A. Taylor, Chief of the Bureau of Plant Industry, provision being made for such action in the estimates for the fiscal year 1919.

Studies regarding methods of harvesting and handling fruits and vegetables have been continued along lines previously established. During the past year Florida oranges, strawberries shipped from Florida, Louisiana and Missouri, tomatoes, other southern vegetables and cantaloupes shipped from California, Arizona and Colorado have been made the subject of such investigations. Studies have been made of the degree of maturity at which cantaloupes, tomatoes and some other vegetables should be picked, and of the effect of delay between picking and shipping fruits and vegetables. Data secured in an investigation regarding the desirability of wrapping Florida oranges have shown that oranges shipped unwrapped arrive in the market in practically as good condition as those that are wrapped. By eliminating wrapping, large unnecessary costs may be saved and the shipment of the fruit may be greatly facilitated.

Every effort has been made to demonstrate to growers and handlers of fruits and vegetables that decay and deterioration in transit can be reduced by the introduction of more careful and efficient handling methods. It was found that in many sections where work of this nature has been carried on previously there was a tendency on the part of shippers to permit handling standards to be lowered because of the difficulty of obtaining experienced labor. So far as possible this tendency was counteracted by educational work, and in many sections where work had not previously been done, demonstrations were made throughout the shipping season.

Studies of the efficiency of refrigerator cars used for the transportation of fruits and vegetables were continued, and extensive demonstrations were made of the

practicability, through modifications in construction, of increasing the efficiency of such equipment and of effecting economies in the transportation of perishable shipments. Practically all of the refrigerator cars built during the past year conform in principle to the designs recommended by this bureau and the United States Railroad Administration has adopted, as standard, the type of car which these investigations have shown to be the most efficient.

Test shipments were made of fruits and vegetables under ventilation, and it was shown that heavy loads may be moved under ventilation with as low temperatures as light loads.

Extensive investigations relative to the protection of perishable shipments from frost damage in transit were conducted, and the data obtained in this work show clearly the fundamental factors necessary for satisfactory frost protection. During the summer of 1918 tests were conducted in cooperation with the United States Railroad Administration to determine the best methods of constructing heater cars.

Demonstrations were made to railroad officials, growers and shippers in many sections of the United States regarding the possibility of frost protection, and the relation of loading methods, car construction, insulation and refrigeration to decay and deterioration in fruit and vegetable shipments.

Serious damage has been caused in the past by improper methods of loading shipments of fruits and vegetables. Investigation of this problem was begun in the fall of 1917 and continued throughout the season, and demonstrations of the factors to be considered were made both at shipping and market centers. This work has resulted in the adoption of regulations by shippers and railroad officials which will undoubtedly reduce losses from poor loading. Particular emphasis was placed on demonstrations designed to show the possibility of loading perishable shipments more heavily.

Investigations have been made of the factors governing the successful storage of fruits and vegetables, and the results of these studies have been made the basis of demonstrations. In the West and Pacific Northwest more than ten common storage houses for apples have been constructed or remodeled in accordance with the plans or suggestions of this bureau. Important improvements have been effected in the construction, ventilation and management of houses and cellars intended for the storage of Irish potatoes, and plans were completed for the erection, in accordance with the bureau's recommendations, of several hundred sweet potato storage houses during the summer and fall of 1918.

REPORT OF W. C. REDFIELD

(Extracts from the annual report of the Secretary of Commerce for the fiscal year ending June 30, 1918.)

Development of Waterways.

An important step forward, which will be of great advantage to our commerce, was taken when the Director-General of Railroads assumed, on behalf of the government, for the period of the war, the operation of the Cape Cod and the Delaware and Raritan canals, the latter being operated in connection with the New York State Barge Canals. Every economic, military and naval argument points to the importance of the earliest possible development of a government-owned waterway corresponding with what is commonly known as the Atlantic intracoastal waterway, connecting all the great cities of our Atlantic seaboard with one another, with the New York State waterways reaching to the Great Lakes and Lake Champlain, and with all the railroad terminals along our eastern coast, such a waterway, safe alike from the effects of storms and from the acts of enemies, would be a great asset to the nation if it were available today. The development of the use of our internal waterways having been taken over by the Railroad Administration, this department retains an interest in them only because of their effect in promoting our commerce.

Bureau of Foreign and Domestic Commerce.

This bureau is the national center for economic information and statistics of the resources, transportation, and trade of foreign countries. The past war year brought unprecedented demands for that class of information. At

home and abroad the bureau helped the War and Navy departments to find new sources of needed materials, in some cases taking part in the actual purchase. Congress, too, and all the war boards sought information about our foreign trade, our raw materials and markets, as well as trade data from foreign countries on their raw materials and indispensable imports. The statistics and facts were available chiefly in the bureau. Therefore, in addition to the normal function of promoting foreign trade, the bureau became also a mainstay of economic research for the War Trade Board, War Industries Board, Shipping Board, and other federal agencies of less intimate contact with trade.

Most of our commercial attaches are representing the War Trade Board or the Shipping Board, some of them having taken part in the economic conferences of the allies on blockade and embargo matters in London and Paris, and all having contributed frequent reports on commercial matters to the above war organizations. Our special traveling agents have collected and turned over volumes of information to the war boards. The Latin American division has time and again supplied specialized information which could have been obtained from no other quarter; indeed, the division has been expanded greatly under the influence of that demand. It is easy to see what great contributions might also have been made by a Russian division and a far eastern division and a western European division had we been fortunate enough to have such facilities at command; much valuable information in respect to those fields exists in the bureau, but it could not all be organized for use with the means available. The statistical division has been at times absorbed in satisfying the extraordinary and comprehensive demands of the war agencies for minutely classified import and export figures, and this situation has obtained also in a less degree with the research division. It is not too much to say that the chief and assistant chiefs of the bureau have labored day and night to meet the war-time demands without allowing the regular functions of the bureau to lapse.

The visible balance of trade in favor of the United States on merchandise transactions for the fiscal year ended June 30, 1918, was \$2,982,226,238. The total of our merchandise export trade was \$5,928,285,641 and of our import trade \$2,946,059,403.

The war aroused keen interest in the trade methods that Germany had used to intrench herself in the markets of the world, and because conflicting opinions and rumors were abroad the bureau decided to make a thorough inquiry into the matter and put the truth before the business public in the form of printed reports. The first issued was "German Foreign Trade Organization," which set forth the development of the German export trade, the organization of German commercial education, the promotion of trade by the German settlements in foreign countries, the German banking and shipping facilities, and the trade-promoting agencies and trade associations. The object was not condemnation of all German efforts, but rather an impartial presentation of the good and bad features, so that the American exporter and manufacturer could profit by what was good as well as avoid what was evil. The report was the work of Chauncey D. Snow, first assistant chief of the bureau, who was engaged in an industrial investigation in Germany when the war broke out. It was followed by a report, entitled "German Trade and the War," concerned with war-time commercial and industrial conditions in Germany and their bearing on the future trade of that country. The first report was devoted largely to the export trade of the enemy, the second to his war materials and imports. The second report was prepared by Mr. Snow, in collaboration with J. J. Kral, of the research division of the bureau. These reports have had wide circulation.

It is a matter of deep regret that the department has not been furnished funds with which to increase the force of commercial attaches. Each of these officers has dealt with delicate and important matters with success and self-sacrifice. The commercial interests of the country abroad would be in even better condition than they are had the request of this department for a larger force of attaches been heeded. There is now an urgent, repeated call from Italy for a commercial attache at Rome. We hope to answer this call affirmatively.

The work of this service has been utilized by the War Department, the State Department, the Navy Department,

the War Trade Board, the conservation division of the War Department, the Council of National Defense, the Bureau of Mines, and the Geological Survey of the Interior Department, the War Minerals Committee of the War Industries Board, the Shipping Board, the Railroad Administration, etc.

At the compilation center of all American foreign-trade statistics, the statistical division was, during the year, continuously used by the War Trade Board, the Food Administration, the Shipping Board, the Fuel Administration, the War Industries Board, and such bodies as the Textile Alliance and the Tanners' Council. It is no exaggeration to say that every government office handling war trade problems called on the division for special statistical service during the year.

Early in the year the war boards suggested that the monthly statistics usually available a month to six weeks after the close of the period which they covered were not sufficiently up to date for their purposes. A plan was accordingly perfected for furnishing them each month with three statistical statements of both exports and imports, each brought up to ten days from date. This meant a revolution in the methods used at the custom houses, as well as at the bureau, but the ten-day reports have been furnished regularly for exports since February and for imports since April. These reports are for the confidential use of the war boards.

To meet the needs of the war boards and of commercial interests for more detailed export statistics for commodities in which the trade has increased since the war, but which have been included in "All other" classes, suggestions were invited from boards of trade, chambers of commerce and private firms for additional classes. A generous response followed and many suggestions were made. While first consideration is given to the needs of the war boards, the object of making the classification of the greatest permanent value to trade promotion after the war is kept in view. It is now planned to devise an entirely new classification along the lines suggested from the material available in the bureau and constantly accumulating.

A new schedule governing the classification of imports was issued, effective July 1, 1918. It shows more detail than the former Schedule E, as almost every item mentioned in the tariff is separately classified. This detailed classification was provided for the use of the United States Tariff Commission in its work of collecting information regarding imported commodities as a basis for tariff legislation.

The Latin American division has contributed to war work as extensively as any division in the bureau, except, possibly, the division of statistics; but the fundamental duty of trade promotion has not been neglected. Restrictions upon foreign trade through the curtailment of shipping space and import and export license requirements have retarded our trade with Latin America in many respects, although the trade with the nearer regions of Latin America—namely Central America and northern South America—has been stimulated because of the impossibility of importing certain commodities from the islands of the Far East and from the remoter regions of Latin America. In anticipation of requests of American importers and exporters for assistance in trade with the Caribbean countries, the division has undertaken detailed investigation of trade problems in these countries. A gratifying response has been observed in the activities of American houses in that field.

The work of inaugurating a division to handle far eastern commercial matters, similar in scope to the Bureau's Latin American division, was begun during the year. It will centralize matters relating to the countries of the Far East and will have assistants who specialize on each of these countries.

The bureau has undertaken careful statistical studies of the normal world markets for important lines of merchandise, the object being to enable American manufacturers to prepare themselves for trade after the war. The first study published was devoted to the quantities, values and sources of furniture imported by countries whose transactions exceeded \$500,000 in value. It is issued under the title "Furniture Imports of Foreign Countries." It is planned to issue a series of similar studies of other lines as rapidly as they can be prepared.

A novel method of government trade promotion was begun when the bureau issued the first of a series of Spanish-

English pamphlets defining with scientific accuracy accepted American industrial standards for construction materials. The first pamphlet issued is entitled "Standard Specifications and Tests for Portland Cement," and was prepared by the American Society for Testing Materials, in co-operation with the American Society of Civil Engineers, the Bureau of Standards, the Bureau of Foreign and Domestic Commerce and the Office of Public Roads. This will be followed by a long series now in press. The standards of the American Society for Testing Materials are already known and used in the Latin American countries, and the decision to publish them in Spanish was reached as a result of numerous requests from these countries for just this sort of information. Care was taken to make the translations idiomatic as well as technically accurate.

Measured by the economic needs of the country and by the grave responsibility of post-war competition, the bureau should be expanded substantially in every branch of its service.

New attaches should be assigned to a number of important capitals, especially Athens, Rome, Madrid, Ottawa, Mexico City and Santiago, Chile. We should also establish at the earliest possible moment resident trade commissioners in Sweden, Norway, Great Britain, France, Greece, Switzerland, Russia, Mexico, Bolivia, Uruguay, Brazil, Colombia and Venezuela, Dutch East Indies, China, Philippine Islands, British India, Japan, Malay Peninsula, Egypt, South Africa, Australia and New Zealand. The value of resident representatives is too obvious to require any argument for the extension of this feature of our service.

The field for European investigations by special agents immediately upon the conclusion of the war will be so extensive that the bureau will require greatly increased funds. Among the more important subjects of these market investigations may be mentioned industrial machinery of various kinds; mill and factory equipment other than machinery; builders' and other hardware; construction materials other than lumber; machine tools; railway equipment and supplies; electrical equipment for industrial plants, and small electrical goods; lumber; vehicles, tires, and other accessories; agricultural machinery and implements of all kinds; and kitchen utensils and sanitary supplies and appliances. American concerns have a tremendous field for service to our allies in helping them rebuild and for future business.

Too much emphasis cannot be placed on the desirability of employing trained economists, statisticians and experts on banking, shipping, etc., in excess of the bureau's present force. These types of economic authority are constantly needed to conduct work equal in importance to that performed by the great federal commissions in Washington. The bureau is frequently called upon to undertake tasks outside of its regular routine, such as the dye and chemical census, compilations of foreign embargo laws, surveys of extraordinary economic conditions in Russia; for instance, and other like studies. It is hoped that salaries commensurate with those found necessary by other divisions of the government for the employment of such experts may be authorized by Congress.

This introduces mention of the bureau's utter inability to secure employes in competition with other government commissions and private concerns. In order to meet the increased cost of living, particularly at Washington, and to retain desirable men for whom there is a growing demand in every direction, liberal increases in salaries have come about automatically wherever it was necessary to hold organizations together. The bureau's disability in this respect has cost it many a valuable employe during the year and has prevented men of the highest qualifications from entering the service. Especially urgent is the need for larger appropriations in the commercial attaché service to retain the present successful incumbents and to provide for new posts. To the increased living costs abroad, where commodities are becoming scarcer every day, we must add the declining value of the dollar in certain countries, the most notable instance of this being in China, where the rising value of silver exchange has made the dollar worth only about one-half its value of a year ago. The attaché posts are further handicapped by the limit of salaries for clerks to attaches at \$1,500, making it necessary to apply to Congress for post allowances in order to keep these employes merely clothed and fed.

Our country is looking to the Bureau of Foreign and

Domestic Commerce to do its share in preparing the country for economic security and prosperity after the war, when the chief industrial and commercial forces in both hemispheres will be ready to launch great organizations on the commercial seas in quest of trade. The instinct of commercial self-preservation demands organized action. This is not the time for short-sighted thrift. Other countries are looking ahead and spending money to organize for their commercial security. A wisely liberal preparation now will mean millions of income some day to this country, will mean industrial prosperity for our labor, and will mean strength for our economic structure against adverse conditions or sharper competition from any quarter. No country has excelled us in the type of commercial service which we have for six years past rendered to the business community, and this position should be maintained by us regardless of our temporary absorption in military defense.

Personal Notes

Frank B. Simmons, assistant traffic manager of the Willys-Overland Company, Toledo, O., died December 15.

Martin Van Persyn, traffic manager of Sprague, Warner & Co., Chicago, and chairman of the freight committee of the Wholesale Grocers' Exchange, will, January 1, discontinue his traffic work to become connected with the real estate firm of J. H. VanVliet & Co., Chicago, paying particular attention to the industrial real estate end of the business. He will be succeeded with Sprague, Warner & Co. by C. O. Dawson, traffic director of the Chamber of Commerce of Ottumwa, Ia.

F. J. Hunt is appointed freight claim agent, Los Angeles & Salt Lake Railroad, with headquarters at Los Angeles, having general charge of loss and damage freight claims and the prevention of causes of such claims.

Edward D. Mohr is appointed freight claim agent of the Louisville & Nashville Railroad, with headquarters at Louisville, in charge of the investigation and payment of loss and damage freight claims and the prevention of causes of such claims, vice John F. Seger, transferred.

The Railroad Administration having relinquished possession and control of the Mallory and Clyde steamship lines, as of midnight Dec. 5, 1918 (effective December 1, for accounting purposes), the operation has been resumed by companies. In the roster of employees the following are named: W. P. Lewis, freight traffic manager; Richard Halley, freight claim agent.

C. W. Woodward is appointed assistant freight claim agent of the Atlantic Coast Line, with headquarters at Wilmington, N. C.

Herman Mueller, traffic commissioner of the Lansing (Mich.) Chamber of Commerce, is now serving as a member of the Central Territory Freight Traffic Committee in Chicago.

R. L. Russell, assistant freight traffic manager of the Central of New Jersey and the Philadelphia & Reading, with office at Philadelphia, has been appointed freight traffic manager of the Philadelphia & Reading, the Central Railroad of New Jersey, the New York & Long Branch, the Atlantic City Railroad, the Port Reading Railroad, the Baltimore & Ohio Railroad New York Terminals, the Baltimore & New York, the Staten Island Rapid Transit and the Staten Island Railroad, vice J. F. Auch, resigned.

Samuel M. Felton has tendered his resignation as director-general of military railroads, effective December 31. He will return to his work as president of the Chicago Great Western.

APPROVAL OF EXPENSES.

Until further ordered, the Director-General has approved payment by carriers of assessments account current expenses of the Illinois-Indiana Coal Traffic Bureau (excepting for statistical work), such payments to be charged to operation. The expenditures for statistical work are to be charged to the United States Fuel Administration and not assumed by the Railroad Administration.

WILL SINK EXPLOSIVES

The Traffic World Washington Bureau.

Director-General McAdoo announced December 19 that high explosives in possession of the railroads will be taken to the sea and sunk so as to get rid of the danger of explosions as quickly as possible. Salvaging on fertilizer materials in such explosives would be too dangerous to be undertaken. One explosion might destroy property of greater value than that of salvaged materials, not to mention lives.

WAR DEPARTMENT EMBARGO

The Traffic World Washington Bureau.

By means of car service circular No. 45, the Railroad Administration, December 19, ordered an embargo on practically everything to or for account of the War Department or officers, thereof and to or for account of contractors for War Department purposes, to and from all points, except food supplies going to camp supply officers and a few constructing quartermasters superintending the erection of buildings intended to be permanent. This is part of the method used to terminate war orders.

LOCOMOTIVE CONSTRUCTION

The Traffic World Washington Bureau.

Locomotive construction for the Railroad Administration has reached such a point that trouble is being experienced in allocating it even when operating officers are satisfied with what is offered and can make no objection to the price other than the general one that it is too high. There are a good many roads that have experienced such a reduction in tonnage that they are not really in need of new engines. In November, according to the report of the Railroad Administration, 203 locomotives were produced for American roads and 237 for military roads in France. The total of engines ordered for this year is 2,030.

RESTORED PASSENGER SERVICE

The Traffic World Washington Bureau.

Director-General McAdoo announced December 16 that, beginning January 1, additional through sleeping car service from New York and Philadelphia to Florida and the south will be established.

He has authorized the restoration of fifteen of the through sleeping car lines that were discontinued north of Washington a year ago as a war measure.

Beginning January 1, next, the Pennsylvania Railroad train leaving New York at 8:08 a. m. and West Philadelphia at 10:23 a. m. will have through sleeping cars to Jacksonville and Port Tampa via Washington and the Atlantic Coast Line.

A new train leaving New York at 2:04 p. m. and West Philadelphia at 4:17 p. m. over the Pennsylvania will have through sleeping cars to Palm Beach, Miami and St. Petersburg, Fla., via the Atlantic Coast Line, running south to Washington on the "Florida Special;" and through sleeping cars to Miami and St. Petersburg via the Seaboard Air Line.

Through sleepers to White Sulphur Springs and to Virginia Hot Springs via the Chesapeake & Ohio Railway and to New Orleans via the Southern Railroad, will leave New York on the new Pennsylvania Railroad train at 3:38 p. m., leaving West Philadelphia at 5:56 p. m.

The service outlined will be in addition to the through sleeping cars to Jacksonville, Memphis, Nashville, New Orleans, Birmingham and Atlanta now being operated on the Pennsylvania Railroad trains leaving New York at 8:35 p. m. and 12:30 midnight.

Northward, through sleeping cars will be operated from White Sulphur Springs and Virginia Hot Springs to New York via the Chesapeake & Ohio Railway and the Baltimore & Ohio Railroad; from New Orleans to New York via the Southern Railway and the Baltimore & Ohio Railroad; from New Orleans to New York via Southern Railway and Pennsylvania Railroad; from Miami and St. Petersburg to New York via the Seaboard Air Line and the Pennsylvania Railroad; and from Port Tampa, Jacksonville, Miami and Palm Beach to New York via the Atlantic Coast Line and the Pennsylvania Railroad. These

will be in addition to the present through sleeping cars from Jacksonville, Atlanta, New Orleans, Birmingham, Memphis and Nashville to New York operated by the Seaboard Air Line, Atlantic Coast Line and Southern Railway in combination with the Pennsylvania Railroad.

In order to expedite the forwarding of through baggage from New York, Philadelphia and other points to Florida and other southern points, through baggage cars will be operated between New York and Jacksonville via the Pennsylvania Railroad, the Atlantic Coast Line and the Seaboard Air Line, effective January 1. Car via the Atlantic Coast Line will leave New York at 8:35 p. m., and car via the Seaboard Air Line will leave New York at 12:15 midnight. Through baggage car to Atlanta via the Pennsylvania Railroad and Southern Railway will leave New York at 12:30 midnight.

It is the understanding that these through cars will handle the bulk of the through baggage to Jacksonville and other points beyond, and to Atlanta and points beyond. This will obviate the rehandling of a large volume of baggage at the Washington Terminal Station. Similar through baggage cars will be operated northward from Jacksonville and Atlanta to New York.

EXPORTS CONTROL COMMITTEE

The Traffic World Washington Bureau.

According to the report of the Exports Control Committee for the week ended December 14, made public by Director General McAdoo December 17, much progress has been made in disposing of U. S. Army freight and freight for the allies. Government freight on railroad operated terminals shows an increase of 35 cars in deliveries over receipts. There was, however, as a whole, a slight decrease at North Atlantic ports. There was a total of 10,987 cars received during the week, while 9,743 were delivered.

The situation at the other points shows a decrease of cars on hand at North Atlantic ports of 887; South Atlantic 87, while an increase of 353 cars is shown at the Gulf ports, a net decrease of 621 cars for all ports.

War materials of all kinds intended for shipment to the Allies, and not now needed, are rapidly being disposed of in this country through the various governmental agencies.

Provisions on hand during the week for the Commission for Relief of Belgium amounted to 89 cars.

The Delinquent Bureau has succeeded in arranging for the clearance of a lot of corn syrup which has been held at the terminals for a long time on account of the prohibition against the exportation of this commodity when treated with disulphide of soda.

According to latest advices, the Food Administration's program for the remainder of December indicates that sufficient ocean tonnage has now been allocated to take care of all demands.

For the week ended December 5 there were 229,566 tons of grain in elevators at North Atlantic ports, while 194,894 tons had been cleared. At the Gulf ports 216,526 tons of grain were in elevators, while but 48,016 had been cleared.

It is expected that the vessel program will show a decided improvement at the Gulf ports and create a full elevator turnover.

TELEPHONE OPERATIONS

The Traffic World Washington Bureau.

The monthly summary of the results of operation of the larger telephone companies for July was published by the Commission December 13. A large telephone company under this classification is one that has an annual operating revenue in excess of \$250,000.

The number of telephone stations increased in July as compared with the same months in 1917 from 7,585,337 to 7,918,192. The operating revenue increased from \$26,327,580 to \$29,693,784; expenses from \$18,850,190 to \$21,818,220, and operating income fell from \$5,698,115 to \$5,600,674. The increase in operating revenue was 11.9 per cent, in operating expenses 15.7 per cent and a decrease in operating income of .8 per cent.

For the seven months ending with July the revenue increased from \$182,640,131 to \$196,103,666; expenses from \$123,237,864 to \$137,913,847, and income declined from \$59,402,266 to \$44,733,953. The operating revenue increased

7.4 per cent; expenses 10.9 per cent, and income fell 4.4 per cent.

In a note appended to the summary the Commission said that the figures for the two years are only roughly comparable, owing to a more accurate separation of July and August revenues and expenses in 1918 than in 1917.

U. S. CONTROL OF WIRES

The Traffic World Washington Bureau.

Postmaster-General Burleson has appointed a board for the operation of the telegraph and telephone services under government control. Union N. Bethel, vice-president of the American Telephone and Telegraph Company, is chairman, and the other members are F. A. Stevenson, superintendent of plants of the American Telephone and Telegraph Company; G. M. Yorke, vice-president of the Western Union Telegraph Company, and A. F. Adams, president of the Kansas City Home Telephone Company.

Another administration move toward government ownership was started in Congress December 13 when Representative John A. Moon, chairman of the House post office committee, introduced a resolution to put the telegraph and telephone lines permanently under control of the Postmaster-General.

While the resolution bears Moon's name, it was inspired and largely written by Postmaster-General Burleson, who has been an advocate of government ownership of the wires throughout his congressional and cabinet career.

"The resolution was drawn at the request of and in collaboration with the Postmaster-General and has the approval of President Wilson," Representative Moon said. He said he had not interviewed the President on the matter himself, but that the Postmaster-General had.

The measure provides that government wire control shall be continued as an auxiliary of the postal service until otherwise ordered by Congress.

The Postmaster-General is directed to fix the appraised value of all telegraph companies, their property and effects, as provided in the act of July 24, 1866, and report to Congress. The act of 1866 provided that the United States "after the expiration of five years from the date of passage" may purchase the telegraph lines at a value to be fixed by a commission of five, two of whom are to be appointed by the Postmaster-General, two by the companies, and the fifth selected by the first four.

The resolution further directs the Postmaster-General to negotiate for the purchase of all the telephone lines subject to the approval of Congress and to report to Congress "within a reasonable period" on a system of operation.

Newcomb Carlton, president of the Western Union Telegraph & Cable Company, has been placed in charge of all marine cable systems of the United States by Postmaster-General Burleson. He has accepted the appointment, which was declined by George G. Ward, vice-president of the Commercial Cable Company.

Mr. Burleson's order appointing Mr. Carlton directs the exclusion of Clarence H. Mackay, president of the Commercial Cable Company, of Mr. Ward and William W. Cook "from any connection with the supervision, possession, control or operation of any and all marine cable systems or any part thereof."

Mr. Cook is trustee and general counsel of the Mackay companies.

The Commercial Cable Company has acceded to Mr. Carlton's request, "under protest," by appointing George Clapperton vice-president and traffic manager to supervise the administration of the Commercial stations.

LINES TO A DEAD GRAFT

The following anonymous lines appended to a copy of circular No. 64, of the Director-General, prohibiting officers and employees of railroads from receiving Christmas and other holiday presents from shippers and from business houses that furnish supplies and materials to railroads: Ah, broken is the golden bowl! the spirit flown forever! Let the bell toll!—a saintly soul floats on the Stygian River;

And, Railroadier, hast thou no tear?—weep now or never more!

See! on yon drear and rigid bier low lies thy love.

Now roar!

—Adapted from Poe's "Lenore."

Digest of New Complaints

- No. 10202. Hillsboro Coal Co. vs. C. C. C. & St. L. et al.
Alleges unlawful charging of complainant's mine, located in the "Spratfield district," near Hillsboro, Ill., as a "lead mine," and refusing to adjust a fair and proper proportion of empty coal cars to it, as compared with other mines similarly located. In this it is charged that complainant has been unjustly discriminated against. Ask for reparation of \$75,000 and removal of the discrimination.
- No. 10242. Watertown Sash and Door Co. and the Board of Railroad Commissioners of the State of South Dakota vs. A. T. & S. E. Ry. Co., Wm. G. McAdoo et al.
Against combination, class and commodity rates on shipments of posts and window glass from Olney, Kan., and other points in the gas belt district to Watertown, S. D., and other South Dakota points similarly located as unjust, unreasonable and grossly discriminatory, also unduly prejudicial and prohibited and in violation of Sections 1, 2 and 3 of the act and of section 1 of the Federal Control Act.
- No. 10260. Joseph H. Tammara et al. Salisbury, Md., vs. Baltimore, Chesapeake & Atlantic et al.
Against the assessment of rates on strawberries on the basis of a 100-pound minimum shipped from points on the eastern shore of Virginia and Maryland and from Delaware to points in the New England States as unjust, unreasonable and discriminatory. Ask for the establishment of a minimum not to exceed 12,000 pounds, and reparation.
- No. 10261. Armour Grain Co., Chicago, Ill., vs. Illinois Central, et al.
Against and unreasonable demurrage charges on inbound shipments of grain by reason of failure on the part of the owners to furnish sufficient cars for outbound shipments to be considered at Chicago. Reparation asked for.
- No. 10262. Frank J. Delaney and Crangers Elevator Co., Chicago, Ill., vs. C. M. & St. P. and Wm. G. McAdoo.
Alleges that application of defendant's demurrage rules to numerous shipments of soft coal destined to complainant's elevators at Chicago, Ill., subjected the complainant to the payment of unjust, unreasonable and discriminatory rates. Cease and desist order and a modification of the rules asked for.
- No. 10263. New Bedford (Mass.) Board of Trade, for J. C. Blount & Co., Inc., vs. New England S. S. Co. and Wm. G. McAdoo.
Against a rate of 15 cents per 100 pounds, effective May 25, 1917, and of 12 cents per 100 pounds, effective June 25, 1918, on L. C. shipments of caviars from New Bedford, Mass., to Port 4, North River, New York City, as unjust and unreasonable to the extent that they exceed rates of 12 cents and 15 cents, respectively. Just and reasonable rates asked for and reparation.
- No. 10264. Lanier Bros. Nashville, Tenn., vs. Louisville & Nashville R. R. and Wm. G. McAdoo.
Against the Class "D" rate of 12 cents per 100 pounds on C. L. shipments of cottonseed feed meal shipped in January, February and March 1917 from Birmingham, Ala., to Nashville, Tenn., as unjust, unreasonable and grossly discriminatory to the extent that it exceeded a rate of \$1.65 per net ton. Reparation asked for.
- No. 10265. J. L. & H. Henderson, Natchez, Miss., vs. Yazoo & Mississippi Valley R. R. and Wm. G. McAdoo et al.
Against the assessment of a rate of 36 cents per 100 pounds on two barrels of cotton, Natchez, Miss., to Jackson, Tenn., as unjust, unreasonable and discriminatory to the extent that it exceeded a rate of 15 cents per 100 pounds. Cease and desist order and reparation asked for.
- No. 10266. The Columbia Iron Works, Chattanooga, Tenn., vs. Atlantic Coast Southern, Wm. G. McAdoo et al.
Alleges that the rate of 14½ cents per 100 pounds on five carloads of empty properties shipped from Chattanooga, Tenn., to New Orleans, La., as unjust and unreasonable to the extent that it exceeded a rate of 78 cents. Cease and desist order, the establishment of just and reasonable rates asked for, and reparation.
- No. 10268. Seaboard Ice Product Coke Co., Newark, N. J., vs. Delaware, Lancaster & Western, Wm. G. McAdoo et al.
Against the failure of the defendant to establish through

rates from the Connellsville coal region of Pennsylvania to Seaboard, N. J., also from the West Virginia and Pittsburgh districts, as leading to the charging of combination rates which were and are unjust, unreasonable and discriminatory. Cease and desist order and the establishment of just and reasonable through rates asked for and reparation.

- No. 10269. The Neosho Grocery Co., Kansas City, Mo., vs. Philadelphia & Reading, Wm. G. McAdoo et al.
Against a rate of 52 cents per 100 pounds on shipments of sugar from Philadelphia, Pa., to Neosho, Mo., due to alleged misrouting, as unjust and unreasonable to the extent that it exceeded a rate of 36 cents which would have applied had the shipments been correctly routed through Cape Girardeau. Reparation asked for.
- No. 10270. Walter A. Zelnicker Supply Co., St. Louis, Mo., vs. Oregon Short Line R. R. Co., Wm. G. McAdoo et al.
Alleges that a charge of \$713.44 assessed on 58,700 pounds of steel piling, Paris, Idaho, to East St. Louis, Ill., was unjust and unreasonable in so far as it exceeded a rate of 82 cents per 100 pounds. Cease and desist order and reparation asked for.
- No. 10272. The Lodwick Lumber Co., Shreveport, La., vs. Beaumont, Sour Lake & Western et al., and Wm. G. McAdoo.
Against a rate of 42 cents per 100 pounds on shipments of lumber from Dyersdale, Tex., to Deming, N. M., as unjust and unreasonable to the extent that it exceeded a rate of 34 cents, which rate it asks to have established for the future, and reparation.
- No. 10291. National Steel Pail Co., St. Louis, Mo., vs. Wm. G. McAdoo et al.
Unjust and unreasonable rate on carload shipments of railroad cast iron scrap from Stamps, Ark., to Springfield, Mo. Reparation asked for.
- No. 10350. Central Pennsylvania Lumber Co., Williamsport, Pa., vs. Susquehanna & New York and McAdoo.
Unjust and unreasonable demurrage charges on cars delayed by reason of inclement weather at Laquin, Pa. Asks for reparation.
- No. 10351. Inman, Akers & Inman, Atlanta, vs. L. & N., McAdoo et al.
Against a refusal at the beginning of the war to protect a rate of 35c on 238 bales of compressed cotton stranded at Mobile and finally moved to Savannah, Ga., first class of 81c being demanded for the movement. Ask for cease and desist order and reparation.
- No. 10352. Merchants' and Manufacturers' Assn. of Baltimore, Md., vs. B. & O. R. R. Co., Wm. G. McAdoo et al.
Against the proposed reduction of free time on L. C. L. shipments to twenty-four hours, to become effective December 17, and applicable at Philadelphia and Baltimore, as unjust, unreasonable and unjustly discriminatory. Cease and desist order and the reestablishment of the forty-eight-hour free time period, and such other maximum rules, regulations and practices as the Commission may deem just and reasonable.
- No. 10353. Acme Cement Plaster Co., St. Louis, Mo., vs. Quanah, Acme & Pacific Ry. Co., Wm. G. McAdoo et al.
Against a rate of 32 1-10 cents per 100 pounds plus a war tax of \$9.63 on a carload shipment of cement plaster from Acme, Tex., to Plasterco, Tex., as unjust and unreasonable to the extent that it exceeded a rate of 15 cents and the resultant war tax of \$3.90. Ask for a cease and desist order, the establishment of just and reasonable rates and reparation.
- No. 10354. United Paperboard Co., Inc., New York City, vs. Pa. R. R. Co., Wm. G. McAdoo et al.
Against charges of \$4 per ton on C. L. shipments of coal from Whippany, N. J., to New York City, reconsigned to Lackport, as unjust and unreasonable. Cease and desist order, the establishment of just and reasonable rates and reparation to a suggestive basis of \$2 per car asked for.
- No. 10355. United Paperboard Co., Inc., New York City, vs. Maine Central R. R. Co., William G. McAdoo et al.
Against a rate of 30c per 100 lbs. on wood pulpboard, C. L., from Benton Falls, Me., to Philadelphia, as unjust and unreasonable to the extent that it exceeds a rate of 18.8c, which it asks to have established as a maximum for the future, and reparation to that basis.
- No. 10356. United Paperboard Co., Inc., New York City, vs. Erie R. R., William G. McAdoo et al.
Against a rate of 16c per 100 lbs. on C. L. shipments of chip board from Lackport, N. Y., to Camden, N. J., as unjust and unreasonable. Asks for the application of a 12.6c rate and reparation to that basis.

Docket of the Commission

Note—Items in the Docket marked with an asterisk (*) are new, having been added since the last issue of The Traffic World. Cancellations and postponements announced too late to show the change in this Docket will be noted elsewhere.

- December 28—Washington, D. C.—Examiner Thurshell:
9287—St. Louis Electric Term. Ry. Co. et al. vs. C. C. & St. L. R. Co. et al.
- January 6—Baltimore, Md.—Examiner Worthington:
10260—Farmers R. R. Co. et al. vs. B. C. & A. Ry. Co. et al.
January 6—Baltimore, Md.—Examiner Gibson:
10153—Board of Trade of Portsmouth, O., vs. Atlantic City R. R. Co. et al.
- January 6—Chattanooga, Tenn.—Examiner Fleming:
10301—Chattanooga Bottle and Glass Mfg. Co. vs. Ala. Great S. R. R. Co. et al.
- 10266—The Columbia Iron Works vs. Ala. Great S. R. R. Co. et al.

- January 6—Detroit, Mich.—Examiner Marshall:
10324—Kalamazoo Tank and Silo Co. vs. W. G. McAdoo, Director General of Railroads et al.
- 10290—Dow Chemical Co. vs. W. G. McAdoo, Director General of Railroads et al.
- January 6—New York, N. Y.—Examiner Worthington:
10289—Texler Lbr. Co. vs. Tidewater & Western R. R. Co. et al.
- January 7—Philadelphia, Pa.—Examiner Worthington:
10281—J. W. Diffenderfer Lumber Co. vs. Mt. Airy & Eastern R. R. Co. et al.
- January 7—Nashville, Tenn.—Examiner Fleming:
10264—Lanier Bros. vs. L. & N. R. R. Co. et al.
- January 8—Washington, D. C.
9842—W. P. R. R. vs. Sou. Pac. Co. et al.
1 & S.—11—La. & Pine Bluff Div. (in the particular question as to whether the haul from the loading point to the

cases and back should be included in the calculating and forward to the station of the L. & P. R. in making delivery from the Union Mill to its trunk line and connections at Boston Junction).

- January 8—Pittsburgh, Pa.—Examiner Gibson:
10308—United Board of Trade, Inc., et al. vs. W. G. McAdoo, Director General of Railroads.
- January 8—New York, N. Y.—Examiner Worthington:
* 10289—Traylor Lumber Co. vs. Tidewater & Western R. R. Co. et al.
* 10292—National Wholesale Dealers' Lumber Assn. vs. W. G. McAdoo, Director General of Railroads et al.
10294—American Agricultural Chemical Co. vs. C. R. R. of N. J. et al.
- January 8—Argument at Washington, D. C.:
* 8180—A. H. Kerr & Co. vs. Sand Springs Ry. Co. et al.
- January 9—St. Louis, Mo.—Examiner Fleming:
10303—Chas. Truman & Son, R. R. Co. vs. Wm. G. McAdoo, Director General of Railroads et al.
10293—The Associated Coopers Industries of America vs. Wm. G. McAdoo, Director General of Railroads et al.
10291—National Steel Rail Co. vs. Wm. G. McAdoo, Director General of Railroads et al.
- January 9—New York, N. Y.—Examiner Worthington:
10304—Geo. C. Holt and Benj. J. Odell, receivers, Aetna Explosive Co., Inc., vs. W. G. McAdoo, Director General of Railroads et al.
10310—Geo. C. Holt and Benj. J. Odell, receivers, Aetna Explosive Co., Inc., vs. W. G. McAdoo, Director General of Railroads et al.
- January 9—Argument at Washington, D. C.:
* 10204—Consolidated Classification case (for those who have requested the privilege).
- January 10—Shreveport, La.—Examiner Gibson:
10272—The Lodwick Lbr. Co. vs. W. G. McAdoo, Director General of Railroads et al.
- January 10—St. Louis, Mo.—Examiner Fleming:
10270, 10295, 10296, 10305, 10322, 10328—Walter A. Zelnicker Supply Co. vs. W. G. McAdoo, Director General of Railroads et al.
- January 10—Chicago, Ill.—Examiner Marshall:
10282—Swift & Co. vs. W. G. McAdoo, Director General of Railroads et al.
- January 11—Chicago, Ill.—Examiner Marshall:
10298—Joseph D. Bell vs. W. G. McAdoo, Director General of Railroads et al.
10299—Illinois Coal Traffic Bureau vs. W. G. McAdoo, Director General of Railroads et al.
- January 13—Olean, N. Y.—Examiner Worthington:
10211—Herman Gross vs. N. Y. & P. Ry. Co. et al.
10246—Herman Gross, doing business as the Puritan Glass Co., vs. W. G. McAdoo, Director General of Railroads et al.
10314—Herman Gross, doing business as the Puritan Glass Co., vs. W. G. McAdoo, Director General of Railroads et al.
- January 13—Alton, Ill.—Examiner Fleming:
10285—Illinois Glass Co. vs. St. L.-S. F. Ry. Co. et al.
10288—The Equitable Powder Mfg. Co., Inc., vs. W. G. McAdoo, Director General of Railroads et al.
- January 13—Alexandria, La.—Examiner Gibson:
* 10306—Alexandria (La.) Chamber of Commerce vs. W. G. McAdoo, Director General of Railroads et al.
* 10164—Alexandria Chamber of Commerce vs. M. P. R. R. Co.
- January 13—New York, N. Y.—Examiner Pattison:
* 10268, Sub. 1—Seaboard By-Products. Coke Co. vs. W. G. McAdoo, Director General of Railroads et al.
* 10300, Sub. 1—Geo. F. Hinrichs, Inc., vs. American Express Co. et al.
* 10268—Seaboard By-Products. Coke Co. vs. W. G. McAdoo, Director General of Railroads et al.
* 10300—Geo. F. Hinrichs, Inc., vs. Wells Fargo & Co. et al.
- January 14—New York, N. Y.—Examiner Pattison:
10318—The Burton-Richards Co. vs. W. G. McAdoo, Director General of Railroads et al.
* 10311—Downey Shipbuilding Corp. vs. S. I. R. T. Ry. et al.
- January 15—Dayton, O.—Examiner Fleming:
* I. & S. 1165—Sault Ste. Marie, Ont., paper and woodpulp (3).
- January 15—New York, N. Y.—Examiner Pattison:
* 10307—Geo. C. Holt and B. B. Odell, receivers, Aetna Explosive Co. vs. W. G. McAdoo, Director General of Railroads et al.
* 10310—Geo. C. Holt and B. B. Odell, receivers, Aetna Explosive Co. vs. W. G. McAdoo, Director General of Railroads et al.
* 10317—Geo. C. Holt and B. B. Odell, receivers, Aetna Explosive Co. vs. W. G. McAdoo, Director General of Railroads et al.
- January 15—Kalamazoo, Mich.—Examiner Worthington:
* 10254—Monarch Paper Co. vs. Canadian Pacific Ry. Co. et al.
- January 16—Chicago, Ill.—Examiner Worthington:
* 10271, Sub. 1—Brunswick-Balke-Collender Co. vs. Ill. Cent. R. R. Co. et al.
* 10271, Sub. 2—Brunswick-Balke-Collender Co. vs. Ill. Cent. R. R. Co. et al.
* 10271, Sub. 3—Brunswick-Balke-Collender Co. vs. W. G. McAdoo, Director General of Railroads et al.
* 10271, Sub. 4—Brunswick-Balke-Collender Co. vs. C. M. & St. P. Ry. Co. et al.
* 8757—United States Gypsum Co. vs. Culver & Port Clinton R. R. Co. et al.
* 10320—Swift & Co. vs. W. G. McAdoo, Director General of Railroads et al.
- January 16—New Orleans, La.—Examiner Gibson:
* 9922—Lake Charles Rice Milling Co. of Louisiana vs. A. & N. Ry. Co. et al.
- January 16—Cincinnati, O.—Examiner Fleming:
10267—The Procter & Gamble Co. vs. W. G. McAdoo, Director General of Railroads et al.
- January 17—Milwaukee, Wis.—Examiner Marshall:
10274—Wadhams Oil Co. et al. vs. W. G. McAdoo, Director General of Railroads et al.
- January 17—Chicago, Ill.—Examiner Worthington:
* 10293—Three States Tire Co. vs. C. & E. I. R. R. Co. et al.
* 10286—Hyman-Michaels Co. vs. W. G. McAdoo, Director-General of Railroads et al.
- January 18—Beaumont, Tex.—Examiner Gibson:
* 10278 and Sub. Nos. 1, 2, 3—Beaumont Chamber of Commerce vs. W. G. McAdoo, Director General of Railroads et al.
* 10078—Beaumont Chamber of Commerce vs. A. & V. Ry. Co. et al.
- January 18—Williamson, W. Va.—Examiner Fleming:
10252—E. E. Musick vs. N. & W. Ry. Co. and W. G. McAdoo, Director General of Railroads.
- January 20—Minneapolis, Minn.—Examiner Marshall:
9093—Northern Potato Assn. vs. A. T. & S. F. Ry. Co. et al.
- January 20—Milwaukee, Wis.—Examiner Worthington:
* 10279—Union Lime Co. vs. C. & N. W. Ry. Co. et al.
- January 20—Galveston, Tex.—Examiner Gibson:
* 10302—Harris, Irby & Vose vs. G. H. & S. A. Ry. Co. et al.

LINES TRANSFERRED.

The following lines having been transferred to the Allegheny Region, the jurisdiction of H. A. Worcester, in connection therewith as district director, ceased December 16: Akron & Barberton Belt Railroad; Akron Union Passenger Depot; Baltimore & Ohio Railroad, west of Parkersburg and Pittsburgh; Cincinnati, Lebanon & Northern Railroad; Dayton & Union Railroad; Dayton Union Railroad; Lorain, Ashland & Southern Railroad; Louisville Bridge & Terminal Railroad; Pennsylvania Lines, west of Erie and Pittsburgh; Pittsburgh, Chartiers & Youghiogeny Railroad; Ohio River & Western Railroad; Zanesville Terminal Railroad.

CONVENTION OF COMMISSION MERCHANTS

The twenty-seventh annual convention of the National League of Commission Merchants of the United States will be held in Boston, at the Copley-Plaza Hotel, January 8, 9 and 10, 1919, for the election of officers and the consideration of problems affecting transportation and marketing of fruits, vegetables, butter, eggs, poultry, etc.

"The scope of the league's operations and representation extending to forty-three of the largest and most important cities and marketing centers of the United States," says the call, "and the necessity for providing instrumentalities for meeting changed conditions under the readjustment period following our great world's victory, will naturally make the discussions at this annual meeting of vital interest to all sections of the country. Its sessions are open to the public.

"A cordial invitation is tendered to kindred organizations, produce growers and shippers, representatives of the press, including trade and agricultural papers, railroad officials and representatives, manufacturers of produce packages, weights and measures officials, and officials of the United States Department of Agriculture, state departments of agriculture and agricultural colleges."

CHARTERED PASSENGER CARS.

It has been decided that the movement of private cars in all parts of the country on the basis of thirty (30) fares as a minimum payment will be permitted. This will apply to coaches as well as sleeping cars.

RIVERS AND HARBORS CONGRESS

A convention of the National Rivers and Harbors Congress, unlike any that has ever been held, will be held at the New Willard Hotel, Washington, February 5-6-7. Senator Ransdell, in calling this convention, gave notice that instead of prepared addresses there will be discussion of the transportation problem carried on in such way as to enable every man attending the meeting to have an opportunity to express his thoughts. It will, therefore, be possible for the men interested in a larger use of the waterways thoroughly to discuss the proposal made in behalf of the Railroad Administration that it is necessary to continue government operation of the railroads for five years to prevent a revival of "the old method of competition" between the railroads and the water line carriers.

The announcement of the calling of the convention is as follows:

"No convention of the National Rivers and Harbors Congress was held in 1917 because of the overcrowded conditions of the hotels in Washington, and later it was deter-

mined that it would be the wise and patriotic course to abandon the holding of conventions during the continuance of the war.

"Technically speaking, the war is not yet over, and will not be until the treaty of peace has been ratified. But at the meeting of the official board of the congress, which was held a few days ago, the opinion was unanimous that the war practically ended with the signing of the armistice, and that immediate attention should be given to the great task of reconstruction which confronts the nation and the world.

"Announcement is now made by Senator Ransdell, its president, that the fourteenth convention of the National Rivers and Harbors Congress will be held at the New Willard Hotel, Washington, D. C., on Wednesday, Thursday and Friday, February 5, 6 and 7, 1919.

"For this convention a radical change in the character of the program has been decided on. Instead of a series of prepared papers and addresses, the time will be given almost entirely to the discussion of transportation questions, including those on which there is the greatest difference of opinion. The opening address on both sides of these questions will be given by prominent men who have given special study to the subjects of debate, after which the matter will be thrown open for general discussion. The time of each speaker will be limited so that as many as possible will be able to take part.

"As the delegates will come from all parts of the country, the convention will constitute an open forum which will not only show the trend of public opinion upon the vitally important questions which are to be discussed, but will be of service to the general public in reaching correct conclusions and to the federal Congress in the enactment of appropriate legislation."

POSITIONS WANTED OR OPEN

GOOD TRAFFIC MEN ARE MORE THAN EVER IN DEMAND and **THE TRAFFIC WORLD** is the logical medium for getting the men and the positions in touch with one another. The rates for classified advertisements are as follows: Five cents per word first insertion, three cents per word second insertion and two cents per word for each additional insertion, payable in advance. Answers to keyed advertisements forwarded free and all correspondence held in strict confidence. **THE TRAFFIC WORLD**, 413 South Market Street, Chicago, Ill.

Traffic manager with fourteen years' railroad and four years' industrial experience, desires position in like capacity after January 1st. Address W. A. W., Traffic World.

WANTED—Situation by man experienced in freight traffic work and exporting. Address B. B. 31, The Traffic World, Chicago, Ill.

TRAFFIC MAN, eleven years' railroad and mercantile experience as tracing, rate and chief clerk, soliciting, car service and freight claim agent, tariff compiling. Now assistant traffic manager construction company doing government work; ago 28; single; excellent references. "Ohio," The Traffic World, Chicago, Ill.

TRAFFIC MANAGER is seeking desirable opening; sixteen years' experience, railroad and industrial. Thoroughly familiar with I. C. C. regulations and procedure; rates and efficient handling of claims. Capable of assuming charge or organizing traffic department. Married. Address "Manager," care of The Traffic World, Chicago, Ill.

At liberty January 1, technical traffic manager of A. C. A. efficiency; desires assistant traffic position in either industrial or railroad department. G. A. B. 117.

Experienced traffic manager wishes to locate with large industrial concern. G. L. 339, The Traffic World.

FOR SALE.

Several cars of No. 1 Standard 6-in.x8-in.—8-ft. Oak Ties for prompt shipment. L. E. Pearson, Edwardsburg, Mich.

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TRAFFIC ORGANIZATIONS

THE NATIONAL INDUSTRIAL TRAFFIC LEAGUE.—Object: The object of this league is to interchange ideas concerning traffic matters, to co-operate with the Interstate Commerce Commission, state railroad commissions and transportation companies in promoting and securing better understanding by the public and the state and national governments of the needs of the traffic world; to secure proper legislation where deemed necessary, and the modification of present laws where considered harmful to the free interchange of commerce; with the view to advance fair dealing and to promote, conserve and protect the commercial and transportation interests.

Headquarters—Tacoma Bldg., 5 North La Salle St., Chicago.
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Manager Traffic Department, Cincinnati Chamber of Commerce and Merchants' Exchange.

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5 North La Salle Street, Chicago, Ill.

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"PONY EXPRESS"

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THE TRAFFIC WORLD

A working tool for traffic men, both industrial and railroad; a national journal of important transportation news, independent as between carrier and shipper.

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ANOTHER TRAFFIC YEAR

We believe our subscribers will agree with us that the year just closing has been the most interesting, in a traffic sense, of any they have experienced, as well as the one in which they have most needed this magazine to keep them informed in regard to the things they have had to know to do their work properly. We believe they will agree also that the next year is likely to be still more interesting and to increase the usefulness of this magazine to those to whom it makes its appeal. The situation which has created this increased interest in and necessity for a magazine of this kind is beyond our control, of course, but we do lay claim to credit for keeping our readers closely and accurately in touch with it. We shall continue this policy in the future and shall endeavor to make ourselves still more valuable to our clients, not only by our treatment of the large and serious problems confronting us and the ever changing rules and guides for doing business, but in the more special efforts that we continually make to be of help.

For instance, the course of traffic lessons by Grover G. Huebner, which has been running for two years in our columns and which has made a wide appeal, is now closed. In its place, as we have previously announced, we have arranged with Professor Huebner for a series of articles on the subject of ocean shipping. The first one, pointing out the probable increased importance to this country of ocean shipping in the near future, will be published soon after the first of the year. Others dealing with specific shipping practices will follow in due course.

Another thing we hope to do soon is to publish

in our Daily and in our Weekly Traffic Bulletin the dockets of the eastern and southern district freight traffic committees, just as we are now publishing those of the western district freight traffic committees, though we confess our confidence in being able to do this is being somewhat weakened. We do not understand the attitude of the Railroad Administration in the matter. At first we thought perhaps the plan of publicity did not appeal to it, but now it has been pronounced good and still there is delay.

The Western Freight Traffic Committee put the plan into effect with its district committees September 13, 1918, acting on its own responsibility without even asking the consent of anyone connected with the Director-General's office. It worked well. We made efforts with the Railroad Administration and with the eastern and southern freight traffic committees to have the plan put into effect in those territories, but we received nothing but courteous replies. We do not know whether anyone else made any such efforts. At any rate, there was finally promise of action November 21 when, at Cincinnati, Luther Walter, then Assistant Director of the Division of Public Service and Accounting of the Railroad Administration, with his two assistants, Messrs. Heinemann and Atkins, met the shipper members of the district freight traffic committees and talked the plan over with them, by direction of his chief, C. A. Prouty. They found the western committeemen enthusiastic over the working of the plan and the eastern and southern members anxious to try it, believing it would cure many of the evils in the traffic committee system of making rates.

When Mr. Walter left the meeting he said he would immediately try to have the same plan of publicity put into effect in the east and the south that was followed in the west. The committeemen were pleased. But nothing has been done. We ourselves wrote to Director Prouty with regard to the matter and received a reply from him, under date of November 25, saying that conclusions had recently been reached with respect to it and that it was contemplated that joint instructions would be issued in a very short time by himself and Director Chambers. That is more than a month ago, but so far as we know nothing has been done—nothing, certainly, has been done that has resulted in publicity.

So, nearly four months after the Western Committee inaugurated this successful plan and considerably more than a month after it was pronounced satisfactory at a meeting of men who know best, called together to consider it, the east and south go on in the same old way. And yet we

...to believe that the hardships visited on shippers by the Railroad Administration have been any such as were necessary because of the war!

Our policy with regard to the Railroad Administration and its various divisions will continue to be exactly the same as it has been during the war—support for measures that are necessary and proper, but condemnation for measures that are unnecessary and improper—except that now that the war is virtually over we are in favor of doing away with a Railroad Administration altogether, whereas, while the war was on, we, of course, admitted that something of the sort was necessary. But now it is necessary only so long as is required to enact remedial legislation before the roads can be handed back to their owners with fairness to both the owners and the shipping public. But it is necessary until that legislation can be enacted, and we do not believe those in authority will dare to carry out their threat to hand the railroads back “presently” if their plan for five years of federal control and government operation is not adopted forthwith.

We have had a somewhat difficult and ungrateful part to play in attempting to differentiate between the necessary and proper acts of a Railroad Administration clothed with autocratic power in time of war from the unnecessary and improper acts performed under the same power and possibly, therefore, with legal right, but, nevertheless, “put over” because of the unwillingness of those adversely affected, many of them seeing clearly the unnecessary injustice, to withstand the “win the war” cry that was raised by everybody with a scheme to perpetrate. No one wanted to run the risk of being unpatriotic or even of having some foolish one call him unpatriotic. So judgment was deferred in many cases and criticism was withheld until the fighting was over.

We have tried to hold the candle through it all, not saying all that we might have said under other circumstances, perhaps, but in the main continuing to point out the things that we believed were being done regardless of any war necessity but merely because somebody had the power to do what he wished to do. These things have ranged from the stultifying of a President of the United States in the matter of the method to be used in advancing rates to a host of trifles that have only annoyed individuals here and there. We may have made some errors in judgment—though we do not think of any now. If so, we are sorry, but our course has been clear to us all the way through. It is much easier to let someone else bear the responsibility of deciding what is right and wrong and for many it was almost a balm for the wrongs they suffered to say to themselves that it would do no good to com-

plain—that they would only be accused, perhaps, of throwing obstacles in the way of the government in time of war—and therefore they might take their ease. Our satisfaction now is not so much in the fact that we are shown to have been right in our occasional opposition to the Railroad Administration and its agents—for we knew that all the time—but in the admissions that are now being made on all sides that we fought the good fight and the only reason “we did not join you openly was because we could not afford to be misjudged, don’t you know.”

We are hopeful of the future. As we have said, we do not believe the Administration will dare to relinquish the roads without remedial legislation after the scrambling its own acts have caused, if its five-year plan is not embraced. But if it does, the situation can be met in some way. We believe the threat is a bluff, and we believe in “calling” bluffs. Then when it is proved to have been a bluff a satisfactory plan can be worked out. Congress has set a time to begin work and drawn up a program—at least in the Senate. It is not beginning as soon as it should and probably will not work as fast as it should—but it hardly ever does. Railroad owners, railroad men, shippers, and business men generally are interested and proposing various plans of action. If all this activity can be harnessed, a wise plan of railroad regulation that will be fair to all and will guarantee the best possible service can be worked out in much less than twenty-one months after a permanent peace pact is signed—which itself may not be for many moons yet. There is no hurry except to get a hard problem solved in as little time as is consistent with wisdom. We have no fear for the future if only the demagogues and the politicians and the this, that, and the other with other fish to fry than the best possible settlement of a great economic problem are squelched.

INSPECTION AT INTERCHANGE POINTS

A circular by Regional Director Smith says:

“It is customary at most of the interchange points for each line to have inspectors for examination of freight make an inspection and record as to ventilation, refrigeration, etc., including loading, bracing, stability of packages and general condition of the freight. This was necessary for interline settlements.

“Under Railroad Administration operation this duplication can be reduced to save labor and avoid delays in moving traffic. As a general practice, therefore, the inspection and record at junction points between federal controlled railroads should be made only by the receiving railroad and by the carrier delivering shipment to consignee or to a line not under federal control.

“I understand, as a rule, at present this is already being done by joint car inspectors in the matter of open top cars. This order applies particularly to iceboxes, ventilators and other classes of inspection not heretofore so conducted.

“Of course, there will be local exceptions to this new practice, depending upon the line upon which the icehouses are located, and other details, which the respective managers can develop at their several junction points.”

Current Topics in Washington



The Question of Morale.—A stricken morale if federal control of the railroads were to continue, according to the provision of the existing statute, for only twenty-one months after the war, is one of the reasons given by the Director-General for asking for a five-year experiment in government operation. From what officials of railroads say, the question arises as to whether Mr. McAdoo did not himself deal a worse blow to the morale of the railroad organization by making his proposal than the law would give it. One Vice-president, for instance, calls attention to the fact that since the recommendation every railroad employee must consider what he shall do in regard to it. Before it was made he knew that at the end of twenty-one months after the war the property would probably be returned to the company and the chances were that he would be back in his old job. Now he must wonder if he decides to keep his mouth shut, whether, in the event the five-year proposal goes through, the fact that he did not help will endanger his place. If he decides to back up the Director-General and the five-year scheme goes into the ditch, what will be his standing? In other words, the proposal, no doubt, puts the railroad employee into politics, with the assurance that he has one of two chances to guess wrong as to which side contains the butter for his bread. Before that suggestion was made to Congress, the men knew that the least he kept his eyes glued to the tasks set before him, the more certain he would be of being in favor, with both his company and the Director-General. Ninety per cent of the higher officials of the railroads, it is believed, dissent from participation in public affairs. That belief is entertained not withstanding declarations tending to make the public believe the average railroad is always in politics up to its ears, corrupting legislatures and "putting over" things to the public hurt. Therefore, the possibility of having to line up, either for or against the Director-General's proposal, has not stirred any perceptible amount of enthusiasm.

Commissioner McChord's Special Report.—At this time a peek at the special report Commissioner McChord sent to Congress December 5, 1917, may be interesting. He sent a message of his own while his colleagues were sending one for the Commission. The central thought in his suggestion was unification and coordination of the existing governmental agencies, which were exercising control over transportation. He said that if the President did not elect to take over the railroads under the act of August, 1916, then all the governmental forces at work should be centralized by act of Congress. Under such control he said, all the forces at work then could be at once utilized, including the carriers' executive committee, "under a single governmental administrative control." Inasmuch as Mr. McChord is one of the men who has been spoken of as a possible successor to Mr. McAdoo, his suggestion in 1917, made at the time when the railroads seemed to treat themselves as parts of a single national railroad system, would seem to indicate that if he should have an opportunity to pull the transportation much out of the ditch, the first act would be to dissolve the big organization Mr. McAdoo has built up in Washington, and call on the Flax-Fairfax Harrison committee to take charge of the unified railroad system and operate it under direction from a "single governmental control." That is to say, he might send the directors of divisions back to their railroad jobs, call Flax-Fairfax Harrison's committee back home, and then issue orders to Mr. Harnden and his colleagues. Another thought with regard to him is that he might have the various traffic managers bring traffic with the Commission, just as if the government were not operating the railroads, and let the traffic men and shippers fight out the question as to how much should be paid for a service, with the Interstate Commerce Commission as the umpire to settle their disagreements. In a word, his friends say, he would busy

himself only with getting the stuff moved, not as to how much should be paid for the moving, except in a general way. His main thought throughout that message to Congress was "government fellows, get together, so one of us, speaking for all, can give orders which, if not followed strictly, will be followed by the removal of the official or officials who fail. The railroads have given their executive committee plenty of authority to do anything and everything necessary, if we of the government will only tell them, but with only one voice, what they must do." He assumed that the railroads had been unified (by the creation of the trust agreement of April 11, 1917) and that the unification needed in 1917 was of governmental agencies. He pointed out that at least half a dozen governmental agencies were issuing orders to the railroads and that, in a large measure, the failure of the railroads was the direct result of the confusing, if not conflicting orders, issued by the government.

The Boys Are Coming Home.—The young men who enlisted for the war are beginning to come back to the Commission. More than 300 of its employees went to war, the number being 329 or thereabouts. Among the men who came into contact with the public who have returned are Captain Wilbur La Roe, who resumed his place as attorney-examiner the day after Christmas; Second Lieut. Hauser, who has returned to his place as confidential clerk to Chairman Daniels; and Yeoman H. J. Balzer, who was missed from the docket division of the Commission. He was the custodian, under Frank Stratton's supervision, of the card index, which he needed only on rare occasions, because the important part of the index is carried immediately under his early locks. Every one of the men made a financial sacrifice, especially those who were in the enlisted personnel, like Hauser and Balzer. None of the men who went to France has returned to his place, but early in the new year they are expected back. Inasmuch as the work of the Commission is already tending to normal proportions and inasmuch as it will probably be larger than ever in a short time, everyone, it is supposed, will find his place open for him as soon as he gets back.

Rumors of Resignation.—Every highly placed railroad man in the Railroad Administration counts that day lost when low descending sun has not found some resignation rumor concerning himself well begun. Edward Chambers, director of traffic, was the subject of talk of that kind just before Christmas, while he was in Oklahoma. Apparently the rumor started among his friends in California. So many other Californians who came here to do war work are returning that it would be ignoring one who ranks as a native son, if he is not one, if the rumor did not carry Mr. Chambers's name. Those who think they know his feelings have no doubt but that he has a longing for doing traffic work under conditions different from those prevailing in Washington at this time. But those who know him believe he will not throw up his job while there is work to be done, even if it is being done under irksome conditions. Nearly every man in the Administration is credited with a desire to return to the former ways, but also to be under restraint because of a sense that he ought to furnish some degree of support for the plans of the Director-General. Those who heard Walker D. Hines talk to the National Chamber of Commerce committee obtained a different impression as to his real feelings from that which his published speech conveys. They heard his words, but between the lines they heard, some of them say, a confident reminder that while this five-year plan was a good thing to talk about, the proper thing to do would be to return the property to its owners and get rid of the burdens government operation is placing on those who use the railroads, which, of course, means every man, woman and child in the country. The impression conveyed by the printed speech was that Mr. Hines thinks the five-year plan is a thing of great merit that should be tried so that Director-General McAdoo could carry out the ideas he formulated when he thought the only safe plan would be to prepare on the theory that it might take three years to end the war in the proper way. Three years of war might have made the continuance of federal control last for just about five years, without any change in the statute.

The La Follette Seaman's Law.—The inference to be drawn from the U. S. Supreme Court's decision on ques-

some concerning the La Follette seaman's act, in the absence of the complete opinion on the subject, is that the act is constitutional as to the provision about the breaking of shipping contracts, so far as American ships in American waters are concerned. That is to say, a sailor on an American ship voyaging from New York to Norfolk and thence to some south Atlantic port may "jump his job" at the first port at which the ship stops and receive at least half the wages that has been paid him. If that inference is correct, then the law will place American ships at a disadvantage in comparison with foreign ships because the higher wages and better living conditions prescribed by the statute will have to be paid and provided before the ship leaves American waters, with no remedy when she returns thereto. Generally speaking, the answers made to the questions certified to the court by the circuit court seem to mean that the law will not apply to foreign ships at all, even if they come into American ports. That is to say, assuming that high wages and big living quarters, which add to the expense of the operation of a ship constitute a disadvantage, the American ships are the ones that will have to be handicapped, and the foreigners that come into American waters will be free of the burdens of the law.

A. E. H.

JOSEPH B. EASTMAN

The Traffic World Washington Bureau.

Joseph Bartlett Eastman, nominated by the president to fill the vacancy on the Interstate Commerce Commission bench caused by the retirement of George W. Anderson, now on the federal bench in Massachusetts, is thirty-six years old, the son of a minister of the gospel, who has been long a pastor at Pottsville, Pa. He was graduated from Amherst in the class of 1902. One of his classmates is Fayette B. Dow, for several years an examiner for the Commission, and, as such, Commissioner McChord's right-hand man in the matter of car service during the trying winter of 1916 and 1917, but now practicing law in Washington.

The keynote to Mr. Eastman's life, since leaving college, at least, one of his friends said, is to be found in the fact that if there was any task of a civic nature to be done and all other men were too busy with their own affairs, Eastman would do it. He studied law, but did not become a lawyer. A year after his graduation he spent at South House, a settlement work establishment. All the time he was taking an interest in public questions, especially in those raised by the franchises of public utilities. He was a member of the Franchise League, in which Louis D. Brandeis and George W. Anderson were prominent workers.

When Mr. Anderson resigned from the Massachusetts Public Utility Commission to become federal attorney for the district of which Boston is the court seat, Mr. Eastman was appointed to fill that vacancy, completing his first term last summer and being reappointed for another three-year term.

Now the President suggests to the Senate that he would be the proper man to fill the vacancy created by Anderson's elevation to the bench. The question of his confirmation will not come up until after the holiday recess, which, so far as the interstate commerce committee of the Senate is concerned, terminates January 2. On that day it begins its hearings on the general railroad situation. It is out of the question, it is believed, for the committee to take any action on the nomination on that day, because it will begin its hearings at 10 o'clock in the morning and carry them on probably all day for a week or more. Between times it may consider the nomination of Mr. Eastman. The Senate, however, is not as prompt as it used to be in considering nominations. Whether that is due to the fact that President Wilson often allows a vacancy to continue for weeks and months, or to something else, is a question that can be answered as pleases the inquirer. The Anderson vacancy has existed for a long time, presumably because there was an idea in the vicinity of the White House and elsewhere that the work of the Commission, during the war, was not of a pressing nature and the filling of a vacancy was something that could be laid aside for a moment when there was not so much else to do.

Some question has been raised as to whether Mr. Eastman is to be considered a Democrat or a Republican. He is reported as having said that he is an independent. The law forbids the appointment of more than five members of

any one party. In practice that has hitherto meant that the majority party would have five members on the Commission and the major minority party four. There is no independent party of national organization. The terms of the law would be complied with if not more than five Democrats or five Republicans were appointed. It is suspected, however, that the senators would object if the President should send them the names of many independents because nearly every independent has a leaning toward one or the other of the larger parties and senators are inclined to classify independents according to their known or suspected inclinations. Under that rule they would place Eastman as a Republican, because, at times when everything appeared to be equal, he acted with that party.

At no time during the life of the Commission, prior to 1914, was there ever a suggestion that any President of the United States had any views as to what should be done by the Commission with any pending application for a general increase in rates. Until that year the political leaning or affiliation of a commissioner was never discussed because his partisan feelings were never suspected of having influence on him in determining rate questions.

Among men who do business with the Commission, the politics of a commissioner is of no more thought than whether he had grapefruit or oranges for breakfast, whether he had poached, boiled or fried eggs, or whether he ate any breakfast at all. But at the Capitol, nearly all questions are considered more or less in the light of the politics of the men raising them, hence the query as to the politics of the nominee, the assumption among the senators appearing to be that the answer thereto is of importance.

His nomination is received with great satisfaction among those who know him, and especially by those in touch with the state railroad commissioners. The appointment is especially pleasing to Charles E. Elmquist, the representative in Washington of the national association of railroad commissioners. Mr. Eastman's prospective colleagues on the Commission naturally would not comment on him, but it is known that several of them regard him as exceptionally well fitted for the work—fitted by experience in the regulation of state rates, by close study, and by a poise and vision that will enable him to go into the work of the national body with every promise of making a good record.

The appointment has been expected for some time. He was appointed to the Massachusetts commission by a Democratic governor and reappointed by a Republican.

DEVELOPMENT OF FOREIGN TRADE

The Traffic World Washington Bureau.

T. C. Powell, inland traffic manager for the War Industries Board, has sent out a circular letter with a view to finding out how much information manufacturers and exporters are willing to give the government to aid it in formulating plans for the extension of foreign trade. His circular is as follows:

"It appears to be the consensus of opinion that one outlet for the surplus capacity of the United States is in the direction of foreign trade, and with that thought in mind, for the purpose of ascertaining to what extent the manufacturers of the United States are interested in such foreign trade development, I am addressing this letter to a large number of the firms which, in the course of the past year, have had relations with the War Industries Board, as it seems advisable to establish a point of contact between the United States Railroad Administration and the exporters and importers of the country, to develop whether the Administration can be of any substantial assistance.

"The Port and Harbor Facilities Commission, created by resolution of the U. S. Shipping Board in May, 1918, has been for months collecting all the information available with regard to facilities at the ports, and is co-operating with the Railroad Administration in preparing other data for consideration.

Are you disposed to give information regarding foreign trade, such as (a) character and volume of business; (b) country with which the foreign trade relations are to be established or extended; (c) relation between such development and the transportation facilities and rates of freight; (d) any other data which will be of value to the Administration (or any individual railroad) in preparing for such foreign commerce? If so, I shall be very glad to receive your suggestions."

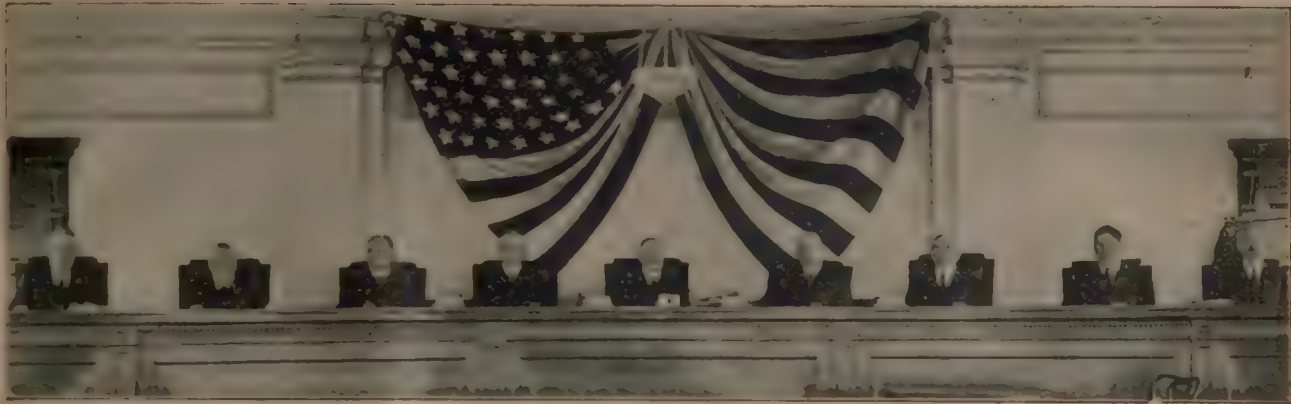


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Decisions of Interstate Commerce Commission

RATES ON CONDENSED MILK

An award of reparation has been made in No. 9595, Chapin Sacks Manufacturing Company vs. Pere Marquette et al., opinion No. 5451, 51 I. C. C. 413-6, on account of unreasonable rates on condensed milk in carloads, in milk shipping cans, from Webberville, Mich., and Washington, D. C., to Jacksonville, Fla.

DEMURRAGE AND SWITCHING

The Commission has dismissed No. 9609, Chattanooga Sealer Pine & Fire Brick Company, opinion No. 5472, 51 I. C. C. 447-8, holding that demurrage and switching on empty cars placed for loading, but not loaded, was properly charged, even if the amount so charged was greater than the amount that would have accrued had the cars been held as long as they were and then been tendered to the carriers loaded.

CAKE ORNAMENTS

Double first class, \$7 to per 100 pounds, is not an unreasonable rate on less than carload shipments of cake ornaments—the kind that are put on the creations such as army brides alive with a saber. That's the opinion of the Commission. Therefore, it has dismissed No. 9739, M. Getz & Co. vs. A. T. & S. F. et al., opinion No. 5476, 51 I. C. C. 454-5. The complainant contended that first class would have been sufficient. It also contended that the ornaments, consisting of a composition of gun tragacanth, sugar and water, should be classed as notions. The third division, considering at the time the report was written of Harlan, Hall and Anderson, looked into the dictionary, found that notions, as a word, means pins, needles, thread and other articles for personal use, and said the birds, flowers and so forth reproduced in gum tragacanth, were not such. It also found that much space is used in shipping the ornaments, which, of course, weigh practically nothing.

COTTON MOP HEADS

In No. 9869, Paducah Board of Trade et al. vs. Illinois Central et al., opinion No. 5479, 51 I. C. C. 462-5, the Commission held as unreasonable (and ordered reparation) a first class rate on cotton mop heads, I. C. L., from Paducah to Chicago, because in excess of the second class rate. The complainants sought to have a commodity rate established, but the Commission said the record showed no instance where such treatment had been accorded to mop heads. The case did not challenge anything except the charges since November 1, 1914, to September 7, 1918. The increase made by the Director General was not in issue because the pleadings were not amended.

RATES ON PINE LUMBER

Holding that the complainant had not shown itself damaged by the discrimination alleged, the Commission dis-

missed No. 9555, Crossett Lumber Company vs. Arkansas & Louisiana Midland et al., Opinion No. 5469, 51 I. C. C. 438-440. The complaint was based on the fact that on March 1, 1915, the blanket pine rates from Crossett and other points in a particular group were increased, while those from points on the Tremont & Gulf were not. The report says the Tremont Lumber Company is the only one whose competition was of consequence to the complainant, "but the record contains only general statements as to this competition."

RATE ON GLASS BOTTLES

An award of reparation has been made in No. 9903, Charles Boldt Co. vs. C. B. & Q. et al., opinion No. 5492, 51 I. C. C. 491-2, on account of a joint rate of glass bottles from Huntington, W. Va., to St. Paul and Minneapolis in excess of the combination on Chicago or Peoria, over which routes the shipments moved. The joint rate was 37.4, while the combination was 36.4. The complainant suggested that the combination on Danville, which is lower than that based on Chicago or Peoria, should have applied, but the Commission, in its report, pointed out that it has always held that the lowest combination that could be used was that applicable over the route of the movement, when the route was designated by the shipper.

CHARGES ON SEWING MACHINES

The Commission has dismissed No. 8568, Davis Sewing Machine Co. et al. vs. P. C. C. & St. L. et al., and Sub No. 1, Same vs. P. C. C. & St. L., opinion No. 5179, 51 I. C. C. 441-2. The complaint was a claim for reparation on shipments of sewing machines from Dayton, O., to Bienville, Ruston, Mansfield and Coushatta, La., between Feb. 25 and May 1, 1914. The rates charged were alleged to be unreasonable because in excess of the combinations on New Orleans or Vicksburg. The Commission found some of the shipments to have been over and some under charged. It also found the rates unreasonable to the extent that the through rates exceeded the aggregate of the intermediates, but denied reparation on the ground that no witness was presented having knowledge of the fact as to whether the complainant paid the charges.

DOORS FOR GLASS SAND

A finding has been made in No. 10025, Morgan County Sand Producers' Association vs. Baltimore & Ohio, opinion No. 5485, 51 I. C. C. 475-6, that the discontinuance by the carrier of allowances to shippers for inside door protection for shipments of glass sand did not result in unreasonable or unduly prejudicial rates or charges. The complaint was therefore dismissed.

RATES ON POTATOES

An award of reparation has been made in No. 9911, 1st South Commission Company vs. Midland Valley et al., decision No. 5491, 51 I. C. C., 189.90, on account of an unreasonable rate on potatoes from Webbers Falls, Okla., to Shreveport, La. The unreasonableness consisted in the fact that the component from Werner to Shreveport was 48 cents. The Commission thinks that 40 cents would have been proper and ordered reparation down to that figure, but made no order for the future because the Director General was not made a party to the case.

RATES ON LUMBER

CASE NO. 9924 (51 I. C. C., 431-435)
LUMBERMEN'S ASSOCIATION OF CHICAGO ET AL.
VS. ANN ARBOR RAILROAD COMPANY ET AL.

Submitted June 7, 1918. Opinion No. 5467.

1. Complaint filed Oct. 24, 1917, rates on lumber, in carloads, from Chicago, Ill., to points in Central Freight Association and Eastern Trunk Line territories are attacked as being unreasonable and unduly prejudicial. Held:
1. Effective June 25, 1918, the Director General of Railroads, in exercise of powers conferred upon the President by the Federal control act, initiated rates higher than those complained of. Rates so initiated can only be reviewed by us upon complaint as prescribed in the Federal control act.
2. Complainant, although given an opportunity to bring in the Director General, as an additional defendant, has not taken such action.
3. Complaint dismissed.

DIVISION 3. Commissioners HARLAN, HALL, and ANDERSON:

The title complainant is an association representing in its membership a large proportion of the wholesale, retail, and manufacturing lumber interests of Chicago, Ill. Eight of the Chicago lumber companies joined individually in the complaint, in which it is alleged that the rates on lumber from Chicago to points in central freight association and eastern trunk line territories are unjust and unreasonable, in violation of section 1; also that they are unduly discriminatory, in violation of sections 2 and 3, in comparison with rates on lumber from St. Louis, Mo., East St. Louis, Thebes, and Cairo, Ill., Evansville and New Albany, Ind., Louisville, Ky., Cincinnati, Ohio, Marinette, Wis., and points taking the same rates to the same destinations. The Commission is asked to prescribe the rates effective before certain increases from Chicago, effective in July and September, 1917, or such other rates as may be found reasonable and just, and to require that lumber from Chicago be given commodity rates instead of class rates.

Eastbound lumber in carloads from Chicago takes sixth-class rates, and has been on that basis for many years. Following the decisions in The Fifteen Per Cent Case, 45 I. C. C., 303, and C. F. A. Class Scale Case, 45 I. C. C., 251, the rates from Chicago were increased, effective to eastern trunk line points July 16, 1917, and to central freight association points September 22, 1917. The extent of these increases is indicated by the following statement:

INCREASES IN LUMBER RATES FROM CHICAGO EFFECTIVE JULY 16 AND SEPT. 22, 1917.

Destination	Distance, miles.	Former rate, cents.	In-Amount creased of in-rate, cents.	Rate of increase, per ct.
South Bend, Ind.	86	8.4	9.5	1.1
Elkhart, Ind.	101	8.4	10	1.6
Terre Haute, Ind.	177	9.5	12	2.5
Indianapolis, Ind.	183	9.5	12.5	3
Vincennes, Ind.	234	11	13.5	2.5
Kalamazoo, Mich.	141	9.5	11.5	2
Battle Creek, Mich.	164	9.5	12	2.5
Detroit, Mich.	272	10.5	14	3.5
Bay City, Mich.	306	10.5	15	4.5
Toledo, Ohio	233	10.5	13.5	3
Cleveland, Ohio	339	12.6	15	2.4
Columbus, Ohio	315	12.6	15	2.4
Cincinnati, Ohio	285	12.6	14.5	1.9
Pittsburgh, Pa.	468	15.8	17.5	1.7
Buffalo, N. Y.	525	15.8	17.5	1.7
Rochester, N. Y.	591	19.5	22	2.5
Syracuse, N. Y.	671	21	24	3
Utica, N. Y.	724	23.7	27	3.3
Albany, N. Y.	819	25.2	29	3.8
New York, N. Y.	908	26.3	30	3.7
Boston, Mass.	979	28.3	32	3.7
Portland, Me.	1,051	28.3	32	3.7
Philadelphia, Pa.	836	21.3	28	3.7
Baltimore, Md.	808	23.3	27	3.7
Norfolk, Va.	993	23.3	27	3.7
Roanoke, Va.	721	23.3	27	3.7

The present rates on lumber from St. Louis and the Ohio River crossings to points in central freight association and eastern trunk line territories are commodity rates. As the increases permitted by the decisions above cited were restricted to class rates, it follows that the increases from Chicago have changed materially the relationship formerly existing between the rates from Chicago and from competing points of shipment. The competition of St. Louis is particularly stressed by complainants, and it will serve the present purpose to compare the rates from Chicago and St. Louis, both before and after the recent increases from Chicago. A witness for complainants testified that an examination of lumber shipments of his firm and some others for about 11 months of 1917 showed an average loading of 58,000 pounds per car. We may assume that the average loading of all lumber moving in official classification territory is at least 50,000 pounds, and for the purpose of comparison this figure has been used in the following table:

COMPARISON OF RATES AND EARNINGS ON EASTBOUND LUMBER FROM CHICAGO, ILL., AND ST. LOUIS, MO. CHICAGO.

Destination.	Distance, miles.	Former rate, cents.	Earnings per ton-mile, mills.	Earnings per car-mile, cents.	Increased rate, cents.	Earnings per ton-mile, mills.	Earnings per car-mile, cents.
South Bend, Ind.	86	8.4	19.5	48.3	9.5	29	55
Elkhart, Ind.	101	8.4	16.6	41.5	10	19.8	49.5
Terre Haute, Ind.	177	9.5	10.6	26.5	12	13.4	33.5
Indianapolis, Ind.	183	9.5	10.4	26	12.5	13.4	33.5
Vincennes, Ind.	234	11	9.4	23.5	13.5	11.4	28.5
Kalamazoo, Mich.	141	9.5	13.5	33.7	11.6	16.3	40.7
Battle Creek, Mich.	164	9.5	11.6	29	12	14.6	36.5
Detroit, Mich.	272	10.5	7.7	19.2	14	10.3	25.7
Bay City, Mich.	306	10.5	6.8	17.3	15	9.8	24.5
Toledo, O.	233	10.5	9	22.5	13.5	11.1	27.7
Cleveland, O.	339	12.6	7.4	18.5	15	8.8	22.7
Columbus, O.	315	12.6	7	20	15	9.5	23.7
Cincinnati, O.	285	12.6	8.9	22.2	14.5	10.2	25.5
Pittsburgh, Pa.	468	15.8	6.8	17	17.5	7.5	18.7
Buffalo, N. Y.	525	15.8	6	15	17.5	6.6	16.5
Rochester, N. Y.	591	19.5	6.6	16.5	22	7.4	18.5
Syracuse, N. Y.	671	21	6.3	15.7	24	7.2	18
Utica, N. Y.	724	23.7	6.5	16.2	27	7.5	18.7
Albany, N. Y.	819	25.2	6.1	15.2	29	7.1	17.7
New York, N. Y.	908	26.3	5.8	14.5	30	6.6	16.5
Boston, Mass.	979	28.3	5.8	14.5	32	6.5	16.2
Portland, Me.	1,051	28.3	5.4	13.5	32	6.1	15.2
Philadelphia, Pa.	836	21.3	5.8	14.5	28	6.7	16.7
Baltimore, Md.	808	23.3	5.8	14.5	27	6.7	16.7
Norfolk, Va.	993	23.3	4.7	11.7	27	5.4	13.5
Roanoke, Va.	721	23.3	6.4	16	27	7.5	18.7

Averages:							
C. F. A. points	236	10.8	10.4	26.1	13.2	12.7	31.8
Eastern points	802	23.5	5.9	14.8	26.9	6.8	16.9
All points....	497	16.6	8.4	20.9	19.5	10	24.9

ST. LOUIS.

Destination.	Distance, miles.	Rate, cents.	Earnings per ton-mile, mills.	Earnings per car-mile, cents.
South Bend, Ind.	342	10.5	6.1	15.2
Elkhart, Ind.	369	10.5	5.7	14.2
Terre Haute, Ind.	169	7.4	8.8	11
Indianapolis, Ind.	241	8.5	7	17.6
Vincennes, Ind.	151	7.4	9.8	21.5
Kalamazoo, Mich.	397	12.6	6.3	15.7
Battle Creek, Mich.	420	12.6	6	15
Detroit, Mich.	488	12.6	5.2	13
Bay City, Mich.	549	13.7	5	12.5
Toledo, Ohio	454	12.6	5.6	14
Cleveland, O.	535	13.7	5.1	12.7
Columbus, O.	429	12.6	6	15
Cincinnati, O.	339	9.5	5.6	14
Pittsburgh, Pa.	620	18.4	6	15
Buffalo, N. Y.	718	18.4	4.1	10.2
Rochester, N. Y.	792	21	5.3	13.2
Syracuse, N. Y.	873	22.9	5.2	13
Utica, N. Y.	926	24.8	5.4	13.5
Albany, N. Y.	1,020	26.2	5.1	12.7
New York, N. Y.	1,058	27.3	5.2	13
Boston, Mass.	1,200	29.3	4.9	12.2
Portland, Me.	1,272	29.3	4.6	11.5
Philadelphia, Pa.	90	25.3	5.2	13
Baltimore, Md.	915	24.3	5.3	13.2
Norfolk, Va.	1,047	24.3	4.6	11.5
Roanoke, Va.	775	24.3	6.3	15.7

Averages:				
C. F. A. points	393	11.6	6.3	15.7
Eastern points	964	24.8	5.1	12.7
All points	658	17.7	5.7	14.3

*Based upon average loading of 50,000 pounds.

Examination of the rates from other competing points, as well as from St. Louis, for similar distances in central freight association territory, reveals an apparent maladjustment as between St. Louis and those points, although the disparity is less than in the comparison of St. Louis and Chicago, as indicated by the following examples:

From	Distance, miles	Rate, cents
Chicago, Ill. to Vancouver, Ind.	500	14.5
St. Louis, Mo. to Indianapolis, Ind.	241	8.5
Chicago, Ill. to Toledo, Ind.	233	9.2
Chicago, Ill. to Cleveland, Ind.	206	9.5
Chicago, Ill. to Columbus, O.	216	12.6
Chicago, Ill. to Detroit, Ind.	211	12.5
Chicago, Ill. to Cincinnati, O.	203	11.5
St. Louis, Mo. to South Bend, Ind.	342	10.5
Chicago, Ill. to Cleveland, Ind.	400	11.6
Chicago, Ill. to Cincinnati, O.	394	12.6
Chicago, Ill. to Detroit, Mich.	286	12.6
St. Louis, Mo. to Erie, Pa.	251	12.6
Minneapolis, Wisc. to South Bend, Ind.	433	12.6

The distances used in these tables are not in all cases the shortest, but are over routes commonly used.

The discriminatory character of the present adjustment as between Chicago and competing points is apparent, and is admitted by the defendants. They insist, however, that the Chicago rates should not be reduced, but that the rates from competing points should be increased to such an extent as will place them on a relative basis with Chicago. Their witness, the chairman of the central freight association, stated his understanding of the history of the lumber rates applying through and from the various river crossings, and the theory of their relationship to one another and to the rates from Chicago. It is unnecessary to discuss this testimony. The witness stated that the defendants had applied the increases permitted under the decision in *The Fifteen Per Cent Case* to the lumber traffic as to other traffic moving under class rates, feeling that their need of revenue would not permit delay; that the defendants were expecting similar authority in the same proceeding to increase their commodity rates on lumber, which would enable them to restore the former relationship between Chicago and other points; and that upon the conclusion of that proceeding it was their purpose to file applications under section 15 for permission to place all of their lumber rates in central freight association territory on the sixth-class basis, and to make a corresponding increase in the rates applying interterritorially. Thus, it is claimed, would place the lumber rates substantially upon a mileage basis and would remove whatever discrimination now exists between shipping points.

Under date of March 12, 1918, subsequent to the hearing on this case, the Commission issued an order in *The Fifteen Per Cent Case*, providing, among other things, that the carriers might increase their commodity rates on lumber and forest products in official classification territory, according to joint rates between official classification territory on the one hand and southeastern territory, the southwest and points on or east of the Missouri River on the other, by 1 cent per 100 pounds.

Conclusions.

Assuming that the carriers will avail themselves of the permission given in the order of March 12, it is apparent that the relationship of lumber rates will still be unduly prejudicial to Chicago, although in less degree than at present.

In neither *The Fifteen Per Cent Case* nor the *C. F. A. Case* could the Commission find authority for the carriers to increase their class rates as applied to lumber specifically. The investigations were general and the findings general. The decision of June 27, 1917, in the former case was essentially similar to that in *The Five Per Cent Case*, 22 I. C. C. 225, the nature and scope of which were thus defined in *Globe Soap Co. vs. A. & S. Ry. Co.*, 40 I. C. C. 121:

The investigation made in the *Five Per Cent Case*, where the carriers sought to increase their commodity rates on soap, was general in character. It was not limited to any particular commodity, and the findings were general. The investigation in the *C. F. A. Case* was also general in character. It was not limited to any particular commodity, and the findings were general. The investigation in the *Five Per Cent Case* was also general in character. It was not limited to any particular commodity, and the findings were general. The investigation in the *C. F. A. Case* was also general in character. It was not limited to any particular commodity, and the findings were general.

In the present proceeding the defendants made no attempt to justify their increased rates on lumber from

Chicago further than to assert their need of increased revenue and to state their belief that lumber may properly take sixth-class rates. In *Cadillac Lumber Exchange vs. A. A. R. R. Co.*, 43 I. C. C., 636, cited by defendants, the Commission considered primarily the relationship of rates, and such finding as is there made respecting the reasonableness of rates from two Michigan points should not be given controlling weight in this proceeding. The revenue need was established in *The Fifteen Per Cent Case*, but we have no evidence that the carriers were entitled to a greater increase in their rates on lumber from Chicago than from competing points. The defendants should be required to establish and maintain on lumber in carloads from Chicago to points in central freight association and eastern trunk line territories rates which will not exceed by more than 1 cent per 100 pounds the rates applied to such traffic before the increases of July and September, 1917, hereinbefore mentioned.

ANDERSON, Commissioner:

The foregoing is the report of the examiner which was served upon the parties. No exceptions thereto were filed and oral argument was waived.

Since the submission of the case, the Director-General, in exercise of powers conferred upon the President by the federal control act, approved March 21, 1918, has, by General Order No. 28, bearing date of May 25, 1918, initiated and directed the establishment on June 25, 1918, of rates which exceed the rates attacked, thereby fixing the rates to be applied for the future on the traffic here under consideration. Although given opportunity to amend the complaint so as to include the Director-General as party defendant, complainant has not done so. However, effective October 22, 1918, the rates from Chicago were further modified, and the present rates are apparently satisfactory to complainant. No action can be taken by the Commission upon the present pleadings.

The complaint will be dismissed.

ABSORPTION OF SWITCHING

CASE NO. 9728

(51 I. C. C., 500-501)

CALIFORNIA CANNERIES COMPANY VS. SOUTHERN PACIFIC COMPANY ET AL.

Submitted Oct. 9, 1918. Opinion No. 5496.

1. Refusal of the Southern Pacific Co., having the line haul to absorb switching charges on interstate noncompetitive traffic destined to the complainant's plant on the terminals of another trunk line in San Francisco, while at the same time absorbing the switching charges on similar traffic to the plant of a competitor on a local line owned and operated at that point by the state of California, found to subject the complainant to undue and unreasonable prejudice and discrimination.
2. The trunk lines serving San Francisco being unified and controlled under federal control, there is no basis for any discrimination between competitive and noncompetitive traffic.
3. Reparation denied.

HARLAN, Commissioner:

This case was submitted upon an agreed statement of facts, supplemented by certain evidence offered by the complainant in respect of the damages said to have been sustained by it as the result of the undue prejudice to which, as is alleged, it was and is still being subjected by the defendants. The defendants also offered evidence in explanation of one of the paragraphs of the stipulation. In an examiner's proposed report, served upon the parties in interest in accordance with the usual practice and discussed at length on the oral argument, the stipulation was set forth in full, together with a summary of the additional evidence adduced on the hearing. For our present purposes, however, a brief statement of the situation will suffice.

The plant of the complainant in San Francisco is on a private track connecting with the terminals of the Atchafalaya, Topeka & Santa Fe Railway. The California Packing Corporation, which is the complainant's chief competitor in the business of packing and canning fruits and vegetables, also has a plant in San Francisco, which is reached by a private track connecting with the rails of the State Board of Harbor Commissioners of San Francisco Belt Railroad. The latter road is owned, maintained and operated by the State of California and is merely a local switching line. It therefore does not and cannot compete with the defendant carriers for line-haul traffic, either state or interstate.

The controversy grows out of the fact that to and from

industries on the belt line the Southern Pacific, the chief defendant in the case, absorbs the switching charges of the belt line both on competitive and noncompetitive traffic; it also absorbs the switching charges of the Santa Fe on all traffic to and from wharves in San Francisco served by the Santa Fe. But to industries on the terminals of the Santa Fe at that point the Southern Pacific, when it has the line haul, absorbs the switching charges of the Santa Fe only on competitive traffic; on noncompetitive traffic the Santa Fe's switching charge of \$2.50 per car is imposed in addition to the line-haul rate. In other words, while the complainant, for example, on its inbound shipments of fruits and vegetables from noncompetitive points, is required to pay the Santa Fe's switching charge of \$2.50 per car in addition to the line-haul rate of the Southern Pacific, the latter road absorbs the switching charges of the belt line and exacts only its line-haul rate on fruits and vegetables shipped from the same points to the plant of the complainant's competitor on the belt line.

This rate situation is alleged to be unjustly discriminatory and unduly prejudicial, and to subject the complainant to the payment of unreasonable rates and charges.

The complainant and the California Packing Corporation are in active and keen competition with each other. To a large extent they secure their fruits and vegetables from growers in the same general territories, and they ship their finished products to the same general markets of consumption. In the purchase of their raw materials the two concerns come into close rivalry; the record shows that at times a difference of 25 cents a ton in the price offered to the growers will determine which company will become the purchaser. The packed and canned products are also sold on a narrow margin of profit. In 1915 and 1916 the complainant stopped canning tomatoes because they were then being sold on such a close basis as to make it unprofitable. In now seeking to be put upon an equality in transportation rates and charges with its principal competitor the complainant illustrates its present disadvantages by showing that the imposition by the Southern Pacific, in addition to the line-haul rate, of the Santa Fe's switching charge on the two or three inbound carloads of fresh tomatoes that are necessary to produce one outbound carload of canned tomatoes, together with the switching charge on the outbound carload, puts upon the canned products of the complainant a burden of at least \$10 a car which its competitor, the California Packing Corporation, altogether escapes.

The line-haul rates of the Southern Pacific are not attacked by the complainant as unreasonable, nor is the Santa Fe's switching charge of \$2.50 a car assailed as intrinsically excessive. Nor does the complainant undertake of record specifically to show that the imposition of a switching charge, in addition to the line-haul rate, makes an aggregate charge on its noncompetitive shipments that is of itself unreasonable. What it seeks, under its complaint and upon the facts stipulated and shown of record, is to be placed upon an equality, in rates and charges, with its principal competitor.

The defendants point out that on competitive traffic the complainant pays no switching charges in addition to the line-haul rates, and that it pays no switching charges on any traffic when the complainant uses the Santa Fe as a line-haul carrier. They also show that by using the lines of either defendant the complainant may put its canned goods at all points in a large competitive territory without paying switching charges in addition to the line-haul rate. All this, however, simply minimizes the extent to which the complainant is subjected to rate disadvantages, without justifying the disadvantages to which it is subjected on the balance of its traffic. The defendants also contend that the belt line is neither a corporation nor a person, but simply a facility furnished and operated by the State of California in connection with its administration of the water front of San Francisco, which is owned by the state, and that it is therefore to be regarded as constituting merely an extension of the rails of each of the carriers serving that community. The Southern Pacific also asserts that on noncompetitive business it is necessary to absorb the switching charges of the belt line, so that industries on the belt line may be kept on a parity with industries on its own terminals. As the situation is analyzed by the defendants the California Packing Corporation enjoys a more favorable location on the rails of the belt line, because, from a practical point of view, it is served by the Southern Pacific, the Santa Fe, and the

Western Pacific, whereas the complainant's plant is reached by the rails of the Santa Fe alone.

We are unable to see any force in these contentions. The belt line is an independently owned and operated terminal railroad, and with respect to traffic moving to and from its rails, in connection with the Southern Pacific as the line-haul carrier, it occupies no other or different relation to the Southern Pacific than does the Santa Fe when the Southern Pacific, as the line-haul carrier, uses the Santa Fe in order to reach industries on the Santa Fe terminals. The fact that the belt line is owned and operated directly by the state is of no importance. It is a facility of transportation offering its services as a common carrier of state and interstate traffic and in that capacity maintains its own separate carrier existence. The fact that the belt line has no tariffs on file here neither qualifies nor modifies its status as a common carrier of interstate commerce. Its failure to publish its rates and charges is simply a breach of the law which must be corrected.

The complaint is sustained, and upon the record we conclude and find that, so far as interstate traffic is concerned, in the rate conditions shown of record are all the elements of undue preference and undue prejudice under section 3 of the act. The traffic, both inbound and outbound, of the complainant and its principal competitor is similar. The two plants are in the same community and there is nothing of record to suggest that in respect of their interstate traffic the circumstances and conditions of carriage and transportation are in any respect dissimilar. One plant happens to be on the belt line while the other is on the terminals of the Santa Fe. When serving them from or to noncompetitive interstate points no fact or condition is shown of record to justify the Southern Pacific, as the line-haul carrier, in applying the line-haul rate to and from one plant while adding a switching charge, in addition to the line-haul rate, to and from the other plant.

In what has been said we have referred to the conditions described of record and which, presumably, have continued since the taking over of certain carriers of the country by the Director-General of Railroads under the so-called federal control act. Among the roads so taken over were the Southern Pacific and the Santa Fe; and by an appropriate amendment the Director-General of Railroads has now been made a party to the proceeding and has answered, signifying that he stands upon the present record. It seems necessarily to follow, therefore, and we so conclude and find, that the continuance under federal control of the rate condition of which complaint is made also involves unreasonable and undue prejudice of the rights of the complainant. Moreover, it would appear to be equally clear that, inasmuch as all the railroads under federal control have been unified and co-ordinated, and by the terms of the federal control act are no longer operated in competition with one another, there is no basis for the distinction, referred to throughout the record, between competitive and noncompetitive traffic, and therefore no basis for imposing different aggregate charges on traffic which prior to federal control fell into one or the other of those classes. See *Kaw River Sand & Material Co. vs. A., T. & S. F. Ry. Co.*, 51 I. C. C. 350. Moreover, as the rate of the line-haul carrier takes competitive traffic either to industries on its own San Francisco terminals or, without the addition of a switching charge, to industries on the terminals of the competing line at that point, no reason is apparent under joint and unified control and operation, for plussing the rate on noncompetitive traffic by a switching charge.

Upon the oral argument the San Francisco Chamber of Commerce was given leave to intervene, and after the argument filed an application for reopening the record and for a further hearing. This, however, seems to be unnecessary in the light of the disposition here made of the controversy between the original parties to the proceeding. The petition for a further hearing will therefore be denied. The fact that the belt line has no team or industry tracks of its own and that the team and industry tracks connected with it were built by the trunk lines on rights of way leased by them from the state and are maintained by the trunk lines, we regard as not having the weight assigned to it by counsel for the intervenor. Both the record and the brief filed in behalf of the intervenor show that the belt line is a common carrier engaged in the interstate transportation of property.

The complaint embraces a demand for reparation, but no sufficient evidence was adduced of record to justify an award and reparation is therefore denied.

An appropriate order will be entered to give effect to the conclusions herein announced.

LATE DECISIONS

The Traffic World Washington Bureau.

Because carriers spotted cars for its competitors but not for its, they filed much opposition to the Shanton Steel Hoop Company for the spotting the latter did between June, 1914, and June, 1916, at actual cost to the hoop company. This is the Commission's order in No. 9007, Shanton Steel Hoop Company vs. Eastman, et al., the spotting and to prevent future evils per se. The hoop company has its own locomotives and does its own spotting. In April, 1917, the trunk lines entered an allowance of three cents per ton but continued free spotting with their shippers but competition of the complainant. The failure by the trunk lines to spot or to make an allowance to the hoop company, the report by Commissioner Moore was rejected the complainant to make proper docket discharge.

In an opinion by Commissioner Woolley in No. 9754 Illinois Railroad against the Southern Railway, the complainant has a transportation, it was entitled to damages on order of the Commission, because the railroad company of separate rates, and because the shippers of material goods, because of the fact of the complainant, for the complainant to show that the rates of the railroad company are not a monopoly. That would Commissioner Woolley is not a monopoly of the rail to separate companies, as a monopoly between shippers, because the complainant is not a shipper.

The court, however, is not to be taken as expressing any opinion on the matter of rates to shippers. That must wait a separate trial.

RATES ON COAL

The Traffic World Washington Bureau.

In a tentative report on No. 9007, Ohio Valley Coal Company, et al., against the I. & N. Railroad, the Commission has found that the rates on coal from mines in Southern Kentucky to the I. & N. to other Indiana and Michigan points are not a monopoly, but that the rates on coal from the mines to the I. & N. to other points are not a monopoly, but that the rates on coal from the mines to the I. & N. to other points are not a monopoly.

HOLDS ROAD COMMON CARRIER

CASE NO. 9007 (Tentative Report)

MATTHEWSEN & HERRICK ZINC COMPANY VS. CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY ET AL.

The complainant, a corporation, engaged in the manufacture of zinc, and its principal office is at La Salle, Ill. It alleges its complaint filed June 20, 1916, that the rates on freight traffic to and from the plant were unreasonable and unduly preferential during certain periods between May 1, 1914, and March 5, 1915, when the Chicago & Burlington County Railroad, switching charges at La Salle per ton were added to the freight rates to and from La Salle. It also alleges that based upon claims which were filed within the statutory period.

Report Proposed by F. C. Hillyer, Examiner.

The complainant, a corporation, engaged in the manufacture of zinc, and its principal office is at La Salle, Ill. It alleges its complaint filed June 20, 1916, that the rates on freight traffic to and from the plant were unreasonable and unduly preferential during certain periods between May 1, 1914, and March 5, 1915, when the Chicago & Burlington County Railroad, switching charges at La Salle per ton were added to the freight rates to and from La Salle. It also alleges that based upon claims which were filed within the statutory period.

From May 1, 1914, the connecting carriers advanced the La Salle & Bureau County charges of 15 cents per net ton out of the through rates to and from La Salle. The charges were applied on all freight an increased rate of 25 cents per net ton, including through rates, to and from the La Salle tracks and private sidings and spurs of the complainant and other industries served by it, and the rates had been in effect since March 16, 1917, unchanged except as to minimum weights and maximum charges for trap cars. On May 1, 1914, following the Industrial Rail-

ways case, 29 I. C. C. 212, the absorptions were canceled by the Chicago, Burlington & Quincy and the Illinois Central Railroad companies; May 2, 1914, by the Chicago & Northwestern Railway, and on May 5, 1914, by the Chicago, Rock Island & Pacific Railway Company. Following the second report in the Industrial Railway case, 32 I. C. C. 129, decided Nov. 2, 1914, the absorptions were restored by the above-named carriers, respectively, on Feb. 8, March 6, Jan. 25 and Feb. 15, 1915, and are still in effect. The former and present absorptions have been subject to varying provisions as to the minimum line-haul revenue per car.

Complainant's application for the suspension of the tariffs which canceled the absorptions was denied, although similar tariffs, affecting many industrial railroads in Central Illinois and Trunk Line association territories, were suspended and later were ordered cancelled on or before July 15, 1915 in the Second Industrial Railways Case, 34 I. C. C. 399. The defendants state that the restoration of the absorptions in question was made in order to place the industries served by the La Salle & Bureau County on a parity with industries served by other common-carrier industrial lines, the absorption of whose charges had been continued by the orders of suspension. Three defendants admit that the rates increased by the failure to absorb the La Salle & Bureau County's charge were unreasonable to that extent.

The La Salle & Bureau County Railroad has held itself out as a common carrier of freight and has been treated as such by its connecting lines and by the state and federal commissions. La Salle & Bureau Co. R. R. Co. vs. C. & N. W. Ry. Co., 13 I. C. C. 610. Since its incorporation as a common carrier in 1890 its capital stock has been owned by the stockholders of the complainant, herein called the zinc company. The directorates of the railroad and the zinc company have been common, and the secretaries of the former have been presidents of the latter.

The railroad owns two locomotives, also 6.64 miles of main line and 1.92 miles of side tracks beyond the property of the zinc company's plant. It leases from the zinc company and maintains about 2 miles of main line and sidings with a depot and other buildings in La Salle, all of which are necessary for its main line and public switching operations and none of which are devoted to the private use of the zinc company. The zinc company owns a mile of standard-gauge track which are not leased to but are used by the railroad in spotting and placing cars for loading and unloading within the plant; and the zinc company also owns and operates, as a facility of the plant, a narrow gauge railroad with some 4 miles of intricate tracks and 600 cars. The La Salle & Bureau County also serves several independent industries at La Salle and grain elevators at Midway and Parrott, all of which have industrial or private sidings, and it maintains three public team tracks, one of which is on the leased line in La Salle. The haul from La Salle to the junction with the Illinois Central Railroad at Midway is 2.5 miles, with the Chicago, Burlington & Quincy Railroad at Hooper and the Chicago & North Western Railroad at La Salle Junction, 7 miles. Traffic to and from the Chicago, Rock Island & Pacific Railway is handled by the Illinois Central as an intermediate carrier between their Junction and Midway. The La Salle & Bureau County performs some intermediate switching between the Illinois Central Railroad and the Chicago & North Western Railroad. The interchange traffic handled by it for the public, other than the zinc company, is estimated at from 5 to 10 percent of the total.

The zinc company's inbound shipments consisted of zinc ore from the Joplin, Mo., and the Plattsburg, Wis., districts, coal, scrap-iron, lumber, sheet iron, sheet steel, saltpeter, and other commodities, outbound, spelter, sheet zinc, sulphuric acid, and other commodities to the eastern brass mills and foundries, to Gary, Ind., Cleveland, Ohio, Philadelphia, Pa., New York, N. Y., Boston, Mass., and other points.

For many years, with the exception of the periods in question, the La Salle rates included the placement and spotting of cars on the industrial tracks served by the La Salle & Bureau County, and the connecting lines have continuously applied the line-haul rates to other industries located in La Salle on the Illinois Central Railroad by absorbing the latter carrier's switching and spotting charges.

The complainant was in active competition with zinc

plants, located at Peru, Danville, Springfield and Hillsboro, have been required to sell their materials and manufactured products at the rates to and from La Salle were generally the same as to and from the competing plants; and the rates to and from La Salle and Peru, for example, were 13 cents per net ton from Joplin and 7 cents from Chicago, to and during the periods in question. There was no change in the relative adjustment of rates to and from La Salle, or to and from the competing plants in view of the placement and spotting of cars on industry lines, and continued at the line-haul rates according to the established custom. Car Spotting Charges, 34 I. C. C. 502. The complainant purchased its inbound shipments from the same sources as its competitors, and sold its outbound products in the same markets in competition with them. It incurred an additional expense of 15 cents per net ton, in the cost of its inbound materials, and was compelled to absorb a like charge out of profits from the sale of its products.

The principle announced in the Lake Terminal case, 50 I. C. C. 489, is not applicable here. Unlike the Lake Terminal Railroad, the plant facility therein described the La Salle & Bureau County performs a substantial switching service in interstate transportation for the general public between its junctions with the line carriers and its industries over tracks which are by no means confined within the plant of the controlling industry.

Following East Jersey R. R. & T. Co. vs. C. R. R. Co. of N. J., 36 I. C. C. 146; Westport Stone Co. vs. C. C. & S. L. Ry. Co., 48 I. C. C. 637; Poteau Coal & Mercantile Co. vs. A. & S. Ry. Co., 40 I. C. C. 459; Oliver Chilled Plow Works vs. N. Y. C. R. R. Co., 45 I. C. C. 356; Huron Milling Co. vs. P. M. R. R. Co., 49 I. C. C. 558; Stewart Iron Co. vs. P. Co., 47 I. C. C. 542; the specific findings and conclusions proposed are as follows:

The La Salle & Bureau County Railroad is a common carrier. Its net operating income during the periods of non-absorption was not excessive.

The rates assailed were unreasonable and unduly prejudicial to the extent that they exceeded the rates to and from La Salle.

During the periods of non-absorption the complainant made and received numerous interstate shipments which moved over defendants' lines; it paid and bore either the entire freight charges thereon or the amounts collected in addition to the rates herein found reasonable; has been damaged to the extent of 15 cents per net ton, and is entitled to reparation, with interest, the exact amount of which may be determined in accordance with rule V of the Rules of Practice.

A PLEA FOR THE SMALL TOWN

The following letter, signed by the Commercial Club of Grand Forks, N. D., H. W. Bishop, chairman special traffic committee, has been sent to Director-General McAdoo and the Interstate Commerce Commission:

"We are writing you about the 'uniform class rates' proposed by the United States Railroad Administration for application to North Dakota.

"All distribution or assembling of less carload lots of merchandise moves under the first four class rates, and it is these rates that we are particularly interested in. The proposition is to increase these rates between all points in North Dakota. The amount of the increase is indicated by the statement attached to this letter under the heading 'Proposed Rates.' The increase is from 8 per cent to 36 per cent at the distances shown in this statement. Singular increases are proposed for all distances. We protest against this increase disguised under the name of 'Uniform Rates.' No facts justifying it have been made public. On the contrary, such information as has been sent out from Washington is to the effect that the object is solely to bring about uniformity. While reduction sufficient to offset this advance may have been proposed in some territories, the proposed rates for South Dakota, Minnesota, Nebraska and Montana show increases similar to those proposed for North Dakota.

"More important, however, than the increase in freight rates itself is the fact that no increase is proposed from Minneapolis, Duluth or Chicago to North Dakota. The jobbing and manufacturing industries in Grand Forks and at other points in North Dakota are handicapped by this further material increase while the rates from our com-

petitors in the big cities are left untouched. Truly, 'To him that hath shall be given, but from him that hath not shall be taken away even that which he hath.' This is the vital, the important and significant feature of the proposed change. Who will defend it? Why should the United States Railroad Administration further the interests of the big cities at the expense of the interior territory?

"The United States Railroad Administration has hurt country territory and helped the large cities in every one of the big freight rate projects they have undertaken. First, the so-called 25 per cent increase effective June 25, 1918, which, as every business man in the small towns knows, increased rates from interior jobbing points and country territory for short distance hauls 100 per cent and higher because of the 'minimum rates' then adopted, whereas rates from the big cities to the same country points were increased but 25 per cent. Second, the mixing rule in the proposed consolidated freight classification, which was opposed at the recent hearing before the Interstate Commerce Commission by every business interest in the west with the exception of the wholesale grocers of Chicago. Third, the so-called shippers' representation on the 'district freight traffic committees' made up in every case of men employed by the traffic bodies of large cities, including Mr. Barlow of Chicago, Mr. Trickett of Minneapolis, Mr. Childs of Omaha and Mr. Sangster of Kansas City. These men have been trained for years to guard the traffic interests of those cities, and we respectfully submit that they cannot give sympathetic consideration to the small town's point of view in freight rate matters. Fourth, we have the so-called 'uniform freight rates' described above.

"Interior territory asks for equal opportunity with large cities, but not for any preferential or discriminatory freight rates. Witness the Spokane and Denver cases against the large cities on the Pacific Coast and in eastern territory, and the more recent cases at Mitchell, Moberg, Aberdeen, South Dakota; Norfolk, Hastings, Grand Island, Nebraska, and others of like nature. In all of these cases the complaint is against the more favorable freight rates given to the big cities and asking for equality of rates. Other instances of the effort to overcome the big cities' advantages are the state-made freight rates in Iowa, Nebraska, Minnesota, South Dakota, etc., and, if you please, consider the grain and live stock situation about which the farmers in our own state complain.

"Building up the big cities at the expense of the smaller ones is something which we have yet to hear anyone defend openly, and yet that is what the present system of freight rates is doing. It is admitted that the drift of population from the country to the big cities is economically wrong. The traffic congestion last year was not in the west in the country, but in the big cities in the east. The evils of densely populated cities and the corresponding advantages of living in the country have been told us many, many times.

"Thoughtful men everywhere are beginning to ask if the manufacturing and jobbing in this country should not be decentralized and the small towns given their share. The post-war reconstruction policies of our country with the concurrent back-to-the-land movement, and the problem of taking care of the returned soldiers blend themselves harmoniously with such a movement.

"Now is the time to give the small city and the country point a square deal on this freight rate problem. The small city should have an opportunity to manufacture or job on an equality of freight rates as compared with the big city. The consumer should have the opportunity to buy at the small town or the big city, as he pleases. This competition is good for him.

"This, we submit, is the line along which effort at making uniform freight rates should be directed."

ADVANCES ON GYPSUM.

The Western Freight Traffic Committee has instructed its district freight traffic committees to docket for consideration and set down for hearing in the usual way the question of advances which have been made under General Order No. 28 on crude gypsum or gypsum rock in carloads, between points in Western territory. Crude gypsum or gypsum rock in carloads was made subject to increase of 25 per cent under General Order No. 28, observing the plaster rates as maximum.

McADOO WILL NOT STAY

The Traffic World Washington Bureau.

In a talk with newspaper men, December 24, Director-General McAdoo said his resignation had no string to it, and that no possible compensation would persuade him to continue. Nothing less than a fact compelling to a reasonably man would persuade him to stay for even a few weeks. Under the federal control law, as the man designated by the President to exercise the authority conferred by that statute, he could fix his own compensation, he said, "even as much as \$50,000." He said he had no plan as to his successor, but thought the burden would not be placed on the shoulders of a cabinet officer.

It is his conviction that it will be a mistake not to adopt his five-year plan, because, he says, it would afford opportunity to find out whether government operation is the solution for the railroad problem. An additional thought expressed on that five-year plan was that there is no need for any further scrambling of roads (assuming there has been some) than has taken place, and that, as a matter of fact, it should be understood, if the five-year plan were adopted there would be no more, because there is no necessity for any more.

If the five-year plan should be adopted, his thought is that the life of the War Finance Corporation should be extended so it could act as the financial department for the Railroad Administration.

N. Y. STORE DOOR DELIVERY

The Traffic World Washington Bureau.

The effort to establish store door delivery as a measure to relieve congestion on the New York at New York has been abandoned because Director-General McAdoo has decided it would be an exercise of war power after the armistice for which he has no authority. He and Commissioner Harlan talked over the subject December 21 and reached the conclusion that nothing more should be done.

The determination of the Director-General to give up this measure was a concession to opposition that manifested itself after the signing of the armistice. Prior to that time, interested transportation elements were working to keep in comparative harmony.

When Commissioner Harlan went to New York in July to put store door delivery into effect, according to the plan agreed on as a result of investigations beginning late in the winter a remarkable change had taken place. The ports were comparatively free from congestion. That was due to the fact that most of the traffic into and out of New York was for or on account of the government. Nearly all the export traffic was passing through the army and navy war zones.

That condition continued throughout the fall and, in fact, up to this time. The feeling was that it would be a questionable thing to put into effect store door delivery, as it was scarcely possible ordered under the war power of the President, after the signing of the armistice and at a time when the conditions had bettered themselves.

Commissioner Harlan was prepared at the time the armistice was signed to put the new order of things into effect in a short time. The "drayage charge book," setting forth what it would cost each shipper to get his goods from the piers to his warehouse, was prepared and ready for issue. So also were the licenses to be issued to drays authorized to come to the warehouses for goods, on order from consignees. In fact, everything was ready for the final order.

The whole question was discussed by the commissioner and the Director-General December 21 and the conclusion was reached that it would be well to abandon the scheme now that the reason for its creation had disappeared and was not come again during the technical continuance of the war.

The plan for making that kind of delivery were prepared on the assumption that it was a service for the consignees, not for the carriers, that was to be performed. The carrier's tariffs provided for carriage only to the piers. But the congestion was on those piers and unless some kind of scheme could be devised for getting the goods off them there would be hopeless confusion and an enormous increase in delay. It was a matter of record, in Mr. Harlan's possession, that one drayman had his teams stand

in line for two days without being able to obtain the goods for which he had been sent. On account of the inclement weather during the worst part of that blockade, that drayman lost two horses.

While the plan is abandoned, the scheme has been worked out and it can be put into effect at any time the shippers come to the conclusion that their present practice is uneconomical and intolerable.

CONGRESS AND RAILROADS

The Traffic World Washington Bureau.

The Senate committee on interstate commerce, when it set January 2 as the day for beginning hearings on the railroad situation, deliberately disregarded the so-called Newlands committee. It voted to go ahead with its own inquiry because its members, like Cummins, Kellogg, Smith of Georgia, and Pomerene, believe they have information enough to enable them to work out legislation without continuing the enormous program of the Newlands joint committee.

As yet the House committee has taken no action looking toward legislation. Chairman Sims said, the day after Director-General McAdoo sent his five-year plan to him and Senator Smith, that he would introduce a bill on the subject and start hearings right away. His plans in that respect have not yet borne fruit.

It seems now that the Senate will take the lead in framing legislation. There is nothing to prevent the House committee holding hearings simultaneously. To those who think the Newlands committee machinery might have been employed, it is replied that such a joint committee always seems unwieldy. When the House members have time to meet, the senators are busy, and vice versa. When the House has finished an appropriation bill, for instance, it goes to the Senate and therefore senators are busy while the representatives are at comparative leisure. Therefore, it is argued, there is not exactly duplication of effort when the committees of the two houses are working on the same subject. Sometimes their meetings are at the same hour, but, generally speaking, their meeting days are not the same.

It is also pointed out that the information already before the Newlands committee is more or less academic. It all relates to a time prior to the operation of the railroads by the government. It pertains to the fundamentals, not to the details, which will have to be worked out by Congress, for disposing of the property rented by the government. Some plan for getting rid of that property must be made, whether the riddance is by return to the owners or by purchase by the government. If the five-year plan is to be put into operation, there must be something more than a mere joint resolution of extension, because it is deemed inconceivable that either House or Senate could be persuaded that the proper rent to pay in time of peace would be the average of the three years preceding June 30, 1917, when two of those years were war boom periods, that for 1916 giving the railroads the greatest net revenue they ever had—much greater than they were ever able to earn, even in the years when there was no restriction on interstate rates.

While Mr. Esch of the House committee on interstate and foreign commerce suggested the Newlands committee as the body to make the inquiry, in doing that he was, it is suggested, bowing to a supposed public sentiment that calls for a thorough investigation. Mr. Esch has been investigating the subject for himself for twenty years and the testimony he needs is as to what has happened in the last year and not as to what happened under private control.

The testimony before the Newlands committee went to the question of what could be done with the conflicting regulations of state and interstate bodies, more than to any other point. While other witnesses were interjected, Alfred P. Thom, the witness put forward by the railroads, was still on the stand, in theory, subject to cross-examination, when the investigation was suspended.

The Newlands committee was authorized to recommend what should be done. According to the resolution of its creation, it should have made a report on the first Monday in December, but thus far Senator Smith, now chairman of the joint body, has not submitted even a resolution asking for an extension beyond January, in which month the committee dies by limitation.

No matter what kind of report the Newlands committee might make, it is argued, that report would not serve on a bill that might be recommended by the interstate commerce committee of either house of Congress, containing a plan for handling the phase of the subject uppermost now. Each committee would have to make a report of its own on the particular measure it desired Congress to pass. The Newlands committee was appointed to make general, not specific, recommendations. Some of those it might make might fit present conditions, but the members of the joint body, who are the leading members of the two interstate commerce committees, feel that they have the benefit of the hearings before the Newlands committee and that there is no necessity for further testimony, except in support of some specific plan for dealing with the situation created by the war, the taking over and the operation by the government.

All phases of the railroad problem will be placed on hearing before the Senate committee on interstate commerce beginning Thursday, January 2. The hearings will continue without interruption until the Senate thinks it has learned enough to enable it to frame legislation. Just what legislation, if any, it will undertake at the present session of Congress no member of the committee is prepared at this time to say.

It is the desire of Senator Smith, of South Carolina, chairman of the committee, that The Traffic World say for him that the committee desires to hear from one representative each of the United States Railroad Administration, Director-General McAdoo, the Interstate Commerce Commission, the railroads, the state railroad commissions, shippers, chambers of commerce, and other interested organizations. He desires it to be made plain that the committee hopes each organization will designate one responsible representative to speak for it, because the committee has not time to hear every individual who may desire to express his views.

Another desire is that these organizations notify him as soon as possible as to their action in selecting representatives, so that he may promptly inform them as to the time they will be expected to appear before the committee.

Senators were extremely doubtful as to whether anything could be accomplished at this session. At this time about the only piece of railroad legislation that has strong backing is to be found in the various bills depriving the Director-General of the rate-making power. Something may be done with them, though the passage of any of the bills as an independent measure is regarded as unlikely. By placing one of them on an appropriation bill as a rider the rate-making power might be returned to the railroads and the Interstate Commerce Commission.

The interests mentioned are to be heard in the order in which they are mentioned—that is to say, the Railroad Administration first, Mr. McAdoo second, the Commission third, and so on. Presumably, therefore, the five-year plan will come up ahead of anything else that has yet been suggested. There is no definite place for the bills providing for the return of the rate-making power to the railroads and the Commission. That would mean, of course, requiring the Director-General, whoever he might be, to file tariffs with the Commission just as if he were a railroad or a person engaged in interstate commerce.

There is just a suspicion of party politics in the matter. The senators of the incoming party are not anxious to take the burden of working for legislation now, because they have an idea that the Railroad Administration may have a rough road to travel from this time forward, and they are not anxious to have it suggested that any of the difficulties the Administration may encounter are due, in any degree, to what they might have done in the few months preceding the change of political control in the Senate. The senators of the party that is going out of control are not certain as to what they should do. They want to hear more from the Railroad Administration, from President Wilson, and from their constituents, especially the shippers and the state railroad commissioners.

EXPENDITURE APPROVED.

The Director-General has approved payment by carriers of assessments for current expenses of the American Chemical Society, to be charged to operating expense.

BUILDING OF LOCOMOTIVES

The Traffic World Washington Bureau.

During the week ended December 14, according to the report of the builders to the Railroad Administration, 62 locomotives were completed. The reports of completed locomotives are of minor interest now, it is believed, because the builders are delivering more than the Railroad Administration can place with the railroads. The reduction in tonnage noted in the weekly reports of the traffic handled at twenty-five principal termini—twelve per cent in the report made public on December 21—shows why there is such an easing up in the demand for engines.

The direct routing of traffic so as to save engine power is also a factor making it hard for the Railroad Administration to find places for the motive power units the builders are now delivering to it. On some roads the tonnage reduction is so marked that engines are being white-leaded and withdrawn from service. The reports for the first weeks in the new year, it is suspected, will show marked diminution in the volume of business, because the embargo placed on deliveries to the War Department will tend to reduce the volume sharply.

There will be no improvement until after the manufacturers who devoted their energies to war work have re-established themselves in the markets from which they withdrew when they went into the war work.

The movement of grain to primary markets, also shown in a report to the Director-General given to the public December 21, continues heavy. The total for the week ending December 14 shows that 33,401 cars were loaded that week, compared with 20,009 in the corresponding week of 1917. The total is not quite as great as in the week ending December 7, when it was 34,656, but that was an exceptional week, comparing, as it did, with only 24,399 of the preceding one.

CARRIERS CAN'T FILE TARIFFS

The Traffic World Washington Bureau.

There are common carriers in the country that, owing to the peculiar condition of the records in the Railroad Administration and the Interstate Commerce Commission, cannot file tariffs. Among them are the Atlantic coast steamship lines, released from federal control about the middle of November, and the Canadian Pacific. They are carried in Chambers' Circular No. 5, I. C. C. No. 1, filed October 10, which purports to show carriers under federal control. No supplements have ever been issued to that circular. It is the only publication to which the Commission gives credence.

The fact that there are carriers that are, officially, neither fish nor fowl, was brought out when William J. Sedgman, as the authorized agent for three of four of the released steamship lines, undertook to file fifteenth section application for permission to file revised terminal rates and charges tariffs, which would be the same as those filed by the Railroad Administration for the railroad-owned steamship lines still under control of the government. Mr. Sedgman is the tariff filing agent of the steamship section of the Railroad Administration. His power of attorney is all right and the tariffs filed as exhibits are in proper form.

But the application has not yet been accepted because in Mr. Chambers' circular the applying steamship lines are shown as being under the control of the government. Therefore, under tariff circular 1-a, issued by the Railroad Administration, they are forbidden to file fifteenth section applications with the Commission. Some time ago Director Chambers sent out a circular letter warning the tariff agents that they must comply with his rules and regulations. That letter was called forth by the fact that some of the tariff-filing agents were applying to the Commission for permission to file tariffs to correct this, that, or the other prior publication.

The Canadian Pacific is not now and never was under federal control. Its branches in the United States are separately incorporated and are under federal control, but the parent company is a Canadian corporation and probably could not, if it would, subject itself to the orders of the United States, in any particular. In the ordinary course of business, however, it files tariffs to be used in connection with American roads. It has recently dis-

covered that it cannot file tariffs because it is listed among the carriers under federal control.

Supplements to the circular showing the release of the steamship lines are supposed to be on some printing press. No supplements have been filed, so the original publication of October 10 is the only rule the Commission can recognize.

There is a suspicion that this impasse exists on account of the inability of the law and traffic divisions of the Railroad Administration to agree upon what should be done. The Commission, for months before anything was done, importuned the Railroad Administration to furnish a list of the federal controlled roads, so that it might know how to handle letters and applications from the various carriers.

WEEKLY TRAFFIC STATEMENT

Director-General McAdoo December 21 issued a comparative statement showing the traffic handled by the railways under federal control at twenty-five of the more important railroad termini of the country during the week ending November 20, 1918. It shows a decrease of 8.94 per cent in the tonnage and a decrease of 12 per cent in the number of cars used, as follows:

	Cars		Tons	
	1917	1918	1917	1918
Atlanta	2,474	1,794	68,283	45,328
Birmingham	2,747	2,250	78,145	54,456
Boston	8,889	7,118	111,833	108,627
Chicago	8,817	9,216	231,178	241,260
Chicago and Superior	50,371	46,115	1,075,439	1,041,946
Cincinnati	1,112	1,590	28,287	48,695
Cleveland	8,817	8,432	217,914	241,167
Cleveland and Superior	22,609	2,779	980,039	351,765
Columbus	1,447	1,025	27,094	23,757
Dayton and Toledo	11,009	12,094	49,417	58,829
Dayton, Ohio	8,817	9,216	222,132	214,402
Indianapolis	1,112	1,590	42,003	39,455
New York	27,147	23,718	671,788	714,819
New York and Erie	6,112	7,115	122,806	170,456
Omaha	6,112	7,115	112,466	94,645
Pittsburgh	1,112	1,590	42,003	41,215
Pittsburgh and Erie	14,718	16,396	728,146	400,567
Pittsburgh, Pa.	7,112	7,431	150,117	201,772
St. Louis	11,781	12,168	442,788	421,787
St. Paul	7,417	7,008	70,117	72,181
St. Paul and Northern	7,417	7,008	81,111	87,111
St. Paul, Minn.	7,417	7,008	46,111	47,111
Tampa	1,112	1,590	42,003	39,455
Texas City	12,009	10,009	27,009	26,009
Toledo	2,405	2,227	2,000	308,701
Total	230,621	21,781	7,687,883	6,908,168
Percentage		9.45%		9.11%
Decrease		12.00%		12.00%

Associated tonnage per car

32

33

RAILWAY BUSINESS ASSOCIATION

President Alpha B. Johnson, of the Railway Business Association, has filed with Chairman Smith, of the Senate committee on interstate commerce, a request for opportunity to be heard on proposed railway legislation on some date not earlier than January 14. The association will hold its convention in Chicago, January 9. Mr. Johnson says:

"As a result we believe our witnesses will be put in position to speak to you with the authentic sanction of an industry as united as employer, when times are good, about as divided as do the railways, or in the neighborhood of a nation and three-quarters. The association maintains entire independence of the railway corporations and managers and discusses only those phases on which its members as business men can testify with knowledge."

The association's committee on railways after the war will make a report at the annual convention and is now seeking from members views on the following three propositions:

"That if the present Congress does not reach the stage of enactment the President should call an extra session to enact provisions for needful private control, and that upon the enactment of such legislation the railroads should be restored to their owners."

"That while permitted to cooperate with one another so as to eliminate duplication of services and facilities and to secure the most efficient and economical use of routes, terminals and vehicles, and permitted under federal sanction to effect consolidations if essential, the properties should be operated by independent organizations as numerous as may be consistent with financial strength and stability."

"That Congress should adopt a policy of federal rate regulation under which a separate functionary would consider carriers' estimates of future railway traffic needs and, subject to abatement of discriminations by the Interstate Commerce Commission, would fix rates designed to yield revenue sufficient for future operations and credit."

TRAFFIC LEAGUE GETS BUSY

The committee appointed by President Freer, of the National Industrial Traffic League, in accordance with a resolution adopted by that body at its recent meeting in Cincinnati, will meet at the La Salle Hotel in Chicago January 6 to begin its deliberations. Its duty is to consider such additional legislation and measures as are necessary to carry out the spirit of the resolutions adopted by the League, which pronounced against government ownership of the railroads and in favor of operation by the owners, but expressed the opinion that before the roads are returned to their owners there should be additional legislation in their interest and for the protection of the public. The members of the committee are as follows:

F. T. Bentley, traffic manager of the Illinois Steel Company, Chicago (chairman); H. C. Barlow, traffic director, the Chicago Association of Commerce; W. H. Chandler, manager, transportation department, Boston Chamber of Commerce; J. M. Belleville, general freight agent, the Pittsburgh Plate Glass Company, Pittsburgh, Pa.; C. E. Childs, manager, traffic bureau, Omaha (Neb.) Chamber of Commerce; J. S. Davant, commissioner, Memphis (Tenn.) Freight Bureau; J. C. Lincoln, manager, traffic bureau, Merchants' Association of New York; F. B. Montgomery, manager, traffic department, International Harvester Company, Chicago; and R. M. Robinson, traffic manager, the Greater Dayton Association, Dayton, O. G. M. Freer, president of the League; R. D. Sangster, vice-president, and O. F. Bell, secretary, are ex-officio members.

SOUTHERN TRAFFIC LEAGUE

The Southern Traffic League will hold a meeting January 6 to discuss the general railroad situation. The call for the meeting is as follows:

"The railroad situation has assumed an acute phase which imperatively demands prompt and vigorous action on the part of shippers and producers in the south in order that their rights and interests may be effectively represented and duly considered in the readjustment which is now imminent."

The Southern Traffic League has taken the initiative and has adopted certain resolutions designed to bring about an affiliation of southern interests in order that they may be adequately represented before Congress and otherwise and in a just solution of the serious problems that confront us.

The President in his message to Congress has indicated an intention to presently return the railroads to private operation and control unless some other plan shall be devised and supported by appropriate legislation. The Director-General has recommended that federal control be extended for a period of five years. The Interstate Commerce Commission has recommended legislation along suggested lines. In response to these recommendations Congress will, early after the holidays, take up consideration of the subject and will enter upon hearings from interested parties.

"The Association of Railroad Security Owners is prepared to conduct active propaganda for the promotion of their interest, having in view some sort of governmental guarantee of return. The Association of Railroad Executives is well organized and active and will exert an influence that must be reckoned with. The Chamber of Commerce of the United States is giving the matter consideration and will doubtless be represented before Congress and elsewhere. The National Industrial Traffic League, representing large interests in the north and east, has appointed a committee to act in their behalf. Other associated interests will be represented."

"In none of these movements have the shippers and producers of traffic in the south any direct participation. Physically and economically conditions in the south differ from those elsewhere and imperatively demand individual study and treatment. Unless something is speedily done

...an organized participation in the solution of the problems which the interests of this large and important group will be voiceless. The south cannot afford to be a stranger in this great emergency.

It is hoped that prominent representatives of southern commercial and industrial interests will join with the members of the Southern Traffic League at a meeting to be held at the Piedmont Hotel in Atlanta at 12 o'clock noon on Jan. 6, 1919, for the purpose of co-ordinating the various interests in the south and devising ways and means for making the most adequate preparation for the simplest and most helpful presentation before Congress and elsewhere.

Will you not promptly get in touch with the commercial and industrial interests in your community and have them appoint representatives to attend the meeting in Atlanta? It is of the most urgent importance that the meeting should be representative in its character in order that the emergency upon us may be promptly considered and effectively dealt with."

The following resolutions were adopted by the Southern Traffic League at a meeting held at Atlanta, Ga., December 11:

"Whereas, Among the grave economic problems attendant upon the coming of peace, none is more pressing for solution than those involved in the readjustment of our transportation system to meet the new conditions. It must be determined whether the future operation of the railroads shall be under governmental or corporate control, and, if the railroads are to be returned to their owners, the character of the regulations that shall apply to their operation will demand the most earnest and studious consideration. Policies must be shaped and appropriate legislation be had in order that the public may be best served without injury to those whose interests are more directly affected; and

"Whereas, The President's message to Congress discloses the purpose to bring to a close the present federal operation and control of the railroads unless otherwise directed by Congress, and expresses an invitation to Congress to consider the subject and enact appropriate legislation for the future, and the Interstate Commerce Commission in its annual report has submitted several alternate methods of dealing with the situation; and

"Whereas, While the burdens and benefits of transportation ultimately fall upon and inure to the public at large, and therefore take on a political complexion, these in the first instance accrue to and must be borne by the shippers and producers of traffic whose interest is therefore that of the public; and

"Whereas The situation presents an opportunity and imposes an obligation upon shippers and producers, individually and collectively, to lend their aid and co-operation and contribute their best thought and influence to the correct solution of the problems that so intimately affect them and the public they represent; and

"Whereas, It is deemed appropriate that the Southern Traffic League, as representative of commercial and industrial interests throughout the south, should take the initiative and invite the co-operation of others in this region:

"Be it therefore resolved by the Southern Traffic League, That there is hereby created a special committee of the League to consist of the following five members: J. S. Invariant, commissioner, Memphis Freight Bureau, Memphis, Tenn.; W. S. Creighton, traffic manager, Charlotte Shippers' and Manufacturers' Association, Charlotte, N. C.; E. W. Hayward, manager, Meridian Traffic Bureau, Meridian, Miss.; H. T. Moore, traffic manager, Atlanta Freight Bureau, Atlanta, Ga.; W. E. Gardner, traffic manager, Georgia Florida Saw Mill, Jacksonville, Fla., of which committee the president and secretary of the League shall be ex officio members;

"The committee shall perfect its own organization and direct its own activities within the limits of the authority herein delegated; provided, however, that the committee shall not subject the League to financial obligations without having first obtained authority therefor.

"Be it further resolved, That the committee is hereby directed and fully authorized to act in the name and behalf of the League with respect to the following matters, to wit:

"1. To select and name such representative shippers and producers in the south as may seem desirable to con-

stitute an advisory council to act with the League and its committee in devising plans and methods for the most effective representation of southern interests in the study and solution of the transportation problem.

"2. To enlist the active co-operation of other shippers and producers and their several organizations throughout the south, in order that the best thought and the greatest influence may be co-ordinated and exerted in the effort to secure such wise readjustment of our transportation systems and their operation as will protect and promote the interests of shippers, carriers and the public; and to this end to provide appropriate ways and means and act through such agencies and employ such instrumentalities as may be deemed expedient."

The resolutions and letter explain fully the steps which are being taken by the Southern Traffic League regarding legislation in connection with the future operation and control of the railroads. It will be noted that the league has announced no definite policy with reference to the future of the railroads, preferring to leave this question open until the meeting of the joint committee and the Advisory Council in Atlanta January 6. W. E. Gardner, first vice-president, who signs the above call, says it will be his purpose at this meeting to advocate the return of the railroads to private operation within a "reasonable time," which he hopes does not mean the full period of twenty-one months provided by the federal control act. He will favor "the preservation of such economies of transportation as may have been developed under federal control to the extent that the service may be improved without the inflation of charges, this thought having special reference to the pooling of cars, the unification of terminals and joint facilities, and the simplifying of rate publications by issuing tariffs through common agencies.

"I shall," he says, "oppose any government guarantee of earnings to the carriers, other than such as may be earned under reasonable and just rates, and while favoring the principle of a fair return upon the investment, I shall oppose any system of rate construction that is designed to accomplish this end, without due regard to other factors which should be considered in the making of just and reasonable rates.

"The question of economics and finance must necessarily enter into any future legislation regarding the railroads, whether retained under government ownership or whether they are turned back to the private corporations, but the Southern Traffic League feels that these questions should be handled by the Advisory Council, which we have called to our assistance.

"We, of the South, are vitally interested in the methods to be followed in the readjustment of the railroad system, perhaps more than any other section of the country, with our millions of undeveloped acres and numerous resources, and we feel that in turning from the pursuits of war to our peaceful avocations that the south should have a voice in the railroad legislation which will soon be before Congress."

DIRECTOR GRAY RESIGNS

The Traffic World Washington Bureau.

Director Gray, of the Division of Operation, Railroad Administration, has resigned, his retirement to be effective January 15. In announcing his retirement he said he was not sure what he would do. Ill health was assigned as the reason for his quitting.

LOUISIANA PROTESTS

W. M. Barrow, assistant attorney-general of Louisiana, has filed with the New Orleans Western District Freight Traffic Committee for the state railroad commission and the attorney-general, a protest against the Railroad Administration and the district committee, "changing, modifying, altering, or otherwise interfering with the rates, rules, regulations and practices of the railroads operating within the state of Louisiana in so far as they apply on Louisiana intrastate business, and have been ordered or authorized by the Railroad Commission of Louisiana.

"The Railroad Commission of Louisiana is the only lawfully constituted authority within the state of Louisiana having jurisdiction over all matters and things affecting, concerning or pertaining to the fixing of reasonable intrastate rates, rules, regulations and practices within the

state of Louisiana, and its jurisdiction over such matters is exclusive, its decisions, orders and rulings being subject to review only by courts of competent jurisdiction.

"The act of Congress known as the federal control act, or any other act of Congress authorizing the President of the United States to initiate freight rates for railroads operated under federal management, does not take from the said railroad commission of Louisiana its right, power and authority to adopt, change, or make reasonable and just freight and passenger rates for railroads operating within the state of Louisiana, and to govern and control passenger and freight tariffs and service within the state, but, on the contrary, specially reserves in the respective states of the United States the right, power and authority to regulate and control the intrastate service and rates of the railroads, as set forth in the said federal control of railroads act, approved March 21, 1918, section 15.

"The said New Orleans Western District Freight Traffic Committee, without authority, and in violation of the right of the state of Louisiana and the Railroad Commission of Louisiana, to exercise the police powers of the state by prescribing and enforcing reasonable rates, rules and regulations and practices affecting the railroads operating within the state of Louisiana, for comfort and convenience and use of the public, by setting aside many of the rates, rules and regulations and practices prescribed by the Railroad Commission of Louisiana, and sustained in some instances by the courts.

"The emergency which justified the taking over of the railroads by the President has passed, the necessity for the rate advances has been adequately met by the heavy advances in freight and passenger rates made by Supplemental Order No. 28 of the Railroad Administration, and there is no necessity for, nor authority in the said Railroad Administration, and W. G. McAdoo, Director-General, his successors, attorneys, agents or employees, nor the New Orleans Western District Freight Traffic Committee continuing to consider, propose or recommend cancellations of intrastate rates of long standing, as advanced by the 25 per cent general rate advance, or a partial or complete readjustment of rates on particular commodities within the state of Louisiana."

AN UNSCRAMBLING ORDER

The Traffic World Washington Bureau.

In circular No. 68 Director-General McAdoo did some unscrambling December 26 by transferring the Pittsburgh & Lake Erie and Pittsburgh & West Virginia from the Allegheny to the Eastern Region. While transferring the West side Belt at Pittsburgh and the Grand Rapids & Indiana from the Eastern to the Allegheny Region. The transfer of the P & L E to the Eastern Region reunites that road to its New York Central affiliation and the transfer of the G R & I to the Allegheny Region puts it in with its affiliation—the Pennsylvania Lines West.

DENVER RESOLUTIONS

The following resolutions, presented from the Transportation Bureau of the Denver Civic and Commercial Association, were adopted by the board of directors of that association.

"Whereas, We oppose the principles involved in government ownership and control of public utilities engaged in interstate business, as being destructive alike to individual effort and progress upon which has rested, and will rest, the material and best development of our national life, and

"Whereas, A further result as indicated by the experience of foreign countries, has been lessened efficiency and higher expense cost to the public, therefore,

"Be It Resolved, That the Civic and Commercial Association of the City and County of Denver favors the return of the railroads to the management of their respective owners at the earliest date practicable; and be it further

"Resolved, That we favor conferring upon one central body the authority and power to initiate and to establish rates, through the medium, and with advice of national committees, composed of representatives of the carriers and of the public, and to this end we would respectfully suggest and urge such congressional action as may be

necessary to bring about the aforementioned results; and we respectfully further urge the repeal or amendment of such sections or parts of sections of the Sherman and Hepburn Acts as may be necessary to enable the carriers so to develop and to so operate their several properties, jointly or severally, that the interests of the public may be served in the best and most efficiently economical manner, constantly having in mind the lowest possible rates consistent with proper return to the owners, necessary development and upkeep of properties, speedy and safe service.

"We further favor the passage of a national incorporation law extending charter rights and privileges to transportation lines engaged in interstate commerce."

PROGRAM FOR RETURN OF ROADS.

New York, N. Y.—A program calling for prompt return of the railroads after the passage of remedial federal legislation was worked out at a meeting December 20 of the standing committee of the Association of Railroad Executives, according to the announcement made. Provisions of the plan were not made public. The program will be submitted next month to the Senate interstate commerce committee, if it is approved at a full meeting of the association, called here for December 30.

PASSENGER TRAIN OPERATION

The Traffic World Washington Bureau.

"Marked improvement in the operation of passenger trains in the eastern section of the country is indicated in reports now being received by Director-General McAdoo," says a press notice. "This is especially true of traffic conditions for the month of November, 1918, as compared with the same month for 1917, and, despite the heavy demands that are being made upon all roads, not only for the movement of troops to their homes, but to take care of the unusual heavy holiday travel of the general public.

"Figures made public December 23 show that on one division of the Pennsylvania Lines, that operating east of Pittsburgh and Erie, for November, 1918, 88.1 per cent of the trains made schedule time, as against 77.1 per cent for the corresponding month of 1917. The percentage of trains on time for November, 1918, was 80.6, as against 59.7 per cent for December, 1917."

RAILROAD TIME TABLES

R. L. Kern, traffic manager of the United States Radiator Corporation, Detroit, has written as follows to Garrett Fort, Director Passenger Traffic, U. S. Railroad Administration:

"There has recently occurred a great change in the railroad time tables, and this change is decidedly not in the interest of public service, railroad economy, or anything else, so far as the writer and the balance of the traveling public can see, and that change is the elimination of the index of stations from railroad time tables for the larger trunk line railroads.

"We find that elimination of this index from the time tables has deprived the traveling public of certain information which they have previously been able to obtain, and has only added a heavy burden to the ticket and information offices, for the reason that the traveling public cannot readily find the desired stations in the time tables, and the clerks and attendants in these offices experience just as much trouble as does the traveling public. We fail to see any good whatever in the elimination of this labor-saving guide to either the traveling public or passenger and ticket office employees.

"We earnestly recommend quick restoration of these indexes as published in the past, thus cutting down to a minimum the long waiting line at the information window seeking information which passengers cannot now easily obtain, and the information clerk is having nearly as much trouble, as he has no guide whatever. If he does not happen to know the particular division of a large trunk line railroad on which a station may be located he can spend nearly an hour looking for the train time for that particular station."

WAR DEPARTMENT EMBARGO

(U. S. C. 45, Car Service Section)

Section (1). All outstanding embargoes against freight on the War Department should be canceled, and the following placed with your agents and representatives:

In direction of the Car Service Section, at the request of the War Department, an embargo is placed, effective at once, against all carload freight consigned, (a) to or for account of the War Department or officers thereof; (b) to or for account of contractors for War Department purposes, at destinations listed in the following item No. one (1), except as exempted under the heading "Exceptions."

Item No. 1.

Destination.	Exceptions. Property Consigned to—
Amatel, N. J.	
Amatel Junction, N. J.	
Astoria, Long Island, N. Y.	
Baltimore, Md.	
Bayonne, N. J.	
Boston, Mass.	
Brooklyn N. Y. (and points within the lighterage limits of)	
Bush Bluffs, Va.	United States Constructing Quartermaster, Army Supply Base.
Canton, Baltimore, Md.	
Charleston, S. C.	
Chester, Pa.	
Chicago, Ill., 39th & Robey sts.	
Chicago, Ill., Pennsylvania Term.	
Chicago, Ill., Hawthorne Station.	
Columbia, S. C. Camp Jackson.	Camp Supply Officer (food supplies only).
No. Cola. Cantonment.	
Columbus, Ga. (Camp Benning)	Camp Supply Officer (food supplies only).
Columbus, Ga. (Fort Benning)	
Columbus, O.	
Croyland, Pa.	
Curtis Bay, Md.	
Dents Station, S. C. (No. Columbia Cantonment)	Camp Supply Officer (food supplies only).
Elwood, N. J.	
Ernstson, N. J.	
Fairfield, O.	
Fayetteville, N. C. (Camp Bragg)	Camp Supply Officer (food supplies only).
Gillespie, N. J.	
Governors Island, N. Y.	
Greenville, S. C. (Camp Sevier)	Camp Supply Officer (food supplies only).
Hammononton, N. J.	
Hampton, Va.	Superintendent of Construction, U. S. Signal Corps, Langley Aviation Field.
Hawthorne, Ill. (Chicago)	
Hoboken, N. J.	
Jeffersonville, Ind.	
Jersey City, N. J. (and points within the lighterage limits of)	
Kenilworth, N. J.	
Lamberts Point, Va. (Norfolk)	U. S. Constructing Quartermaster, Army Supply Base, Bush Bluff.
Long Island City, N. Y.	
Mays Landing, N. J.	
Metuchen, N. J.	
Middletown, Pa.	Supply Officer, Aviation General Supply Depot.
Morgan, N. J.	
Mt. Pleasant, Del.	
New Castle, Del.	
New Cumberland, Pa.	
Newport News, Va.	

New York, N. Y. (and points within the lighterage limits of)

Nixon, N. J.
Norfolk, Va.

Old Bridge, N. J.
Penniman, Va.
Perth Amboy, N. J.
Pig Point, Va. (Norfolk)
Philadelphia, Pa.

Phoebus, Va.
Portland, Me.
Port Clinton, O. (Erie proving grounds)
Port Ewen, N. Y.
Port Newark Terminal (Newark, N. J.)
Port Lock Yards, Va. (Norfolk)

Portsmouth, Va.
Rahway, N. J.
Raleigh, N. C. (Camp Polk)

Redington, Pa.
Rock Island, Ill.
Rockwell Park, Del.
Runyon, N. J.
Seiple, Pa.
Seven Pines, Va.
South Amboy, N. J.
South Kearney, N. J.
South Schenectady, N. Y.
Spartanburg, S. C. (Camp Wadsworth)
Staten Island, N. Y.
Stithon, Ky. (Camp Knox)
Tullytown, Pa.
Weehawken, N. J.
Westville, N. J.
Williamsburg, Va.
Wilmington, Del.
Woodbury, N. J.

Section (2) Embargo is placed against carload shipments of commodities listed in the following Item No. Two (2), under the heading "Commodities," when consigned (a) to or for account of the War Department or officers thereof; (b) to or for account of contractors for War Department purposes, at destinations shown.

Item No. 2.

Destination	Commodity
All destinations	High explosives.
North Pacific Coast ports of export	All property consigned to or for account of War Department when for export, including Hawaiian Islands, Philippine Islands and Alaska destinations.
California ports of export	All property consigned to or for account of War Department when for export, including Hawaiian Islands, Philippine Islands and Alaska destinations.
ands, Philippine Islands and Alaska destinations.	
Iron and steel articles.	Brunswick, Ga.
Iron and steel articles.	Jacksonville, Fla.
Iron and steel articles.	Pensacola, Fla.
Iron and steel articles.	Wilmington, N. C.
Iron and steel articles.	Galveston, Tex.
Grain for domestic use, when in bulk.	Mobile, Ala.
Grain for overseas, when in bulk or sacked.	Port Arthur, Tex.
Iron and steel articles.	Texas City, Tex.
Grain for domestic use, when in bulk.	New Orleans, La.

U. S. Constructing Quartermaster, Army Supply Base, Bush Bluff.

U. S. Constructing Quartermaster, Quartermaster Terminal, Greenwich Point.

U. S. Constructing Quartermaster, Army Supply Base, Bush Bluff.

General Hospital.
Camp Supply Officer (food supplies only).

Camp Supply Officer (food supplies only).
General Hospital, Fox Hill.
Camp Supply Officer (food supplies only).

Grain for overseas, when in bulk or sacked.

Construction material when consigned to Constructing Quartermaster, Army Supply Base, New Orleans except creosoted piling and timbers way-billed to New Orleans direct or with stop in transit at creosoting plants for treating.

Section (3) Shipments in transit on the effective date of this embargo will be accepted and moved to destination as conditions permit.

The movement of freight covered by this embargo may be authorized only by USWD transportation orders, issued by the Inland Traffic Service, War Department, as provided for in Inland Traffic General Order No. 2, dated February 18, 1918.

This embargo superseded all embargoed items in Inland Traffic Service General Order No. 2 and supplements thereto.

Wherever the provisions of Inland Traffic Service General Order No. 2 (or supplements thereto), or of Car Service Section Circular No. CS-3 (or supplements thereto), conflict with the terms of this embargo, the provisions of this embargo will govern.

These instructions have been sent to all railroads of the U. S. Railroad Administration and should not be promulgated through zone chairmen or to connections, excepting to those for which you assume responsibility for advising under General Order No. 17.

THANKS FOR MR. McADOO

(Letter to Director-General McAdoo from W. E. Mac Ewen, chairman transportation committee, Western Petroleum Refiners' Association.)

We desire at this time to express to you our deep appreciation of the magnificent efforts made by the United States Railroad Administration, during the war period, to render a transportation service to the oil industry that would enable it to meet the demands made upon it by the United States government, its allies, and the industries engaged in war work.

It is perhaps safe to say that no single industry was more important in the successful carrying on of the war than the oil industry, and in its early days it was realized that, if the problems before us were to be met, that the transportation question, involving the movement of petroleum and its products, required the closest attention. With this in mind the oil industry appealed to the United States Railroad Administration for assistance in working out a plan by which the mileage on the tank cars might be doubled without any material increase in the tank car equipment, in order that the steel might be conserved for other important war purposes.

The appeal met with a hearty response and in the western district the regional directors appointed B. L. Swearingen as supervisor of oil traffic, with headquarters at Kansas City, to supervise the movement of oil traffic in the western district. The writer was appointed by the oil industry to cooperate with Mr. Swearingen and secure the assistance and help of the shippers.

J. A. Middleton was assigned by the Railroad Administration at Washington to the oil division of the United States Fuel Administration, who in turn appointed O. M. Conley at Kansas City to also render assistance in meeting the emergency. Mr. Middleton afterward being succeeded by O. M. Conley at Washington, and F. B. McKay succeeding Mr. Conley.

These joint offices were opened early in April, when conditions were chaotic, and when a great many of the refineries in the midcontinent field in particular, were shut down or only partially operating on account of shortage of equipment. The refiners were requested to work as a unit and assist in consolidating the oil shipments into trainload lots, and this request was met with a hearty response. The Railroad Administration arranged to consolidate this freight, symbol it, and move it through to destination or breaking point in solid trainload lots.

Without going into the details of the matter, it suffices to say that within thirty days there was such an im-

provement that from that time on there was never a shortage of tank cars in the oil industry in the western field. There never was a demand made upon the western oil industry that they were not able to meet so far as transportation facilities were concerned. There never was a time that there was not at least a day and a half's loading of cars on hand. During the first ten months of the year there was loaded from the midcontinent field 256,082 cars, compared with 200,603 cars for the same period 1917, an increase of 55,479 cars, with practically no increase in the amount of equipment. From April 20 to November 20, inclusive, there was loaded from the midcontinent field a total of 3,585 solid trains of oil, containing 100,530 cars.

In the month of January the mileage per car per day on tank cars of western refiners was 26.19; in June, 56.27, and in September 58.4, an increase of 100 per cent in the mileage performance.

What was accomplished in the oil industry is one of the most concrete illustrations in the history of railroad-ing of the economic gain by the co-operation between the shipping public and the railroads. These accomplishments were made possible by the whole-hearted co-operation, starting with the yard employees of the railroads, and on up the line, including the operating officials and Car Service Section at Washington, railroad executive officials at Washington, and particular mention should be made of the magnificent co-operation rendered by the three western regional directors and their assistants. This, coupled with the unselfish efforts of the refiners in lending their assistance in carrying out the systems adopted, made possible the meeting of all problems confronting the industry, from a transportation standpoint, in the western district.

Great credit for the accomplishments mentioned in the foregoing is due to the executive ability, resourcefulness and untiring efforts of B. L. Swearingen, the direct representative of the regional directors in charge of supervising the oil traffic.

On July 1 the traffic department of this organization was asked to represent the tank car committee of the petroleum war service committee, in order to supervise in behalf of the shippers the entire tank car equipment of the industry, and while the industry as a whole regret the necessities that compel you to resign your position as Director-General of Railroad, we want you to feel that we owe a debt of gratitude to you and appreciate to the utmost the magnificent assistance rendered, and it would be a source of keen regret were this economical method of handling freight to be dispensed with, as the systems devised enable the railroads to handle more freight with less equipment, saves congestion in terminals, by reason of the trains moving through solid, and is of equal benefit to the shippers, the railroads, and the public at large.

While the jurisdiction of the Kansas City office only extended to the territory west of the Mississippi River and Chicago, I also want to commend the eastern regional directors and their assistants for the hearty co-operation rendered in the movement of the very large tonnage that originated in this field that moved to the seaboard for export and to the large industrial institutions of the east in meeting the war problems.

In conclusion, we want you to know that whatever field of activity you may engage in that you will have the best wishes of this industry for a happy and fruitful future.

FREIGHT DESTROYED IN TRANSIT.

Hale Holden, regional director, in Circular No. 220 to central western railroads, says:

"Shippers and consignees of freight frequently suffer inconvenience due to the lack of information as to the whereabouts of their property when it is destroyed by wreck, fire or other casualty, or is confiscated by carrier.

"Please arrange a plan in such cases whereby the operating department will immediately notify the freight claim agent, furnishing full waybill reference, name and address of shipper, consignee and a description of the freight destroyed or confiscated.

"Upon receipt of such advice in the claim office, arrangements should be made to immediately notify the shipper and consignee (by form letter, sample attached) to enable them to make such arrangements as they see necessary under the circumstances, either by duplication of the shipment or otherwise."

APPLICATION OF INCREASES

The new rules, effective on one day's notice, for the application of increases ordered by General Order No. 28, as to certain commodities moving on combination rates, carried in the Commission's fifteenth section order No. 1020, are as follows:

Except as otherwise indicated herein and where specific reference hereto is made in tariffs, rules provided herein apply in connection with rates between points on railroads and systems of transportation under federal control as incorporated in Circular No. 5, I. C. C. No. 1, supplements thereto or measures thereof, issued by Edward Chambers, director, Division of Traffic; also in connection with joint rates between points on such carriers and points on carriers not under federal control.

Exception. These rules do not apply in connection with Mississippi-Warrior waterways or New York-New Jersey Canal section, nor on interstate traffic in connection with rates applying exclusively on intrastate traffic.

The term "separately established commodity (or class) rate factor" as used herein refers to local, joint or proportional rates, including rates made by the addition or deduction of arbitraries or differentials.

Where two or more separately established commodity rate factors are subject to different minimum weights, the highest minimum weight applicable to any of the separately established commodity rate factors will apply to the through rate as arrived at in the manner herein prescribed, except that the charges based on the separately established factors used in making the combination rate and minimum weight for actual weight when in excess of minimum weight, applying to each factor, shall be observed as maximum.

Section 1.

Where no published through rates are in effect from point of origin to destination on a commodity specified in section 2, and two or more commodity rate factors (see note) are used in arriving at the through rate for a continuous rail shipment thereof, such through rate will be arrived at in the following manner:

(1) Each separately established commodity rate factor will be reduced by the amount of the commodity differential shown in section 2 opposite the name of the commodity.

(2) The reduced commodity rate factors will then be added together.

(3) To the sum of the separately established commodity rate factors thus obtained, add the commodity differential shown in section 2 opposite the name of the commodity.

Note: Where the rates on the commodities specified in section 2 are published as lettered classes other than A, B, C and D, as exceptions to the Southern Classification, such factors will be considered commodity rates.

Explanation:

(a) Where a separately established class rate factor, plus a separately established commodity rate factor is used in constructing the combination rate, no deduction is to be made from either factor and the correct through rate to apply is the sum of the factors.

(b) Where separately established commodity rate factors only are used in constructing the combination rate, deduct the amount shown opposite the commodity in section 2 hereof from each separately established commodity rate factor, and to the sum of the commodity rate factors so reduced, add the amount shown opposite the commodity in section 2 hereof.

(c) Where two or more separately established commodity rate factors, plus one or more separately established class rate factors are used in constructing the combination rate, deduct the amount shown opposite the commodity in section 2 hereof from each separately established commodity rate factor, and to the sum of the commodity rate factors so reduced, add the amount shown opposite the commodity in section 2 hereof, also add the full class rate factor or factors without deduction.

Section No. 2.

	In cents per 100 pounds (except as noted)
Cement, cement plasters and plasters, carloads.....	2
Cotton, any quantity (including cotton lint which has been ac- commod transit).....	15

Cotton linters, any quantity (including cotton linters which has been received transit).....	15
Lead, carloads.....	1½
Oron, iron, carloads, per ton of 2,000 pounds.....	30
Oron, per ton of 2,210 pounds.....	33.6
Sand and gravel, carloads.....	1
Stone, artificial and natural, building and monumental, ex- cept carved, lettered, polished or traced, carloads.....	2
Stone, broken, crushed and ground, carloads.....	1

Section No. 3—Live Stock, Carloads.

Where no published through rates are in effect from point of origin to destination on live stock, carloads, and two or more commodity rate factors are used in arriving at the through rate for a continuous rail shipment thereof, such through rate will be arrived at in the following manner:

1. Where combination of separately established commodity rate factors is 35 cents per hundred pounds (or \$75 per standard car, see Note 1), or less, such combination will apply.

2. Where combination of separately established commodity rate factors is over 35 cents per hundred pounds (or over \$75 per standard car, see notes 1 and 2), the through rate will be made by adding 7 cents per hundred pounds (or \$15 per standard car, see notes 1 and 2), also the full class rate factor or factors without deduction, to the sum of the commodity factors for basing the through rates arrived at in the following manner (either where such commodity rate factors cover entire haul from origin to destination, or where used in connection with one or more class rate factors).

(a) Where a separately established commodity rate factor is 35 cents per hundred pounds (or \$75 per standard car, see note 1) or less, the factor for basing the through rate will be as shown in table of rates, section 5.

(b) Where a separately established commodity rate factor is over 35 cents per hundred pounds (or over \$75 per standard car, see notes 1 and 2), the factor for basing the through rate will be 7 cents per hundred pounds (or \$15 per standard car, see notes 1 and 2) less.

Example

Commodity rate factor to basing point 23 (per Par. (a)) factor.....	18.5
Commodity rate factor from basing point 42 (per Par. (b)) factor.....	35
Add (per Rule 2).....	53.5
Correct combination rate.....	7
or	
Commodity rate factor to basing point 23 (per Par. (a)) factor.....	18.5
Commodity rate factor from basing point 20 (per Par. (a)) factor.....	16
Add (per Rule 2).....	34.5
Correct combination rate.....	7

NOTE 1: The term "standard car" applies to cars 36 feet in length, inside measurement. To determine the rate for cars of other lengths, apply percentage basis provided in tariffs or classifications governing the separately established factors.

NOTE 2: Where separately established commodity rate factors are governed by the Southern Classification, the following will apply where rates are published in dollars and cents per car.

Where combination of separately established commodity rate factors is over \$75 per car exceeding 36 feet 6 inches in length, the through rate will be made by adding to the sum of the factors for basing the through rates, arrived at in the following manner, the amounts set forth below:

When in cars 36 feet 6 inches or less in length, \$15 per car.

When in cars 38 feet 6 inches and over 36 feet 6 inches in length, \$15.75 per car.

When in cars 40 feet 6 inches and over 38 feet 6 inches in length, \$16.50 per car.

Where a separately established commodity rate factor is over \$75 per car exceeding 36 feet 6 inches in length, the factor for basing the through rate will be the following amounts less:

When in cars 36 feet 6 inches or less in length, \$15 per car.

When in cars 38 feet 6 inches and over 36 feet 6 inches in length, \$15.75 per car.

When in cars 40 feet 6 inches and over 38 feet 6 inches in length, \$16.50 per car.

Where two or more separately established commodity rate factors are used in constructing a through rate, one or more of the factors being stated in cents per 100 pounds,

the other or others in dollars and cents per car, convert the factor or factors stated in cents per hundred pounds to dollars and cents per car and apply the basis herein provided.

In applying the foregoing, amounts of less than twenty-five (25) cents to be omitted; amounts of twenty-five (25) cents or greater but less than seventy-five (75) cents to be considered as fifty (50) cents; amounts of seventy-five (75) cents or greater but less than one dollar (\$1) to be increased to one dollar (\$1).

Section No. 4—Lumber and Forest Products, Carloads.

Where no published through rates are in effect from point of origin to destination on lumber and articles taking same rates, or arbitraries over lumber rates, also other forest products, on which rates are not higher than on lumber, carloads, and two or more commodity rate factors are used in arriving at the through rate for a continuous rail shipment thereof, such through rate will be arrived at in the following manner (either where such commodity rate factors cover entire haul from origin to destination, or where used in connection with one or more class rate factors):

1. Where combination of separately established commodity rate factors is 25 cents per hundred pounds or less, such combination will apply.

2. Where combination of separately established commodity rate factors is over 25 cents per hundred pounds, the through rate will be made by adding 5 cents per hundred pounds, also the full class rate factor or factors without deduction, to the sum of the commodity factors for basing the through rates arrived at in the following manner:

(a) Where a separately established commodity rate factor is 25 cents per hundred pounds or less, the factor for basing the through rate will be as shown in table of rates in section 5.

(b) Where a separately established commodity rate factor is over 25 cents per hundred pounds, the factor for basing the through rate will be 5 cents per hundred pounds less.

Where the rates on commodities specified in section 4 are published as lettered classes other than A, B, C and D, as exceptions to the Southern Classification, such factors will be considered commodity rates.

Section No. 5—Table of Rates.

To be applied when rates are in cents per 100 pounds or per ton, or in dollars per car:

When separate rates established for less than commodity	This factor rate will be	When separate rates established for less than commodity	This factor rate will be
1 1/2	1	38	30 1/2
2 1/2	1 1/2	38 1/2	31
3 1/2	2	39	31 1/2
4 1/2	2 1/2	39 1/2	31 1/2
5 1/2	3	40	32
6 1/2	3 1/2	40 1/2	32 1/2
7 1/2	4	41	33
8 1/2	4 1/2	41 1/2	33 1/2
9 1/2	5	42	33 1/2
10 1/2	5 1/2	42 1/2	34
11 1/2	6	43	34 1/2
12 1/2	6 1/2	43 1/2	35
13 1/2	7	44	35
14 1/2	7 1/2	44 1/2	35 1/2
15 1/2	8	45	36
16 1/2	8 1/2	45 1/2	36 1/2
17 1/2	9	46	37
18 1/2	9 1/2	46 1/2	37 1/2
19 1/2	10	47	37 1/2
20 1/2	10 1/2	47 1/2	38 1/2
21 1/2	11	48	39
22 1/2	11 1/2	48 1/2	39 1/2
23 1/2	12	49	40
24 1/2	12 1/2	50	40 1/2
25 1/2	13	50 1/2	41
26 1/2	13 1/2	51	41 1/2
27 1/2	14	51 1/2	42
28 1/2	14 1/2	52	42 1/2
29 1/2	15	52 1/2	43
30 1/2	15 1/2	53	43 1/2
31 1/2	16	53 1/2	44
32 1/2	16 1/2	54	44 1/2
33 1/2	17	54 1/2	45
34 1/2	17 1/2	55	45 1/2
35 1/2	18	55 1/2	46
36 1/2	18 1/2	56	46 1/2
37 1/2	19	56 1/2	47
38 1/2	19 1/2	57	47 1/2
39 1/2	20	57 1/2	48
40 1/2	20 1/2	58	48 1/2
41 1/2	21	58 1/2	49
42 1/2	21 1/2	59	49 1/2
43 1/2	22	59 1/2	50
44 1/2	22 1/2	60	50 1/2
45 1/2	23	60 1/2	51
46 1/2	23 1/2	61	51 1/2
47 1/2	24	61 1/2	52
48 1/2	24 1/2	62	52 1/2
49 1/2	25	62 1/2	53
50 1/2	25 1/2	63	53 1/2
51 1/2	26	63 1/2	54
52 1/2	26 1/2	64	54 1/2
53 1/2	27	64 1/2	55
54 1/2	27 1/2	65	55 1/2
55 1/2	28	65 1/2	56
56 1/2	28 1/2	66	56 1/2
57 1/2	29	66 1/2	57
58 1/2	29 1/2	67	57 1/2
59 1/2	30	67 1/2	58
60 1/2	30 1/2	68	58 1/2
61 1/2	31	68 1/2	59
62 1/2	31 1/2	69	59 1/2
63 1/2	32	69 1/2	60
64 1/2	32 1/2	70	
65 1/2	33	70 1/2	
66 1/2	33 1/2	71	
67 1/2	34	72	
68 1/2	34 1/2	72 1/2	
69 1/2	35	73	
70 1/2	35 1/2	73 1/2	
71 1/2	36	74	
72 1/2	36 1/2	74 1/2	
73 1/2	37	75	
74 1/2	37 1/2		
75 1/2	38		

REFRIGERATION TARIFF

The Traffic World Washington Bureau.

The refrigeration tariff that has been prepared by the Railroad Administration is to be known as "Perishable Freight Tariff No. 1," and is to be issued by Eugene Morris. It carries tables for L. C. L. refrigeration rates and for heater car rates. L. C. L. refrigerator rates start with 13 cents per 100 pounds for 100 miles or less. They jump up in 3-cent leaps for 100-mile increases in distance until they reach 400, after which the jumps are 2 cents for 200-mile leaps.

Rates for heater cars start at 10 cents for 100 miles and go up one cent for each additional 100 miles to 1,000, and one cent for each 200 after that. Those rates apply only between October 15 and April 15.

If the shipper furnishes ice, which he may do if the carrier permits, the carrier may allow him for the actual cost of ice, but not for the labor of putting it in the bunkers.

APPLICATION OF ADVANCES

The Traffic World Washington Bureau.

Director-General McAdoo has prepared a combination tariff to apply to all federal controlled roads setting forth how advances shall be applied to rates made on combinations, both percentage and specific. This tariff is to be in effect; a supplement to every tariff filed in obedience to G. O. No. 28. The Commission has given sixth section permission to file the combination tariff for non-controlled roads. The object of the combination tariff is to eliminate from individual tariffs provisions for applying the increases because, while the pattern was given in freight rate authority No. 10, there are variations in individual tariffs that have resulted in a lack of uniformity in the application of increases.

Coal, coke and grain and its products will remain exceptions to the general rule that not more than one factor of a through rate made on combination shall be increased. Brick may be added to the list of exceptions. While coal, coke and grain and its products have been the only legal exceptions, individual tariff peculiarities have resulted in exceptions that were not intended. Hence this effort to make effective what was ordained in F. R. A. No. 10.

LOADING OF FOODSTUFFS

The Traffic World Washington Bureau.

The Car Service Section, in Circular C. S. 86, has cancelled Bulletin No. 41, which carried Rule No. 9 of the Food Administration rules and regulations governing the loading of food and feed commodities in such way as to supersede all car minima published in freight tariffs. The cancelling circular, however, notifies all railroads that the Administration will continue supervision of loading carload traffic and all instances of light loading are to be reported as heretofore, so there will not be a return to wasteful use of equipment.

Legal Department

This department a legal expert answers simple questions relating to the law of interstate transportation of freight. Readers desiring special service by immediate answer may obtain privately written answers to their inquiries by the payment of a small fee.

Address Legal Department, The Traffic Service Bureau, Colorado Building, Washington, D. C.

Discount From Invoice Price on Damaged Goods.

Massachusetts.—Question: Concerning your reply to "Iowa," on page 1016, of the Nov. 23, 1918, issue, dealing with the subject of discount from invoice price on damaged goods, the following is respectfully brought to your notice for such further consideration and comment as may be warranted:

The old bill of lading, that is, the form in use before the Cummins amendment became effective, provided that the invoice value to the consignee would be the measure of loss or damage. In my opinion, the fact that such language was used in the contract had substantially the effect of making the invoice itself a part of the contract and included therefore, the obligation to pay the gross amount, including cash discounts, unless claim were settled within such a period of time from the date of invoice as to justify the deduction of the cash discounts solely because of the time of payment.

Since the Cummins amendment has become effective the bill of lading has been changed, and a stipulation is that the basis of the computation of the carrier's liability shall be the actual value of the property at the time and place of shipment. The invoice is no longer mentioned and, therefore, ceases to have any standing under the bill of lading, and is only considered in connection with claims as one form of evidence of the value of the property. The carrier may reject the invoice and require other proof of the value of the property at its discretion. The shipper, or claimant, may also decline to accept settlement on the basis of the invoice and produce proof of a higher value, at the time and place of shipment, which would be accepted by the carrier as a basis of adjustment. The terms of the invoice must, therefore, be taken into consideration as a part of the evidence and not as a part of the contract. It is, therefore, our firm belief that an invoice dated at Boston on November 30, covering 50 pairs of shoes at \$4 per pair, and carrying in the terms a stipulation that a two per cent discount would be allowed for cash in ten days, is evidence that the shoes were worth, at the time and place of shipment, \$196 instead of \$200; that is to say, that we attempt to place a commonsense interpretation on the meaning of the language of the bill of lading, and consider that the value at the time and place of shipment means the cash value at that time and place. In other words, the \$200 representing the gross amount of the invoice includes two items, i. e., value of the goods at the time and place of shipment and a charge for the use of the sum of \$196 for a greater period than ten days.

It seems to us that any other solution of the question is a dangerous one, because there is no provision to keep such so-called cash discounts within reason. We have seen and not infrequently, invoices providing for a cash discount of 10 per cent for payment in ten days, that is, at the rate of one per cent per diem, which obviously is beyond reason. If the decision you gave on November 23 would stand, we see nothing to prevent a shipper from securing a cash discount of 50 or 75 per cent for payment in ten or thirty days. With his customers he would always have to give up the discount, because they would arrange to pay the bills within the stipulated time, in order to take advantage of it. It would thus become the means of forcing carrier to pay greatly inflated amounts in settlement of claims, unless, of course, they abandoned the invoice and sought other proof of the value of the property at the time and place of shipment. It is the invoice value that is being considered here.

Answer: Prior to the enactment of the Carmack and Cummins amendments, the amount of damages for loss or injury to goods was computed on the basis of the value of the shipment at destination point. Now it is on the basis of the value at place and time of shipment, not necessarily the invoice price. We have frequently stated

in these columns that the invoice price is not determinative when not fairly representative of the actual value at place and time of shipment. In fact, in our answer to "Iowa," we said: "If the invoice price does not fairly represent the actual value of the property at the place and time of shipment, or, if no invoice price was actually made out or agreed upon, then the Cummins amendment must be understood as indicating the actual value of the property at the point of shipment when loaded and ready for transportation."

We also said in our answer to Iowa: "Since the question of cash discount on the invoice price is made for future adjustment between the buyer and seller, and has no bearing upon the value of the property when ready for transportation, it is our opinion that a carrier cannot lawfully deduct the percentage of discount from the invoice price allowed the consignee by reason of his paying for the goods within a certain time."

The term "discount" in law usually signifies the interest allowed on the face amount of a bill, or other evidence of indebtedness for the use of the money during a period when the indebtedness was not yet due. It has no bearing upon the face amount of the indebtedness, neither increasing or decreasing it, but merely allows the debtor to deduct a given sum from the full amount of his indebtedness if he elects to pay it before it is actually due under the contract. In the exercise of this privilege it is a matter for future determination and has no bearing upon the value of the property when ready for transportation. And it is the value of the property at that particular time by which the amount of the carrier's liability is measured under the Cummins amendment.

While we cannot conceive a bona fide transaction between shipper and consignee that in good faith allows the latter a cash discount of 50 per cent to 75 per cent for payment in ten to thirty days, yet, supposing that such an agreement was actually made, as suggested by our correspondent, and the consignee did not pay cash in ten or thirty days, would the carrier be liable for only 50 per cent or 25 per cent of the invoice price of the lost or injured shipment, on the ground that this amount represents the actual value of the shipment at place and time of shipment? In any event, it is endeavoring to determine the value by the particular thing that the consignee may do at destination point, or after the shipment has left the shipping point, and this is in substance computing the value at the destination point, a method that is now prohibited by the Carmack and Cummins amendments.

Discount on Invoice Price on Damaged Goods.

Missouri.—Question: A, a wholesale groceryman of this city, sells B, also of this place, two cases of cigarettes for \$105 and requests the factory in North Carolina to ship direct to B.

The factory invoice is to A, while their bill of lading is to B. The factory allows A a trade discount of 10 per cent if paid in ten days. A invoices the shipment to B at \$105. Shipment is lost in transit and B, being the consignor as per bill of lading, files claim for \$105.

The carrier now wants B to reduce claim to basis of \$105 less the 10 per cent discount allowed A, but A refuses to do so on the grounds that \$105 was the price of shipment at point of origin, as the railroad would not know whether he would take the 10 per cent discount or, even if they did know, that he would take it, that it would be impossible for him to do so before the receipt of the invoice, which would be several days after the shipment had been delivered to the carriers, at which time it was valued at \$105.

Answer: For a full review of the subject kindly refer to our answer to "Massachusetts" above given, as well as to our answer to "Iowa," published on page 1016 of the Nov. 23, 1918, issue of The Traffic World.

Interest on Loss and Damage Claims.

New York.—Question: Kindly advise through the columns of The Traffic World relative to interest charges on loss and damage claims. We filed a claim more than two years ago for loss, but did not mention any interest charges at the time. We had the usual trouble in getting information. About a month ago we amended our claim to include interest at the regular rate, but the carrier has declined to pay the interest charge, although they state they are now in position to pay for the loss.

Have we any recourse, inasmuch as we did not mention interest at the time of filing claim?

Answer: In our answer to "New York," published on page 859 of the April 20, 1918, issue of *The Traffic World*, we said in part: "If the claim for loss or damage is settled amicably between the claimant and the carrier, without recourse to the courts, then the question of allowing interest thereon is merely a matter of agreement between the parties. If a claim for loss and damage is litigated in the courts, and judgment given to the claimant, it seems to be fairly well settled by the later authorities that in any action against carriers for loss of or injury to goods, interest may be recovered as an element of damages. However, New York state decisions do not harmonize with each other. In *Black vs. Camden, etc., Transportation Company*, 61 N. Y. 656, it was held that whether interest should be allowed on damages for injury to property through the negligence of the carrier was a matter within the discretion of the jury."

Wherever the courts hold that interest is allowed on such claims, then, in the adjustment of them out of court, the carriers should allow interest from the time when the shipment was delivered to consignee, and carrier should not make any defense on the ground that the claimant failed to ask for interest in his notice of claim, if such notice was filed within the time stipulated in the bill of lading.

Measure of Damages in Duplicate Shipment.

Illinois.—Question: Cast iron pipe sold for a certain price at time of shipment and arrived at destination with several lengths broken, for which we intend to allow

salvage as scrap iron at the general market price. Shipment was replaced at a later date and price had advanced \$12.30 per net ton. Are we not entitled to settlement of claim at price in effect on pipe on date replacement was made or are we only entitled to invoice price in effect at time original shipment was made, even though we had to replace shipment at a loss account advance in price? If you have already given an opinion on a similar case kindly advise date of *Traffic World* same was published in.

Answer: As this subject has been answered several times in these columns, we refer you to our answer to "Iowa," published on page 599 of the March 16, 1918, issue of *The Traffic World*, which answer fully covers your inquiry, and which is as follows:

"The uniform bill of lading provides that the amount of any loss or damage for which the carrier is liable shall be computed on the basis of the actual value of the property at the place and time of shipment, and if the invoice price is fairly representative of the actual value of the property, that would govern. This provision has been upheld by the Interstate Commerce Commission in the Cummins amendment, 30 I. C. C., 693. This provision necessarily applies to the particular shipment that was damaged, not to the value of the shipment that was forwarded in substitution for the damaged shipment, since the value of the latter was no consideration for the stipulation of the value in the original contract of shipment, and was not in the contemplation of the parties when making the same. It therefore follows that the value of the damaged shipment at place and time of shipment, and not the value of the duplicate shipment, must determine the extent of the carrier's liability for damages."

Loss and Damage Decisions

Cases Recently Decided by State and Federal Courts

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CUSTODY AND CONTROL OF GOODS.

Delivery to Carrier:

(Sup. Ct. of Ill.) Prior to Carmack amendment, rule was that delivery of goods by consignor to common carrier for account of consignee had effect of delivery to consignee.—*Babbitt et al. vs. Grand Trunk Western Ry. Co.*, 120 N. E. Rep. 803.

Bill of Lading:

(SSup. Ct. of Ill.) Where bill of lading to order of consignee, issued to consignors, was deposited for collection with bank, which, acting as their agent, presented it with draft to consignee, draft not being honored and bill of lading being returned to bank, consignors were holders of bill of lading, entitled under Carmack amendment to claim for loss of goods.—*Babbitt et al. vs. Grand Trunk Western Ry. Co.*, 120 N. E. Rep. 803.

Under Carmack amendment, stipulation in bill of lading covering interstate shipment, requiring its surrender before delivery, is not for sole benefit of carrier, but protects lawful holder of bill, so that carrier, who delivers without surrender of bill, acts at its peril.—*Ibid.*

LOSS OF OR INJURY TO GOODS.

Carmack Amendment:

(Sup. Ct. of Ill.) By Carmack amendment, requiring carrier in interstate transportation to issue bill of lading for which it should be liable to holder for loss of property, etc., Congress intended to adopt uniform rule; and to relieve contracts for interstate transportation from diverse regulations by the several states.—*Babbitt et al. vs. Grand Trunk Western Ry. Co.*, 120 N. E. Rep. 803.

Evidence:

(Sup. Ct. of Ill.) It is a matter of common knowledge that order bills of lading are used as pledges to secure advances of money.—*Babbitt et al. vs. Grand Trunk Western Ry. Co.*, 120 N. E. Rep. 803.

Notice of Loss:

(Sup. Ct. of Ill.) Object of stipulation in bill of lading requiring claim for loss, damage, or delay to be made in writing at point of delivery or origin, etc., being to

secure to carrier reasonable notice of loss or damage, should be given a practical construction.—*Babbitt et al. vs. Grand Trunk Western Ry. Co.*, 120 N. E. Rep. 803.

Stipulation of bill of lading covering interstate shipment, requiring claim for loss, damage, or delay to be made in writing to carrier at point of delivery or of origin within four months, etc., was satisfied by claim to freight agent of carrier, though not at point of shipment or of origin.—*Ibid.*

In suit against carrier for misdelivery of shipment, evidence held to show that notice of claim was filed with carrier within time stipulated in bill of lading.—*Ibid.*

Where beans were shipped May 3, and arrived at destination May 6, and were misdelivered without surrender of bill of lading, notice of claim on September 1, or even on September 26, was "within four months after a reasonable time for delivery," as required by the bill of lading.—*Ibid.*

Claim Department:

(Sup. Ct. of Ill.) It is matter of common knowledge that railroads maintain claim departments, whose duty is to investigate claims against the carriers.—*Babbitt et al. vs. Grand Trunk Western Ry. Co.*, 120 N. E. Rep. 803.

Misdelivery:

(Sup. Ct. of Ill.) The liability of a common carrier in case of misdelivery is as in case of failure to deliver.—*Babbitt et al. vs. Grand Trunk Western Ry. Co.*, 120 N. E. Rep. 803.

CARRIAGE OF LIVE STOCK.

Time to Sue:

(Sup. Ct. of Kan.) Under the terms of a live stock contract with the railway company, the plaintiff shipped a load of cattle, traveling with his shipment as caretaker, without charge other than that paid for the transportation of the cattle, and while on the journey he sustained injuries through the negligent operation of the defendant's train. A provision of the contract was that no action should be maintained by him against the defendant for the

recovery of any damage accruing or arising out of the contract of shipment unless it was brought within six months after the recognition of the loss or damage. In an action brought under the contract, more than six months after the injury, to recover the damages sustained by the shipper, it is held that the stipulation is valid and enforceable, and that it applies to actions to recover for injuries to the stock shipped.—*Achen vs. Atchison, T. & S. F. Ry. Co.*, 175 Pac. Rep. 980.

Contract:

(Sup. Ct. of Kan.) The fact that there was included in the contract a non-enforceable provision releasing the defendant from its own negligence, did not destroy the entire contract, nor invalidate a provision relating to the time within which actions must be brought upon the contract.—*Achen vs. Atchison, T. & S. F. Ry. Co.*, 175 Pac. Rep. 980.

Quarantine:

(Ct. of App. of Ky.) In action against carrier for failure to transport live stock, defended on ground that transportation would violate federal quarantine, under act March 3, 1905, 1, 2, answer alleging that notice of quarantine should have been given defendant, and that the quarantine order was "duly published," were conclusions, and insufficient as allegations that quarantine was established.—*Louisville & N. R. Co. vs. Murphy*, 206 S. W. Rep. 268.

Where a carrier pleads an act of government as an excuse for its violation of a contract, it should plead facts showing that the act of the government was coercive in character, and one which it was required to obey.—*Ibid.*

Notice of Claim:

(Ct. of App. of Ky.) Stipulation requiring notice of claim for damages to carrier's agent before removal of live stock from "place of destination," or "from place of delivery of the same to said shipper," did not require notice, where carrier abandoned contract and returned stock to shipper at place of consignment, being applicable only where stock is transported to place of destination provided by contract, or other place of delivery voluntarily selected by shipper.—*Louisville & N. R. Co. vs. Murphy*, 206 S. W. Rep. 268.

Charges—Return of Shipment:

(Ct. of App. of Ky.) A carrier of live stock, abandoning contract because of federal quarantine order, and returning stock to shipper at place of consignment, was not entitled to freight charges, under interstate commerce act and state law, the services rendered having been of no benefit to shipper.—*Louisville & N. R. Co. vs. Murphy*, 206 S. W. Rep. 268.

Damages:

(Ct. of App. of Ky.) Where carrier was told at time of shipment of live stock that shipper was supplied with abundant pasturage at place of destination, shipper, upon carrier's abandonment of contract and reshipment of stock to place of consignment, could recover as damages difference between expenses of feeding and caring for cattle at place of consignment, pending subsequent shipment, and reasonable value of pasturage which cattle would have consumed at place of destination, and reasonable expense of caring for cattle at such place during such time, such expenses, in view of notice given carrier, having been in contemplation of parties.—*Louisville & N. R. Co. vs. Murphy*, 206 S. W. Rep. 268.

Miscellaneous Traffic Decisions

Cases Recently Decided by State and Federal Courts

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REGULATION OF COMMON CARRIERS.

Railroad Commission's Orders:

(Sup. Ct. of La.) Although by article 285 of the constitution an appeal from a judgment upholding an order of the railroad commission is returnable within 10 days after the decision of the district court, nevertheless, if the judge commits the error of allowing more than 10 days in his order fixing the return day, the appellant should not suffer dismissal of the appeal for the error of the judge.—*Alexandria & W. Ry. Co. vs. Railroad Commission of Louisiana*, 79 So. Rep. 863.

Reasonable Rate:

(Sup. Ct. of La.) To ascertain what constitutes a "just and reasonable rate," two fundamental principles must be considered, the right of the carrier to a fair return on its investment and the right of the public to be charged

no more than reasonable value of the services.—*Alexandria & W. Ry. Co. vs. Railroad Commission of Louisiana*, 79 So. Rep. 863.

In determining reasonableness of rate fixed by legislative authority on particular commodity, the proper test is not whether as to that commodity the rate gives carrier fair compensation after allowing legitimate expenses, but whether on its total freight receipts it can earn enough over operating expenses to give fair and reasonable profit upon its investment.—*Ibid.*

Order of railroad commission fixing rate on lumber and other commodities taking the rate on lumber at 3 cents per 100 pounds, limiting maximum loads to 30,000 pounds between points 11 miles apart on plaintiff's road, allowing a margin of only 22 miles over actual cost of transportation, held, on the evidence, unreasonable and unjust.—*Ibid.*

SIoux CITY HAY EXCHANGE

Sioux City, Ia., is being congratulated on having obtained new joint through rates and the establishment of hay plugging inspection tracks and the organization of the Sioux City Hay Exchange. Speaking of the matter the Free-Current Grain Reporter says:

"Comment is pertinent in considering the newly formed Sioux City Hay Exchange, recently launched with a very satisfactory charter membership and plans for the future, which forecast a greatly increased business for the market. It is more important, perhaps, to suggest the advantage Sioux City now offers country shippers of hay and buyers from eastern points, where feeding and dairy interests are large. Such trade has been served by other markets, but at certain comparatively disadvantages, and an outstanding feature of the Sioux City Hay Exchange plans is that as the business increases, the volume of

trade enjoyed by competing hay markets will not necessarily decline. The growth of the country, at least in part, accounts for the present formation of a hay exchange, although the farsightedness and enterprise of the Sioux City hay trade is back of the movement and will remain there.

"Full co-operation with members of the Sioux City Board of Trade and the Sioux City Traffic Bureau is contemplated; and J. P. Haynes, traffic commissioner, is devoting much time to the perfection of traffic facilities, following his strenuous labors and success in securing the present rate structure which will so positively place Sioux City on a direct competitive basis with other western hay markets.

"The new hay rates applicable via Sioux City from territory west of the Missouri River and sections of South Dakota east of the Missouri River place this market on a through rate basis, with inspection privileges, under

the plugging system, on the same transportation basis as applies to other Missouri River crossings to all territory in Iowa and Illinois, as well as to territory east thereof basing on the Mississippi River. For a number of years western prairie and alfalfa hays have been restricted for merchandising to only a few of the Missouri River cities because joint through rates were not applicable via Sioux City. Tariffs that are now in course of preparation will permit northern Nebraska hay, as well as that of the Black Hills district of South Dakota and territory, in Wyoming, to move eastward via Sioux City, with inspection privileges on a parity with Omaha and markets on the Missouri River south thereof. Territory in South Dakota north of the Missouri River has heretofore shipped a large share of its hay to the Sioux City market for reconsignment beyond; and under the new adjustment this hay will be subject to the National Hay Association inspection rules under the plugging system.

"A man who does not have the picture of the country in his mind's eye has only to look at the map of the northwest to see what a great opportunity this new rate adjustment has given to hay growers and shippers in a section of country which is already famous for its hay production, both as to quantity and quality, to get to the primary markets by the shortest and most direct routes. In addition to hay moving into Sioux City from the northwest and west this market will be in a position to handle also northwestern Iowa and southwestern Minnesota hay on a better basis, with quicker returns, on proper inspection, to the growers. The new routing and rate application via Sioux City gateway will be the advent in this growing western city of a much larger hay market, which in the near future will have a standing in tonnage and demand comparable with other large terminal hay markets of the western territory.

"The Northwestern Railroad has already issued its tariff amendment, supplement 12 to its tariff No. 11530-A, effective December 12, which provides for additional routing of hay via Sioux City having origin at stations Battle Creek, Neb., the first station west of Norfolk, to and including Casper, Wyo.; also stations north of Norfolk on the Winner line, and all stations in the Black Hills, including stations on the Wyoming & Northwestern and W & M lines. Other roads are completing printed tariffs giving the same advantages."

CHRISTMAS MESSAGE TO RAILROAD MEN

Christmas this year will have a special significance to peoples everywhere. For the first time in four years the world is at peace and railroadmen can be happy in the consciousness that they have contributed their full share to this result. I shall always remember the splendid way in which they applied themselves to the task of running the railroads at a time when their efficient operation was absolutely fundamental to the winning of the war. I am proud to have been associated with them in this great job.

The railroads have not alone carried the tremendous burden thrown upon them by the war, but they are now in better shape than ever before in our history. For the coming winter I have no fear of their ability to do the work required of them.

And now, as I am about to sever my connections with the officers and employees of the railroads, I want to assure them of my deep regret at being forced to take this step. Among the happiest memories of my life will be those connected with my work as Director-General of Railroad. I shall always cherish the friendships I have formed with railroad officers and employees, and I take this opportunity to assure them that, although I shall no longer be their "boss," I shall always be their friend.

(Signed) W. G. McADOO,
Director-General of Railroads.

Help for Traffic Man

This department is conducted by a traffic man of long experience and wide knowledge. In it he will answer questions relating to practical traffic problems. We do not desire to take the place of the traffic man, but to help him in his work. We reserve the right to refuse to answer any questions that we judge it unwise to answer or that involve situations that are too complex for the kind of investigation contemplated. Questions will be answered as promptly as possible. No answers will be given by mail except for a fee.

Address "Help for Traffic Man," The Traffic Service Bureau, Colorado Building, Washington, D. C.

Question: The question we desire information on is as to the proper method of arriving at increased rates in connection with the 25 per cent granted under date of June 25 by the Director-General of Railroads. The Pennsylvania Railroad is applying it on the basis of the New York-Chicago scale of rates, observing fixed differential relations, while the Philadelphia & Reading and Baltimore & Ohio lines are disregarding fixed differentials by applying a flat 25 per cent increase to the Philadelphia rate basis. All three roads, however, have lined up their rates uniformly to transcontinental territory. Therefore, if the principle of observing fixed differentials as applying between localities is correct, then the rates via the P. & R. and B. & O. to trunk line territory as well as to transcontinental territory are out of line, while the Pennsylvania rates to trunk line territory are correct, but out of line to transcontinental territory. Will you be so kind as to advise us, through the columns of *The Traffic World*, what your understanding is as to the proper method of arriving at these rates?

Answer: In the December 14 issue of *The Traffic World* considerable space in this column was devoted to a consideration of various phases of the question of how the increased rates established by General Order No. 28 of the Director-General of Railroads should be applied to the rates as assessed on June 24 of this year. In that article it was stated that the method of applying these advances with regard to fixed differentials would be later considered.

Section seven of General Order No. 28 provides that, "In establishing the freight rates herein ordered, while established rate groupings and fixed differentials are not required to be used, their use is desirable if found suitable even though certain rates may result which are lower or higher than would otherwise obtain."

This section refers generally to all advances contained in General Order No. 28, but there is another provision relating directly to the commodity rates contained in section two of that order which provides that where rates from producing points or to destinations have been based on fixed differentials in cents per ton, such differentials are to be maintained.

The question as to the application of these various advances in rates as related to existing differentials has been before the Railroad Administration, and the Director-General, under date of August 28, issued Rate Authority No. 287, which provided that in applying the increases to rates from C. F. A. to eastern territory the established differentials were not to be disturbed. Later, and under date of November 5 last, the Director-General issued Rate Authority No. 2259, which gave similar directions as to the construction of the increased rates from eastern into C. F. A. territory. Up to the present time, however, the Railroad Administration has not ruled upon this question as to the construction of the increased rates applying to transcontinental traffic. However, following the instructions contained in General Order No. 28, as above mentioned, and having in mind also rate authorities 287 and 2259, dealing with the construction of the increased rates as between C. F. A. and eastern territory, it is very reasonable to conclude that the same principle should be applied in constructing the increased rates on transcontinental traffic, that is, that the established and long-fixed differentials, and especially the differentials existing on June 24 of this year, should be preserved.

Delivery of L. C. L. Freight to Station.

Question: G. F. L. asks advice on the following situation: Shipper hauls heavy steel castings to freight sta-

can be transported on can carrier compel shipper to place business on their platform trucks instead of floor of platform?

Answer: The carrier cannot compel a shipper to place business upon the trucks which are used for carrying the articles of commerce from the platform to the cars or to warehouse. It is the business of the railway company to handle all L. C. L. freight from the station platform. The platform is built for the purpose of receiving such freight and it is only required that the shipper deposit his L. C. L. freight upon the platform and it then becomes the duty of the carrier to handle this freight from the platform to the car or to the warehouse if necessary for protection. The difference in rates between carload and less-than-carload shipments is based partly upon the fact that L. C. L. shipments are to be handled by the carrier.

The Application of Minimum Charges.

Question: A subscriber asks for the proper charge to be made upon the L. C. L. shipment of goods with reference to the minimum charge provision in General Order No. 28, which specifies that no shipment shall be made for less than the minimum charge of 50 cents. A concrete example is given as follows: "From....., Ill., to Shoals, Neb., rates are made on combination with Council Bluffs. In the published tariff third class minimum charge is 44 cents from.....to Council Bluffs, and 44 cents from Council Bluffs to Shoals, Neb. Should the minimum charge be 88 cents or \$1?"

Answer: Freight Rate Authority No. 418, issued by Director Chambers, under date of July 31 last, provides as follows:

"This rule authorizes such publication in all classifications and tariffs of carriers not under federal control as will apply the provisions of paragraph A, section 5, of General Order No. 28, covering minimum charge on less-than-carload shipments to the continuous through haul of such shipments regardless of whether the class or commodity rate on which they move is a specific through rate from points of origin to destinations, or is made up of two or more factors." Hence it appears that the minimum charge is to be applied to the through transportation.

EXPORT SHIPMENTS.

In Circular CS-46, Manager Kendall of the Car Service Section said the section had just been advised by the War Trade Board that it no longer saw any necessity for restrictions on shipments for export, and it therefore asked the cancellation of Circular CS-34, dated December 2, together with all conservation lists and instructions connected therewith. Manager Kendall said this would not, however, in any way affect the regulation of export shipments by permits, as referred to in paragraph five of Circular CS-34.

EXPORTS CONTROL REPORT

The Traffic World Washington Bureau.

According to the report of the Exports Committee for the week ended December 19, made public by Director-General McAdoo December 24, the movement of grain and grain products intended for consumption overseas, continued to a marked degree. At the north Atlantic ports elevators are in position to handle all the grain available and there is ample vessel tonnage on hand for the removal of flour and other foodstuffs. Arrangements have been made to unload on the piers a large number of cars which it is the intention to keep as a reserve supply, the ships to be fed with current arrivals. Sufficient Belgian relief steamers arrived to clear approximately 1,000,000 bushels of wheat, and it is expected that enough vessels will be available to clear about 1,500,000 bushels of grain during the coming week. The following is the report:

Continued progress is being made in disposing of U. S. Army freight by placing such as is not required overseas in storage and diverting to interior storage the cars that are in transit. A lot of motor trucks recently received in the east for forwarding abroad were countermanded, and these are being ordered into storage at Port Newark. About 220 cars will be forwarded to that point. The automobile passenger cars, however, will be forwarded overseas.

Owing to the number of cars account of U. S. Navy for the naval base, South Brooklyn, now on hand (about 450 cars) further shipments have been stopped and arrangements made to expedite the handling of the cars at the naval base by increasing the daily deliveries.

The U. S. Army will discontinue using Baltimore for overseas traffic. Hereafter all such traffic will be handled by New York and Norfolk. The total receipts and deliveries at the north Atlantic ports as of December 17 were as follows:

	Received (in cars).	Delivered (in cars).
Export freight at north Atlantic ports, exclusive of U. S. Government freight, bulk grain and coal	8,424	5,845
U. S. Government freight on railroad operated terminals	3,832	4,153
Total	12,306	9,998
An accumulation of 2,308 cars.		

In accordance with recommendation of an army committee, the Director-General has given instructions that high explosives now in cars, for which suitable storage has not been found, be taken out to sea and dumped.

The situation as to the allies is as follows:

British—The airplane lumber is being cleared regularly, each available steamer taking some 200 or 300 tons. Many of the empty projectiles have been placed in private storage, but the government is proposing to sell for scrap purposes, and arrangements are being made to store them on open ground. Orders to reship into private storage have been canceled. Ship plates are being unloaded to the ground, and other freight that will not go forward is being disposed of by sending to storage.

French—Barbed wire at Boston, B. & M. Terminals, has been ordered to private storage at Wakefield, Mass. No definite instructions have been given regarding 13 cars of wire rods or 144 cars of linters at B. & M. Terminals at Boston. Barbed wire at New York is being ordered to Newton Creek (Brooklyn, N. Y.) for storage, but the release of lighters is very slow, owing to insufficient facilities at the Newton Creek storage yard. Wire at Philadelphia is being reshipped to Newcastle, Del., for storage. At Baltimore it is being ordered into storage on Canton railroad tracks. No orders have as yet been given for the lime and alcohol, but it is understood they will be placed in storage on Canton railroad tracks. Lumber at Jersey City is being placed on ground storage and cars will be released at the rate of 20 to 25 per day, as more labor is available. Lumber at Baltimore is being placed in storage.

French Explosives—Definite arrangements have been made to return all of this material to the works, and the entire situation will be cleared up within the next few days.

Italians—Barbed wire at Baltimore is now being placed in storage at U. S. Army Depot, Curtis Bay. Handling has been slow, due to the fact that each roll has to be dipped in oil before placing on ground.

Commission for Relief of Belgium—Provisions on hand for the Belgian Relief amount to 282 cars. Steamer is at Erie Terminals taking cargo for Belgian Relief.

Total provisions on hand amount to 802 cars. Clearance of provisions, account French government, was delayed somewhat, owing to necessity for sending one of their boats to dry dock for repairs. A British steamer will probably be allocated to clean up balance on hand.

Frozen beef on hand amounts to 68 cars.

The 4,000 tons of eggs, for British Ministry of Shipping, referred to last week, will be handled via the N. Y. C. Railroad for delivery to steamers in heated lighters.

Commercial Export Freight—An increase in the number of vessels allocated to various lines by the Shipping Board has enabled the securing of orders on a considerable quantity of commercial export freight. The British Ministry of Shipping has released for commercial purposes 10 per cent of space on liners. This space, added to the tramp tonnage released for commercial purposes, will aggregate 150,000 tons. A great increase in applications for railroad shipping permits have been filed, covering principally freight for export to South America, South Africa, Australia and the Orient.

The reported release of ocean tonnage by the War Department will not be available for commercial purposes for some time yet. The co-operation of the U. S. Shipping

Board is being enlisted to supply the needs of commercial exporters.

Food Administration Program The Food Administration vessel program at the various ports is as follows, for grain and grain products:

	Boston	New York	Philadelphia
In port	36,479	53,674	31,989
In sight, due next 10 days	18,550	122,300	26,800
Addition for balance December		23,100	2,100
Total	55,029	200,074	71,689

	Baltimore	Newport	Total
In port	50,607	5,800	196,040
In sight, due next 10 days	26,200		181,850
Addition for balance December			25,500
Total	76,807	5,800	406,390

The volume of flour and other grain products in sight is as follows:

	On hand in cars and on piers	Additional cars estimated as under contract to arrive
Boston	147	1,167
New York	2,142	3,495
Philadelphia	579	2,319
Baltimore	164	2,167
Newport News	131	157
Newark	105	149
Total	3,481	9,454

*Exclusive of War Department transportation orders.

North Atlantic Ports:

Boston—Labor troubles at B. & M. Terminals have retarded the delivery to ships during the past week. They have since been adjusted. There are 580 cars of billets being unloaded to ground storage. 124 cars of bar iron account British at B. & A. terminals will be unloaded to ground.

New York—In addition to Belgian Relief ships loading grain at railroad terminals, vessel is docked at D. I. & W. Terminal for loading cargo of flour and oats. Vessel will also dock at Central Railroad Terminals to take on cargo of cement.

Philadelphia—Flour, provisions, auto trucks and steel (account Italians) will go forward on steamers now in port and arriving. There is a large ocean shipping tonnage now available.

Baltimore—Recent arrivals of French billets which are to go on American transports will commence moving at the rate of about 500 to 1,000 tons per vessel.

Newport News—One sailing vessel now loading angles account French government. U. S. Army will discontinue use of Newport News on overseas traffic as soon as present accumulation is cleaned up. C. & O. road conditions will, it is expected, very shortly warrant the handling of considerable export traffic and grain as heretofore via Newport News.

Newark—French steamer now loading will take 17 cars of structural steel, part lot of 1,700 tons under permit for French account.

Southern Ports (as of December 13):

With the storage of approximately 200,000 tons of imported nitrates for account of U. S. government at southern ports, and with a more active movement of flour and grain for export together with a more liberal allocation of ocean tonnage, these ports are now showing increased activity in overseas movement, which activity should further increase during the winter months.

Announcement has been made of the organization of the South Atlantic Maritime Corporation for the purpose of supplying steamship service from south Atlantic ports, Wilmington to Jacksonville, inclusive, to the West Indies, Central and South America.

The U. S. army and naval base at Charleston, S. C., now nearing completion, will be used as a debarkation port.

A Gulf port foreign trade convention will be held in New Orleans, Jan. 13-14, 1919.

During the week the Southern Export Committee issued permits covering a total of 2,237 cars of grain, cotton and rice and steel articles for movement from interior points to the ports of Galveston, Texas City, Port Arthur, New Orleans, Mobile and Savannah. This does not represent the total movement of export freight through southern ports as it has been found necessary to subject to permit

control only a limited number of commodities in order to satisfactorily regulate the movement as a whole.

Wilmington and Charleston—At Wilmington and Charleston there has been no movement of export traffic.

Savannah—Seven ships cleared during the week with European cargoes, largely cotton, and several additional cargoes are being assembled with the understanding that ample ocean tonnage has been allocated.

Brunswick—One steamer cleared during the week for account of the British, which had the effect of temporarily reducing accumulation of export freight, but they are now engaged in assembling another cargo consisting of cotton, flour, etc.

Fernandina—There has been no export movement except phosphate rock.

Jacksonville—One ship cleared during the week with British cargo, and one additional cargo consisting of flour and other commodities is being accumulated.

Pensacola—There has been no movement of export traffic. However, one ship has been allocated to Pensacola, due December 25, for Japanese cargo.

Mobile—Several steamers cleared for Cuba, one for South America, and one for Europe during the week, and the situation in general is easy. One steamer is in port taking on European cargo (largely cotton) and two additional steamers are overdue. The steamer Sacramento will berth about December 26 for South American cargo.

Gulfport—No export movement.

New Orleans—Only six steamers cleared during the week with European cargo, but the allocations for remainder of the month would seem ample to remove from the terminals all active export traffic, as well as take care of such freight as is en route to the port.

Galveston—The ocean tonnage in port, combined with that allocated for the remainder of the month, is ample to take care of the active export freight on hand at the port, as well as that now en route. Six cars of billets were loaded during the week for account of the French government, being a part of the movement ordered re-shipped from Galveston to New Orleans some time ago, leaving on the wharf 109 cars yet to move.

Grain and Products Situation.

For the week ended December 12 the situation at the various ports was easy, the stock in elevators and amounts cleared during the week being as follows:

	Stock, tons	Cleared, tons	Percentage lifted.
North Atlantic ports	276,622	171,812	63.4
Gulf ports	208,544	27,312	13.0

At the Gulf ports the stocks on hand are still continued at a higher percentage of their capacity, due to less clearance. The vessel allocations for the remainder of the month should meet this situation. At Galveston there are seven vessels in port taking on cargoes, including 371,000 bushels of grain. At Texas City the stock in the elevator is 86 per cent of its normal capacity, with no vessels in sight. At Port Arthur one vessel is in port, with grain allocation of 295,000 bushels.

At New Orleans three ships are in port, with grain allocations of 400,000 bushels, and eight ships are overdue with grain allocations of 1,440,000 bushels. There is an excess accumulation of loads on wheels at New Orleans account of the Food Administration, brought about largely by the movement of rice and flour to Belgium. Three steamers are in port this week, with total rice allocations of 45,000 tons, and a large quantity of flour will also be transferred from cars direct to steamers, which will relieve the situation.

Pacific Coast Situation.

The situation in the Puget Sound district indicates an additional accumulation in the past week of 333 cars, while the situation in the San Francisco district has improved to the extent of 22 cars.

ROADS SIGN CONTRACTS.

The Northern Pacific signed a contract with the Railroad Association December 20. It calls for a rental of \$30,130,968. The contract includes the subsidiary lines.

A contract signed with the Richmond, Fredericksburg & Potomac calls for \$17,137,373.

LAKE TERMINAL ORDERS AMENDED

The Traffic World Washington Bureau.

The Commission has eliminated from its order in No. 8100 and amendments thereunder, the parts forbidding truck lines to pay allowances or divisions to the lake terminal road. This brings the orders in those cases into conformity with the decision of the court at Cleveland that the Commission had not given notice of its intention to determine the amount, if any, of allowance or division to that steel corporation road.

The order in these cases—National Tube Co. et al. vs. Lake Terminal R. R. Co. et al.—is as follows:

These cases being under consideration and it appearing that the District Court of the United States for the Northern District of Ohio, Eastern Division, in the suit entitled *The National Tube Company et al. vs. the United States, Interstate Commerce Commission et al.*, by its opinion filed Dec. 13, 1918, found that:

"... we are not satisfied that plaintiffs understood, or had reason to understand, that the question of future allowances was to be determined in the reputation proceeding. . . ."

"And thereupon the court ordered:

"... that so much of the order of the Interstate Commerce Commission dated June 11, 1918, as requires the Terminal carriers defendant herein to cease and desist, on or before Aug. 15, 1918 (effective date since extended to Dec. 15, 1918) and thereafter to abstain from making any allowances or divisions of profits or rates to plaintiff, the Lake Terminals Railroad Company, for or on account of the services to the plaintiffs, National Tube Company and Carnegie Steel Company, respectively, described in the report of said Commission, on which its said order is based, be and is hereby suspended and its enforcement wholly restrained during the pendency of this suit or until further order of the court.

"Now, therefore, in consideration of the findings of said court that due notice was not given said plaintiffs of the hearing by this Commission as to future allowances,

"It is ordered, That that paragraph of the said order of this Commission in the above-entitled cases, dated June 11, 1918, reading as follows:

It is Ordered, That defendants, the Baltimore & Ohio R. R. Co., the Lorain, Ashland & Southern R. R. Co., the New York Central R. R. Co., the Lorain & West Virginia Ry. Co., the Wheeling & Lake Erie R. R. Co. and W. M. Duncan, receiver, and the New York, Chicago & St. Louis R. R. Co. be, and they are hereby notified and required to cease and desist, on or before Aug. 15, 1918 (effective date since extended to Dec. 15, 1918) and thereafter to abstain from making any allowances or divisions to the Lake Terminal R. R. Co. in respect to or for the plant service described in said report.

"Also the last paragraph of said order continuing the same in force for a period of not less than two years, be, and the same are hereby, vacated and set aside."

WAR USE OF EQUIPMENT

The Traffic World Washington Bureau.

As demonstrating the drain on the passenger and freight equipment of the nation during the war, Director-General McAdoo December 21 made public figures showing the movement of troops from the time the government took control of the railroads on January 1, 1918, to November 10 of the same year.

The report shows that during this period there were transported over the various government controlled roads 6,496,150 troops, and that a total of 193,002 cars were used for such movement.

Of the 6,496,150 men moved over the railroads from January 1 to November 10, 1918, 1,785,342 were drafted men carried from their homes, 671,890 traveled on regular trains, while 4,038,918 journeyed on special trains provided for the purpose.

From May, 1917, to November 10, 1918, there was a total of 8,714,582 troops moved over the railroads, divided as follows:

Drafted men from their homes, 2,287,926; on regular trains, 1,380,564; on special troop trains, 5,046,092.

It is estimated that approximately 400,000 men will be moved during the month of December, 1918, consisting of discharged soldiers and sailors, and miscellaneous movements between various points in the country of troops remaining in the service.

According to the figures made public by the Director-General the maximum number of men handled in one month was 1,147,013 in July, 1918.

The equipment furnished in 1918 was divided as follows:

Standard and tourist sleeping cars and coaches, 167,232; baggage and express cars, 12,201; freight cars for special troop trains, 13,569.

From May, 1917, to November 10, 1918, the total equipment amounted to 245,529 cars, consisting of 206,169 standard and tourist sleeping cars; 16,285 baggage and express cars and 23,075 freight cars for special troop trains.

The total number of troop trains operated from May, 1917, to November 10, 1918, was 16,535, while the number of trains of the same class operated for the year 1918 amounted to 12,897.

The Railroad Administration is acting in co-operation with the general staff of the army in shaping plans for moving troops from the seaboard, returning from abroad. Present arrivals are being taken care of from day to day as the necessities demand under the existing machinery and plans of the Troop Movement Section of the Railroad Administration.

The figures show that each troop train carried an average of 12.2 cars, the distance handled being 854.6 miles, the number of miles per hour being 20, while the number of men carried per train amounted to 443.4.

The number of men handled in Pullman cars from January 1 to November 10, 1918, was 1,868,210, while those traveling on coaches totaled 4,627,940.

The number of men transferred from New York to the various ports for the same period amounted to 1,904,014.

A survey made as of November 1, 1918, showed that 26,073 cars had been assigned to camp and industrial service, to regular train service, to protect regular trains and to shops.

The Director-General calls attention to the fact that the creation of the army and the sending of approximately 2,000,000 men to ports of embarkation involved the transportation of upwards of 8,700,000 men. It is estimated that to demobilize these troops will involve the transportation of not less than 7,250,000. Methods for handling this number of troops to the best advantage are being worked out by the Railroad Administration in co-operation with the general staff. While the problems are new and cannot be dealt with upon any precedent, it is not anticipated that any insurmountable difficulty will be encountered.

At the peak of the activities incident to the prosecution of the war, it was necessary to provide for the daily movement to and from industrial plants and camps of 205,587 persons in each direction. To perform this service 2,319 passenger equipment cars were in use daily.

THE MILEAGE SCALES

The Traffic World Washington Bureau.

The impression that the mileage class scales devised by Director Chambers and his assistants may never be set down by the Commission for hearings is becoming almost a conviction. It is now over two months since they were submitted to the Commission and more than a month since the Commission has communicated with Director-General McAdoo on the subject.

No official communication, such as the Commission made to the Director-General on the subject of express rates, has ever been given to Mr. McAdoo. A letter to him, written by Chairman Daniels November 19, and authorized, December 21, to be published, shows the thought that appears to be controlling the commissioners now. The letter is as follows:

"Your letters of October 23, asking the Commission to institute an investigation into the propriety of proposed standard scales of class rates for western and southern territory, were acknowledged on October 29.

"I am directed by the Commission to say that in this, as in other matters presented by you, we are glad to co-operate to the fullest extent and to give the maximum of appropriate and possible assistance.

"These proposed rate scales were distributed by you generally to state commissions and others interested with a request that they be studied carefully and that criticisms thereof or suggestions relative thereto be freely offered. We have received, through your office and directly, some objections to the introduction of such scales of rates at this time which do not attempt to discuss any of the rates in detail, but are based upon the expressed con-

viction that, in view of the great disturbances in commercial conditions which have been wrought by the war and by rate changes heretofore made, as well as the uncertainty of the future in post-bellum conditions, it is inopportune to now undertake so great a change in the class rates of such a large territory. We have been advised of the resolution on this subject adopted by the National Association of Railway and Utilities Commissioners in convention at Washington on the 13th instant.

"The substitution of distance as a basis for the class rate scales in these territories would generally and materially alter the long-existing relationship of rates to and from competing places. A thorough investigation, at which all interested or affected parties are given opportunity to be heard, will be one of great magnitude, involving infinite complications and conflicts of interests and will necessarily occupy a long period of time.

"In view of the fact that interested or affected parties

were invited to study the proposal and to present suggestions relative thereto or criticisms thereof, we have not thought it wise to enter an order instituting a formal investigation or to consider dates for hearings therein. We have assumed that expressions such as have been referred to would be received from interested and affected communities and interests and we anticipate that expressions will be received from others affected or interested.

"It may be that as a result of the preliminary canvass of the situation we will find it appropriate to offer some advice as to the course that the investigation shall follow, some possible limitations thereon, and points that it may be desirable to clear up before investigation is begun. The purpose of this communication is primarily to advise you that the Commission is giving the matter consideration and to suggest to you the reasons which have prompted us to refrain from immediately entering an order of investigation and arranging for hearings therein."

Automobile Express Line



The twelve-mile stretch between Newark, N. J., and New York City has been bridged by an express line running on an hourly schedule (daily). All kinds of merchandise are handled, but leather seems to be a specialty, the line handling this product for about two concerns. The Luddeke Express Company was organized in 1902 and its business soon grew too big for teams. Its first truck, a 2-ton Federal, was purchased in 1915. Now seven Federals maintain the Newark-New York service and take

care of local hauling. Seventeen horses were formerly required to handle the business. The New York trip is made in 1½ hours each way and return loads are always obtained. Mr. Luddeke figures his trucks cost \$17.50 a day, including drivers' and helpers' wages. Because of the embargoes placed by the railroads entering Newark, the company has extended its business to other cities by hauling merchandise to New York, where it is transferred to railroads going west.

INDUSTRY TRACKS

The Traffic World Washington Bureau.

In an interpretation (circular No. 146) of supplement No. 1 to General Order No. 15, relating to the construction of connections with private sidetracks, Assistant Director General Hines, it is believed, has practically rescinded that general order. That is accomplished by laying down a rule that the federal manager may enter into a contract of such collection if he believes that for the first two years after the connection is made, the average monthly gross will afford a gross revenue, to all railroads under federal control, equal to 15 per cent of the cost of making the connection. That is to say, if the connection costs \$100, which is believed to be a liberal allowance, the gross

revenue accruing on the business offered must be equal to \$30 per month. One carload usually produces a gross revenue greater than that.

Even if the business offered were all subject to the minimum per car of \$15, only two cars would have to be offered to meet the condition laid down by Mr. Hines. Even if the fifteen per cent rule were not laid upon the federal managers, there is reason to believe the interpretation would have the effect of seriously modifying, if not wholly abrogating, the general order. That part of the order, seriously modifying, if not abrogating, the rule is as follows:

"While supplement No. 1 expresses no reservation, it is to be understood that in cases where a shipper claims that under federal or state law he is entitled to a track on other terms, his claim shall be considered and transmitted

through the regional director to the Director of Division of Public Service and Accounting for his consideration."

The eighth paragraph of the first section of the act to regulate commerce makes it the duty of all common carriers to make switch connections "where such connection is reasonably practicable and can be put in with safety and will furnish sufficient business to justify the construction and maintenance of the same." The shipper, in the first instance, is the judge of the sufficiency of the amount of business and the safety. If he desires he may build himself a sidetrack and then call on the carrier to make the connection. If it falls or refuses, then it becomes a question for the Commission and the exercise of its power to make orders requiring connection. It is within the Commission's duty and power to make the order so as to provide "reasonable compensation therefor."

Such orders have been made by the Commission, though, as a rule, the carriers have been so anxious to obtain the business of a shipper willing to pay the cost of laying a sidetrack that there has been few disputes about either the sufficiency of the business offered or the safety of operation as affected by the proposed connection.

The rest of the interpretation is as follows:

"In connection with supplement No. 1 to General Order No. 15, providing in substance that where in the judgment of the federal manager an industry track ought to be constructed, but the revenue to be derived therefrom by the Railroad Administration will not justify the payment by the railroad of the cost of the track from the switch point to the clearance point, an agreement may be made for the payment of the entire expense by the industry with provision for partial refund, it is felt that circumstances differ so greatly that a rigid rule cannot be laid down to control the judgment of the federal manager as to the cases which will justify a contract in accordance with the original terms of General Order No. 15, and therefore no such specific rule has been embodied in the supplement.

"For your information and that of the federal managers, I would advise that it will be considered reasonable to enter into a contract under the original terms of General Order No. 15 whereby the railroad will pay at the outset for the cost of that part of the track between the switch point and the clearance point when the federal manager believes that for the first two years after beginning operation of the track the average monthly gross revenue accruing to all railroads under federal control on business to and from the industry will be equal to 15 per cent of the expense assumed by the Director-General for the con-

HOLIDAY TRAVEL

The Traffic World Washington Bureau.

A press notice by the Director-General, made public December 24, says:

"The holiday travel for 1918 is much ahead of 1917, being greatly increased by the soldier and sailor business on furlough and discharged from the service. Special efforts were made this year to handle it promptly and without congestion. The sleeping and coach equipment was distributed to the best advantage. More of it was supplied than last year, and more trains are being operated. Weather conditions have made it possible to keep trains generally on time. No unusual congestion or complaints are reported in any territory. Reports today from New York, Boston, Philadelphia, Chicago and Washington indicate the soldier business was very generally ticketed at camps where ample ticket forces were provided and so did not add to the crowds of travelers at large centers.

"As typical of the business and steps taken to care for it, the sales at the Grand Central Station in New York on Saturday were \$73,000. The next largest sales reported on any one day were before Labor Day, when they were \$65,000. The number of extra sleeping cars put in service out of the Grand Central Station December 21 to 24 this year were 280; in 1917, 67; in 1916, 172. On Saturday, December 21, there were 82 extra sleepers in service, which is more than the number of extra sleepers in service for four days in 1917, including December 21. The conditions in the Pennsylvania terminals in New York and Philadelphia were the same as at the Grand Central. The amount of ticket sales from December 20 to 22 were 70 per cent above a year ago, namely, \$175,000, as against \$104,000. At

Philadelphia the increase was but 20 per cent; at Pittsburgh there was a slight decrease.

"The conditions at Washington were probably more extreme this year than at any other city. For the six days ending December 21, the total sales at the Union Station were \$328,000, compared with \$180,000 in 1917. The number of passengers was 49,000, as against 34,000 in 1917. The sales at the Consolidated Ticket Office for the same period this year were \$237,000 and the number of passengers 27,000.

"In the matter of coaches, there were 2,517 used this year, as against 1,953 a year ago, or an increase of 564. In the matter of sleepers and parlor cars there were 1,384 used this year, as against 923 a year ago. The advantage of advanced buying was freely advertised and responded to, and there were comparatively few cases where the accommodations desired could not be secured. One Consolidated Ticket Office in New York was kept open Sunday, and others kept open until a reasonable hour in the evening. This practice was followed generally and there was none of the crowd and rush before ticket windows in the last few days before Christmas, the public accepting the conditions cheerfully and helping the railroad employees to avoid confusion and preserve order.

"Extra precautions were taken in the matter of handling mail, express and baggage, and the results are generally reported better than last year and in some territories for several years past, there being practically no congestion or delays in the large centers."

EMBARGOES ON HOGS

The Traffic World Washington Bureau.

A different plan for embargoing the shipment of hogs to big markets was put into effect December 23, under telegraphic orders from the Car Service Section of the Railroad Administration, acting on the suggestions received from the stabilization committee of the Food Administration. That body is trying to control the flow of hogs to market so as to prevent congestion at one market and a scarcity at others. It began that attempt at control just before the armistice was signed, by means of individual line embargoes. The new scheme, outlined in the following message, contemplates embargoes by regional directors:

"Effective December 23, because of arrivals of hogs at markets specified faster than there is ability to handle through the stock yards, embargo is placed on all shipments of hogs to or through markets (insert name, as, for instance, Chicago, Cincinnati or Cleveland). To regulate the movement, avoiding congestion and the prevention of loss, further shipments may only be made subject to following provisions: Stabilization committee of the Food Administration will determine the number of carloads of hogs on single-deck car basis which can be absorbed by each market daily. This information will be transmitted through the transportation department of the Food Administration at Washington, the Car Service Section, and regional directors to the terminal manager or other party as may be designated by the regional director at each market affected. The terminal manager at each point shall allocate as between various roads serving individual markets, including receipts from connecting lines, the number of carloads of hogs which may be received daily and so advise transportation officers of such lines. Such per centage of allocation shall be on the basis of past performance. The transportation officer will allocate the car supply within his jurisdiction on basis of order received and known ability of shippers to load and ship. Such records shall be kept as to make available at all times information as to orders for cars, car supply and orders filled."

REVOCATION OF RESTRICTIONS.

The War Industries Board, Priorities Division, in circular No. 60, says:

"Effective January 1, 1919, all the rules, regulations and directions of every nature whatsoever, issued by the Priorities Division of the War Industries Board, are hereby canceled, and all pledges heretofore made on the suggestion or request of the said Priorities Division are hereby revoked."

The Open Forum

A Department for the Discussion by Patrons and Friends of THE TRAFFIC WORLD of Transportation Questions of Interest to Traffic Men Who Keep in Touch With the Times—Contributions are Welcomed

UNIFORM SCALE, STATE AND INTER-STATE

Editor The Traffic World

In regard to the publication in The Traffic World of November 16, purporting to represent the position of the Southern Traffic League on the "mileage scale proposed by the Railroad Administration," I wish to state that, prior to December 10, the Southern Traffic League had made no declaration whatever on that subject, and on this date, after discussion, the following resolution was passed:

"That the Southern Traffic League go on record as opposing the proposed mileage scale."

It was expressly agreed that the League would not record itself as opposed to the unification of interstate and intrastate rates on a fair and reasonable basis.

A mileage scale for local application, in my judgment, is the only basis on which the present inequalities between state and interstate freight rates can be remedied and the carriers competing markets put upon a parity, and the propriety of such a scale should depend upon the reasonableness of the rates composing the scale.

The factors mentioned in the article referred to as controlling are generally operating similar in the several southern states and need not interfere with rate uniformity. Indeed, I think no reasonable objection can be made to the unification of these rates, nor is there any probability of continuing the numerous and varying scales in effect on the several lines of railroads of the same class in the south.

Now we not only have different scales on different roads in the same territory, but have differences on the same road in the several states, according to the demands of the heterogeneous authority of those states, one scale for shippers in Arkansas, Louisiana, Mississippi, Alabama, Georgia, South Carolina, North Carolina, Tennessee and Kentucky, and a differing and higher scale for shippers from one state to another.

Surely the obligation is clearly upon the Administration to correct these inequalities, discriminations and, I may add, adulterations, and as stated we believe this can best be done by the application within the states, on the several systems of railroads, and between the states on these roads, of a uniform system of rates made upon a reasonable basis to both shippers and carriers.

It is noticeable that the great "hoax" against uniformity of state and interstate rates comes from those who have not profited by walls of discriminatory state-made rates, as found Taylor at Pine Bluff, Ark., for instance.

Jas. S. Duvant,

Commissioner, Memphis Freight Bureau
Memphis, Tenn., Dec. 18, 1918.

DETENTION OF PRIVATE CAR

Editor The Traffic World

In a case which may be of great moment to owners and lessees of tank cars an award of damages has just been made to Anderson & Gustafson of Chicago before Judge Hixon in the Municipal Court of that city in a suit against the Michigan Central for the unreasonable delay of an empty tank car issued by Anderson & Gustafson for the transportation of petroleum products. The car, ITX 3011, was ordered returned from Detroit to Chicago in March, 1917, via Michigan Central to Joliet, Ill., by A. I. & S. F. to Chicago. However, the car was held by the Michigan Central at Joliet from March 22 to April 10, considered by the complainant an unreasonable delay, and on which basis suit was filed for damages suffered by reason of the car having been out of their service during the time of the delay.

The point involved was whether or not the carriers, by reason of the fact that they paid mileage on private cars, were relieved of responsibility for damages arising through their negligence in handling of empty private cars. The carriers steadfastly maintained that they were not authorized to entertain claims of shippers for delay to or mishandling of private equipment for the reason that there was no tariff authority therefor. On the other hand, the complainants have steadfastly maintained that the matter of damages resulting from negligence of carriers was not within the province of the Interstate Commerce Commission and therefore not a matter of tariffs. The complainants insisted that the Congress never intended to take from the owners or lessees of private equipment their property rights, and that the right therefore rested with said owners or lessees to sue in any court for recovery of damages or losses due to the unreasonable delay or mishandling of their equipment.

As to the carriers' plea of the payment of mileage, it is obvious that cars must move to earn this mileage and, conversely, if they do not move, the mileage is not earned, and reasoning thus the question of damages for delay immediately arises.

The court refused to take the case from the jury upon the plea of the carrier that the case was under the jurisdiction of the Interstate Commerce Commission, and agreed with the attorneys for the complainants that the case was one of decision under the common law, and practically instructed the jury to find upon the facts as brought forth by the evidence. On this basis judgment was rendered in favor of the complainants and a motion for a new trial denied. Carriers have given notice of their intention to appeal the case to the appellate courts and, in fact, to carry it to the court of last resort, because it is a case which has never been decided before and involves principles which must be determined sooner or later.

For years the owners and lessees of tank cars have had to suffer great losses arising through the delay and mishandling of their equipment, and this without recourse because of the mileage allowance camouflage. The complainants in this case have never subscribed to the theory that owners and lessees of tank cars should be refused the right to enter court and plead their cause under the common law and sue for damages. There is nothing in the law or any court decision which takes from shippers this right.

The fact that carriers refused to sign bills of lading for an empty car does not relieve them from responsibility for the property of others while in their (the carriers') possession and, while the mileage allowance has evidently been handed to private car owners as some recompense, it is of no avail when the cars are not moved.

That the Interstate Commerce Commission did not consider it had jurisdiction in cases of this nature is evidenced from the decision in the case known as J. C. Blume & Co. vs. Wells Fargo & Co., Book 15, I. C. C., 53, decided Jan. 7, 1909, in which it was held that the prompt and safe carriage of goods is an obligation under the common law and not under the act to regulate commerce. This decision has never been reversed.

The complainants were firm in their belief that carriers should not be permitted to exercise discretion as to the manner of and time in handling empty private equipment. They contended that private cars had a value, but that their value lay in the movement of commodities, and that when the owners or lessees were denied the privilege of using their cars, there must be resulting damage and that the persons responsible therefor should be held to account.

Whichever way the case is decided the importance of the principle involved is recognized and if perchance it

decided that owners and lessees of this private equipment are not entitled to damages for delay thereof while on carriers' rails. It then follows that the mileage allowances, as at present in force, are entirely inadequate and that owners and lessees must devise some other means of overcoming the great handicaps under which they operate with the carriers.

It is eminently unfair to force upon shippers the furnishing of equipment for the movement of their own commodities and then deny them the right of property which every other line of endeavor and even the lowliest citizen enjoys in any court; but under the present practice of the carriers this right is denied.

Anderson & Gustafson,

W. W. Martin, General Traffic & Service Manager.
Chicago, Ill., Dec. 20, 1918.

REPAIRS TO FREIGHT CARS

In Circular No. 20 (revised) regarding the limit of cost for repairs to freight cars belonging to railroads under federal control, Director Gray of the Division of Operation says:

"1. Freight cars in need of general repairs will be thoroughly inspected, all defective parts noted, and estimate made showing cost of repairs to place car in general good condition for two years' service barring accident and running repairs. Cars referred to in this circular are cars which are eligible for interchange under the M. C. B. rules.

"2. Limit of cost for making repairs on wooden freight cars which have not been rebuilt and improved by application of metal draft arms extending beyond body bolster, continuous steel draft arms, steel center sills, or steel underframe:

(A) IN SERVICE 20 YEARS OR MORE—ALL FREIGHT CARS.	
	Limit of cost of repairs in kind, labor and material.
If equipped with 40,000-pounds capacity trucks or less.....	\$25.00
Over 40,000-pound but less than 60,000-pound capacity....	75.00
60,000-pound capacity trucks and over.....	100.00

(B) CARS IN SERVICE 10 YEARS AND LESS THAN 20 YEARS.	
	Limit cost of repairs. In kind.
	All cars except refrigerator. Refrigerator.
Equipped with 40,000-pound capacity trucks or less.....	\$25.00 \$100.00
Over 40,000-pound but less than 60,000-pound capacity.....	100.00 150.00
60,000-pound capacity and over.....	200.00 500.00

	Limit cost of repairs. With betterments.
	All cars except refrigerator. Refrigerator.
Equipped with 40,000-pound capacity trucks or less.....	No betterments to be applied. No betterments to be applied.
Over 40,000-pound but less than 60,000-pound capacity.....	1,000.00 1,200.00
60,000-pound capacity and over.....	1,000.00 1,200.00

"3. Cars in service over 5 years and less than 10 years and cars found equipped with metal draft arms extending beyond body bolster, continuous steel draft arms, transom draft gear or steel center sills, or all steel underframe.

"All cars having trucks 60,000-pound capacity and over will be repaired unless total cost of repairs, including cost of betterments, plus scrap value, exceeds 75 per cent of value of new car.

"If cost of repairs exceeds 75 per cent of new car, it will be dismantled and good parts reclaimed for use in repairing cars of similar types. This will apply to existing equipment only.

"4. Cars in Service 5 Years and Less—All cars having trucks 60,000-pound capacity and over will be thoroughly repaired at cost necessary.

"5. Cost of application of safety appliances, wheels, journal bearings and couplers will not be considered in estimate cost of repairs.

"6. All wooden freight cars with trucks 60,000-pound capacity and over, receiving general repairs, not equipped with metal draft arms extending beyond body bolsters, steel draft arms extending full length of car, steel center sills, steel underframe or transom draft gear, will be equipped with either steel draft arms extending beyond body bolsters, steel draft arms extending full length of

car, steel center sills or steel underframe. Cars equipped with steel underframes or steel center sills will have continuous cover plates riveted to the top or bottom of sills.

"7. When the cost of repairs in kind exceeds the amount which may be expended and betterments are not to be applied, repairs will not be made. The federal manager, or general manager on roads having no federal manager, will endeavor to secure an agreement with the owning corporation that such cars may be dismantled upon the basis of settlement established in the current Master Car Builders' Association rules. When such agreements have been secured, he may authorize in writing that the car will be dismantled. If such an agreement has not been secured, the car will not be dismantled, but will be held for disposition and the regional director advised.

"8. When cars are dismantled or sent home to owners for rebuilding, a detailed statement will be made showing the estimated cost of repairs in kind, by items, and forwarded to owners, showing disposition, and copy retained by handling road.

"9. To estimate detailed cost of repairs, add 35 per cent to the sum of applied labor and material."

RECONSIGNING AND DIVERSION

A. H. Smith, regional director, in a circular to federal managers and terminal managers, says:

"Referring to instructions of August 19, announcing the inauguration of a bureau for handling passing reports, reconsigning and diversion of fruits and vegetables:

"Agents of the bureau have been established at points as outlined below:

"Chicago, Ill., J. B. Crawford, manager, 58 East Washington street.

"Boston, Mass., A. J. Brown, room 120 B. & M. North Station.

"New York, N. Y., G. C. Spangler, room 472, 50 Church street.

"Buffalo, N. Y., R. H. Lewis, L. V. Lcc. Frt. Office.

"Cleveland, O., E. V. Banning, c/o H. J. Merrick, N. Y. C. general office building.

"Cincinnati, O., E. Hare, room 411, Big Four general office building.

"Detroit, Mich., Geo. H. Hill, Michigan Central general office building.

"Indianapolis, Ind., C. W. Hicks, Big Four, South and Delaware streets.

"Pittsburgh, Pa., C. J. Weber, 613 Bessemer building.

"St. Louis, Mo., Geo. A. Dearborn, 408 Rialto building.

"The bureau is now transmitting passing information to shippers and consignees, and will handle all inquiries regarding the location of individual cars of fruits and vegetables moving from the west to eastern destinations.

"Effective January 1, the bureau will assume charge of the handling of reconsignments and diversions on shipments of fruits and vegetables in refrigerator equipment moving from the west to eastern destinations.

"Diversions or reconsignments on shipments at points where agencies are maintained will be received by such agent direct from shipper or consignees. Shippers or consignees located at points where no agencies are maintained may place diversions or reconsignments with proper railroad official as heretofore. Report of such diversions or reconsignments must be mailed to J. B. Crawford.

"When railroad representatives receive requests from bureau agents to consign or divert, the request should be promptly acted upon; the bureau will have required all necessary papers for the protection of the carriers."

CLAIMS AGAINST WAYBILLS.

In Circular No. 4, J. H. Howard, manager of the Claims and Property Section of the Railroad Administration, tells all freight claim agents:

"Inquiry develops that many of the railroads under federal control do not register claims against the billing, while others employ forces at considerable expense for this purpose.

"General Order 41 provides that loss and damage freight claims must be supported by the original bill of lading and the original paid freight receipt, and this should serve as a check against duplicate payment of claims.

"Therefore, effective at once, loss and damage freight claims need not be registered against the waybills solely for protection against duplicate payment."

STORAGE AND DEMURRAGE CODE

The Traffic World Washington Bureau.

The American Railway Association, acting for non-controlled roads, has made fifteenth section application No. 1071 asking the permission of the Commission to file the code of storage and demurrage rules agreed upon in the conference between the railroad men and the demurrage committee of the National Industrial Traffic League.

In the application it is stated that the Railroad Administration proposed to make the revised rules operative on controlled roads February 15. In the interest of uniformity the Commission is asked to allow them to become operative on non-controlled roads on thirty days' notice.

It is set forth in the application that the rules have been agreed on in conferences between the shippers and the railroads and that no reason is known for not making the rules effective on all roads at the same time.

LA FOLLETTE SEAMAN'S LAW

The Traffic World Washington Bureau.

The U. S. Supreme Court December 22 handed down answers to questions propounded to it, on certificate, by the court for the circuit in which New Orleans is situated, arising in cases brought under the La Follette seaman's law.

In a general way the answers seem to hold that as to American ships in American waters the law allowing a seaman to break his shipping contract when his voyage is not completed is valid, but that it is not valid against foreign ships coming into American waters. The government contended that it was and that by releasing foreign seamen from their contracts as soon as they came within the jurisdiction of the United States, American ships would be able to obtain sailors because American ships, even here, must pay better wages than foreigners receive. In addition, the law requires better accommodations. The better wages and better living quarters, the government argued, would result in sailors coming to American ships to work, whereas that American draft would obtain a large share of the carrying trade, and thus raise the wages and working conditions of sailors all over the world.

UNIFIED WIRE SYSTEM

The Post Office Department has given out the following communication, addressed to the Postmaster-General, from Theodore N. Vail, in which he discussed a tentative report requested by the Postmaster-General on the subject of the telephone, telegraph and cable.

The idea of a unified system is not a new one. It is one with which our public is familiar and one to which they have given their unmistakable approval through its acceptance of all that has been done in the furtherance of this idea in a unified telephone system and of the common management of the telephone and telegraph, although the latter had to be undone under the interpretation and application of existing laws.

The present problem is how much can be brought about under present conditions.

What should be done to create an ideal system cannot be done because of existing laws, nor would complete consolidation be possible, since to undo such a consolidated system into its former units would lead to unwarranted waste.

There are, however, many things which can be done which would not produce waste, and which might by improvement of service help to further educate the public and create an actively favorable attitude towards some direction or coordination of operation and service with the government and regulation and restriction, through some combination of governmental authority and private ownership in operation, retaining all the advantages and incentives of each.

If it is within the scope of what you ask me to do, my answer is:

First, to create a comprehensive operating organization to which all the properties can be brought under one executive operating head through whom all operations could be conducted, subject to the Postmaster-General.

This executive head should be one of unmistakable

qualifications developed by large experience in similar situations.

"This single head should, subject to the approval of the Postmaster-General, appoint experienced assistants, and organize directly under him three operating 'divisions,' each embracing the distinctive operation of 'telephone service' and 'telegraph service' and the 'maintenance and manipulation of wires of the systems' as distinct from the traffic operations.

"Each of these 'divisions' to be under control of an experienced operating head, experienced in the operation of the work of the 'division' through actual developed qualification and experience in similar work on a similar scale of operation.

"Below these 'divisions' the organization can be amplified and arranged to meet the necessities. There is abundant material for most of these positions, and there is opportunity for every experienced man now in the combined services to be employed to the full scope of his abilities.

"Under this organization, the distinctive traffic operations would be amply cared for, while with the telegraph and telephone wires under one head, they could be utilized for both purposes in one government operating system without any merger or change other than to bring them to one switching terminal at each great center, involving only some temporary loop connections.

"In this way congestion in any part of the traffic could be overcome by so distributing the wires as to best carry that load.

"All the operations under this plan could be so co-related and co-ordinated as to bring about a very considerable increase in efficiency and much economy without doing anything disturbing to the actual property or which could not be undone at the end of the period. Your operating organization would at once plan many things which would work towards the end desired and which would not necessitate any destructive undoing at the end of government control.

"In connection with efficiency of operation, I wish to say that never in my experience has the efficiency of operation been so handicapped by abnormal conditions as now, and until conditions become normal the public should be tolerant.

"There is one thing that calls for immediate action. The cable situation is and has been grave. Congestion is now the rule and accumulation of business is at times serious, and when the activities of the Peace Conference are really commenced in Europe, it will be greatly increased.

"By one traffic head controlling cable operation and a few slight changes in the physical property which could centralize the cable terminals, as it were, and which would not involve any dismemberment of the property or could not be undone, the efficiency can be somewhat increased.

"That is, the distribution of the cable load could be effected more readily and with less confusion than under independent and unequal traffic management, each more or less jealous of his personal prerogatives or of his system and giving his system more consideration than the emergency.

"As pointed out in my letter of October 22, if it were lawful or if it could be brought about by consent of the proprietors, it would be a great feature for the commercial and political interest of the United States, and of great advantage to every country reached by direct communication, if the cable systems could be consolidated into one system and the cable systems rearranged and extended more or less as outlined in my letter of October 22.

"Such a combination would at once bring about an important saving in cost of operation, particularly by the commercial department. As charges for service are dependent on costs, it would eventually bring about considerable reductions in charges. So long as each independent cable company must maintain its commercial organization to obtain and retain its business, so long must this cost be distributed in the charges for service.

"A broader, cheaper and more abundant service will be a most effectual adjunct to our own commercial agents abroad in securing business of the United States industries. There is already an active movement being inaugurated, particularly in South America, by German commercial agents to recover their pre-war conditions, and which must be promptly met if the United States is to get any advantage from the present situation.

"It would seem that such a merger would appeal to the business sense of the proprietors of the cable, and could

to be about, particularly if the government could put its hand to the movement.

While considerable can be done in improving the cable operation under one management, the big features of a readjustment of the cable situation involve considerable expense and time. Cables take time to build and time to lay. There is no manufacturing of submarine cable established in the United States, and orders from American companies when placed abroad are filled after the requirements of their own companies. This is not surmise. It is the experience of American companies needing cable for repairs and extensions.

"In any event, if this country is to become a commercial and industrial world center, as it is now great in financial, political and national industrial lines, an American cable system consonant with our obligations and opportunities must be organized, and that system freed from the uncertainties of foreign cable manufacture.

"There must be a United States system which will place this country directly in communication with every country with which we have or hope to have important commercial relations. As it is now and as my letter of October 22 pointed out, we are on one side of the world system. We must be made one of the centers of the world system if we expect to compete on even terms with the world or be properly considered by the countries we wish to reach.

"The immediate and pressing necessity is for the East Coast-South American cable to give this country and the River Platte countries direct cable communication.

"Of what use in commerce will be our investment of billions in ships to carry commerce if we do not give them and the business agents of all commerce direct communication with their home ports and home business houses?

"The cable industry and the proposed cable changes could not be brought about except through government aid under existing conditions.

"Congress has authorized combination in foreign commercial enterprises. If the advantages and necessities were properly presented, it should be possible to obtain promptly such authorization or legislation as would give, under the aegis of the government, authority for combination, and operation of all electric intercommunicating systems in direct connection and co-ordination with the national wire system between this country and all foreign countries.

"Time is an element and whatever is done should be done at once."

PROMOTING FOREIGN TRADE

Expansion of the government's facilities for promoting foreign trade is urged in the annual report of the Chief of the Bureau of Foreign and Domestic Commerce, Department of Commerce. The report says it is inevitable that the United States will from this time on play a more important role in international trade and it is a matter of the greatest urgency that the government increase its efforts to have the new trade built upon sound ethical and economic foundations.

Extension of the commercial attache and trade commissioner services is particularly urged. New attaches are asked for a number of new posts, such as Rome, Madrid, Ottawa, Mexico City, Santiago, Chile and Athens. "I cannot overemphasize the increasing importance in our plan of foreign trade promotion of these resident men in foreign countries," says the chief of the bureau, B. S. Cutler.

"Trade commissioners, who can travel from place to place in a specified district, are also needed to send in news about the national resources and the trade opportunities of the countries that we know little about. These trade commissioners would operate without any staff, and would, of course, not attempt to keep open an office such as is a regular feature of the work of the consuls and commercial attaches, but would make personal investigations and write up their report as they go from place to place, just as the bureau's investigators of building materials, boots and shoes, canned goods, and other industrial specialties have done for years. The countries now in view for such work are Colombia and Venezuela, the Dutch East Indies, Egypt, South Africa and New Zealand.

"An interesting feature of the report is a table showing how the war has affected the quantities of goods exported from this country. The general impression has been that while the total value of American exports has increased in

a remarkable manner, the actual quantity has not been increased materially. This table shows that with the exception of lumber, raw cotton and tobacco, there have been gains in quantity all along the line. One of the most spectacular jumps is recorded for oats, the foreign sales of which were only two million bushels in 1914. More than a hundred million bushels were shipped in 1918. Twenty-four of the great lines show increases. Six million more tons of coal went abroad in 1918 than in 1914. Wheat flour increased ten million barrels. Exports of steel sheets and plates doubled. Steel cars quadrupled, and bacon, hams, beef and sugar all show striking increases."

PRICES OF RAILWAY MATERIAL

(Bulletin of Bureau of Railway News and Statistics.)

The advance in the price of everything entering into their maintenance and operation is strikingly set forth in the report of the Railways Commissioner for South Australia for the year to June 30, 1918, just received by the Bureau of Railway News & Statistics, Chicago. With an increase of \$290,095 in revenues from operation, there was a deficit of \$658,720 after paying working expenses and interest charges. Interest has risen from 4 per cent in 1917 to 4½ per cent in 1918.

There was an increase of \$108,570 in operating expenses, in the face of a reduction of \$434,360 in the item for maintenance (including special relaying and renewals) which will have to be made up later. In accounting for the increase in working expenses the commissioner attributes it largely to the advance in the price of material, set forth in the following table, in which the Australian currency is converted into American on the basis of \$5 to the pound:

Material.	LOCOMOTIVE BRANCH.		Per cent increase.
	Price, 1914.	Price, 1918.	
Copper bar, per ton.....	\$390.00	\$935.00	140
Copper plates, per ton.....	425.00	855.00	100
Copper tubes, per ton.....	420.00	680.00	62
Iron bar, N. C., per ton.....	60.00	105.00	75
Iron bar, ordinary, per ton.....	50.00	125.00	150
Electric light, per set.....	650.00	800.00	23
Oil, axle, per gal.....	.32	.68	112
Oil, engine, per gal.....	.54	.84	55
Kerosene, per gal.....	.20	.38	90
Oil, linseed, boiled, per gal.....	.90	1.72	91
Oil, linseed, boiled, per gal.....	.82	1.66	100
Paint, white lead, per ton.....	165.00	300.00	82
Paint, red lead, per ton.....	145.00	410.00	183
Steel plate, indent., per ton.....	50.00	120.00	140
Steel, round and square, per ton.....	45.00	140.00	211
Steel spring, per ton.....	55.00	135.00	145
Tires, engine and tender, per ton.....	105.00	185.00	76
Wheel centers, cge. and wagon, each	12.50	19.00	52
Wheels and axles, per set.....	115.00	200.00	74

ENGINEERING (MAINTENANCE) BRANCH.			
Bricks, per 1,000.....	12.00	14.00	17
Steel rails, 80-lb. @ Pt. Ad., per ton.....	38.95	62.00	60
Steel rails, 60-lb., per ton.....	40.00	68.40	71
Steel fishplates, 80-lb., per ton.....	47.40	85.20	80
Steel fishplates, 60-lb., per ton.....	48.00	88.00	83
Steel joists, per ton.....	50.00	180.00	260
Steel flat bars, per ton.....	43.00	150.00	249
Steel T's, per ton.....	48.00	190.00	295
Steel reinforcing rods, per ton.....	42.00	145.00	245
Galvanized iron, per ton.....	85.00	392.00	361
Timber, Oregon, per 100 sq. ft.....	4.25	11.00	135
Weather boards, per 100 lin. ft.....	1.50	3.90	160

TRAFFIC BRANCH.			
Brooms, per doz.	10.35	16.00	54
Bushes, per doz.	4.25	8.00	88
Buckets, per doz.	16.60	39.00	135
Oil, kerosene, per case	1.70	3.86	127
Oil, peanut, per gal. ....	.56	1.15	105
Skins, chamois, each .....	.44	1.25	184
Soda, per ct.	1.40	4.75	239
Soap, hard, No. 1, per cwt.	6.35	9.25	46
Waste, cotton, per cwt.	7.80	14.50	86

Coal, which is not included in the table, advanced from \$4.80 per ton in 1914 to \$7.12 in 1918—an increase of nearly 50 per cent.

In South Australia, with an average haul of 97.59 miles, the receipts per ton mile were 2.62 cents.

ILLINOIS TRACTION FARES.

The Illinois Traction System has obtained fifteenth section permission to bring its interstate passenger fares up to the basis of three cents a mile and to sell five hundred mile and thousand mile mileage books for thirteen and twenty-five dollars.

BILL OF LADING HEARING

The Traffic World Washington Bureau.

To bring the record in No. 4844, the bill of lading case, down to date, the Commission will hold at the La Salle Hotel, Chicago, January 13, a hearing. It is to be confined to the live stock contract phase of the case as affected by the second Cummins amendment. This hearing is prompted by the fact that the Railroad Administration has also been conducting an inquiry and the Commission expects to be called on to make recommendations to it or to lay a rule on the carriers. The Commission expects soon to make reports on the export and domestic merchandise bills, but the record as to live stock is not sufficient to enable it to deal with that phase. It hopes shippers and carriers will have a conference on the subject before the hearing begins, so only those points in sharp issue will be presented.

The phases on which the Commission desires light are on the form, issuance and substance of contracts, particularly carriers' liability and lawful exemptions thereunder; care takers' transportation, and form of tickets for them; what special treatment, if any, should be given to live poultry and live stock waybills.

REPORT ON ACCIDENT

The Traffic World Washington Bureau.

A failure to issue orders for slow running, a broken spline bar, rails with different shaped heads, and an unspoked tie on a bridge caused the derailment of a passenger train of the Union Pacific near Hobart, Kan., Jan. 11, 1918, in which four passengers were killed, twenty-two passengers and three railroad employees injured. The combination of track rails, broken spline bar and unspiked tie was in existence on a bridge undergoing repairs. No orders to slow up were given until after the accident, says a report to the Commission, made by W. P. Borland, chief of the Bureau of Safety.

The report indicates that the broken spline bar was the result of this joining together of rails with different shaped heads. No explanation as to why the tie was not spiked was given. The immediate cause of the derailment, which threw the wooden coaches into a creek, was the failure of the men in charge of the operation of trains to put out an order directing slow speed over the bridge.

LANE ON TOURIST TRAVEL

Tourist travel should be heartily encouraged, in the opinion of Secretary Lane, of the Department of the Interior, as expressed in his annual report. He dwells on the possibilities of that business now that the war is at an end. He says:

"Of conspicuous importance was the establishment in Chicago by the United States Railroad Administration, of the bureau of service, national parks and monuments. This occurred on June 7, 1918. Howard H. Hays was made manager of the new organization, with power to choose a corps of assistants from the personnel of various railroads. Its purpose was to become 'the point of contact between the Railroad Administration and the bureau of national parks, the conservation, and others interested in the promotion of travel, and to co-ordinate all railroad activities looking toward the development of railroad travel in the parks. Incidentally it is expected to distribute information collected by the railroads, motion pictures and other sales contributed by the railroads and publications issued by the national park service; also to give advice regarding national park travel to railroad ticket agents. Its first year's service was naturally limited by the general war policies governing advertising and publicity expenses, but large numbers of inquiries were answered.

"Notwithstanding the increase in the cost of traveling and other war restrictions on railroad travel, last year's sum in total travel to the national parks was less than 8 per cent under the large record attendance of the year before."

After mentioning the various recent drawbacks to tourist travel, he goes on:

The consolidation of ticket offices in the large cities so adversely affected national park travel. With oppor-

tunity gone to obtain accurate information concerning the more or less complicated routes from the east to the western parks, many preferred to spend their vacations in their customary resorts, with whose ways and means they were well acquainted.

"It is earnestly hoped that, with the close of war, these discouragements to travel will be fully removed before the next season. Tourist travel should be heartily encouraged. Furthermore, the important work accomplished by the railroads and this department in close co-operation during the last four years in the direction of informing the people of the country concerning the greatness of their scenic possession and recreational areas should not be lost. The national park system is one of America's greatest assets and it must not be overlooked in planning the development of American industry after the war."

LOADING OF COAL

A report was received by the Director-General December 21 from the Car Service Section of the Railroad Administration on the quantity of coal of all kinds loaded by roads for week ended December 7, 1918, as compared with the same period of 1917, a summary of which follows:

	1918.	1917.
Total cars bituminous	188,364	199,557
Total cars anthracite.....	34,450	41,539
Total cars lignite.....	4,968	4,964
Grand total, all cars coal.....	227,782	246,060

A summary of reports for week ended December 14, 1918, as compared with the same period of 1917, based on actual reports from most roads, but with the estimated results of some roads, follows:

	1918.	1917.
Total cars bituminous.....	184,823	197,931
Total cars anthracite.....	36,491	41,539
Total cars lignite.....	4,994	4,964
Grand total, all cars coal.....	226,308	244,434

Total increase of 1918 up to and including week ending December 14 over the same period of 1917, 546,766 cars.

INTENSIVE LOADING

Circular No. 151, of Regional Director Bush, says:

"Previous instructions requiring weighing and inspection bureaus to report all cases of light loading of equipment found by their inspectors to the local car service committee in which territory shipments originated, with copies of this advice to the Car Service Section at Washington.

"Since abandonment of the local car service section committees, instructions have been given these weighing and inspection bureaus to forward such reports to the federal managers of roads where such light loading occurred and terminal managers where the light loading originated in their territory, sending duplicate copies to the Car Service Section.

"The Railroad Administration will continue its efforts to closely supervise the loading of all commodities, so that the demands for service may be met at all times; therefore, your attention is called to the above change in instructions and the necessity of following up all classes of light loading with a view to conserving equipment."

TRAFFIC CLUBS

(The following list of traffic clubs will be published from time to time. We ask that readers notify us of any errors or of any changes or additions of which they have knowledge.)

Akron Traffic Association. Alvin Hill, Pres.; E. L. Morgan, Secy.

Baltimore Traffic Club. Paul Gessford, Pres.; C. C. Kaller, Secy.

Boston, Mass.—The Association of Railway and Steamboat Agents of Boston. Willard Massey, Pres.; S. A. Collette, Secy. Treas.

Brooklyn Traffic Club. P. L. Gerhardt, Pres.; C. A. Schleicher, Secy.

Buffalo Transportation Club. H. B. Loucks, Jr., Pres.; G. C. Wilson, Secy.

Chicago Traffic Club. R. C. Ross, Pres.; C. B. Signer, Secy.

Traffic Club of the Chamber of Commerce.
H. M. Pratt, Chairman, E. H. Smith, Secy.
Cleveland Traffic Club. C. M. Andrus, Pres.; J. B. Sanford, Secy.
Columbus, Ohio.—Traffic Club of the Columbus Chamber of Commerce. J. R. Harris, Pres.; J. G. Young, Secy.
Dayton Traffic Club. J. W. Cobey, Pres.; W. E. Boyer, Secy.
Dearborn (Mich.) Traffic Club. J. M. Richardson, Pres.; F. W. Ludwig, Secy.
Denver Commercial Traffic Club. G. H. Work, Pres.; R. E. Patterson, Secy.
Detroit Transportation Club. J. A. Sullivan, Pres.; G. A. Walker, Secy.
Erie Traffic Club. H. R. Landers, Pres.; M. W. Elsmann, Secy.
Flint (Mich.)—Traffic Club of the Flint Board of Commerce. A. V. Martl, Pres.; A. Nelson, Secy.
Fort Worth Transportation Club. E. C. Price, Pres.; E. E. Wyatt, Secy.
Freeport, Ill.—Greater Freeport Traffic Club. W. H. Jenner, Pres.; F. F. Pepperdine, Secy.
Grand Rapids Traffic Club. Arnold Greenbaum, Pres.; L. M. MacPherson, Secy.
Houston Traffic Club. R. H. Carmichael, Pres.; F. A. Leffingwell, Secy.
Indianapolis Transportation Club. M. Wolf, Pres.; L. E. Stone, Secy.
Jackson (Mich.) Traffic Club of the Jackson Chamber of Commerce. H. H. Chandler, Pres.; J. R. Gibbs, Secy.
Jacksonville Traffic Club. J. C. Burrows, Pres.; W. L. Waring, Jr., Secy-Treas.
Jamestown, N. Y.—Traffic Club of the Jamestown Board of Commerce. J. H. Dasher, Pres.; H. W. Chapman, Secy.
Kansas City Traffic Club. G. I. Tompkins, Pres.; Alfred A. Wild, Secy.
Los Angeles Transportation Association. C. G. Krueger, Pres.; C. V. Means, Secy.
Louisville Transportation Club. R. H. Morris, Pres.; G. A. Perry, Secy.
Memphis Traffic and Transportation Club. J. M. Beley, Pres.; L. E. McKnight, Secy-Treas.
Milwaukee Traffic Club. H. W. Ploss, Pres.; F. T. Fultz, Secy.
Minneapolis Traffic Club. C. M. Boyce, Pres.; W. W. Gibson, Secy.
Newark Traffic Club. C. H. Hershey, Pres.; G. C. Rehels, Secy.
New England Traffic Club, Boston. Jacob Karcher, Jr., Pres.; C. A. Anderson, Secy.
New York Traffic Club. R. L. Stubbs, Pres.; C. A. Swope, Secy.
New York, N. Y.—Traffic Club of the Queensboro Chamber of Commerce. E. J. Tarof, Pres.; P. W. Moore, Secy.
Norfolk Traffic Club. R. S. Gale, Pres.; Hege Terrell, Secy-Treas.
Omaha Traffic Club. B. J. Drummond, Pres.; John P. Byrne, Secy.
Peoria Transportation Club. C. H. Gillig, Pres.; Arthur Maedel, Secy.
Philadelphia Traffic Club. F. E. Snively, Pres.; W. H. Montgomery, Secy.
Philadelphia.—Commercial Traffic Managers of Philadelphia. W. B. Grieves, Pres.; T. Noel Butler, Secy.
Pittsburgh Traffic Club. J. J. Monks, Pres.; F. A. Layman, Secy.
Pittsburgh Traffic and Transportation Association. R. M. Sisk, Pres.; F. G. Wood, Financial Secy.
Portland Transportation Club. El. M. Burns, Pres.; W. O. Roberts, Secy.
Providence, R. I.—Traffic Club of the Providence Chamber of Commerce. E. E. Salisbury, Chairman; E. C. Southwick, Secy.
Rockford Traffic Club. J. H. Miller, Pres.; L. E. Golden, Secy.
Salt Lake City Transportation Club. A. R. McNitt, Pres.; R. E. Rowland, Secy.
San Francisco Transportation Club. W. E. Amann, Pres.; Frederick Birdsall, Secy.
San Francisco Traffic Club. W. T. Bozeman, Pres.; L. N. Bradshaw, Secy.
Seattle Transportation Club. F. W. Graham, Pres.; E. W. Mosher, Secy-Treas.

South Bend Traffic Club. F. S. Montgomery, Pres.; G. S. Hess, Secy-Treas.
Spokane Transportation Club. V. G. Shinkle, Pres.; R. W. Franklin, Secy.
St. Joseph Traffic Club. R. A. Ferguson, Pres.; T. J. Slattery, Secy.
St. Louis Traffic Club. F. C. Reilly, Pres.; J. R. Bell, Secy.
Syracuse Traffic Efficiency Club. S. D. Rice, Pres.; W. J. O'Neil, Secy.
Toledo Transportation Club. H. S. Bradley, Pres.; Harry S. Fox, Secy.
Topeka Traffic Association. O. B. Guffer, Pres.; W. S. Barton, Secy-Treas.
Tulsa Transportation Club. T. H. Steffens, Pres.; C. E. Rees, Secy.
Washington Traffic Club. J. C. Williamson, Pres.; W. B. Peckham, Secy.
Wichita Traffic Club. D. L. Mullen, Pres.; I. N. De La Mater, Secy.
Worcester (Mass.) Traffic Association. D. N. Bates, Pres.; E. E. Optitz, Secy.

Personal Notes

F. W. Maxwell, traffic manager for the Denver Civic and Commercial Association, executive secretary of its transportation bureau and member of the Denver Western District Freight Traffic Committee, died December 12 of kidney trouble, from which he had suffered for some time.

The American Express Company announces that, looking to increased activities in world-wide shipping and with a view to further developing the company's traffic expansion throughout the commercial world, the following appointments and assignments of duties are made, effective Jan. 1, 1919: James Thane, traffic manager, in charge of the solicitation and routing of traffic and the making of rates thereon, arrangements with steamship lines and other carriers, and traffic matters generally; S. H. Tugwell, import traffic manager, to direct the solicitation, routing, rating, etc., of freight traffic from foreign countries moving to or via United States points; G. P. Beck, assistant to general manager, who will, in addition to assisting the general manager, direct the solicitation and routing of express traffic and the making of rates thereon, between points in the United States, Canada and foreign countries.

The Crown Willamette Paper Company, San Francisco, announces that John J. Seid has been honorably discharged from the United States army and has resumed his position with the company as traffic manager. Matt Clarke has relinquished this position and will remain with the company as Mr. Seid's assistant.

The Houston Traffic Club has elected officers as follows: R. H. Carmichael, president; F. L. Clements, first vice-president; John T. Bowe, second vice-president; I. R. Palmer, third vice-president; F. A. Leffingwell, secretary; A. Kimbell, treasurer; R. F. Isbell, B. H. Brown, H. M. Mayo and Clint Holladay, directors.

CHANGES IN WIRE RATES

The Traffic World Washington Bureau.

A number of radical changes in the making and stating of telephone rates have been ordered by Postmaster-General Burleson, acting on the recommendations of a committee on rate standardization, of which Solicitor Lamar and David T. Lewis are the most prominent members. The Postmaster-General, in his announcement to the public, said the effect of these changes was to equalize the toll and long distance rates throughout the United States, removing disparities and preferences and providing a scientific basis for future reductions which are contemplated as the unification of telephone and telegraphic wires proceeds. Continuing, the statement says:

"A night service rate which is one-half of the day rate is established between 8:30 and 12 p. m. Between midnight

and 4:30 a. m. the night rate is one-fourth the day rate. These are greater reductions in night rates than have ever been made in any country, and doubtless will be extensively used, especially for social and family purposes. A person might talk from San Francisco to New York for about \$1, whereas the day rate is approximately \$16.

A station-to-station service is established such as now exists in the balance of the world; that is, when a connection is established with a man's house or office, the opportunity to converse is provided and the station-to-station rate, which is the basic rate, applies and is payable whether the particular person desired responds or not. This rate up to twenty-four miles is at the rate of five cents for six miles and for greater distances five cents for each eight miles, or about six and one-fourth mills a mile. The distance is computed by air line methods and not by pole line or public highways. The air line distances are commonly about 100 miles, when the others would run 150 miles. It is stated by the committee that more than 60 varieties of toll rates have existed in the United States up to the present time. The effect of this uniform or basic rate in the station-to-station service is to reduce or not affect about 70 per cent of the rates, though necessarily severely raising about 30 per cent in the process of standardization.

It requires about two and one-half times as much work to establish connection with a particular person than the station-to-station service. Hitherto the rates have been the same for both kinds of services, nothing being paid, however great the services performed, on the failure of the telephone institution to secure the particular person. The particular person service has also been used to defraud the government out of its toll revenues. Designing persons employ codes under which, although the desired toll rate is reached, the particular person is said not to be there, but words of explanation given from his 'phone answer all the purposes of the call under the code arrangements. The particular person service is not discontinued, but the rate therefor is so modified as to prevent these abuses and compensate the telephone service in part for the excessive expense of labor and plant involved, and a charge of 25 per cent of the station-to-station rate is made for such service, when the particular person is secured, and a repeat charge of 25 per cent of the station-to-station rate is made when the house or office telephone is obtained and the subscriber's or return to talk reported. It is pointed out that the system of making no charge whatever in such cases when the man's telephone had been reached and the answer given was like expecting the street car fare to be refunded to the visitor when he did not find his party in when he arrived, although all the work of carrying him from one point to another had been done.

In many large sections of the country the smallest toll rate has been not less than 15 cents. Under the new schedule for short distances the rates are reduced to 5 cents and 10 cents, and for the cheapest form of service the person can talk five minutes, as compared with three minutes now, or in some cases only two minutes or one minute. Free toll areas where the exchange rate was designed to cover the free service, or a low charge therefor, are not affected by this order, which will go into effect on the 21st day of January, 1919.

Digest of New Complaints

No. 10261. Petition for rehearing. *S. McCullough vs. Gulf & Western*. Petitioner asks for order to allow Southern Pacific to be relieved of its obligation to re-traffic.

No. 10262. Sub. No. 1. *Norris Grain Co. vs. Indiana Harbor Belt*. Petitioner asks for order to allow Northern Indiana to be relieved of its obligation to re-traffic.

No. 10263. Sub. No. 2. *E. R. Brown vs. Indiana Harbor Belt*. Petitioner asks for order to allow Northern Indiana to be relieved of its obligation to re-traffic.

No. 10264. Sub. No. 3. *The Quaker Oats Co. vs. C. & E. I. Co.* Petitioner asks for order to allow Chicago River & Lake Michigan to be relieved of its obligation to re-traffic.

No. 10265. Sub. No. 4. *Armour Grain Co. vs. Chicago River & Lake Michigan*. Petitioner asks for order to allow Chicago River & Lake Michigan to be relieved of its obligation to re-traffic.

No. 10266. Sub. No. 5. *Armour Grain Co. vs. Chicago River & Lake Michigan*. Petitioner asks for order to allow Chicago River & Lake Michigan to be relieved of its obligation to re-traffic.

No. 10267. Sub. No. 6. *Armour Grain Co. vs. Chicago River & Lake Michigan*. Petitioner asks for order to allow Chicago River & Lake Michigan to be relieved of its obligation to re-traffic.

shipments of grain at Chicago. Asks for cease and desist order and reparation amounting to \$5,051.

No. 10261, Sub. No. 5. *Armour Grain Co. vs. C. M. & St. P.* Petitioner asks for order to allow Chicago River & Lake Michigan to be relieved of its obligation to re-traffic.

No. 10261, Sub. No. 6. *Armour Grain Co. vs. Grand Trunk Western*. Petitioner asks for order to allow Chicago River & Lake Michigan to be relieved of its obligation to re-traffic.

No. 10261, Sub. No. 7. *McKenna & Rodgers vs. Pere Marquette*. Petitioner asks for order to allow Chicago River & Lake Michigan to be relieved of its obligation to re-traffic.

No. 10261, Sub. No. 8. *McKenna & Rodgers vs. Michigan Central*. Petitioner asks for order to allow Chicago River & Lake Michigan to be relieved of its obligation to re-traffic.

No. 10261, Sub. No. 9. *Rosenbaum Bros. vs. B. & O.* Petitioner asks for order to allow Chicago River & Lake Michigan to be relieved of its obligation to re-traffic.

No. 10261, Sub. No. 10. *Dougherty & Co. vs. Michigan Central*. Petitioner asks for order to allow Chicago River & Lake Michigan to be relieved of its obligation to re-traffic.

No. 10261, Sub. No. 11. *Mueller & Young Grain Co. vs. Pa. R. R. Co.* Petitioner asks for order to allow Chicago River & Lake Michigan to be relieved of its obligation to re-traffic.

No. 10261, Sub. No. 12. *Mueller & Young Grain Co. vs. Pa. R. R. Co.* Petitioner asks for order to allow Chicago River & Lake Michigan to be relieved of its obligation to re-traffic.

No. 10261, Sub. No. 13. *Mueller & Young Grain Co. vs. Pa. R. R. Co.* Petitioner asks for order to allow Chicago River & Lake Michigan to be relieved of its obligation to re-traffic.

No. 10261, Sub. No. 14. *Mueller & Young Grain Co. vs. Pa. R. R. Co.* Petitioner asks for order to allow Chicago River & Lake Michigan to be relieved of its obligation to re-traffic.

No. 10261, Sub. No. 15. *Mueller & Young Grain Co. vs. Pa. R. R. Co.* Petitioner asks for order to allow Chicago River & Lake Michigan to be relieved of its obligation to re-traffic.

No. 10261, Sub. No. 16. *Mueller & Young Grain Co. vs. Pa. R. R. Co.* Petitioner asks for order to allow Chicago River & Lake Michigan to be relieved of its obligation to re-traffic.

No. 10261, Sub. No. 17. *Mueller & Young Grain Co. vs. Pa. R. R. Co.* Petitioner asks for order to allow Chicago River & Lake Michigan to be relieved of its obligation to re-traffic.

No. 10261, Sub. No. 18. *Mueller & Young Grain Co. vs. Pa. R. R. Co.* Petitioner asks for order to allow Chicago River & Lake Michigan to be relieved of its obligation to re-traffic.

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No. 10365. The Kaw River Sand and Material Co., Turner, Kan., vs. A. T. & S. E. McAdoo et al.
Unjust and unreasonable charges on sand within the switching limits of Kansas City. Ask for just and reasonable rates and repatriations.

No. 10366. H. W. Johns-Manville Co., New York, vs. L. V., McAdoo et al.
Unjust and unreasonable charges on roofing from Manville and Milwaukee to Seattle. Asks for repatriation.

The Western Freight Traffic Committee has requested the Kansas City, the New Orleans and the Chicago western district freight traffic committees to docket for consideration the question of rates on grain from Omaha, Neb., vs Des Moines, Ia., to points in Louisiana.

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